中發展控股有限公司
Central Development Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock Code : 00475

ANNUAL REPORT
2021/22

CONTENTS

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	4
Directors and Company Secretary	16
Corporate Governance Report	19
Report of the Directors	35
Independent Auditor's Report	47
Consolidated Statement of Profit or Loss and Other Comprehensive Income	52
Consolidated Statement of Financial Position	53
Consolidated Statement of Changes in Equity	55
Consolidated Statement of Cash Flows	56
Notes to the Consolidated Financial Statements	58
Five Years Financial Summary	136

* for identification purpose only

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wu Hao *(Chairman)*
Mr. Hu Yangjun
Mr. Chan Wing Yuen, Hubert *(Chief Executive)*

Non-executive Director

Mr. Li Wei Qi, Jacky

Independent non-executive Directors

Mr. Jin Qingjun
Ms. Sun Ivy Connie
Ms. Zhong Yingjie, Christina

Audit Committee

Ms. Zhong Yingjie, Christina *(Chairman)*
Mr. Jin Qingjun
Ms. Sun Ivy Connie

Remuneration Committee

Mr. Jin Qingjun *(Chairman)*
Mr. Chan Wing Yuen, Hubert
Ms. Sun Ivy Connie

Nomination Committee

Mr. Jin Qingjun *(Chairman)*
Mr. Chan Wing Yuen, Hubert
Ms. Sun Ivy Connie

Company Secretary

Mr. Chow Chi Shing

Head Office and Principal Place of Business in Hong Kong

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Wanchai
Hong Kong

Registered Office

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Grand Cayman KY1-1111
Cayman Islands

Principal Share Registrar

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D,
P.O. Box 1586,
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Grand Cayman, KY1-1100,
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

Legal Advisers

Angela Ho & Associates

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

Company Website

www.475hk.com

Stock Code

475

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board" or "Directors") of Central Development Holdings Limited (the "Company"), I hereby present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2022 (the "Current Year").

The Current Year has been another challenging year. Globally, with the resurgence of the novel coronavirus pneumonia pandemic, the ongoing trade war and anti-dumping issue between the United States and China, as well as the intensified geopolitical situation caused by the military conflict between Russia and Ukraine, the international business environment was full of uncertainties. However, China persisted with a two-pronged approach pursuing both pandemic prevention and control and economic and social development, and overcame many difficulties during the Current Year as demonstrated by the steady yet growing economy and the general, unwavering trend of long-term prosperity. For the Current Year, the Group's total revenue increased by approximately 243.5% to approximately HK$193.1 million as compared to the year ended 31 March 2021 (the "Previous Year"). Gross profit for the year also increased by approximately 276.6%. Loss attributable to owners of the Company for the year was approximately HK$14.0 million.

"Carbon peaking" and "carbon neutrality" are becoming the keywords of current energy development. Achieving the "dual carbon" goal does not only mean achieving energy saving and emission reduction, but also a fundamental reform on the way energy development is carried out and a continuous effort on reforming both energy supply and demand to achieve improvement in both quality and quantity. In the process of achieving this goal, competition will become increasingly intense. On the other hand, consumer sentiment in the jewelry market is gradually recovering and a number of major international jewelry fairs in Hong Kong and Mainland China have resumed. Although demand for the Group's products of the jewelry business is slowly recovering, the uncertainties arising from the pandemic should not be overlooked.

Looking ahead, the coming year will be a year of challenges and opportunities. The combined development of conventional and new energy sources will bring more business opportunities for the Group, and its operation of filling stations will provide a more diversified revenue base and a stable cashflow source for the Group. The Group will closely monitor the market situation while upholding the operating principle of "maintaining a healthy, stable and long-term business", and continue to adjust its business scale, strategy and costs. Backed by the overall stability and sustainability of the business, the Group will focus on the planning of filling stations and distributed energy stations projects, and at the same time actively develop plans to enhance the long-term development potential of the natural gas business, making preparations ahead of time, and seek new investment and development opportunities with an open mindset.

On behalf of the Board, I would like to express my sincere appreciation to our employees and management team for their effort in coping with the unprecedented challenges during the Current Year. In addition, I would like to sincerely thank our shareholders, customers and business partners for their continued trust and support to the Group.

Wu Hao
Chairman and Executive Director

Hong Kong, 22 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group were principally engaged in the energy business and the jewelry business for the Current Year. During the Current Year, the Group continued to strategically expand its energy business with a view to further diversifying the Group's overall business by expanding its revenue stream. During the Current Year, the Group recorded total revenue of approximately HK$193.1 million (2021: HK$56.2 million), representing an increase of approximately 243.5% as compared to that for the Previous Year. The increase in revenue for the Current Year was mainly due to the increase in revenue from both the energy business and the jewelry business in varying degrees.

Energy Business

During the Current Year, the Group continued to focus on its primary objective of providing a diversified range of energy products and services. By leveraging on our proprietary technology products and continuing to work with experienced partners in the industry, we actively developed and expanded our energy business. Our principal businesses consist of the sale of liquefied natural gas ("LNG") and refined oil, as well as customised solar module intelligent technology products, including solar photovoltaic ("PV") modules, new energy smart direct current inverters and power optimisers. Through the successful and orderly expansion of the energy business, the Group's revenue from the energy business increased by 354.1% year-on-year from approximately HK$38.4 million for the Previous Year to approximately HK$174.5 million for the Current Year.

During the Current Year, we seized a development opportunity at the right moment to go full steam ahead on promoting the sale of refined oil at the filling station and LNG products, resulting in an increase in revenue from the sale of refined oil and LNG of the energy business from approximately HK$0.2 million for the Previous Year to approximately HK$174.0 million for the Current Year. According to the 14th Five-Year (2021-2025) Plan, carbon emissions will strive to peak before 2030 and achieve "peak carbon emissions and carbon neutrality" ("Dual Carbon") before 2060. The Current Year is the start of the 14th Five-Year Plan and also the first year of the "Carbon Neutrality Plan". In achieving the Dual Carbon goal, non-fossil energy, especially renewable energy, has started to become the cornerstone of our energy mix during the Current Year. However, the complete replacement of conventional fossil energy with renewable energy requires a relatively longer development process. Therefore, as a quality, efficient, green, clean and low-carbon energy, natural gas is one of the best options to serve the transition from fossil to non-fossil energy sources, and an important tool for reducing carbon emissions within the People's Republic of China (the "PRC") energy system before peaking of carbon emissions occurs. According to the latest announcement made by the National Development and Reform Commission of China (the "NDRC"), the PRC's apparent natural gas consumption has reached 372.6 billion cubic metres in 2021, an increase of 12.7% from 2020, indicating that natural gas is developing continuously at a healthy pace during the Current Year when compared with the forecast made in the China Natural Gas Development Report (2019), which forecasted that natural gas consumption would increase to 450 billion cubic metres by the end of the 14th Five-Year Plan period, and subsequently has benefitted the sale of LNG products of the Group during the Current Year.

Meanwhile, the current demand for conventional fossil fuels, such as refined oil, will continue for a certain period. The NDRC has announced that the PRC's refined oil consumption grew by 3.2% in 2021 as compared to 2020. After all, society has relied on coal and oil for centuries, and the demand for refined oil will not burst immediately like a bubble, especially in motor vehicle, the source of energy of which is still dominated by fuel. According to statistics from the Ministry of Public Security of the PRC, the PRC's motor vehicle ownership amounted to 395 million units as of December 2021, representing an increase of 23.5 million units from the end of 2020, among which new energy vehicles increased by 2.9 million units while non-new energy vehicles increased by 20.6 million units, indicating an increase in non-new energy vehicles of more than 5% compared to the end of 2020. This shows that while clean energy, such as natural gas, is growing fast, refined oil is still valuable.

Our refined oil and natural gas business is principally located in the Chengdu region within the Sichuan basin. Driven by the PRC's western development program and the "Belt and Road Initiative", Chengdu has become an important growth pole of economic development for the PRC. It also serves as a transportation hub that connects the PRC with Eurasia and has a large population, making its vehicle ownership rate to always be one of the highest in the country, and as such, the demand for refined oil and natural gas has remained strong during the Current Year.

The Sichuan Basin is rich in natural gas resources, with potential reserves estimated to be in excess of trillions of cubic metres, ranking first among all oil- and gas-bearing basins in the country. We are located in this oil- and gas-rich region which provides us with not only a secure gas supply, but also the advantage of lower transportation costs. Despite a surge in international natural gas price in the first half of the Current Year and a surge in international oil price in the second half of the Current Year, we were able to rely on our stable suppliers within the region to maintain a relatively stable source of refined oil and natural gas, which underpinned our steady yet growing business. Due to our well-established relationship with large central state-owned enterprises ("SOEs"), we have secured stable supply chain resources for refined oil and LNG. Coupled with the delivery and distribution capacities of our filling station, the sales of refined oil and LNG have become one of our major business growth drivers during the Current Year, which not only enhanced our market competitiveness in the energy business, but also facilitated our diversification in the energy market, created further synergies for different energy products, and further contributed to the orderly achievement of the Dual Carbon goal.

The impacts of the novel coronavirus pandemic continued to affect different parts of the PRC in varying degrees during the Current Year, but the pandemic control measures implemented in Sichuan Province have been effective, which ensured a stable local economy for our operation. Benefitting from these factors, our refined oil and natural gas sales business in the Chengdu region remained steady and growing during the Current Year.

Nevertheless, the global economy remained unstable during the Current Year due to factors such as strict pandemic controls in certain countries, the ongoing trade wrangle between the United States and the PRC and the intensified geopolitical tensions, which led to more cautious behaviour in business activities and challenges in the overseas markets for solar PV. Revenue from sales of solar energy products for the Current Year decreased from approximately HK$38.2 million for the Previous Year to approximately HK$0.4 million for the Current Year. Price increase and disruptions in the supply chain caused by the pandemic controls in various countries have led to the postponement of and decrease in demand for solar power projects in the Current Year. Trade barriers created by trade policies in various countries also had a direct impact on the demand for solar PV products in overseas markets. Moreover, the war between Russia and Ukraine had intensified geopolitical tensions in Europe, which was demonstrated by the wait-and-see attitude adopted among overseas customers and project delays, and had in turn affected our sales. The development approach for solar PV project in the PRC was also undergoing profound changes, with large central energy SOEs stepping up their efforts to expand their installed new energy capacity through mergers and self-development in order to meet the capacity target set out in the 14th Five-Year Plan, making it more difficult for us to promote our solar energy products and develop our pipeline. This, coupled with rising raw material prices and shortage of wafers, has increased our procurement costs. The sales of solar energy products have been facing tremendous challenges during the Current Year.

During the Current Year, we have been closely monitoring the product mix and gross margin of the energy business, performing dynamic analysis and making allocation and consolidation on sales staff and resources across different regions, streamlining the structure and offices of overseas and back office departments, and focusing on promoting the diversification of the energy business in the PRC's market.

In addition, during the Current Year, we have been strengthening our marketing strategy, identifying contractors for clean energy development projects in the PRC to negotiate potential business opportunities for the supply of renewable energy products that are suitable for the relevant projects, expanding our sales channels, and continuing to strengthen our connection and cooperation with upstream and downstream players to respond to market changes.

Jewelry Business

During the Current Year, the Group was principally engaged in the provision of products to jewelry distributors in Hong Kong and the PRC. Revenue from the jewelry business slightly increased by approximately 4.8% from approximately HK$17.8 million in the Previous Year to approximately HK$18.7 million in the Current Year due to the increase in sales volume in both Hong Kong and the PRC. Sales in Hong Kong accounted for approximately 43.2% (2021: 34.2%) of the overall segment sales, while sales in the PRC accounted for approximately 56.8% (2021: 65.8%).

In view that the COVID-19 pandemic was no longer widely spreading in both Hong Kong and the PRC for the majority of the time throughout the Current Year, demand for jewelry began to show signs of recovery. Consumer confidence and consumer spending have also increased accordingly. The resumption of the major international jewelry fairs in Hong Kong and the PRC has increased sales and sourcing opportunities for the Current Year, resulting in an increase in overall volume of our sales order as compared to the Previous Year. With our long-established relationships with suppliers, we were able to maintain a steady supply volume and product quality during the Current Year, enabling a slow recovery of our jewelry business.

Global economic conditions remained difficult throughout the year. Given that the COVID-19 outbreak was still not effectively contained, the continued implementation of pandemic prevention and travel restriction measures around the world, including the PRC and Hong Kong, have continued to pose significant challenges to the jewelry industry.

PROSPECTS

Business Opportunities Generated by Energy Structure Transition

As the global population continues to increase, demand for energy will continue to grow. As a result of the stringent environmental protection policies that continue to be in effect, demand for conventional fossil fuels, such as refined oil, will continue to increase in the foreseeable future but will then gradually slow down, while demand for clean energy, such as natural gas and solar energy, will continue to grow at a faster pace.

The low-carbon transformation of the global energy system will result in a gradual restriction on coal-based power generation, and the impacts of extreme climate events will occasionally highlight the instability of solar and wind energy. As the energy system transitions from 'old' to 'new', natural gas' role in the energy transition will be further underlined. During the 14th Five-Year Plan period, the PRC's demand for natural gas will grow further, driven by the Dual Carbon goal and air pollution prevention policies, with apparent consumption reaching 450 billion cubic metres by the end of the 14th Five-Year Plan period.

This shows that natural gas plays an important role in the energy transition. With the steady increase in urbanisation rate, the steady growth in the use of gas in transportation, and the significant growth in natural gas for power generation, the natural gas market is poised for a period of steady development, thereby providing ample room for growth in our sales of natural gas products. Furthermore, various governments in the PRC are actively promoting the conversion project from coal to gas, as demonstrated by the numerous constructions of gas pipeline networks and LNG terminals that are actively underway. The supply of natural gas in the PRC will increase significantly in the future, and the growth of downstream gas industry in the PRC will be accompanied by, and lead to, significant development opportunities. As such, we are optimistic about the outlook of the natural gas industry in the PRC, especially for the downstream gas industry in the PRC.

However, conventional fossil fuels, such as refined oil, will remain as the dominant primary energy sources of the world for a long transitional period ahead. The stalemate in negotiations between the United States and Iran, and the continued escalation of conflict between Russia and Ukraine have increased the geopolitical risks to the crude oil market. Driven by uncertainties brought on by the COVID-19 pandemic and such geopolitical risks, the supply for refined oil is becoming more volatile, while demand for refined oil continues to be strong as non-new energy vehicle ownership continues to increase. It is expected that refined oil sales will remain as one of our major sources of product sales revenue in the future.

In the coming year, our operational performance will depend on a number of factors including changes in the policy environment, changes in the energy market condition and the stringent level of the regular pandemic prevention and control. In addition, oil prices now stand at a relatively high level since 2015, coupled with the fact that refined oil prices are heavily affected by international crude oil prices, which contribute to a higher level of uncertainty to the growth of refined oil consumption in the coming year. In terms of internal management, we will adopt a number of measures to strengthen communication and exchanges with refined oil and natural gas suppliers in order to secure our oil and gas supply needs. At the same time, we will also strengthen external cooperation and make use of various means, including new forms of online marketing, to expand our sales channels and customer base. We will continue to focus on identifying more investment opportunities in the energy sector, particularly in natural gas and its related businesses, take full advantage of our operational and management strengths to accelerate the pace of investment, and actively seek more potential investments in natural gas and its related businesses to create synergies with our existing natural gas business and enhance the long-term development potential of our energy business.

Dual Carbon Goal to Accelerate the Transformation of Conventional Filling Stations

Driven by the Dual Carbon goal, the PRC's solar PV industry has entered a stage of development where the applications of solar PV are increasing across the industry and in all scenarios, being no longer limited to those within a conventional ground-mounted power plants and capable of various cross-sector integration and new innovative modes that are beyond imagination. The integration of solar PV and energy storage has become a new trend that represents the mutual complementarity of multiple energy sources and integration of energy source-grid-load-storage. The "distributed and small" residential solar PV market has thus presented a major opportunity for rapid development. The building-integrated photovoltaics (BIPV) and other multi-form solar PV applications are also attracting great attention from the market. During the Current Year, we have established strategic partnerships with renowned enterprises in the industry to actively explore potential energy projects, including distributed PV power stations, energy storage power stations, charging stations, LNG filling stations, and other distributed integrated energy station projects, in order to explore development models for combining multiple energy sources.

In October 2021, the State Council of China has issued the "Action Plan for Carbon Dioxide Peaking Before 2030" (the "Carbon Peaking Plan"), which states that new energy sources will be vigorously developed, and especially points out that natural gas consumption will be steered in an orderly manner by optimising the structure of use with priority given to meeting public needs, and integrated development between natural gas and other energy sources will be vigorously promoted. At the same time, the Carbon Peaking Plan also states that large-scale, high-quality development of solar power generation will be pursued, the construction of solar farms will be accelerated, and a diversified layout in PV power generation will be promoted. The mechanisms for ensuring the uptake of power generated from renewable energy sources will be further refined.

As such, market-oriented reform under the Carbon Peaking Plan is expected to be further promoted during the 14th Five-Year Plan period, and the "energy production-supply-storage-transportation-sale system" will gradually improve, with the integration and development of solar energy and other clean energy sources with conventional energy sources becoming a new trend. In June 2021, the National Energy Administration of China issued the Notice on the Submission of Pilot Scheme for the Development of Distributed Rooftop Photovoltaic Systems in the Entire County (City and District), which further accelerated the development of distributed rooftop PV systems in entire counties (cities and districts), and brought about a period of rapid development on the construction of solar PV power stations at filling stations.

We will continue to actively explore the model of "solar PV + filling station". With our experience in solar PV and energy storage, we plan to make use of the idle space on the rooftops of our own filling station to conduct the pilot construction of distributed solar power stations by using our solar intelligent products in order to promote our products and attract other potential customers who operate filling stations to build more distributed solar PV power stations, thereby increasing the market share and revenue of the Group's solar energy products. During the Current Year, we have signed a non-legally binding strategic cooperation agreement with a leading enterprise in the PRC that has been engaged in energy development and integrated utilisation for many years and has extensive business network in the energy industry. In the future, we are expected to be the preferred supplier of solar PV components and other related ancillary products to that enterprise, and we will cooperate fully with each other in the field of clean energy and establish a long-term strategic partnership.

Integrate Resources and Plan for a Diversified Energy Business

In order to cope with potential uncertainty risks and unfavourable market conditions, we also plan to leverage on the advantage of our own resources in the areas of energy storage technology, distribution and industry networks to actively identify projects, such as project of identifying distributed natural gas energy stations and direct supply to the industry, and gradually expand nationwide by seizing opportunities from implementation of local government policies to become a supplier that provides more diversified energy products and solutions.

We also recognise that the risks arising from the ongoing pandemic and the unstable international trade situation should not be overlooked. The management of the Group will continue to assess the market situation, actively optimise resource allocation, improve operational efficiency and seek new business growth drivers to strengthen its foundation in the PRC's market, while further exploring development opportunities in different markets, and adhering to the general operating principles of "seeking stability amidst changes and striving for progress amidst stability", thereby creating long-term value for shareholders.

A Challenging Business Environment for the Jewelry Market

In the short to medium term, the course of the pandemic will continue to adversely affect our jewelry business. The stringent social distancing and anti-epidemic measures implemented to contain the spread of the COVID-19 virus caused the Group's downstream retail customers to suffer from weak consumer sentiment, further dampening the demand for jewelry products. Even though customer demand in Hong Kong has begun to show rebound from the pandemic, the current customer demand in the PRC remains to be dragged down by the quarantine measures for travellers within the provinces and weak consumer sentiment.

In response to the unfavourable business environment and increasing competition in the market, we will strive to cope with the negative impact by closely monitoring our business operations, controlling costs and reducing unnecessary expenses. Nevertheless, our jewelry sales team, with their professionalism and dedication to their roles, maintained good relationships with customers and suppliers during these difficult years and continued to explore the potential sales channel and build up our reputation for any potential business opportunities and expansion.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Year was approximately HK$193.1 million, representing an increase of approximately 243.5% as compared to approximately HK$56.2 million for the Previous Year. The increase was mainly attributable to the result of the increase in turnover of both the energy business and the jewelry business.

Revenue of the energy business increased by approximately 354.1% from approximately HK$38.4 million for the Previous Year to approximately HK$174.5 million for the Current Year. It was primarily attributable to the increase in revenue derived from sales of refined oil and LNG during the Current Year. The sales orders of our solar intelligent technology products were continuously impacted by the worldwide COVID-19 outbreak and the escalated international trade conflict.

Revenue of the jewelry business slightly increased by approximately 4.8% from approximately HK$17.8 million for the Previous Year to approximately HK$18.7 million for the Current Year. It was primarily attributable to the gradual recovery of consumption sentiment and the market demands of jewelry products in the first half of the Current Year in the PRC and in the second half of the Current Year in Hong Kong. The revenue was also prompted by the increase in business opportunities after the resumption of international jewelry trade shows in Hong Kong and the PRC during the Current Year.

Cost of Sales and Gross profit

Cost of sales of the Group for the Current Year was approximately HK$184.9 million, representing an increase of approximately 242.2%, as compared to approximately HK$54.0 million for the Previous Year. Gross profit increased from approximately HK$2.2 million for the Previous Year to approximately HK$8.2 million for the Current Year, representing an increase of approximately 276.6%. The increase was mainly attributable to the increase in the turnover of both the energy business and the jewelry business for the Current Year.

Meanwhile, gross profit margin increased from 3.9% for the Previous Year to 4.3% for the Current Year. The increase was primarily attributable to the expansion of the product mix of the energy business, which includes the products with higher gross profit margins.

Other income

Other income increased from approximately HK$5.3 million for the Previous Year to approximately HK$6.3 million for the Current Year, representing an increase of approximately 18.3%, which was mainly attributable to the rental income from the investment properties of the Group during the Current Year.

Other gains and losses, net

The Group recorded net other gains of approximately HK$7.6 million for the Current Year (2021: HK$4.1 million). The gains were contributed by the net foreign exchange gains of approximately HK$0.2 million (2021: net foreign exchange losses of HK$0.2 million), a gain from change in fair value of investment properties of approximately HK$7.2 million (2021: HK$1.3 million), and a gain on disposal of property, plant and equipment of approximately HK$0.2 million (2021: Nil).

Impairment loss under expected credit loss ("ECL") model, net of reversal

The Group recorded an impairment loss under the ECL model, net of reversal, amounted to approximately HK$2.5 million for the Current Year (2021: HK$1.2 million). The management of the Group will continue to conduct regular review of the debtors' repayment histories, resources and financial capabilities to ensure the ability of repayment within the credit period.

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

The Group recorded an impairment loss on property, plant and equipment and right-of-use assets amounted to approximately HK$4.2 million and HK$3.5 million respectively in the Previous Year, whereas none incurred in the Current Year.

Selling and distribution costs

Selling and distribution costs increased from approximately HK$2.2 million for the Previous Year to approximately HK$3.1 million for the Current Year, representing an increase of approximately 42.2%, which was primarily attributable to the increase in distribution cost due to the increase in overall turnover during the Current Year.

Administrative expenses

Administrative expenses increased from approximately HK$20.4 million for the Previous Year to approximately HK$21.4 million for the Current Year, representing an increase of approximately 4.6%, which was mainly due to the combination of the set up expenses of the newly acquired subsidiary in Chengdu, Chengdu Kaibangyuan Trading Co., Ltd* (成都凱邦源商貿有限公司) ("Chengdu Kaibangyuan"), and the continuous implementation of tightened cost control in the Current Year.

Other expenses

Other expenses for the Previous Year amounted to approximately HK$1.3 million mainly representing the research and development cost incurred in the development stage, whereas none incurred in the Current Year.

Equity-settled share-based payments

Equity-settled share-based payments amounted to approximately HK$2.1 million (2021: Nil) representing the recognition of equity-settled share options expenses in connection with the grant of share options during the Current Year.

Finance costs

Finance cost represented the imputed interest derived from the long term loans from a controlling shareholder amounted to approximately HK$4.9 million (2021: HK$3.4 million), the interest derived from lease liabilities amounted to approximately HK$0.2 million (2021: HK$0.2 million) and the interest derived from the long term bank loan amounted to approximately HK$1.5 million for the Current Year (2021: HK$1.6 million).

Income tax expense

Income tax expense of the Group was approximately HK$2.5 million for the Current Year (2021: HK$0.7 million), mainly due to the provision of deferred tax expense arising from the investment properties of the Group during the Current Year.

Loss for the year attributable to the Owners of the Company

By reason of the factors stated above and the loss shared by the non-controlling interests decreased, the loss for the year attributable to the owners of the Company decreased from approximately HK$24.6 million for the Previous Year to approximately HK$14.0 million for the Current Year, representing a decrease of approximately 43.2%. Basic loss per share was 3.63 HK cents (2021: 6.61 HK cents).

Final Dividend

The Board does not recommend the payment of final dividend for the Current Year (2021: Nil).

Liquidity and Financial Position

As at 31 March 2022, the Group had net current assets and current ratio stood at approximately HK$28.7 million and 1.8 respectively (31 March 2021: HK$22.7 million and 1.5 respectively).

As at 31 March 2022, the bank balances and cash amounted to approximately HK$20.1 million (31 March 2021: HK$37.3 million). As at 31 March 2022, the inventories amounted to approximately HK$4.7 million (31 March 2021: HK$6.8 million), mainly representing the refined oil and solar modules intelligent technology products. As at 31 March 2022, the trade receivables and trade payables amounted to approximately HK$1.9 million and HK$0.6 million respectively (31 March 2021: HK$8.1 million and HK$7.7 million respectively), both of which were mainly derived from the energy business. As at 31 March 2022, the Group's property, plant and equipment, right-of-use assets and investment properties amounted to approximately HK$20.9 million, HK$9.4 million and HK$89.9 million respectively (31 March 2021: HK$21.4 million, HK$10.1 million and HK$79.3 million respectively). The investment properties of the Group are located at No. 61, Haichao Road, Sino-Italy Ningbo Ecological Park, Yuyao City of Zhejiang Province for industrial use and are held under operating leases to earn rentals. The investment properties were revalued by an independent firm of professional property valuer and the fair value of the investment properties are derived using income approach for both years.

As at 31 March 2022, the net carrying amount of the intangible assets was approximately HK$56.0 million (31 March 2021: HK$55.5 million), which represented the operating rights in relation to the relevant certificates, licenses and approvals for the operations of the filling station and the sale of refined oil with finite useful lives. The intangible assets were arising from the acquisition of Chengdu Kaibangyuan.

Capital Resources and Gearing

As at 31 March 2022, the Group had an interest-bearing bank borrowing amounted to approximately HK$24.2 million (31 March 2021: HK$25.7 million) and bore interest rate of 5.9% per annum (31 March 2021: 5.9%), of which approximately HK$2.8 million (31 March 2021: HK$2.5 million) will be repayable within one year and approximately HK$21.4 million (31 March 2021: HK$23.2 million) will be repayable after one year. The Group's gearing ratio (which was expressed as a percentage of total bank borrowing over total equity) was approximately 44.0% as at 31 March 2022 (31 March 2021: 48.2%)

The bank borrowing was secured by the Group's assets, for details of the charges on the Group's assets, please refer to the section headed "Charges On Group Assets" in "Management Discussion and Analysis" of this report. Save as disclosed above, the Group has no other banking facilities (31 March 2021: Nil). As at 31 March 2022, the Group had interest-free loans due to a controlling shareholder of approximately HK$117.7 million (31 March 2021: HK$104.8 million) which will be repayable after one year from the end of the reporting period and had interest-free loans due to a shareholder of approximately HK$5.0 million (31 March 2021: HK$5.0 million) which will be repayable within one year from the end of the reporting period.

The Group principally meets its working capital requirement and other liquidity requirements through a combination of operating cash flows, interest-free loans due from a shareholder and a controlling shareholder and proceeds from the issue of new shares during the Current Year.

Capital Structures

The Group's total assets and total liabilities as at 31 March 2022 amounted to approximately HK$242.0 million (31 March 2021: HK$235.1 million) and approximately HK$187.1 million (31 March 2021: HK$181.8 million) respectively. The Group's debt ratio (which was expressed as a percentage of total liabilities over total assets) was approximately 77.3% as at 31 March 2022 (31 March 2021: 77.3%).

Use of Proceeds from the Subscription

On 19 April 2021, the Company entered into a subscription agreement with an independent third party (the "Subscriber"), pursuant to which the Subscriber agreed to subscribe, and the Company agreed to allot and issue 15,300,000 shares of the Company at par value of HK$0.01 each under general mandate to the Subscriber at the subscription price of HK$0.75 per share (the "Subscription"). The Subscription was completed on 4 June 2021, please refer to the announcements of the Company on 19 April 2021, 12 May 2021 and 4 June 2021 for further details of the Subscription. The gross proceeds and net proceeds (after deducting the related fees and expenses incurred in relation to the subscription, the "Net Proceeds") from the Subscription were HK$11,475,000 and approximately HK$11,408,000 respectively, which the entire Net Proceeds was intended to be used as general working capital of the Group. The use of the Net Proceeds as at 31 March 2022 are set out as follows:

Intended use of the Net Proceeds	**Intended amount of the Net Proceeds to be used** *(Approximately)* *HK$'million*	**Actual use of the Net Proceeds up to 31 March 2022** *(Approximately)* *HK$'million*	**Unutilized balance as at 31 March 2022** *(Approximately)* *HK$'million*
General working capital of the Group	11.4	11.4 *(Note)*	–

Note: As at 31 March 2022, approximately HK$11.4 million was used as general working capital of the Group, including approximately HK$4.6 million for staff cost and approximately HK$6.8 million for office rent, legal and professional expenses and other recurring operating expenses. The proceeds were used as intended.

Charges on Group Assets

As at 31 March 2022, the buildings with carrying amounts of approximately HK$4.4 million (31 March 2021: HK$4.5 million), the right-of-use assets with carrying amounts of approximately HK$5.9 million (31 March 2021: HK$5.8 million) and the investment properties with carrying amounts of approximately HK$89.9 million (31 March 2021: HK$79.3 million), were pledged to a bank in the PRC as collateral security for a bank borrowing amounted to approximately HK$24.2 million (31 March 2021: HK$25.7 million).

Capital Commitments and Contingent Liabilities

As at 31 March 2022, the Group did not have any capital commitments (31 March 2021: Nil).

As at 31 March 2022, the Group did not have any contingent liabilities (31 March 2021: Nil).

Employee and Remuneration Policy

As at 31 March 2022, the Group had a total of 66 employees (2021: 39). The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group also provides internal training to employees when necessary and other staff benefits which include share option scheme and corporate contribution to the statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

Furthermore, the remuneration committee of the Company (the "Remuneration Committee") will review and give recommendations to the Board as to the compensation package of the Directors and senior management of the Group with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management of the Group.

Foreign Exchange Fluctuation and Hedges

The business operations of the Group's subsidiaries were conducted mainly in the PRC and Hong Kong with sales and purchases of the Group's subsidiaries denominated mainly in Hong Kong dollars, Renminbi and United States dollars ("USD"). The Group's cash and bank deposits were denominated in Hong Kong dollars, Renminbi and USD as well. Any significant exchange rate fluctuation of Hong Kong dollars against USD or Renminbi may have financial impacts on the Group. While the Group would closely monitor the volatility of the foreign exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2022, no forward foreign currency contracts are designated in hedging accounting relationships (2021: Nil).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Year.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, the Group did not have any plans for material investments and capital assets as at 31 March 2022.

DIRECTORS AND COMPANY SECRETARY

Executive Directors

Mr. Wu Hao, aged 48, is our chairman and an executive Director. He joined the Group in February 2012 and is responsible for overall strategic planning and development. He has held directorship position within the other member of the Group. In 2008, Mr. Wu Hao joined Xinjiang Lian Rui Mining Company Limited* (新疆聯瑞礦業有限公司), which is principally engaged in mining resources business, and was appointed as its vice chairman in 2009. Mr. Wu Hao graduated in legal professional studies from Correspondence Institute of Party School of the Central Committee of Communist Party of China* (中共中央黨校函授學院) in 2002.

Mr. Hu Yangjun, aged 48, is an executive Director. He joined the Group in November 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yangjun has corporate management experience in information technology and international trade and has worked in Zhejiang Orient Group* (浙江東方集團) and Zhejiang Ju Neng Dongfang Holdings Company Limited* (浙江巨能東方控股有限公司). Mr. Hu Yangjun was previously an executive director of Shenghua Lande Scitech Limited (stock code: 8106) and Neo Telemedia Limited (stock code: 8167), both companies listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Hu Yangjun graduated from Anhui Normal University and he is currently a member of All-China Youth Federation.

Mr. Chan Wing Yuen, Hubert ("Mr. Chan"), aged 64, is our chief executive and an executive Director. He joined the Group in November 2011 and is responsible for business policy formulation and execution. He has held directorship position within the other members of the Group. Mr. Chan has been an executive director of Zhonghua Gas Holdings Limited (stock code: 8246) since August 2014, a company listed on the GEM of the Stock Exchange. Mr. Chan has also been an independent non-executive director of Tian Ge Interactive Holdings Limited (stock code: 1980) since June 2014 and FIT Hon Teng Limited (stock code: 6088) since November 2016, both companies listed on the Stock Exchange. Mr. Chan spent over ten years with the Stock Exchange and his last position was director of the listing division in charge of the China Listing Affairs Department. He also held various positions with companies listed on the Stock Exchange. Mr. Chan was previously a director of Guangdong Investment Limited (stock code: 270), an independent non-executive director of China Smarter Energy Group Holdings Limited (stock code: 1004), an executive director and the chief executive of EverChina Int'l Holdings Company Limited (stock code: 202) and an executive director of China Pipe Group Limited (stock code: 380). He was also an independent non-executive director of Xinjiang La Chapelle Fashion Co., Ltd, a company listed on the Stock Exchange (stock code: 6116) and The Shanghai Stock Exchange (stock code: 603157). Mr. Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Chan is an associate member of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Company Secretaries) and is also a member of both Hong Kong Securities and Investment Institute and The Hong Kong Institute of Directors. Mr. Chan is a member of the Chinese People's Political Consultative Conference — Heilongjiang Province Committee in the PRC.

Non-executive Director

Mr. Li Wei Qi, Jacky ("Mr. Li"), aged 50, was appointed as a non-executive Director in November 2011. Mr. Li has experience in the financial services field. Mr. Li is currently the vice president of the marketing department of Emperor Bullion Investments (Asia) Limited, Emperor Futures Limited, Emperor Securities Limited and Emperor Wealth Management Limited. He is also a licensed representative under the Securities and Futures Ordinance (the "SFO") to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities, a licensed representative of the Professional Insurance Brokers Association to carry on long term insurance (including linked long term insurance) and general insurance regulated activities, a licensed representative of the Mandatory Provident Fund Schemes Authority to carry on related regulated activities and an account executive registered with The Chinese Gold & Silver Exchange Society. Mr. Li was previously vice president of the marketing department of Tanrich Futures Limited and was a person licensed by the Securities and Futures Commission for dealing and advising in futures contracts and asset management.

Independent non-executive Directors

Mr. Jin Qingjun ("Mr. Jin"), aged 64, was appointed as an independent non-executive Director in October 2017. Mr. Jin is currently a senior partner of King & Wood Mallesons and a legal counsel for various securities companies and listed companies. His major areas of practice include securities, finance, investment, corporate, insolvency as well as foreign-related legal affairs. Mr. Jin is one of the first lawyers who was granted Security Qualification Certificate in the PRC and has focused on securities-related legal affairs for more than 20 years. Mr. Jin previously served as General Counsel of Shenzhen Stock Exchange and a member of its Listing Supervisory Council. In 2012, he was named one of the Top 10 PRC Lawyers of the Year and PRC Securities Lawyer of the Year. Mr. Jin has been an independent non-executive director of Times China Holdings Limited (stock code: 1233) since October 2015, Sino-Ocean Group Holding Limited (stock code: 3377) since March 2016, Bank of Tianjin Co., Ltd. (stock code: 1578) since March 2017 and Goldstream Investment Limited (stock code: 1328) since December 2019, all companies listed on the Stock Exchange. He has also been a director of Shenzhen Kingkey Smart Agriculture Times Co. Ltd. (stock code: 000048), a company listed on the Shenzhen Stock Exchange, since September 2018, an independent director of Shenzhen Cheng Chung Design Co. Ltd. (stock code: 002811), a company listed on the Shenzhen Stock Exchange, since September 2018. Mr. Jin was an independent non-executive director of Guotai Junan Securities Co., Ltd., a company listed on the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211), and an external supervisor of China Merchants Bank Co., Ltd. a company listed on the Stock Exchange (stock code: 3968) and on the Shanghai Stock Exchange (stock code: 600036). Mr. Jin obtained a Bachelor of Arts in English from Anhui University. He received a master's degree in International Law from China University of Political Science and Law and a graduate diploma from the John F. Kennedy School of Government, Harvard Kennedy School. Mr. Jin is an adjunct professor at China University of Political Science and Law and Renmin University of China Lawyer College, an arbitrator of Shenzhen Court of International Arbitration, Shanghai International Economic and Trade Arbitration Commission and Arbitration Foundation of Southern Africa, a member of the Inter-Pacific Bar Association, and the PRC legal counsel of US Court of Appeals for the Washington D.C Circuit.

Ms. Sun Ivy Connie ("Ms. Sun"), aged 43, was appointed as an independent non-executive Director in November 2018. Ms. Sun is experienced in primary market investments, fund raising and fund management. She is currently the director, as well as the founder, of an asset management institution focusing on privately offered investment opportunities. Ms. Sun had worked at a British law firm in Hong Kong and a PRC law firm in Beijing, China. During her practice, she specialised in merges and acquisitions, financial restructuring and listing. Ms. Sun obtained a Bachelor of Laws from Victoria University of Wellington in New Zealand. She was admitted as a barrister and solicitor of the High Court of New Zealand.

Ms. Zhong Yingjie, Christina ("Ms. Zhong"), aged 53, was appointed as an independent non-executive Director in October 2021. Ms. Zhong is currently a senior advisor to the chairman of Hopu Investments, a director of COFCO Fortune Co., Limited* (中糧福臨門股份有限公司). Ms. Zhong has experience in the accounting and auditing field. She is a certified public accountant in the PRC and worked for the National Audit Office of the PRC. Ms. Zhong also has extensive experience in finance and capital markets. Ms. Zhong had worked for Morgan Stanley Asia Limited from 2008 to 2017 and served as a Managing Director and the head of division of financial institutions in China. Ms. Zhong had also served in various capacities in the past, including an Executive Director of Goldman Sachs Gao Hua Securities Company Limited and a Vice President of China International Capital Corporation Limited. Ms. Zhong had served as an Independent Non-Executive Director of China Shenhua Energy Company Limited, a company dual listed on the Stock Exchange (stock code: 1088) and the Shanghai Stock Exchange (stock code: 601088) and has been the chief financial officer of HH&L Acquisition Co., a company listed in the New York Stock Exchange (stock code: HHLA), since December 2020. Ms. Zhong graduated from Wuhan University in Auditing with a bachelor's degree and obtained a master's degree in Business and Administration from China Europe International Business School (CEIBS).

Company secretary

Mr. Chow Chi Shing ("Mr. Chow"), aged 42, is the financial controller and company secretary of the Group. He joined the Group in year 2015 and is responsible for the financial and accounting and company secretarial matters of the Group. Mr. Chow is experienced in the accounting and finance field, as well as in company secretarial practices. He worked in a leading international audit firm, companies listed on the Stock Exchange and a multi-national corporation. Mr. Chow graduated with a bachelor's degree in accounting from the Hong Kong University of Science and Technology. Mr. Chow is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom.

CORPORATE GOVERNANCE REPORT

Compliance with the Corporate Governance Code

The Company continues to achieve high standards of corporate governance which, it believes, is crucial to the development of the Company and to safeguard the interest of the shareholders of the Company ("the Shareholder(s)").

The Board and the management of the Company are committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize effective internal control, accountability and transparency of the Board and are adopted in the best interest of the Company and its shareholders.

Accordingly, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") as its own code on corporate governance practices and now adopted the new CG Code from 1 January 2022 onwards for the financial year commencing on 1 April 2022. The code provision numbers of the CG Code referred in this report are those of the old CG Code.

Save as disclosed in this report, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code throughout the Current Year.

Non-Compliance With Rules 3.10(1), 3.10(2), 3.21, 3.25 Of The Listing Rules And Code Provision A.5.1 Of The CG Code

Following the pass away of Mr. Wu Chi Keung on 12 October 2021, who was an independent non-executive Director, the chairman of each of the audit committee of the Company (the "Audit Committee"), the Remuneration Committee and nomination committee of the Company (the "Nomination Committee") and the only independent non-executive Director having appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules, the Board only comprises six members with three executive Directors, a non-executive Director and two independent non-executive Directors. As a result, the Company was not in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that the Board shall comprise at least three independent non-executive Directors; (ii) Rule 3.10(2) of the Listing Rules, which stipulates that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; (iii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee shall comprise at least three non-executive Directors and a majority of which must be independent non-executive Directors, that at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules and that the audit committee must be chaired by an independent non-executive Director; (iv) Rule 3.25 of the Listing Rules, which stipulates that the remuneration committee shall comprise a majority of independent non-executive Directors and chaired by an independent non-executive Director; and (v) code provision A.5.1 of the CG Code which stipulates that the number of independent non-executive Directors shall represent the majority of the nomination committee and the nomination committee must be chaired by the chairman of the board or an independent non-executive director.

Model Code for Securities Transactions by Directors

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 the Directors. Having made specific enquiry to all Directors, they confirmed that they have complied with the required standards set out in the Model Code throughout the Current Year.

Board of Directors

The Board sets directions and formulates overall strategies of the Group, monitors its overall performance and maintains effective supervision over the management running the Group through relevant committees of the Board. In particular, the Board oversees the implementation of strategies by management, reviews the operational and financial performance, and provides oversight to ensure that a sound system of internal control and risk management is in place. Each Director ensures that he/she carries out his/her duties in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interest of the Company and its Shareholders at all times.

Board Composition

As at the date of this report, the Board comprises seven Directors, including three executive Directors, namely, Mr. Wu Hao (Chairman), Mr. Hu Yangjun and Mr. Chan Wing Yuen, Hubert; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely, Mr. Jin Qingjun, Ms. Sun Ivy Connie and Ms. Zhong Yingjie, Christina. Biographical details of the Directors are set out under the section headed "Directors and Company Secretary" on pages 16 to 18 of this annual report. The composition of the Board is in accordance with the requirement of rule 3.10 of the Listing Rules. There are three independent non-executive Directors and one of them has accounting professional qualification. One-third of the members of the Board are independent non-executive Directors. In compliance with code provision A.1.8 of the CG Code, the Company has arranged appropriate insurance cover in respect of potential legal actions against its directors.

The presence of three independent non-executive Directors is considered by the Board to be a reasonable balance between executive and non-executive Directors. The Board is of the opinion that such balance can provide adequate checks and balances to safeguard the interests of Shareholders and of the Group. The independent non-executive Directors provide to the Group a wide range of expertise and experience so that independent judgement can be exercised effectively. They have also participated in Board meetings and general meetings, dealt with potential conflicts of interest, served on the audit committee, remuneration committee and nomination committee of the Company and scrutinized the Group's performance and reporting. Through their active participation, the management process of the Company can be critically reviewed and controlled.

The Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. All Directors have given sufficient time and attention to the Company's affairs. The Board believes that the ratio between executive Directors and independent non-executive Directors provides reasonable and adequate checks and balances for the Board in the decision making process. The Board is responsible for the appointment of new Director and nomination for re-election by the Shareholders at the annual general meeting of the Company. Under the articles of association of the Company (the "Articles of Association"), the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any new Director appointed to fill a casual vacancy or as an addition to the existing Board shall hold office until the next annual general meeting after his/her appointment and shall then be eligible for re-election at such meeting.

Independence

The Company has received an annual confirmation of independence from each of the independent non-executive Director in accordance with Rule 3.13 of the Listing Rules and each of them has declared fulfilment of all the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules. Accordingly, the Company considers that all the independent non-executive Directors are independent.

All independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors.

Board and General Meetings

During the year, five full board meetings and one general meeting were held. The Directors attended those meetings in person, by phone or through other electronic means of communication. The external auditor has attended the annual general meeting of the Company held on 2 September 2021 (the "2021 AGM") to answer questions. The attendance of each Director is set out as follows:

	Attendance/Number of meetings held during the tenure of directorship	
Name	**Board meetings**	**General meeting**
Executive Directors		
Mr. Wu Hao	5/5	1/1
Mr. Hu Yangjun	5/5	1/1
Mr. Chan Wing Yuen, Hubert	5/5	1/1
Non-executive Director		
Mr. Li Wei Qi, Jacky	5/5	1/1
Independent non-executive Directors		
Mr. Wu Chi Keung (passed away on 12 October 2021)	1/1	1/1
Mr. Jin Qingjun	5/5	1/1
Ms. Sun Ivy Connie	5/5	1/1
Ms. Zhong Yingjie, Christina (appointed on 25 October 2021)	2/2	0/0

Management Function

The Articles of Association set out matters which are specifically reserved to the Board for its decision. The management team meets together regularly to review and discuss with the executive Directors day-to-day operational issues, financial and operating performance as well as to monitor and ensure that the management is carrying out the directions and strategies set by the Board properly.

Relationships Between Directors

Mr. Wu Hao, the chairman and an executive Director, is a cousin of Mr. Hu Yangjun, an executive Director. To the best knowledge of the Company, save as disclosed herein, during the year, none of the other current Directors has or maintained any financial, business, family or other material, relevant relationship with any of the other Directors.

Training and Support of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement(s) to ensure compliance and to enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

All Directors, namely Mr. Wu Hao, Mr. Hu Yangjun, Mr. Chan Wing Yuen, Hubert, Mr. Li Wei Qi, Jacky, Mr. Jin Qingjun, Ms. Sun Ivy Connie and Ms. Zhong Yingjie, Christina confirmed that they have complied with code provision A.6.5 of the CG Code on Directors' training. All Directors have participated in continuous professional development by reading materials or participating courses, seminars and online debriefs regarding taxation, compliance, and global economic development to develop and refresh their knowledge.

The Roles of the Chairman and Chief Executive

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Wu Hao, the chairman of the Board, is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner while Mr. Chan Wing Yuen, Hubert, the chief executive of the Group, is responsible for running the Group's business and the implementation of the approved strategies of the Group.

Non-Executive Directors

The term of the appointment letters of all the non-executive Directors (including independent non-executive Directors) are for a fixed term of one year and will be renewed automatically if no objection is raised by both parties.

All Directors (including the executive Directors) are subject to retirement by rotation at least once every three years at the annual general meeting of the Company and are eligible for re-election pursuant to the Articles of Association.

Delegation by the Board

The Board has set up three Board committees, namely the audit committee of the Company (the "Audit Committee"), the remuneration committee of the Company (the "Remuneration Committee") and the nomination committee of the Company (the "Nomination Committee") for overseeing particular aspects of the Company's affairs. 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.

Audit Committee

The Audit Committee has been established with written terms of reference setting out the duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Audit Committee conforms to the requirements laid down in the CG Code. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Jin Qingjun, Ms. Sun Ivy Connie and Ms. Zhong Yingjie, Christina. Ms. Zhong Yingjie, Christina is the chairman of the Audit Committee who is also a certified public accountant in the PRC. She is experienced in the accounting and auditing field, and worked for the National Audit Office of the PRC.

The primary functions of the Audit Committee include reviewing the financial statements and reports and considering any significant or unusual items, reviewing the effectiveness of the Group's financial reporting processes and adequacy of internal control system, reviewing the risk management system and associated procedures, reviewing the scope and nature of the audit carried out by the Company's auditor. The Audit Committee meets at least twice a year to discuss any issues from the audit and any other matters the external auditor may wish to raise. The Audit Committee has reviewed the Group's annual results for the Current Year.

During the year, three meetings were held and the attendance of each member is set out as follows:

Name	**Attendance/No. of meetings held during the tenure of directorship**
Mr. Wu Chi Keung (passed away on 12 October 2021)	1/1
Mr. Jin Qingjun	3/3
Ms. Sun Ivy Connie	3/3
Ms. Zhong Yingjie, Christina (appointed on 25 October 2021)	2/2

The following is a summary of work performed by the Audit Committee during the year:

1. Reviewed the draft of financial statements of the Company prior to audit and/or review performed by the external auditor and issued its approval to audit and/or review;

2. Reviewed the Group's interim and annual results and corporate governance matters for inclusion in the Company's annual report for the year ended 31 March 2021 and interim report for the six months ended 30 September 2021 with the management and external auditor of the Company and recommended them to the Board for review and approval;

3. Reviewed the Company's financial controls, internal controls and risk management systems, reviewed and approved the risk management and internal audit report for the Current Year and discussed the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems;

4. Reviewed the accounting principles and practices adopted by the Group with the management of the Company for the year ended 31 March 2021;

5. Reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, their independence and objectivity and made recommendation to the Board on the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company; and

6. Reviewed the terms of reference of the Audit Committee.

Remuneration Committee

The Remuneration Committee has been established with written terms of reference setting out the duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Remuneration Committee conforms to the requirements laid down in the CG Code. As at the date of this report, the Remuneration Committee comprises of two independent non-executive Directors, namely Mr. Jin Qingjun, as chairman, and Ms. Sun Ivy Connie; and one executive Director, namely Mr. Chan Wing Yuen, Hubert. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration structure for all Directors and senior management of the Group. The annual emoluments payable to Directors were recommended by the Remuneration Committee, with a view to recruit and retain high-calibre personnel that are valuable to the Group, with references to their experiences, responsibilities and duties as well as the prevailing market conditions. Details of Directors' remuneration for the Current Year are set out in note 12 to the consolidated financial statements.

During the year, two meetings were held and the attendance of each member is set out as follows:

Name	**Attendance/No. of meetings held during the tenure of directorship**
Mr. Wu Chi Keung (passed away on 12 October 2021)	1/1
Mr. Chan Wing Yuen, Hubert	2/2
Mr. Jin Qingjun	2/2
Ms. Sun Ivy Connie (appointed on 25 October 2021)	1/1

The following is a summary of works performed by the Remuneration Committee during the year:

1. Reviewed the policy for the remuneration of executive Directors;
2. Assessed performance of executive Directors;
3. Reviewed the terms of executive Director's service contract;
4. Made recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
5. Reviewed the terms of reference of the Remuneration Committee; and
6. Recommended to the Board the remuneration packages of the newly appointed independent non-executive Director.

Nomination Committee

The Nomination Committee has been established with written terms of reference setting out the duties, responsibilities and authorities delegated to them by the Board. As at the date of this report, the Nomination Committee comprises of two independent non-executive Directors, namely Mr. Jin Qingjun, as chairman and Ms. Sun Ivy Connie; and one executive Director, namely Mr. Chan Wing Yuen, Hubert.

The primary functions of the Nomination Committee include making recommendations to the Board on the appointment of Directors and reviewing 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 issuer's corporate strategy.

During the year, two meetings were held and the attendance of each member is set out as follows:

Name	**Attendance/No. of meetings held during the tenure of directorship**
Mr. Wu Chi Keung (passed away on 12 October 2021)	1/1
Mr. Jin Qingjun (appointed on 25 October 2021)	1/1
Mr. Chan Wing Yuen, Hubert	2/2
Ms. Sun Ivy Connie	2/2

The following is a summary of work performed by the Nomination Committee during the year:

1. Reviewed the policy for the nomination of Directors and senior management;

2. Reviewed the structure, size, composition and the board diversity policy (including the skills, knowledge and experience) of the Board;

3. Recommended to the Board the re-appointment of Mr. Hu Yangjun and Mr. Chan Wing Yuen, Hubert as executive Directors and Ms. Sun Ivy Connie as independent non-executive Director;

4. Assessed the independence of the independent non-executive Directors;

5. Recommended the Board on the reappointment of the retiring Directors;

6. Reviewed the terms of reference of the Nomination Committee; and

7. Recommended to the Board the appointment of Ms. Zhong Yingjie, Christina as an independent non-executive Director.

Nomination Policy

The Board has adopted a nomination policy (the "Nomination Policy") on the recommendation of the Nomination Committee, which sets out the criteria and process for the nomination and appointment of Directors of the Company. The Board considers that the Nomination Policy could ensure a balance of skills, experience and diversity of perspectives catered to the Company in the composition of the Board and continuity and appropriate leadership at the Board level. The Nomination Policy applies to the Directors of the Company and where applicable, senior management being groomed for Board positions pursuant to the succession planning of the Company.

The Board has delegated its responsibilities and authority for the selection and appointment of Directors to the Nomination Committee. Without prejudice to the authority and duties of the Nomination Committee as set out in its terms of reference, the ultimate responsibility for the selection and appointment of directors of the Company rests with the entire Board.

In evaluating and selecting any candidate for directorship, the Nomination Committee will consider (i) character and integrity; (ii) qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy of the Company (the "Board Diversity Policy") that are relevant to the Company's business and corporate strategy; (iii) any measurable objectives adopted for achieving diversity on the Board; (iv) requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules; (v) any potential contributions the candidate can bring to the Company and/or the Board in terms of qualifications and skills; (vi) experience, independence, gender and race diversity; (vii) willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; (viii) such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for the nomination of directors and succession planning.

The nomination process of selection and appointment of new Director

The Nomination Committee and/or the Board should, upon receipt of a proposal on the appointment of a new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. If the process yields more than one desirable candidate, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and the reference check on each candidate (where applicable). The Nomination Committee should then recommend that the Board to appoint the most appropriate candidate for directorship, as applicable. For any person that is nominated by a Shareholder for election as a director at a general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee and/or the Board should make recommendations to the Shareholders with respect to the proposed election of directors at a general meeting.

The nomination process of re-election of Director at general meeting

The Nomination Committee and/or the Board should review the overall contribution and service to the Company of each Director and his/her level of participation and performance on the Board. The Nomination Committee and/or the Board should also review and determine whether the Director continues to meet the criteria as set out above. The Nomination Committee and/or the Board should then make recommendations to the Shareholders in respect of the proposed re-election or replacement of Directors at a general meeting. Where the Board proposes a resolution to elect or re-elect a candidate as Director at a general meeting, the relevant information of the candidate will be disclosed in the circular to the Shareholders and/or the explanatory statement that accompanies the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee has conducted regular reviews on the structure, size and composition of the Board and the Nomination Policy and considered that the current Nomination Policy complements the Company's corporate strategy and business needs.

Corporate Governance

The Board is also responsible for determining the policy for the corporate governance of the Company and performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

Board Diversity Policy

The Board has adopted the Board Diversity Policy setting out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and to support the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity is considered from a range of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board strives to ensure that it has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies in order for the Board to be effective. The Nomination Committee will monitor the implementation of this policy and will from time to time review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The Nomination Committee will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Nomination Committee considers that the current Board's composition and the Board Diversity Policy satisfy the diversification requirements.

Dividend Policy

The Board has adopted a dividend policy (the "Dividend Policy") that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting the Group's working capital requirements and future growth as well as its shareholding value.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations. The dividend payout ratio will vary from year to year. There is no assurance that a dividend will be proposed or declared in any particular amount for any given period. When considering the declaration and payment of dividends, the Board shall take into account of (i) financial results; (ii) cash flow situation; (iii) business conditions and strategies; (iv) future operations and earnings; (v) capital requirements and expenditure plans; (vi) interests of the Shareholders; (vii) any restrictions on payment of dividends; and (viii) any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate. The Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders but no dividends shall be declared in excess of the amount recommended by the Board subject to the Articles of Association and all applicable laws and regulations. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association. The Board will review the Dividend Policy as appropriate from time to time.

Auditor's Remuneration

Analysis of remuneration paid and accrued in respect of audit and non-audit services provided by the external auditor, Messrs. Deloitte Touche Tohmatsu, for the Current Year is as follows:

Nature of services	Amount HK$'000
Audit services	1,236
Non-audit services — Interim Review	418
Non-audit services — Others	19

Company Secretary

Mr. Chow Chi Shing has been the company secretary of the Company since November 2015. Mr. Chow reports to the chief executive of the Group directly and is responsible to the Board for ensuring that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors. According to Rule 3.29 of the Listing Rules, Mr. Chow has taken no less than 15 hours of relevant professional training for the Current Year.

Responsibilities in Respect of the Financial Statements

The Directors are responsible for ensuring that the consolidated financial statements for each financial year are prepared to reflect a true and fair view of the state of affairs, profitability and cash flows of the Group in accordance with the disclosure requirements of the Listing Rules, Hong Kong Companies Ordinance and the applicable accounting standards.

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements for the Current Year. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relatively to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement issued by the external auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 47 to 51 of this annual report.

Risk Management and Internal Control

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate risk management and internal control system to safeguard shareholder investments and the Group's assets and reviewing the effectiveness of such system on an annual basis. Such systems are designed to manage rather than eliminate the risks of failure to achieve business objectives, and could only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Organizational Structure

Board

The Board is responsible for assessing and determining the nature and extent of risks that the Company is willing to accept for achieving the purposes, and procuring the Company to set up and maintain proper and effective risk management and internal control systems. With the assistance of the Audit Committee, whose authority has been delegated by the Board, the Board maintains constant monitoring of the risk management and internal control systems of the Group, as well as conducting review at least once a year as to its effectiveness.

Audit Committee

The Audit Committee is responsible for the risk management and internal control systems that provides advices and supports to the Board in respect of all risk-related matters, including monitoring the implementation of the overall risk management procedures of the Group, conducting review on the risk register of the Group, review and approve the internal control review plan and its results.

Management

The management of the Group is responsible for identifying and continuously monitoring the Group's exposure to risks in relation to strategy, operation, finance, reporting and compliance during the daily operations of the Group. It reports to the Board and the Audit Committee regarding the risks and their changes, formulates a set of internal control measures to mitigate the risks, collects through various channels the deficiencies of the internal control system and conducts rectifications in a timely manner.

Internal Audit Function

The Group has put in place the internal audit function. Annual review on the effectiveness of the risk management procedures of the Group will be conducted by the management and the Audit Committee, and professional internal control advisers may be consulted if necessary. The plan of internal control review will be submitted to the Audit Committee for review and approval, and the person in charge of the internal control review will also report the review results to the Audit Committee.

Risk Management Procedures

The Group has established a risk management framework, including the construction of the architecture for the aforementioned organisation and definition of the responsibilities of all parties concerned, and prepared risk management policies and processes and clarified the risk assessment procedures, which, specifically include risk identification, risk analysis, risk control and risk report.

Step 1: Risk identification — identify current risks exposed to the Group and business and existing management and control measures therefor.

Step 2: Risk analysis — analyse the possibility, extent of influence and existing management and control measures, identify risk exposure, and propose further countermeasures.

Step 3: Risk control — implement and periodically detect the identified risks to ensure effective operation of risk countermeasures.

Step 4: Risk report — summarise the results of risk management analysis, prepare action plans and report to the management, Audit Committee and the Board.

The Company would appoint an independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Company and its subsidiaries on regular intervals basis when necessary. Such review aims to examine key issues in relation to the accounting practices and all material controls, identify deficiencies and ineffective parts in the design and implementation of internal controls, and propose recommendations for improvement. With the assistance of the Audit Committee, the Board has reviewed and been aware of the effectiveness and sufficiency of risk management and internal control systems of the Group.

Main Features of Risk Management and Internal Control System

Maintaining an effective internal control system (Operational Level)

- Definite internal control policies and procedures are in place to enable clear segregation of responsibilities, authority and accountability of different departments and positions;
- Code of conducts have been formulated to promote integrity and ethical conducts to the staff;
- Whistleblowing system is set up to encourage employees to report any misconduct or fraud;
- Appropriate IT system access restrictions have been set to avoid disclosure of price sensitive information;
- Policies regarding insider information disclosure are established, which involve reporting channels. The person in charge of the information disclosure will be responsible for answering external enquiries and seek consultation from professional financial consultants or the Stock Exchange when necessary.

During the Current Year, the Board had reviewed the effectiveness of the internal control policies and procedures, including the procedures regarding financial reporting and those as stipulated under the Listing Rules. When carrying out review on the risk management and internal control procedures, the Board had taken into consideration the adequacy of resources for accounting, internal audit and financial reporting, the qualifications and experience of the staff, trainings to be provided to the staff and the relevant budget.

Ongoing Monitoring of Risks (Risk Management Level)

Based on the risk management policies as formulated by the Board, the management will communicate with different operational departments and collect information of significant risk factors which will affect the Group in a bottom up approach and consistently monitor changes in risks. Risks which have been identified will be recorded in a risk register. Regular assessment will be carried out on the potential impact to the Group and the possibility of occurrence of each major risk so as to lay down relevant internal control measures.

The Company has procedures and internal controls for the handling of confidential information and dissemination of inside information. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited. The Company also established procedures to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Current Year, the management had reviewed risk management structure and procedures and had submitted to the Board and the Audit Committee a risk assessment report and a 3-year plan of internal control review, so that the Board and the Audit Committee can enable effective monitoring of the Group's major risk and gain a better understanding of how the management handle and mitigate the risks.

Independent Review

The internal audit team of the Group is comprised of persons who are not responsible for areas under the review. The list and scope of review have been approved by the Audit Committee. The team conducts independent review on risk management and internal control systems of the Group so as to assess the effectiveness. A report of internal control review is submitted to the Audit Committee.

During the Current Year, the internal audit team had completed a review on internal control for the year, period of reviews covered transactions carried out from 1 April 2021 to 31 March 2022. The management had implemented rectifications and remediated internal control weaknesses identified. The internal audit team had report the review results to the Audit Committee.

During the Current Year, the Board, in conjunction with the Audit Committee, has overseen the Company's risk management and internal control systems on an ongoing basis. A review of the effectiveness of the Group's risk management and internal control systems which covered all material controls, including financial, operational and compliance controls has been conducted, and considered that the systems are effective and adequate. The Board has also reviewed adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit and financial reporting functions, and considered that they are adequate.

Constitutional Documents

During the Current Year, there were no changes to the constitutional documents of the Company. An up to date set of memorandum of association of the Company and the Articles of Association are available on both the websites of the Company and the Stock Exchange.

Communications with Shareholders and Shareholders' Right

The Company treats all Shareholders equally and ensures that the Shareholders' rights are protected and every convenience is provided to them where practicable to enable the exercise of their rights. The Company has adopted the Shareholder communication policy and the procedures for Shareholders to propose a person for election as Director to ensure that our Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable them to exercise their rights in an informed manner and to allow them to engage actively with the Company.

Shareholders' Rights to Convene an Extraordinary General Meeting

Under article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at Shareholders' meeting. Proposal shall be sent to the Board or the company secretary of the Company by written requisition. Pursuant to the Articles of Association, Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by the procedures set out in the preceding paragraph.

Procedures for putting forward proposals at general meetings of the Company

Pursuant to article 88 of the Articles of Association, no person, other than a Director retiring at the general meeting, shall, unless recommended by the Board for election, be eligible for election to the office of the Director at any general meeting, unless a notice in writing of the intention to propose a person for election as a Director signed by a Shareholder of the Company (other than the person to be proposed) and a notice in writing signed by that person of his willingness to be elected shall have been lodged at the Company's head office and principal place of business in Hong Kong at Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong. The period for lodgment of the notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

If a Shareholder wishes to propose a person to stand for election as a Director, the biographical details of the person to be proposed as required by Rule 13.51(2) of the Listing Rules must also be lodged at the Company with the above written notices and the candidate should be evaluated by the Nomination Committee and the Board. The Company is required under Rule 13.73 of the Listing Rules to provide the information about the proposal, which the Board considered appropriate, in a supplementary circular or by way of an announcement not later than ten business days before the general meeting. If the above notices are received by the Company less than twenty one days prior to the date of general meeting, the Company may need to consider the adjournment of the general meeting.

Procedures for making enquiries to the Board

Shareholders are encouraged to maintain direct communication with the Company. Shareholders may send their enquiries requiring the Board's attention to the company secretary of the Company at the Company's principal office address at Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

Investor Relations

The Company endeavours to maintain good investor relationship with the Shareholders and potential investors by way of meeting them at annual general meetings and publishing interim and annual reports on the websites of the Company and the Stock Exchange.

The Company's website was set up as a means to provide information of the Company to the Shareholders and potential investors and to communicate with them directly and effectively. Shareholders are also encouraged to attend the Company's annual general meetings and general meetings for which notices are served for an adequate period in accordance with the provisions of the Listing Rules and the Articles of Association. The Directors are available to answer questions on the Group's business at the meetings.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited consolidated financial statements for the Current Year.

Principal Activities

The principal activity of the Company is investment holding, and its principal subsidiaries are principally engaged in jewelry business in the PRC and Hong Kong and energy business in the PRC, Hong Kong and other countries. Details of the principal activities of the Company's subsidiaries are set out in note 40 to the consolidated financial statements. Details and respective analysis of the main segments information of the Group during the year are set out in note 6 to the consolidated financial statements.

Business Review

The business review of the Group for the Current Year and a review of the Group's future development is set out in the section headed "Management Discussion and Analysis" of this annual report.

Environmental Policy and Performance

The Group paid high attention to environmental protection and energy conservation to enhance the capacity of sustainable development and undertake relative social responsibility. The Group is committed to maximize energy conservation in its offices by promoting efficient use of resources such as lighting and air-conditioning systems and encouraging recycle of office supplies and other materials. The Group continually seeks to identify and manage energy efficiency opportunities in order to minimize environmental impacts attributable to its operational activities if possible.

Environmental, Social and Governance Report

The Group strives to protect the environment and minimize any negative impact on the environment and occupational health and safety induced by our business, achieving the goal of sustainable development.

An Environmental, Social and Governance ("ESG") Report of the Company for the Current Year in compliance with the provisions set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules will be published on the Stock Exchange's website and the Company's website within the prescribed time and in such manner as required by the Listing Rules.

Compliance with Relevant Law and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. As far as the Board and management are aware, the Group has complied all relevant laws and regulations in material aspects which may have significant impact on the business and operations of the Group during the Current Year.

Principal Risks and Uncertainties Facing the Company

The Group's financial conditions, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risk of Economic Downturn

The business environment in the near future is challenging due to a number of factors such as uncertainty over the global economy, the escalated trade conflict between the PRC and the United States, geopolitical risk and the unpredictability of the pandemic. The adverse changes of economic environment may result in reduced demand for our products, reduced sales price, order cancellations, lower revenue and margins and heavier burden on distribution costs. Therefore, the Group's management will refine and review business strategies based on its analysis of the macroeconomic changes, and consider business diversification so as to adapt to the overall economic change.

Risk of Regulatory Policies

The Chinese government is gradually intensifying requirements on energy conservation and environment protection. While the Group's current operation is in compliance with regulatory requirements, any future changes in relevant laws or regulations may have an impact on the operation and may increase expenses and costs. Therefore, policies which are in compliance with relevant laws and regulations have been in place to minimize such risks. In addition, the Group has been maintaining close communication with government departments proactively to take measures timely in line with the industrial changes and the standards of policymaking.

Technical Risk

The future returns and success of the Group depend on specialised technology applied in products. The business and profitability of the Group may be affected by the launch of any major technology. Also, the competitors' duplication of the specialised technology may lead to a decline in the market position of our products. Not only has the Group ensured that its specialised technology applied in products has been registered legally under the Intellectual Property Law of China, but it has also entered into employment contracts with non-disclosure terms with the personnel which may have access to the specialised technology, and has strictly controlled the access area and authority.

Risk of Human Resources

There are fierce competitions in the industry and regions where the Group operates. Thanks to the experienced and skillful key personnel, including management, research and development personnel and technical engineers, the Group is able to maintain a competitive position. The incapability of attracting sufficient key personnel or outflow of skillful and experienced talents may impair the normal operation or quality of the Group, or even restrict its development. The Group is fully aware of such risks and endeavors to provide competitive remuneration packages as well as various incentive mechanism to attract suitable talents while catering to the overall needs for cost-savings, in order to meet the requirement of corporate development. The Group will also review the employers' benefit regularly, conduct manpower planning to replenish sufficient staff in time.

Financial Risks

The Group also faces financial risks in the ordinary course of business. Details of financial risk management objectives and policies are set out in notes 33 and 34 to the consolidated financial statements.

Relationship with Employees, Customers and Suppliers

The Company recognizes that employees are our valuable assets. Thus, the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationships with customers, suppliers and other business partners to achieve its long-term goals. Accordingly, the management will continue to ensure effective communication and develop mutually beneficial relationships with them. During the year under review, there was no material and significant dispute between the Group and its customers, suppliers or other business partners.

Use of Proceeds

For the details of the use of proceeds from the Subscriptions, please refer to the "Use of Proceeds from the Subscriptions" paragraph under the section headed "Management Discussion and Analysis" of this annual report.

Results and Dividends

The results of the Group for the Current Year and the financial position of the Company and of the Group at that date are set out in the consolidated financial statements on pages 52 to 135 of this annual report.

The Board did not recommend the payment of a final dividend for the Current Year (2021: Nil).

Annual General Meeting

The forthcoming annual general meeting of the Company is to be held on Thursday, 8 September 2022 (the "2022 AGM") and the notice of the 2022 AGM will be published and dispatched to the Shareholders of the Company within the prescribed time and in such manner as required by the Listing Rules.

Closure of Register of Members

The register of members will be closed from Monday, 5 September 2022 to Thursday, 8 September 2022 (both dates inclusive), during which period no transfer of shares of the Company (the "Share(s)") will be effected. In order to qualify to attend and vote at the 2022 AGM, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 14 August 2022, and with effect from 15 August 2022 onwards, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 pm on Friday, 2 September 2022.

Summary of Financial Information

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 136 of this annual report.

Property, Plant And Equipment

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

Borrowings

Details of the bank borrowings of the Group as at 31 March 2022 are set out in note 26 to the consolidated financial statements.

Subsidiaries

Particulars of the Group's principal subsidiaries are set out in note 40 to the consolidated financial statements.

Reserves

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

Distributable Reserves

The Company had no reserves available for distribution to the Shareholders as at 31 March 2022 and 2021.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 28 to the consolidated financial statements.

Major Customers And Suppliers

For the Current Year, the aggregate percentage of sales attributable to the Group's five largest customers is approximately 82.5% of the total sales of the Group and the largest customer included therein amounted to approximately 40.0%.

For the Current Year, the aggregate percentage of purchase attributable to the Group's five largest suppliers is approximately 95.1% of the total purchases of the Group and the largest supplier included therein amounted to approximately 76.1%.

None of the Directors, their associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Directors

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

Executive Directors:
Mr. Wu Hao *(Chairman)*
Mr. Hu Yangjun
Mr. Chan Wing Yuen, Hubert *(Chief Executive)*

Non-executive Director:
Mr. Li Wei Qi, Jacky

Independent non-executive Directors:
Mr. Wu Chi Keung (passed away on 12 October 2021)
Mr. Jin Qingjun
Ms. Sun Ivy Connie
Ms. Zhong Yingjie, Christina (appointed on 25 October 2021)

According to article 84(1) of the Articles of Association, Mr. Wu Hao, Mr. Li Wei Qi, Jacky, and Mr. Jin Qingjun, all being Directors shall retire from office by rotation and being eligible, will offer themselves for re-election as Director at the forthcoming 2022 AGM.

According to the article 83(3) of the Articles of Association, Ms. Zhong Yingjie, Christina (who was appointed on 25 October 2021 as an independent non-executive Director) being Director appointed by the Board to fill casual vacancies, shall hold office only until the forthcoming AGM and being eligible, will offer herself, for re-election as Director at the forthcoming 2022 AGM.

The biographical details of the Directors are set out under the section "Directors and Company Secretary" of this annual report.

Update on Directors' Information under Rule 13.51B(1) of the Listing Rules

Upon specific enquiry by the Company and following confirmations from the Directors, all the changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report, saved as disclosed above in this report, are set out below:

Mr. Jin Qingjun, an independent non-executive Director, retired from the position of independent non-executive director of Guotai Junan Securities Co., Ltd., a company listed on the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211), with effect from 28 June 2021.

Ms. Sun Ivy Connie, an independent non-executive Director, has changed her Chinese name from "孫橦" to "孫熣", with effect from 29 June 2022.

Directors' Service Contracts

None of the Directors proposed for re-election at the annual general meeting of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Permitted Indemnity Provision

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in the section headed "Continuing Connected Transactions, Connected Transactions and Other Related Party Transactions" in this Report of the Directors, no transactions, arrangements or contracts of significance, to which the Company, its holding company, fellow subsidiaries or its subsidiaries was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

As at 31 March 2022, none of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2022, the interests and short positions of the Directors and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Director	Capacity	Number of Shares held	Number of underlying Shares	Total interest	Approximate percentage total issued Shares
Mr. Hu Yangjun	Interests of controlled corporation and personal interest	207,784,000[(1)]	–	207,784,000	55.82%
Mr. Wu Hao	Personal interest	6,036,000	–	6,036,000	1.62%
Mr. Chan Wing Yuen, Hubert	Personal interest	3,300,000	–	3,300,000	0.89%
Mr. Li Wei Qi, Jacky	Personal interest	2,736,000	330,000[(2)]	3,066,000	0.82%
Mr. Wu Chi Keung	Personal interest	–	330,000[(2)]	330,000	0.09%
Mr. Jin Qingjun	Personal interest	–	330,000[(2)]	330,000	0.09%

Notes:

(1) Mr. Hu Yangjun had a direct interest of 3,066,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited ("Resources Rich"), a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(2) These interests represented the interests in underlying Shares in respect of share options granted to the Directors under the Share Options Scheme.

Save as disclosed above, as at 31 March 2022, no interest and short position in the Shares, underlying Shares or debentures were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executives of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Save as disclosed above, at no time during the year was the Company or its holding companies, or any of its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Share Option Scheme

The Company adopted a share option scheme at the annual general meeting of the Company held on 9 September 2016 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to facilitate the retention and the recruitment of high-calibre staff of the Group and/or any entities in which the Group holds any equity interests (if applicable) and attract resources that are valuable to the Group or those invested entities to the benefit of the Company's future business development.

The participants of the Share Option Scheme include any employee (whether full-time or part time including any executive Director), officer (including any non-executive Director and independent non-executive Director) and substantial shareholder, consultant, agent, adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, any member of or any invested entity of the Group, or any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the above mentioned category(ies) of persons, or any other person who the Board considers, in its sole discretion, has contributed or will contribute to the Group.

The maximum number of ordinary Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company (the "Option Scheme Limit") shall not in aggregate exceed 33,815,400 representing 10% of the number of issued Shares as at the annual general meeting held on 5 September 2019 where a resolution for approving the refreshment of the Option Scheme Limit was passed and approximately 8.73% of the Shares is in issue as at the date of this report.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and unexercised options) under the Share Option Scheme and any other share option scheme (if any) adopted by the Company in any 12-month period must not exceed 1% of the Shares in issue unless otherwise approved by the Shareholders. Where any grant of options to a substantial shareholder, an independent non-executive Director, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive Director or a company beneficially owned by any substantial shareholder or independent non-executive Director of the Company) would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted to such person in any 12-month period up to and including the date of the grant:

(i) representing in aggregate over 0.1% of the total number of Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million, such grant of option shall be subject to prior approval of the Shareholders who are not a grantee, his associates, or a core connected person of the Company as defined in the Listing Rules.

Options granted must be taken up within 28 days from the date of offer, upon payment of HK$10 by way of consideration for the grant. Subject to terms and conditions upon which the option was granted, options may be exercised at any time from the date of grant of the share option to the 10th anniversary of the date of grant.

The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price of Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share. The Share Option Scheme has a life of 10 years and will expire on 8 September 2026.

During the Current Year, the Company has granted 4,000,000 share options to the employees of the Company at the exercise price of HK$1.12 per option. On 31 March 2022, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 5,490,000 (31 March 2021: 4,790,000), representing 1.42% (31 March 2021 1.29%) of the Shares in issue at that date, further details are disclosed in note 29 to the consolidated financial statements.

Unless the Directors of the Company otherwise determine, there is no minimum period for which an option granted under the Share Option Scheme must be held before it can be exercised.

Details of the movements of share options granted, exercised or cancelled/lapsed during the year and outstanding as at 31 March 2022 are as follows:

	Number of share options							
Category of eligible participants	**At 1 April 2021**	**Granted during the Current Year**	**Exercised during the Current Year**	**Cancelled/ Lapsed during the Current Year**	**At 31 March 2022**	**Date of grant[1]**	**Exercisable period (both dates inclusive)**	**Exercise price per Share**
Directors								
Mr. Li Wei Qi, Jacky	330,000	–	–	–	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
Mr. Wu Chi Keung	330,000	–	–	–	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
Mr. Jin Qingjun	330,000	–	–	–	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
	990,000	**–**	**–**	**–**	**990,000**			
Employees								
in aggregate	3,800,000	–	–	(3,300,000)	500,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
	–	4,000,000	–	–	4,000,000	23 September 2021	23 September 2021 to 22 September 2031	1.12[3]
	3,800,000	**4,000,000**	**–**	**(3,300,000)**	**4,500,000**			
Total all categories	**4,790,000**	**4,000,000**	**–**	**(3,300,000)**	**5,490,000**			

Notes:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(2) The weighted average closing price of the Shares immediately before the grant dates of the share options was HK$0.636 per Share. The closing price of the Shares immediately before the date on which the options were granted was HK$0.610 per Share.

(3) The weighted average closing price of the Shares immediately before the grant dates of the share options was HK$1.088 per share. The closing price of the Shares immediately before the date on which the options were granted was HK$1.12 per share.

Substantial Shareholders

As at 31 March 2022, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors and their associates, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Shareholders	Capacity	Number of Shares held	Number of underlying Shares	Total interest	Approximate percentage total issued Shares
Resources Rich	Beneficial interest	204,718,000[(1)]	–	204,718,000	54.99%
Mr. Hu Yangjun	Interests of controlled corporation and personal interest	207,784,000[(1)]	–	207,784,000	55.82%
Mr. Hu Yishi	Interests of controlled corporation and personal interest	207,454,000[(3)]	–	207,454,000	55.73%
Ms. Zhang Qi	Interest of spouse	207,784,000[(4)]	–	207,784,000	55.82%
Ms. Lin Min, Mindy	Interest of spouse	207,454,000[(5)]	–	207,454,000	55.73%

Notes:

(1) 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.

(2) Mr. Hu Yangjun had a direct interest of 3,066,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(3) Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.

(4) Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yangjun is interested in pursuant to the SFO.

(5) Ms. Lin Min, Mindy is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yishi is interested in pursuant to the SFO.

Save as disclosed above, as at 31 March 2022, there were no other parties, who had interests or short positions in the Shares or underlying Shares as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Continuing Connected Transactions, Connected Transactions and other Related Party Transactions

During the Current Year, the Company and its subsidiaries had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report in compliance with the requirements of Chapter 14A of the Listing Rules. The related party transactions as disclosed in note 37 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, or were exempted from independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Shares

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed Shares during the Current Year.

Contracts of Significance

There had been no contract of significance between the Company or any of its subsidiary and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiary for the Current Year.

Equity-Linked Agreement

Save as disclosed in the section headed "Share Option Scheme" above, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Current Year or subsisted at the said period.

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.

Emolument Policy

The emolument policy of the general staff of the Group is set up by the management of the Group on the basis of their performance and work experience and the prevailing market rates.

The emoluments of the Directors and senior management of the Company are decided by the Remuneration Committee, having regard to their individual performance, the Company's operating results, and comparable market statistics.

Employee Retirement Benefit

Particulars of the retirement scheme of the Group are set out in note 32 to the consolidated financial statements.

As at 31 March 2022, there were no material forfeited contributions available to the Group to reduce its contributions to the pension schemes in future years (2021: Nil).

Confirmation of Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent.

Audit Committee

The Audit Committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited consolidated financial statements for the Current Year. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Ms. Zhong Yingjie, Christina (chairman), Mr. Jin Qingjun and Ms. Sun Ivy Connie.

Corporate Governance

A report on the principal corporate governance practice adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive or similar rights under the memorandum and articles of association of the Company and the laws of the Cayman Islands where the Company is incorporated.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

Sufficiency Of Public Float

During the Current Year and at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

Auditor

The consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the 2022 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wu Hao
Chairman and Executive Director

Hong Kong, 22 June 2022

Deloitte. 德勤

TO THE SHAREHOLDERS OF CENTRAL DEVELOPMENT HOLDINGS LIMITED
中發展控股有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Central Development Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 135, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgments and estimates required in determining the fair values. The Group's investment properties represent certain portion of the Group's factory being leased, and are stated at fair value of HK$89,886,000, as at 31 March 2022 with gain on fair value changes of HK$7,152,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended. The Group's investment properties are measured using the fair value model based on a valuation performed by an independent qualified professional valuer (the "Valuer"). Details of the valuation techniques and key inputs used in the valuations are disclosed in note 17 to the consolidated financial statements.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuer's valuation approaches to assess if they meet the requirements of the HKFRSs; • Challenging the reasonableness of the key assumptions applied based on available market data; and • Obtaining the detailed work of the Valuer on the investment properties to evaluate the accuracy and relevance of key data inputs underpinning the valuation, such as rental income, term of existing leases by comparing them to the existing leases summary of the Group or reversionary income potential by comparing fair market rents estimated by the Valuer against comparable market transactions and evaluating whether capitalisation rates adopted are comparable to the market.

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 of the Company 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 our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

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

- 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 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.

The engagement partner on the audit resulting in the independent auditor's report is K.W. Yim.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Revenue	5	**193,111**	56,220
Cost of sales		**(184,902)**	(54,040)
Gross profit		**8,209**	2,180
Other income	7	**6,260**	5,290
Other gains and losses, net	8	**7,613**	4,068
Impairment losses under expected credit loss model, net of reversal		**(2,455)**	(1,202)
Impairment loss on property, plant and equipment	15	**–**	(4,206)
Impairment loss on right-of-use assets	16	**–**	(3,459)
Selling and distribution costs		**(3,067)**	(2,157)
Administrative expenses		**(21,369)**	(20,424)
Other expenses		**–**	(1,339)
Equity-settled share-based payments	29	**(2,095)**	–
Finance costs	9	**(6,597)**	(5,221)
Loss before taxation		**(13,501)**	(26,470)
Income tax expense	10	**(2,523)**	(681)
Loss for the year	11	**(16,024)**	(27,151)
Other comprehensive income (expense) for the year			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**2,544**	1,480
Gain on revaluation of properties		**–**	19,594
Deferred tax relating to gain on revaluation of properties		**–**	(4,899)
Total comprehensive expense for the year		**(13,480)**	(10,976)
Loss for the year attributable to:			
Owners of the Company		**(13,976)**	(24,613)
Non-controlling interests		**(2,048)**	(2,538)
		(16,024)	(27,151)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(13,674)**	(8,460)
Non-controlling interests		**194**	(2,516)
		(13,480)	(10,976)
Loss per share	13		
Basic (HK cents)		**(3.63)**	(6.61)
Diluted (HK cents)		**(3.63)**	(6.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	15	**20,905**	21,446
Right-of-use assets	16	**9,352**	10,129
Investment properties	17	**89,886**	79,274
Intangible assets	18	**55,997**	55,539
Deposits paid for acquisition of property, plant and equipment		**–**	2,288
Rental deposits		**246**	238
		176,386	168,914
Current assets			
Inventories	19	**4,701**	6,844
Trade receivables	20	**1,875**	8,143
Other receivables, deposits and prepayments	20	**38,983**	13,918
Bank balances and cash	22	**20,091**	37,301
		65,650	66,206
Current liabilities			
Trade payables	23	**587**	7,699
Other payables and accruals	23	**25,637**	25,070
Contract liabilities	21	**544**	221
Loans from a shareholder	24	**4,978**	4,984
Bank borrowing	26	**2,760**	2,499
Lease liabilities	27	**2,465**	3,081
		36,971	43,554
Net current assets		**28,679**	22,652
Total assets less current liabilities		**205,065**	191,566

At 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Loans from a controlling shareholder	24	**117,697**	104,752
Deferred tax liabilities	25	**10,896**	7,868
Bank borrowing	26	**21,406**	23,190
Lease liabilities	27	**149**	2,438
		150,148	138,248
Net assets		**54,917**	53,318
Capital and reserves			
Share capital	28	**3,876**	3,723
Reserves		**20,320**	19,068
Equity attributable to owners of the Company		**24,196**	22,791
Non-controlling interests		**30,721**	30,527
Total equity		**54,917**	53,318

The consolidated financial statements on pages 52 to 135 were approved and authorised for issue by the Board of Directors on 22 June 2022 and are signed on its behalf by:

WU HAO
DIRECTOR

CHAN WING YUEN, HUBERT
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company									
	Share capital HK$'000	**Share premium** HK$'000	**Share options reserve** HK$'000	**Property revaluation reserve** HK$'000	**Exchange reserve** HK$'000	**Shareholder's contribution reserve** *HK$'000 (note)*	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 31 March 2020	3,723	201,877	1,442	4,852	5,618	15,437	(205,327)	27,622	(5,976)	21,646
Loss for the year	–	–	–	–	–	–	(24,613)	(24,613)	(2,538)	(27,151)
Exchange differences arising on translation to presentation currency	–	–	–	–	1,458	–	–	1,458	22	1,480
Gain on revaluation of properties	–	–	–	19,594	–	–	–	19,594	–	19,594
Deferred tax relating to gain on revaluation of properties	–	–	–	(4,899)	–	–	–	(4,899)	–	(4,899)
Other comprehensive income for the year	–	–	–	14,695	1,458	–	–	16,153	22	16,175
Total comprehensive income (expense) for the year	–	–	–	14,695	1,458	–	(24,613)	(8,460)	(2,516)	(10,976)
Acquisition of assets and liabilities through acquisition of a subsidiary *(Note 30)*	–	–	–	–	–	–	–	–	34,786	34,786
Release of exchange reserve upon disposal of subsidiaries	–	–	–	–	427	–	(427)	–	–	–
Disposal of subsidiaries *(Note 31)*	–	–	–	–	–	–	–	–	4,233	4,233
Deemed capital contribution from a controlling shareholder *(Note 24)*	–	–	–	–	–	3,629	–	3,629	–	3,629
As at 31 March 2021	3,723	201,877	1,442	19,547	7,503	19,066	(230,367)	22,791	30,527	53,318
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(13,976)**	**(13,976)**	**(2,048)**	**(16,024)**
Exchange differences arising on translation to presentation currency	**-**	**-**	**-**	**-**	**302**	**-**	**-**	**302**	**2,242**	**2,544**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**302**	**-**	**-**	**302**	**2,242**	**2,544**
Total comprehensive income (expense) for the year	**-**	**-**	**-**	**-**	**302**	**-**	**(13,976)**	**(13,674)**	**194**	**(13,480)**
Issue of shares *(Note 28)*	**153**	**11,322**	**-**	**-**	**-**	**-**	**-**	**11,475**	**-**	**11,475**
Transaction cost attributable to issue of shares	**-**	**(67)**	**-**	**-**	**-**	**-**	**-**	**(67)**	**-**	**(67)**
Recognition of equity-settled share-based payments *(Note 29)*	**-**	**-**	**2,095**	**-**	**-**	**-**	**-**	**2,095**	**-**	**2,095**
Forfeiture of share option *(Note 29)*	**-**	**-**	**(993)**	**-**	**-**	**-**	**993**	**-**	**-**	**-**
Deemed capital contribution from a controlling shareholder *(Note 24)*	**-**	**-**	**-**	**-**	**-**	**1,576**	**-**	**1,576**	**-**	**1,576**
At 31 March 2022	**3,876**	**213,132**	**2,544**	**19,547**	**7,805**	**20,642**	**(243,350)**	**24,196**	**30,721**	**54,917**

Note: The shareholder's contribution reserve represents adjustments of interest-free loans granted by a controlling shareholder of Central Development Holdings Limited (the "Company") to the Company and certain of its subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(13,501)**	(26,470)
Adjustments for:			
Interest income		**(132)**	(590)
Finance costs		**6,597**	5,221
Equity-settled share-based payments		**2,095**	–
Depreciation of property, plant and equipment		**1,752**	3,182
Depreciation of right-of-use assets		**1,406**	2,288
Amortisation of intangible assets		**1,847**	110
Gain on fair value changes of investment properties		**(7,152)**	(1,327)
Gains (losses) on disposal of property, plant and equipment, net		**(215)**	5
Gain on disposal of subsidiaries		**–**	(2,960)
Impairment losses under expected credit loss model, net of reversal		**2,455**	1,202
Impairment loss on property, plant and equipment		**–**	4,206
Impairment loss on right-of-use assets		**–**	3,459
Operating cash flows before movements in working capital		**(4,848)**	(11,674)
Decrease in inventories		**125**	446
Decrease in trade receivables		**3,694**	6,967
(Increase) decrease in other receivables, deposits and prepayments		**(28,174)**	1,680
Decrease in contract assets		**–**	286
Decrease in trade payables		**(2,271)**	(4,816)
Increase in other payables and accruals		**2,999**	6,043
Increase (decrease) in contract liabilities		**308**	(117)
CASH USED IN OPERATING ACTIVITIES		**(28,167)**	(1,185)
Income tax refunded		**–**	173
NET CASH USED IN OPERATING ACTIVITIES		**(28,167)**	(1,012)
INVESTING ACTIVITIES			
Interest received		**132**	590
Purchases of property, plant and equipment		**(333)**	(176)
Proceeds from disposal of property, plant and equipment		**215**	67
Deposit paid for acquisition of property, plant and equipment		**–**	(2,212)
Net cash outflow on acquisition of assets and liabilities through acquisition of a subsidiary	30	**–**	(20,402)
Net cash outflow on disposal of subsidiaries	31	**(108)**	(260)
NET CASH USED IN INVESTING ACTIVITIES		**(94)**	(22,393)

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
FINANCING ACTIVITIES		
Proceed from issue of shares	**11,475**	–
Advances from a shareholder and a controlling shareholder	**26,450**	45,986
Repayments to a shareholder and a controlling shareholder	**(21,235)**	(19,729)
Repayments of bank borrowing	**(2,577)**	(2,225)
Advances from other loans	**12,837**	–
Repayments to other loans	**(12,146)**	–
Repayments of lease liabilities	**(3,434)**	(2,469)
Interest paid	**(1,655)**	(1,801)
Transaction costs attributable to issue of shares	**(67)**	–
NET CASH FROM FINANCING ACTIVITIES	**9,648**	19,762
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(18,613)**	(3,643)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**37,301**	37,319
Effect of foreign exchange rate changes	**1,403**	3,625
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**20,091**	37,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in the Cayman Islands as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is Resources Rich Capital Limited, a company incorporated in the British Virgin Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry business in the People's Republic of China ("PRC") and Hong Kong ("HK") and energy business in the PRC, HK and other countries. The Company and its subsidiaries are collectively referred to as the Group. Details of the principal subsidiaries of the Company are out in note 40.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), as the Company's shares are listed on the Stock Exchange, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 "Inventories")

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale. The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration of incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration of both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively. The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property. Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Group anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKFRS 3 "Reference to the Conceptual Framework"

The amendments:

- update a reference in HKFRS 3 "Business Combinations" ("HKFRS 3") so that it refers to the "Conceptual Framework for Financial Reporting 2018" issued in June 2018 (the "Conceptual Framework") instead of "Framework for the Preparation and Presentation of Financial Statements" (replaced by the "Conceptual Framework for Financial Reporting 2010" issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("HKAS 37") or HK(IFRIC)-Int 21 "Levies", an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 April 2022. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)"

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "*Financial Instruments: Presentation*".

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)" (Continued)

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Company's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Company's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgments" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgments or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair value as explained in the accounting policies set out below.

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

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

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.

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Significant accounting policies

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 and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 "Financial Instruments" ("HKFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Principal versus agent

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

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

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

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.

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

The Group 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, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and accounted for by applying other applicable standards.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; 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.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 are 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 rights-of-use assets as a separate line item in the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

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, less any lease incentive receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment including buildings are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to accumulated losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

Intangible assets

Intangible assets acquired in an assets acquisition and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in asset acquisitions with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets (Continued)

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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 exchanges 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 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.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's 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 expenses 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 date of 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).

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

Retirement benefit costs

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

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 loss before taxation because of income or expense that are taxable or deductible in other years and that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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 deferred tax 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, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax 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.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” (“HKAS 12”) requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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 receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income 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.

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 fair value.

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Amortised cost and interest income

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

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits, other receivables and bank balances) which are subject to impairment assessment under HKFRS 9. 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, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

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, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the 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 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(ii) 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 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) 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. 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and 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 all 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.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities, including trade payables, other payables, bank borrowing and loans from a shareholder and a controlling shareholder are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Borrowing costs

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. 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 in profit or loss in the period in which they are incurred.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration of all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve. For share option that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgment in applying accounting policies

The following is the critical judgment that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. Accordingly, deferred taxation in relation to the Group's investment properties has been measured based on the tax consequences of recovering the carrying amounts entirely through use.

Key sources of estimation uncertainty

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

For the year ended 31 March 2022

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

Key sources of estimation uncertainty (Continued)

Fair value of investment properties

At the end of the reporting period, the Group's investment properties are stated at fair value of HK$89,886,000 (2021: HK$79,274,000) based on the valuation performed by an independent qualified professional valuer. In determining the fair value, the valuer has applied income approach which involves, inter-alia, significant unobservable inputs and significant judgement, representing market rent and capitalisation rate. In relying on the valuation, the management of the Group has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

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

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation/amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate.

When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates, the growth rate and budgeted gross margin in the cash flow projections, could materially affect the recoverable amounts.

Assessment of ECL for trade and other receivables

Trade and other receivables are assessed for ECL individually and the management of the Group assesses and applies internal credit rating for its customers individually by reference to their historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort.

The ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in notes 34 and 20, respectively.

For the year ended 31 March 2022

5. REVENUE

(i) Disaggregation of revenue from contracts with customer

	2022 **HK$'000**	2021 HK$'000
Revenue from sales of goods:		
Jewelry products	**18,650**	17,804
Solar energy products	**412**	38,207
Refined oil	**26,204**	209
Liquefied natural gas ("LNG")	**147,845**	–
Total revenue	**193,111**	56,220
Timing of revenue recognition:		
A point in time	**193,111**	56,220

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 March 2022		
	Jewelry business HK$'000	**Energy business HK$'000**	**Total HK$'000**
Sales of jewelry products	**18,650**	**–**	**18,650**
Sales of solar energy products	**–**	**412**	**412**
Sales of refined oil	**–**	**26,204**	**26,204**
Sales of LNG	**–**	**147,845**	**147,845**
	18,650	**174,461**	**193,111**

For the year ended 31 March 2022

5. REVENUE (Continued)

(i) Disaggregation of revenue from contracts with customer (Continued)

	For the year ended 31 March 2021		
	Jewelry business HK$'000	Energy business HK$'000	Total HK$'000
Sales of jewelry products	17,804	–	17,804
Sales of solar energy products	–	38,207	38,207
Sales of refined oil	–	209	209
	17,804	38,416	56,220

(ii) Performance obligations for contracts with customers

(a) Sales of jewelry products, solar energy products and LNG

The Group recognises revenue from the sales of jewelry products, solar energy products and LNG when the performance obligations are satisfied which refers to delivery of goods to the customers, at this point, the Group has no unfulfilled obligation that could affect the customers' acceptance of the products. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers. The customers have obtained control on the goods through their ability to direct the use of and obtain substantially all the benefits from the goods, and, at the same time, the customers have accepted the risks of obsolescence and loss of the products. Revenue from sales of jewelry, solar energy products and LNG is recognised based on the price specified in the contracts with customers. No element of financing is deemed present as the sales are made with an average credit term of 5 to 365 days.

The Group has no particular policy on the amounts received prior to the delivery of jewelry, solar energy products and LNG and it is negotiated with customers on contract by contract basis. The advance payments received from customers are recognised as contract liabilities throughout the period before the control of the goods is transferred to customers.

(b) Sales of refined oil

The Group recognised revenue from sales of refined oil when control of refined oil has transferred, being at the point the customer purchases the refined oil at filling station. Payment of the transaction price is due immediately at the point the customer purchases the goods.

5. REVENUE (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All transactions in respect of sales of goods and provision of services take place within a year and, thus, the transaction prices allocated to the unsatisfied contracts are not disclosed according to the practical expedient of HKFRS 15.

6. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker (the "CODM"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group's businesses and operations. The Group's operating and reportable segments are therefore as follows:

(i) Jewelry business (wholesale of jewelry products); and

(ii) Energy business including i) manufacture and sales of solar cooling intelligent technology products using thermal cooling-stored pipes and sales of solar photovoltaic modules and components (which are collectively referred to as solar energy products); ii) sales of refined oil); and iii) sales of LNG.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit or loss by each segment without allocation of gain on fair value changes of investment properties, certain impairment loss on right-of-use assets, unallocated corporate expenses which include central administration costs, directors' remuneration at the head office and equity-settled share-based payments, unallocated corporate income which include rental income, interest income and sundry income and finance costs which include certain interest on lease liabilities and imputed interest on loans from a controlling shareholder. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 March 2022

	Jewelry business HK$'000	**Energy business HK$'000**	**Total HK$'000**
Revenue	**18,650**	**174,461**	**193,111**
Segment profit (loss)	**61**	**(10,592)**	**(10,531)**
Gain on fair value changes of investment properties			**7,152**
Unallocated corporate income			**6,260**
Unallocated corporate expenses			**(11,403)**
Finance costs			**(4,979)**
Loss before taxation			**(13,501)**

For the year ended 31 March 2021

	Jewelry business HK$'000	Energy business HK$'000	Total HK$'000
Revenue	17,804	38,416	56,220
Segment profit (loss)	31	(18,231)	(18,200)
Gain on fair value changes of investment properties			1,327
Unallocated corporate income			5,116
Unallocated corporate expenses			(9,331)
Unallocated impairment loss on right-of-use assets			(1,911)
Finance costs			(3,471)
Loss before taxation			(26,470)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	2022 HK$'000	2021 HK$'000
Jewelry business	**211**	2,444
Energy business	**131,048**	114,345
Total segment assets	**131,259**	116,789
Bank balances and cash	**20,091**	37,301
Other unallocated assets	**90,686**	81,030
Consolidated assets	**242,036**	235,120
Jewelry business	**364**	2,577
Energy business	**52,326**	59,220
Total segment liabilities	**52,690**	61,797
Loans from a shareholder and a controlling shareholder	**122,675**	109,736
Other unallocated liabilities	**11,754**	10,269
Consolidated liabilities	**187,119**	181,802

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain right-of-use assets, certain other receivables, deposits and prepayments, investment properties and bank balances and cash.
- all liabilities are allocated to reportable segments other than certain other payables and accruals, certain lease liabilities, loans from a shareholder and a controlling shareholder and deferred tax liabilities.

Other segment information

For the year ended 31 March 2022

Amounts included in the measure of segment results or segment assets:

	Jewelry business HK$'000	**Energy business HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Depreciation of property, plant and equipment	**–**	**1,723**	**29**	**1,752**
Depreciation of right-of-use assets	**–**	**1,375**	**31**	**1,406**
Amortisation of intangible assets	**–**	**1,847**	**–**	**1,847**
Equity-settled share-based payments	**–**	**–**	**2,095**	**2,095**
Impairment losses under expected credit loss model, net of reversal	**–**	**2,455**	**–**	**2,455**
Finance costs	**3**	**1,615**	**4,979**	**6,597**
Gain on fair value changes of investment properties	**–**	**–**	**7,152**	**7,152**
Gains on disposal of property, plant and equipment, net	**–**	**(215)**	**–**	**(215)**
Additions to non-current assets *(note)*	**–**	**543**	**13**	**556**

For the year ended 31 March 2022

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2021

Amounts included in the measure of segment results or segment assets:

	Jewelry business HK$'000	Energy business HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of property, plant and equipment	–	3,174	8	3,182
Depreciation of right-of-use assets	76	1,456	756	2,288
Amortisation of intangible assets	–	110	–	110
Impairment loss on property, plant and equipment	–	4,206	–	4,206
Impairment loss on right-of-use assets	77	1,471	1,911	3,459
Impairment losses under expected credit loss model, net of reversal	–	1,202	–	1,202
Finance costs	4	1,746	3,471	5,221
Gain on fair value changes of investment properties	–	–	1,327	1,327
Losses on disposal of property, plant and equipment, net	–	5	–	5
Additions to non-current assets *(note)*	100	2,562	2,464	5,126

Note: Non-current assets included property, plant and equipment, and right-of-use assets.

Geographical information

The Group's operations are mainly carried out in the PRC, the country of domicile, and HK.

The revenue of the Group is mainly derived from external customers located in the PRC and HK.

The Group's revenue from external customers based on the location of customers are set out below:

	2022 HK$'000	2021 HK$'000
The PRC	**185,052**	13,772
HK	**8,059**	42,378
Others	**–**	70
	193,111	56,220

Information about the Group's non-current assets based on the geographical location of the assets is set out below:

	2022 HK$'000	2021 HK$'000
The PRC	**176,114**	168,653
HK	**26**	23
	176,140	168,676

Note: Non-current assets excluded rental deposits.

6. SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2022 HK$'000	2021 HK$'000
Customer A *(note (i))*	**77,193**	–
Customer B *(note (i))*	**55,752**	–

Note:

(i) Revenue generated from energy business.

7. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Interest income	**132**	590
Rental income	**5,775**	3,905
Government grants *(note)*	**–**	323
Others	**353**	472
	6,260	5,290

Note: During the year ended 31 March 2021, the Group received and recognised government grants of HK$323,000 related to Employment Support Scheme provided by the Hong Kong Government (2022: Nil).

8. OTHER GAINS AND LOSSES, NET

	2022 HK$'000	2021 HK$'000
Gain on fair value changes of investment properties	**7,152**	1,327
Gain on disposal of subsidiaries *(Note 31)*	**–**	2,960
Gains (losses) on disposal of property, plant and equipment, net	**215**	(5)
Net exchange gain (loss)	**246**	(214)
	7,613	4,068

For the year ended 31 March 2022

9. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on bank borrowing	**1,468**	1,633
Interest on lease liabilities	**187**	168
Imputed interest on loans from a controlling shareholder	**4,942**	3,420
	6,597	5,221

10. INCOME TAX EXPENSE

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

	2022 HK$'000	2021 HK$'000
Overprovision in prior years	**–**	(173)
Deferred tax *(Note 25)*	**2,523**	854
Income tax expense for the year	**2,523**	681

On 21 March 2018, the Hong Kong Legislative Council passes The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime applies to years of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Accordingly, Hong Kong Profits Tax for subsidiaries operating in HK is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made for both years as either tax losses are incurred for the subsidiaries operating in HK or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applied to the PRC subsidiaries is 25%. No provision for the PRC Enterprise Income Tax has been made for the subsidiaries operating in the PRC for both years as either tax losses are incurred for the subsidiaries operating in the PRC or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

For the year ended 31 March 2022

10. INCOME TAX EXPENSE (Continued)

Income tax expense on profit generated in overseas is calculated on the estimated assessable profit for the year at the rate of taxation prevailing in the country in which the Group operates. No provision for income tax on profit generated in overseas has been made for both years as tax losses are incurred for the subsidiary operating overseas.

The income tax expense for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 HK$'000	2021 HK$'000
Loss before taxation	**(13,501)**	(26,470)
Taxation at the Enterprise Income Tax rate of 25% (2021: 25%)	**(3,375)**	(6,618)
Tax effect of income not taxable for tax purpose	**(1,822)**	(816)
Tax effect of expenses not deductible for tax purpose	**2,944**	1,569
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,007**	1,074
Utilisation of tax losses previously not recognised	**(100)**	(64)
Tax effect of deductible temporary differences not recognised	**597**	1,952
Overprovision in prior years	**–**	(173)
Tax effect of tax losses not recognised	**3,272**	3,757
Income tax expense for the year	**2,523**	681

11. LOSS FOR THE YEAR

	2022 HK$'000	2021 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**1,752**	3,230
Less: amount capitalised in inventories	**–**	(48)
	1,752	3,182
Depreciation of right-of-use assets	**1,406**	2,288
Amortisation of intangible assets	**1,847**	110
Auditor's remuneration	**1,654**	1,059
Staff costs (including directors' remuneration *(Note 12)*):		
– salaries, allowances and other benefits	**8,333**	8,431
– retirement benefit scheme contributions	**699**	284
– equity-settled share-based payments	**2,095**	–
Total staff costs	**11,127**	8,715
Cost of inventories recognised as an expense	**184,902**	54,040
Research and development expense (included in other expenses)	**–**	1,339

For the year ended 31 March 2022

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and the chief executive's emoluments

For the year ended 31 March 2022

	Directors' fees HK$'000	Salaries HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors				
Wu Hao	200	305	13	518
Hu Yangjun	200	–	–	200
Chan Wing Yuen, Hubert *(Note (i))*	200	1,950	116	2,266
Non-executive director				
Li Wei Qi, Jacky	200	–	–	200
Independent non-executive directors				
Wu Chi Keung *(Note (ii))*	117	–	–	117
Jin Qingjun	200	–	–	200
Sun Ivy Connie	200	–	–	200
Zhong Yingjie, Christina *(Note (iii))*	87	–	–	87
Total emoluments	1,404	2,255	129	3,788

For the year ended 31 March 2022

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' and the chief executive's emoluments (Continued)

For the year ended 31 March 2021

	Directors' fees	Salaries	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors				
Wu Hao	200	288	6	494
Hu Yangjun	200	–	–	200
Chan Wing Yuen, Hubert *(Note (i))*	200	1,950	116	2,266
Non-executive director				
Li Wei Qi, Jacky	200	–	–	200
Independent non-executive directors				
Wu Chi Keung	200	–	–	200
Jin Qingjun	200	–	–	200
Sun Ivy Connie	200	–	–	200
Total emoluments	1,400	2,238	122	3,760

Notes: (i) Mr. Chan Wing Yuen, Hubert is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(ii) Mr. Wu Chi Keung, an independent non-executive director of the Company, passed away on 12 October 2021.

(iii) Ms. Zhong Yingjie, Christina has been appointed as an independent non-executive director on 25 October 2021.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' and the chief executive's emoluments (Continued)

During the years ended 31 March 2022 and 2021, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company waived any remuneration during both years.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and its subsidiaries.

The non-executive director's emoluments shown above were for his services as the director of the Company and its subsidiaries.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Employees' emoluments

Of the five highest paid individuals of the Group, two (2021: two) are directors of the Company whose emoluments are set out in disclosures above. The emoluments of the remaining three (2021: three) highest paid individuals who are neither a director nor the chief executive of the Company are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and other benefits	**1,272**	1,661
Retirement benefit scheme contributions	**91**	49
Equity-settled share-based payments	**2,095**	–
	3,458	1,710

The number of the highest paid employees who are not the directors of the Company whose emoluments fell within the following bands is as follows:

	2022 No. of employee	2021 No. of employee
Nil to HK$1,000,000	**1**	3
HK$1,000,001 to HK$1,500,000	**2**	–

During the years ended 31 March 2022 and 2021, no emoluments were paid by the Group to the above-mentioned individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

For the year ended 31 March 2022

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2022 **HK$'000**	2021 HK$'000
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(13,976)**	(24,613)

	2022 **'000**	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**384,881**	372,264

The calculation of diluted loss per share for both years does not assume the exercise of share options since their assume exercise would result in a decrease in loss per share.

14. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

For the year ended 31 March 2022

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2020	39,662	6,423	2,383	2,541	1,018	52,027
Additions	–	–	161	15	–	176
Disposals	–	–	–	(133)	–	(133)
Disposal of subsidiaries *(Note 31)*	–	–	(5)	–	–	(5)
Acquisition of assets through acquisition of a subsidiary *(Note 30)*	10,129	–	2,408	45	–	12,582
Transfer to investment properties *(Note 17)*	(31,511)	–	–	–	–	(31,511)
Exchange realignments	1,721	475	198	164	15	2,573
At 31 March 2021	**20,001**	**6,898**	**5,145**	**2,632**	**1,033**	**35,709**
Additions	**46**	**–**	**252**	**35**	**–**	**333**
Disposals	**–**	**–**	**(1,829)**	**–**	**–**	**(1,829)**
Exchange realignments	**843**	**267**	**190**	**91**	**9**	**1,400**
At 31 March 2022	**20,890**	**7,165**	**3,758**	**2,758**	**1,042**	**35,613**
DEPRECIATION AND IMPAIRMENT						
At 1 April 2020	2,720	3,199	710	1,330	985	8,944
Provided for the year	1,105	1,233	444	420	28	3,230
Eliminated on disposals	–	–	–	(61)	–	(61)
Eliminated on disposal of subsidiaries *(Note 31)*	–	–	(1)	–	–	(1)
Impairment loss recognised in profit or loss *(note)*	–	2,135	1,513	558	–	4,206
Transfer to investment properties *(Note 17)*	(2,757)	–	–	–	–	(2,757)
Exchange realignments	128	331	126	103	14	702
At 31 March 2021	**1,196**	**6,898**	**2,792**	**2,350**	**1,027**	**14,263**
Provided for the year	**947**	**–**	**685**	**114**	**6**	**1,752**
Eliminated on disposals	**–**	**–**	**(1,829)**	**–**	**–**	**(1,829)**
Exchange realignments	**66**	**267**	**98**	**82**	**9**	**522**
At 31 March 2022	**2,209**	**7,165**	**1,746**	**2,546**	**1,042**	**14,708**
CARRYING VALUES						
At 31 March 2022	**18,681**	**–**	**2,012**	**212**	**–**	**20,905**
At 31 March 2021	18,805	–	2,353	282	6	21,446

Note: As at 31 March 2021, the management of the Group performed impairment assessment on property, plant and equipment of the Group's solar energy products CGU and jewelry products CGU and concluded that certain of their carrying amounts exceeding their estimated recoverable amounts. Therefore, an impairment loss of HK$4,206,000 was made for the year ended 31 March 2021. As at 31 March 2022, the management of the Group considered that no further impairment is required.

For the year ended 31 March 2022

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over shorter of 20 to 30 years or the lease term
Leasehold improvements	Over shorter of 5 years or the lease term
Plant and machinery	10%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

As at 31 March 2022, the Group has pledged certain owned properties with a carrying value of approximately HK$4,398,000 (2021: HK$4,473,000) to secure bank borrowing granted to the Group.

For the year ended 31 March 2022

16. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
As at 31 March 2022			
Carrying amount	**8,115**	**1,237**	**9,352**
As at 31 March 2021			
Carrying amount	**7,993**	**2,136**	**10,129**
For the year ended 31 March 2022			
Depreciation charge	**210**	**1,196**	**1,406**
For the year ended 31 March 2021			
Depreciation charge	**163**	**2,125**	**2,288**

As at 31 March 2022, the Group has pledged certain leasehold lands with a carrying value of approximately HK$5,854,000 (2021: HK$5,751,000) to secure bank borrowing granted to the Group.

	2022 HK$'000	2021 HK$'000
Expense relating to short-term leases	**463**	238
Total cash outflow for lease	**4,084**	2,469
Additions to right-of-use assets	**223**	4,950
Acquisition of right-of-use assets through acquisition of a subsidiary	**–**	2,248

For both years, the Group leases various office and staff quarters for its operations. Lease contracts are entered into for fixed term of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for staff quarters. As at 31 March 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

During the year ended 31 March 2022, lease liabilities of HK$223,000 are recognised with related right-of-use assets in respect of leased properties amounting to HK$223,000. (During the year ended 31 March 2021: lease liabilities of HK$4,926,000 are recognised with related right-of-use assets in respect of leased properties amounting to HK$4,926,000).

16. RIGHT-OF-USE ASSETS (Continued)

In addition, lease liabilities of HK$2,614,000 (2021: HK$5,519,000) are recognised with related right-of-use assets of HK$1,237,000 as at 31 March 2022 (2021: HK$2,136,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 31 March 2021, the management of the Group performed impairment assessment on right-of-use assets of the Group's solar energy products CGU and jewelry products CGU and concluded that certain lease properties with carrying amounts exceeding their estimated recoverable amounts. Therefore, an impairment loss of HK$3,459,000 was made for the year ended 31 March 2021. As at 31 March 2022, the management of the Group considered that no further impairment is required.

17. INVESTMENT PROPERTIES

The Group leases out of its factory under operating leases with rentals payable monthly. The leases typically run for an initial period of four to eight years (2021: four to eight years).

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2022 **HK$'000**	2021 HK$'000
At 1 April	**79,274**	22,153
Exchange adjustments	**3,460**	4,280
Transfers from property, plant and equipment and right-of-use assets	**–**	31,920
Revaluation	**–**	19,594
Net increase in fair value recognised in profit or loss	**7,152**	1,327
At 31 March	**89,886**	79,274

During the year ended 31 March 2021, certain portion of the Group's leasehold land and buildings classified as right-of-use assets and property, plant and equipment respectively were revalued by Avista Valuation Advisory Limited ("Avista"), an independent qualified professional valuer not connected to the Group, upon reclassification to investment properties at the inception of the lease on 1 September 2020. The fair value of the property, plant and equipment and right-of-use assets being leased on the date of the inception of the lease is approximately HK$51,514,000 which is reclassified to investment properties. The carrying amount on the date of the inception of the lease reclassified to investment properties from property, plant and equipment and right-of-use assets are approximately HK$28,754,000 and HK$3,166,000, respectively. Accordingly, the resulting revaluation surplus, being the difference between the carrying amount and the fair value of that portion of factory (including the relevant right-of-use assets), net of tax, of HK$14,695,000 is credited to the property revaluation reserve.

For the year ended 31 March 2022

17. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties as at 31 March 2022 and 2021 have been arrived at on the basis of valuation carried out by Masterpiece Valuation Advisory Limited ("Masterpiece") (2021: Masterpiece), an independent qualified professional valuer not connected to the Group. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values are arrived at by using income approach which capitalises the net rental income derived from the existing lease and/or achievable in the existing market with due allowance for the reversionary income potential of the lease, which has been then capitalised to determine the market value at an appropriate capitalisation rate.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value measurements of the Group's investment properties were categorised into Level 3 of the fair value hierarchy for both years. There were no transfers into or out of Level 3 during both years.

Fair value measurements using significant unobservable inputs

The following table shows the valuation techniques used in the determination of the fair values of investment properties and unobservable inputs used in the valuation models:

Fair value	Valuation techniques	Unobservable inputs	Significant inputs	Relationship of inputs to fair value
HK$89,886,000 (2021: HK$79,274,000)	Income approach	(i) Capitalisation rate taking into account the capitalisation of rental income potential and nature of properties	2022: 7% (2021: 7%)	The higher the capitalisation rate, the lower the fair value
		(ii) Monthly market rent per square meter	2022: RMB18.5 (2021: RMB16.9) per month per square meter in average	The higher the market rent, the higher the fair value

As at 31 March 2022 and 2021, the investment properties of the Group have been pledged to secure bank borrowing granted to the Group.

For the year ended 31 March 2022

18. INTANGIBLE ASSETS

	Operating licenses HK$'000
COST	
At 1 April 2020	–
Acquisition of assets through acquisition of a subsidiary (Note 30)	55,652
At 31 March 2021	55,652
Exchange realignment	2,343
At 31 March 2022	57,995
AMORTISATION	
At 1 April 2020	–
Provided for the year	110
Exchange realignment	3
At 31 March 2021	113
Provided for the year	1,847
Exchange realignment	38
At 31 March 2022	1,998
CARRYING VALUES	
At 31 March 2022	55,997
At 31 March 2021	55,539

Operating licenses have finite useful live and is amortised on a straight-line basis over 30 years.

19. INVENTORIES

	2022 **HK$'000**	2021 HK$'000
Raw materials	**235**	226
Work in progress	**2**	2
Finished goods	**4,464**	6,616
	4,701	6,844

For the year ended 31 March 2022

20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	2022 HK$'000	2021 HK$'000
Trade receivables from contracts with customers	**2,057**	9,345
Less: Allowance for credit losses	**(182)**	(1,202)
	1,875	8,143

As at 1 April 2020, trade receivables from contracts with customers amounted to HK$15,524,000.

The Group allows an average credit period ranging from 30 to 180 days to its customers of jewelry business and average credit period ranging from 5 to 365 days to its customers of energy business. The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on invoice date at the end of the reporting period:

	2022 HK$'000	2021 HK$'000
Within 30 days	**1,369**	2,684
31 to 90 days	**–**	358
91 to 180 days	**–**	262
Over 180 days	**506**	4,839
	1,875	8,143

As at 31 March 2022 and 2021, no trade receivables of the Group are past due.

Other receivables, deposits and prepayments

	2022 HK$'000	2021 HK$'000
Other receivables *(note)*	**7,712**	10,975
Deposit paid for purchasing LNG	**24,661**	–
Other deposits	**455**	969
Prepayments	**6,155**	1,974
	38,983	13,918

Note: Included in other receivables are financial assets amounting to HK$1,772,000 (2021: HK$2,540,000).

Details of the impairment assessment on trade and other receivables are set out in note 34.

For the year ended 31 March 2022

21. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Contract liabilities – current		
Sales of goods	**544**	221

As at 1 April 2020, contract liabilities amounted to HK$316,000.

Sales of goods

The Group would require advance payments from customers for sale of jewelry products and sale of energy products before the delivery or arranging for pick up of goods for certain contracts (i.e. before transfer of goods to customers). This gives rise to contract liabilities at the commencement of contracts with the customers and the contract liabilities are recognised in the consolidated statement of financial position throughout the reporting period until the revenue is recognised.

The Group's right to consideration would become unconditional upon transfer of goods to customers. This gives rise to trade receivables.

All contract liabilities as at 31 March 2021 and 2020 were recognised as revenue during the years ended 31 March 2022 and 2021, respectively.

For the year ended 31 March 2022

22. BANK BALANCES AND CASH

The amounts included short-term deposits with an original maturity of three months or less. Bank deposits carried interest at prevailing market interest rates at 0.001% to 0.6% (2021: 0.001% to 0.6%) per annum.

23. TRADE AND OTHER PAYABLES AND ACCRUALS

Trade payables

	2022 **HK$'000**	2021 HK$'000
Trade payables	**587**	7,699

The average credit period on purchase of goods is 365 days.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2022 **HK$'000**	2021 HK$'000
Within 30 days	**346**	1,666
31 to 90 days	**–**	752
91 to 180 days	**–**	–
Over 180 days	**241**	5,281
	587	7,699

Other payables and accruals

	2022 **HK$'000**	2021 HK$'000
Other payables *(note)*	**7,068**	6,682
Refundable deposit from a supplier	**16,461**	15,796
Accruals	**2,108**	2,592
	25,637	25,070

Note: Included in the other payables is an unsecured loan of HK$493,000 (2021: Nil) as at 31 March 2022, which is interest-free and repayable within one year at the end of the reporting period.

For the year ended 31 March 2022

24. LOANS FROM A SHAREHOLDER AND A CONTROLLING SHAREHOLDER

	2022 HK$'000	2021 HK$'000
Analysed for reporting purpose as:		
– Current liabilities	**4,978**	4,984
– Non-current liabilities	**117,697**	104,752
	122,675	109,736

As at 31 March 2022 and 2021, the loans from a shareholder were classified as current liabilities, and were unsecured, interest-free and repayable on demand.

As at 31 March 2022 and 2021, the loans from a controlling shareholder were classified as non-current liabilities, and were unsecured, interest-free and repayable on 1 October 2023.

During the year ended 31 March 2022, the Group obtained loan from a controlling shareholder of HK$25,684,000 (2021: HK$45,986,000), which was unsecured, interest-free and repayable on 1 October 2023. On initial recognition of the new loan from a controlling shareholder, the loan was discounted using the prevailing market rate of interest for similar instruments and an adjustment to the loan of HK$1,576,000 (2021: HK$3,629,000) was credited to reserve under the heading of "shareholder's contribution reserve" in the consolidated statement of changes in equity.

During the year ended 31 March 2022, the Group obtained loan from a shareholder of HK$766,000 (2021: nil), which was unsecured, interest-free and repayable on demand.

25. DEFERRED TAXATION

The following is the deferred tax liability recognised and movements thereon during the current year:

	Fair value changes of investment properties HK$'000	**Accelerated tax depreciation HK$'000**	**Total HK$'000**
At 1 April 2020	**1,575**	**130**	**1,705**
Charged to profit or loss *(Note 10)*	**332**	**522**	**854**
Charged to other comprehensive income	**4,899**	**–**	**4,899**
Exchange realignment	**370**	**40**	**410**
At 31 March 2021	**7,176**	**692**	**7,868**
Charged to profit or loss *(Note 10)*	**1,788**	**735**	**2,523**
Exchange realignment	**333**	**172**	**505**
At 31 March 2022	**9,297**	**1,599**	**10,896**

25. DEFERRED TAXATION (Continued)

At the end of the reporting period, the Group has unused tax losses of HK$73,997,000 (2021: HK$74,027,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$40,227,000 (2021: HK$41,747,000) that will expire in 5 years from the year of origination which is ranging from year 2023 to year 2027 (2021: year 2022 to year 2026). During the year ended 31 March 2022, tax losses of HK$5,567,000 (2021: HK$1,657,000) originated from the PRC entities were expired. Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$597,000 (2021: HK$1,952,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation was provided in the consolidated financial statements in respect of temporary differences of HK$119,000 (2021: HK$155,000) which arises from the undistributed profits of certain PRC subsidiaries as the Company controls the dividend policy of these subsidiaries and it is probable that the profits will not be distributed in the foreseeable future.

26. BANK BORROWING

	2022 **HK$'000**	2021 HK$'000
Secured bank borrowing repayable:		
Within one year	**2,760**	2,499
Within a period of more than one year but not exceeding two years	**2,924**	2,649
Within a period of more than two years but not exceeding five years	**9,867**	8,935
Within a period of more than five years	**8,615**	11,606
	24,166	25,689
Less: Amount due for settlement within 12 months shown under current liabilities	**(2,760)**	(2,499)
Amount due for settlement after 12 months shown under non-current liabilities	**21,406**	23,190

The bank borrowing is at floating rate which carries interest at 5.85% (2021: 5.85%) per annum as at 31 March 2022.

As at 31 March 2022, the Group pledged certain property plant and equipment, investment properties and right-of-use assets with aggregate carrying amount of HK$100,138,000 (2021: HK$89,498,000) to the bank as the collateral for the bank borrowing.

27. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Within one year	**2,465**	3,081
Within a period of more than one year but not more than two years	**149**	2,289
Within a period of more than two years but not more than five years	**–**	149
	2,614	5,519
Less: Amount due for settlement within 12 months shown under current liabilities	**(2,465)**	(3,081)
Amount due for settlement after 12 months shown under non-current liabilities	**149**	2,438

The weighted average incremental borrowing rates applied to lease liabilities range from 3.50% to 4.75% (2021: 3.50% to 4.75%) per annum.

28. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares with nominal value of HK$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021 and 31 March 2022	**10,000,000**	**100,000**
Issued and fully paid:		
At 1 April 2020 and 31 March 2021	372,264	3,723
Issue of ordinary shares *(note)*	15,300	153
At 31 March 2022	387,564	3,876

Note: On 4 June 2021, the Company issued and allotted 15,300,000 shares at an issue price of HK$0.75 per share in accordance with the terms of the subscription agreement dated 19 April 2021. The new shares issued rank pari passu in all respects with the existing shares in issue.

For the year ended 31 March 2022

29. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") for the purpose of recognising and acknowledging the contributions made by the participants to the Company, motivating the participants to optimise their performance and efficiency for the benefits of the Group and to maintain or attract business relationship with the participants whose contributions are beneficial to the growth of the Group.

The Group may grant to any participant who has made valuable contributions to the business of the Group based on his or her performance and/or years of service, or is regarded as valuable resources of the Group based on his or her work experience and knowledge in the industry, or is expected to be able to contribute to the prosperity, business development or growth of the Group based on his or her business connection and network.

The Share Option Scheme became effective on 9 September 2016 and, unless otherwise cancelled or amended, will remain in force for a period of ten years from the date of its adoption. HK$10.00 is payable by each eligible participant to the Company on acceptance of the grant of an option.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant in any 12-month period must not exceed 1% of the aggregate number of shares of the Company in issue. Where any further grant of options to an eligible participant would result in the shares issued or to be issued upon exercise of all options granted and to be granted to such eligible participant in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares of the Company in issue, such further grant must be separately approved by the shareholders in general meeting with such an eligible participant and his associates abstaining from voting.

The exercise price of the share options is determined by the committee of the board of the directors of the Company, but is at least be the highest of: (a) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (b) the average of the closing prices of the shares as stated in the daily quotation sheets issued by the Stock Exchange over the five trading days immediately preceding the date of grant; and (c) the nominal value of a share.

29. SHARE OPTION SCHEME (Continued)

On 23 September 2021, 4,000,000 share options with an exercise price of HK$1.12 per share were granted by the Company to the eligible employees. The share options granted were fully vested on 23 September 2021 and become exercisable from 23 September 2021 to 22 September 2031.

The fair value of the share options granted on 23 September 2021 is calculated using the Binomial model. The inputs into the models are as follows:

Grant date	23 September 2021
Stock price	HK$1.12 per share
Exercise price	HK$1.12 per share
Risk-free rate	1.27%
Expected dividend yield	0%
Expected volatility	57.86%
Expiry date	22 September 2031
Time to maturity	10 years

Expected volatility is determined by using the average historical volatility of comparable companies and the Company as at valuation date.

The estimated fair value of share options granted on 23 September 2021 was HK$2,095,000.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors'/valuer's best estimate. The value of an option varies with different variables of certain subjective assumptions.

During the year ended 31 March 2022, the Group recognised the total expense of HK$2,095,000 in relation to these share options.

For the year ended 31 March 2022

29. SHARE OPTION SCHEME (Continued)

The following table discloses details of the share options held by directors of the Company and eligible employees and movements in such holdings during both years.

(a) Share options granted on 19 October 2018

Grantee	Date of grant	Exercise price HK$	Exercisable period	Outstanding at 1 April 2021	Number of share option forfeited during the year	Outstanding at 31 March 2022
Directors	19 October 2018	0.636	1 January 2019 to 18 October 2028	990,000	–	**990,000**
Employees	19 October 2018	0.636	1 January 2019 to 18 October 2028	3,800,000	(3,300,000)	**500,000**
				4,790,000	(3,300,000)	**1,490,000**
Exercisable at the beginning/ end of the year				4,790,000		**1,490,000**
Weighted average exercise price				HK$0.636	HK$0.636	**HK$0.636**

(b) Share options granted on 23 September 2021

Grantee	Date of grant	Exercise price HK$	Exercisable period	Outstanding at 1 April 2021	Number of share option granted during the year	Outstanding at 31 March 2022
Employees	23 September 2021	1.12	23 September 2021 to 22 September 2031	–	4,000,000	**4,000,000**
				–	4,000,000	**4,000,000**
Exercisable at the beginning/ end of the year				–		**4,000,000**
Weighted average exercise price				N/A	HK$1.12	**HK$1.12**

30. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

On 10 October and 31 December 2020, the Group enters into an equity transfer agreement and a supplemental agreement for the acquisition of 51% of equity interest in Chengdu Kaibangyuan Trading Co., Ltd (成都凱邦源商貿有限公司) ("Chengdu Kaibangyuan") at a cash consideration of RMB30,600,000 (equivalent to approximately HK$36,206,000). The acquisition was completed in March 2021. The directors of the Company are of the opinion that the acquisition does not constitute business combination as defined in HKFRS 3, therefore, the acquisition has been accounted for as acquisition of assets.

Assets and liabilities recognised at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	12,582
Intangible assets	55,652
Right-of-use assets	2,248
Other receivables	639
Bank balances and cash	15,804
Trade and other payables	(15,933)
	70,992

Net cash outflow on acquisition of Chengdu Kaibangyuan:

	HK$'000
Cash consideration paid	(36,206)
Less: cash and cash equivalents balances acquired	15,804
	(20,402)

Acquisition-related costs amounting to HK$158,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of the fair value of the acquirees' identifiable net assets and amounted to HK$34,786,000.

For the year ended 31 March 2022

31. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2022, the Group disposed of its entire equity interests in NEF Power Inc., Asia Environment Protection Holding Co., Limited and Choice Grand Limited that engaged in energy business for purchase and distribution of solar energy products, trading for solar energy products and was inactive, respectively, at a total cash consideration of HK$10.

During the year ended 31 March 2021, the Group disposed of its entire interests in ET Solar Development Company Limited (南京建展新能源科技研發有限公司) ("Nanjing ET Solar") and 兆通能源科技泰州有限公司 at a total cash consideration of HK$2.

The net assets of three (2021: two) subsidiaries at the date of disposal were as follow:

	2022	2021
	HK$'000	HK$'000
Analysis of assets and liabilities over which control was lost:		
Property, plant and equipment	**–**	4
Right-of-use assets	**–**	216
Inventories	**2,265**	130
Trade and other receivables	**4,297**	1,357
Bank balances and cash	**108**	260
Trade and other payables	**(6,670)**	(8,988)
Lease liabilities	**–**	(172)
Net liabilities disposed of	**–**	(7,193)
Gain on disposal of a subsidiary:		
Consideration received	**–***	–*
Net liabilities disposed of	**–**	7,193
Non-controlling interests	**–**	(4,233)
Gain on disposal	**–**	2,960
Net cash outflow arising on disposal:		
Cash consideration	**–***	–*
Less: bank balances and cash disposed of	**(108)**	(260)
	(108)	(260)

* Amounts less than HK$1,000.

For the year ended 31 March 2022

32. RETIREMENT BENEFIT SCHEME

Since 1 December 2000, the Group has operated pension schemes under the rules and regulations of the MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately in an independently managed fund. Contributions are made based on a percentage of the employee's salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as incurred in accordance with the rules of the MPF scheme.

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

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of HK$699,000 (2021: HK$284,000) represents contributions paid to the schemes by the Group at rates specified in the rules of the schemes.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes loans from a shareholder and a controlling shareholder, bank borrowing and lease liabilities as disclosed in notes 24, 26 and 27, respectively, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the issuance of new shares and raising of new borrowings.

For the year ended 31 March 2022

34. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Amortised cost	**49,100**	49,191
Financial liabilities		
Amortised cost	**170,957**	165,602

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, deposits, bank balances and cash, trade payables, other payables, bank borrowing, and loans from a shareholder and a controlling shareholder. 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 of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group's fair value interest rate risk relates primarily to lease liabilities and loans from a controlling shareholder. The Group has not used any derivatives to hedge against the risk as the directors of the Company consider that the Group's exposure to fair value interest rate risk is not significant.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowing and bank balances. It is the Group's policy to keep its bank balances at floating rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The directors of the Company consider the Group's exposure to interest rate risk relating to variable-rate bank balances is insignificant. Accordingly, no sensitivity analysis is presented.

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank borrowing. The analysis is prepared assuming the variable-rate bank borrowing at the end of each reporting period were outstanding for the whole year and 50 basis points increase or decrease are used.

If interest rates have been 50 basis points higher/lower for variable-rate bank borrowing and all other variables were held constant, the Group's loss for the year ended 31 March 2022 would increase/decrease by HK$121,000 (2021: HK$128,000).

Currency risk

The Group's major monetary assets and liabilities are denominated in the functional currencies of the respective group entities, except for certain balances denominated in HK$ and US$ for the group entities with HK$ or US$ or RMB as their functional currencies.

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

	Assets		**Liabilities**	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Functional currency as US$ against HK$	**1,251**	32,688	**(146)**	(479)
Functional currency as HK$ against US$	**–**	4,555	**–**	(1,918)
Functional currency as RMB against HK$	**2,039**	18	**(1,093)**	(784)
Functional currency as RMB against US$	**3,882**	2,288	**(26)**	–

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

For a group entity with US$ or HK$ as its functional currency and holding monetary assets and/or liabilities denominated in HK$ or US$, the directors of the Company consider that, as HK$ is pegged to US$, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of HK$ against US$ or US$ against HK$. Accordingly, no sensitivity analysis is presented below.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

If HK$ increases/decreases against RMB by 5%, with all other variables held constant, the Group's loss for the year would decrease/increase by HK$47,000 (2021: increase/decrease by HK$38,000). If US$ increase/decrease against RMB by 5% with all other variables held constant, the Group's loss for the year would decrease/increase by HK$193,000 (2021: decrease/increase by HK$114,000). 5% is the sensitivity rate used by the management of the Group in the assessment of the reasonably possible change in the foreign exchange rate.

The directors of the Company consider that other than those mentioned above, the sensitivity of the Group's exposure against the changes in other foreign exchange rate is not significant as the foreign currency denominated monetary assets and liabilities of individual group entities were insignificant at the end of the reporting period.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

For the year ended 31 March 2022

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

For the year ended 31 March 2022

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment individually:

	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
				2022	2021
				HK$'000	HK$'000
Financial assets at amortised cost					
Trade receivables – from contracts with customers	N/A	Low risk	Lifetime ECL (not credit-impaired)	**1,369**	4,793
	N/A	High risk	Lifetime ECL (not credit-impaired)	**688**	4,552
Other receivables and deposits	N/A	Low risk	12m ECL (not credit-impaired)	**27,134**	3,747
Other receivables	N/A	Loss	Lifetime ECL (credit-impaired)	**3,514**	–
Bank balances	A1 to Baa2	N/A	12m ECL (not credit-impaired)	**19,959**	37,206

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To measure ECL of trade receivables, the Group applies internal credit rating for its customers and they are assessed individually by reference to past default experience, current past due exposure of the debtors and an analysis of the debtors' current financial position. The ECL rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

The Group has concentration of credit risk on the trade receivables. As at 31 March 2022, 61% (2021: 41%) of trade receivables is due from the one debtor and 99% (2021: 95%) of trade receivables is due from the highest five debtors (2021: five debtors). The directors of the Company are of the opinion that the credit risk in respect of these customers are not material as continuous repayments from these customers were noted during the year.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on past default experience, current past due exposure of the debtors and an analysis of the debtors' current financial position within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances with gross carrying amounts of HK$2,057,000 as at 31 March 2022 (2021: HK$9,345,000) were assessed individually.

	2022		2021	
Internal credit rating	**Average loss rate %**	**Trade receivables HK$'000**	Average loss rate %	Trade receivables HK$'000
Low risk	**0.1**	**1,369**	0.1	4,793
Watch list	**–**	**–**	–	–
High risk	**26**	**688**	26	4,552
		2,057		9,345

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group assessed the ECL for other receivables and deposits individually by current past due exposure of the debtors and forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. During current year ended 31 March 2022, the Group recognised impairment loss of other receivables of HK$3,514,000 (2021: nil).

For the year ended 31 March 2022

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant.

The following table shows the movement in ECL that has been recognised for trade and other receivables under the simplified approach.

	Trade receivables (Lifetime ECL) (not credit-impaired)	**Other receivables (Lifetime ECL) (credit-impaired)**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2020	–	–	–
Impairment loss recognised	1,202	–	1,202
At 31 March 2021	1,202	–	1,202
Impairment loss recognised	2,766	3,514	6,280
Impairment loss reversed	(3,825)	–	(3,825)
Exchange realignment	39	–	39
At 31 March 2022	182	3,514	3,696

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents (representing bank balances and cash) deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate % per annum	On demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
As at 31 March 2022							
Trade payables	–	587	–	–	–	587	587
Other payables	–	23,529	–	–	–	23,529	23,529
Lease liabilities	4.50	2,582	163	–	–	2,745	2,614
Bank borrowing	5.85	4,112	4,112	12,336	9,258	29,818	24,166
Loans from a shareholder and a controlling shareholder	4.75	4,984	126,182	–	–	131,166	122,675
		35,794	130,457	12,336	9,258	187,845	173,571

	Weighted average interest rate % per annum	On demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
As at 31 March 2021							
Trade payables	–	7,699	–	–	–	7,699	7,699
Other payables	–	22,478	–	–	–	22,478	22,478
Lease liabilities	4.50	3,227	2,512	169	–	5,908	5,519
Bank borrowing	5.85	3,948	3,948	11,844	12,836	32,576	25,689
Loans from a shareholder and a controlling shareholder	4.75	4,984	117,638	–	–	122,622	109,736
		42,336	124,098	12,013	12,836	191,283	171,121

Fair value

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

35. RECONCILIATION OF A LIABILITY ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liability arising from financing activities, including both cash and non-cash changes. Liability arising from financing activities is that for which cash flows were, or future cash flow will be, classified in the consolidated statement of cash flows as cash flows used in financing activities.

	Bank borrowing	Lease liabilities	Other loan	Loans from a shareholder and a controlling shareholder	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2020	25,892	2,937	–	76,883	105,712
Finance costs recognised	1,633	168	–	3,420	5,221
Adjustment to shareholder's contribution reserve	–	–	–	(3,629)	(3,629)
New and extended leases	–	4,926	–	–	4,926
Disposal of subsidiaries	–	(172)	–	–	(172)
Financing cash flows	(3,858)	(2,637)	–	26,257	19,762
Exchange difference	2,022	297	–	6,805	9,124
At 31 March 2021	25,689	5,519	–	109,736	140,944
Finance costs recognised	1,468	187	–	4,942	6,597
Adjustment to shareholder's contribution reserve	–	–	–	(1,576)	(1,576)
New and extended leases	–	223	–	–	223
Financing cash flows	(4,045)	(3,621)	691	5,215	(1,760)
Exchange difference	1,054	306	(198)	4,358	5,520
At 31 March 2022	24,166	2,614	493	122,675	149,948

For the year ended 31 March 2022

36. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group's investment properties held for rental purposes have committed lessees for the next six (2021: seven) years.

Undiscounted lease payments receivable on leases are as follows:

	2022 HK$'000	2021 HK$'000
Within one year	**6,574**	5,873
In the second year	**5,514**	6,308
In the third year	**4,453**	5,291
In the fourth year	**4,453**	4,273
In the fifth year	**4,453**	4,273
After five years	**4,082**	8,191
	29,529	34,209

During the year, the Group earned gross rental income from investment properties amounted to HK$5,520,000 (2021: HK$3,905,000) and incurred direct operating expenses therefor amounted to HK$1,202,000 (2021: HK$1,082,000).

37. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration for key management personnel of the Group, including amounts paid to the executive directors of the Company as disclosed in note 12 is as follows:

	2022 HK$'000	2021 HK$'000
Short-term benefits	**4,126**	4,499
Post employment benefits	**220**	171
Equity-settled share-based payments	**2,095**	–
	6,441	4,670

The remuneration of key management personnel of the Group is determined having regard to the performance of individuals and market trends.

For the year ended 31 March 2022

38. PLEDGE OF ASSETS

The Group's bank borrowing had been secured by the pledged of the Group's assets at the carrying amounts of the respective assets are as follows:

	2022	2021
	HK$'000	HK$'000
Property, plant and equipment	**4,398**	4,473
Investment properties	**89,886**	79,274
Right-of-use assets	**5,854**	5,751
	100,138	89,498

39. NON-CASH TRANSACTIONS

During the year ended 31 March 2022, the Group entered into new lease agreements for staff quarters for 2 years (2021: staff quarters for 1 to 3 years). On the lease commencement, the Group recognised HK$223,000 (2021: HK$4,950,000) of right-of-use assets and HK$223,000 (2021: HK$4,926,000) of lease liabilities.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries of the Company as at 31 March 2022 and 2021 are as follows:

Name of subsidiary	Country/place of incorporation or registration	Principal place of operation	Nominal value of issued/ registered capital	Proportion of nominal value of issued/registered capital held by the Group		Principal activities
				2022	2021	
First Corporate International Limited*	British Virgin Islands ("BVI")	HK	US$1	**100%**	100%	Investment holding
Nation Power Group Limited*	BVI	HK	US$100	**100%**	100%	Investment holding
Sinoble Jewelry Limited	Hong Kong	HK	HK$1	**100%**	100%	Jewelry business for purchase and distribution of jewelry
廣州億恒珠寶有限公司 *(note (2))*	The PRC	The PRC	HK$15,000,000	**100%**	100%	Jewelry business for purchase and distribution of jewelry
Guo Rong Holdings Limited	Hong Kong	HK	HK$1	**100%**	100%	Cost center for other group entities
Global Fortune Investment Limited*	Republic of Seychelles	HK	US$1	**100%**	100%	Investment holding
寧波升谷節能科技有限公司 *(note (2))*	The PRC	The PRC	HK$25,000,000	**100%**	100%	Energy business for manufacturing and distribution of solar energy products
余姚市億恒太陽能科技有限公司 *(note (2))*	The PRC	The PRC	RMB60,000	**100%**	100%	Energy business for manufacturing and distribution of solar energy products
Effective Success Limited*	Republic of Seychelles	HK	US$1	**100%**	100%	Investment holding
NEF Power (Taizhou) Co., Ltd. (北能電氣(泰州)有限公司) ("NEF Taizhou") *(note (1))*	The PRC	The PRC	RMB1,000,000	**51%**	51%	Energy business for manufacturing and distribution of solar energy products and related services
Chengdu Kaibangyuan *(notes (1) and (3))*	The PRC	The PRC	RMB27,000,000	**51%**	*51%*	Energy business for sale of refined oil

* Directly held by the Company.

For the year ended 31 March 2022

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

(1) This entity is established in the PRC in form of a limited liability Company.

(2) These entities are established in the PRC in form of wholly foreign owned enterprises.

(3) This entity was acquired during the year ended 31 March 2021. Details are set out in note 30.

The above table only includes those subsidiaries which, in the opinion of the directors of the Company, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

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

The PRC subsidiaries maintained RMB denominated bank balances. The remittance of these funds out of the PRC is subject to exchange restriction imposed by the PRC government.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in HK. The principal activities of these subsidiaries are either investment holding or inactive.

For the year ended 31 March 2022

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
NEF Taizhou	Incorporated and operating in the PRC – Taizhou	**49%**	49%	**(1,307)**	(1,169)	**(5,398)**	(4,103)
Chengdu Kaibangyuan	Incorporated and operating in the PRC – Chengdu	**49%**	49%	**(725)**	(168)	**36,117**	34,612
An immaterial subsidiary with non-controlling interests				**(16)**	(1,201)	**2**	18
				(2,048)	(2,538)	**30,721**	30,527

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 show in NEF Taizhou's and Chengdu Kaibangyuan's financial statements prepared in accordance with HKFRSs before intragroup elimination.

NEF Taizhou

	2022 HK$'000	2021 HK$'000
Current assets	**5,783**	7,958
Non-current assets	**53**	75
Current liabilities	**(16,853)**	(16,407)
Equity attributable to owners of the Company	**(5,619)**	(4,271)
Non-controlling interests of NEF Taizhou	**(5,398)**	(4,103)

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

NEF Taizhou (Continued)

	2022 **HK$'000**	2021 HK$'000
Revenue	**412**	13,509
Expenses	**(3,080)**	(15,894)
Loss for the year	**(2,668)**	(2,385)
Loss attributable to owners of the Company	**(1,361)**	(1,216)
Loss attributable to non-controlling interests of NEF Taizhou	**(1,307)**	(1,169)
Loss for the year	**(2,668)**	(2,385)
Other comprehensive income attributable to owners of the Company	**13**	252
Other comprehensive income attributable to non-controlling interests of NEF Taizhou	**12**	243
Other comprehensive income for the year	**25**	495
Total comprehensive expense attributable to owners of the Company	**(1,348)**	(964)
Total comprehensive expense attributable to non-controlling interests of NEF Taizhou	**(1,295)**	(926)
Total comprehensive expense for the year	**(2,643)**	(1,890)
Net cash (outflows) inflows from operating activities	**(87)**	(552)
Net cash outflows from investing activities	**–**	(95)
Net cash outflows from financing activities	**(350)**	(620)
Net cash flows	**(437)**	(1,267)

For the year ended 31 March 2022

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

Chengdu Kaibangyuan

	2022 HK$'000	2021 HK$'000
Current assets	**33,850**	17,713
Non-current assets	**71,525**	72,401
Current liabilities	**(20,563)**	(18,645)
Non-current liabilities	**(11,103)**	(832)
Equity attributable to owners of the Company	**37,592**	36,025
Non-controlling interests of Chengdu Kaibangyuan	**36,117**	34,612

	2022 HK$'000	2021 HK$'000
Revenue	**174,050**	209
Expenses	**(175,530)**	(552)
Loss for the year	**(1,480)**	(343)
Loss attributable to owners of the Company	**(755)**	(175)
Loss attributable to non-controlling interests of Chengdu Kaibangyuan	**(725)**	(168)
Loss for the year	**(1,480)**	(343)
Other comprehensive income (expense) attributable to owners of the Company	**2,322**	(6)
Other comprehensive income (expense) attributable to non-controlling interests of Chengdu Kaibangyuan	**2,230**	(6)
Other comprehensive income (expense) for the year	**4,552**	(12)
Total comprehensive income (expense) attributable to owners of the Company	**1,567**	(181)
Total comprehensive income (expense) attributable to non-controlling interests of Chengdu Kaibangyuan	**1,505**	(174)
Total comprehensive income (expense) for the year	**3,072**	(355)
Net cash (outflows) inflows from operating activities	**(24,784)**	14,980
Net cash outflows from investing activities	**(315)**	–
Net cash inflows (outflows) from financing activities	**10,975**	(285)
Net cash flows	**(14,124)**	14,695

For the year ended 31 March 2022

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 HK$'000	2021 HK$'000
Non-current assets		
Unlisted investment in subsidiaries	**–**	–
Amounts due from subsidiaries	**26,892**	20,001
	26,892	20,001
Current assets		
Amounts due from subsidiaries	**1,628**	2,102
Prepayment	**46**	–
Bank balances	**2,043**	51
	3,717	2,153
Current liability		
Other payables and accruals	**1,093**	784
Net current assets	**2,624**	1,369
Total assets less current liabilities	**29,516**	21,370
Non-current liability		
Loans from a controlling shareholder	**9,065**	7,891
Net assets	**20,451**	13,479
Capital and reserves		
Share capital *(Note 28)*	**3,876**	3,723
Reserves *(note)*	**16,575**	9,756
Total equity	**20,451**	13,479

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note:

Movement in the Company's reserves

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Shareholder's contribution reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 March 2020	201,877	22,666	1,442	762	(214,273)	12,474
Loss and total comprehensive expense for the year	–	–	–	–	(3,934)	(3,934)
Deemed capital contribution from a controlling shareholder	–	–	–	1,216	–	1,216
At 31 March 2021	**201,877**	**22,666**	**1,442**	**1,978**	**(218,207)**	**9,756**
Issue of shares	**11,322**	**–**	**–**	**–**	**–**	**11,322**
Transaction costs attributable to issue of shares	**(67)**	**–**	**–**	**–**	**–**	**(67)**
Recognition of equity settled share-based payments	**–**	**–**	**2,095**	**–**	**–**	**2,095**
Forfeiture of share options	**–**	**–**	**(993)**	**–**	**993**	**–**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(6,681)**	**(6,681)**
Deemed capital contribution from a controlling shareholder	**–**	**–**	**–**	**150**	**–**	**150**
At 31 March 2022	**213,132**	**22,666**	**2,544**	**2,128**	**(223,895)**	**16,575**

FIVE YEARS FINANCIAL SUMMARY

RESULTS

	For the year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**193,111**	56,220	110,640	148,623	28,106
Loss before taxation	**(13,501)**	(26,470)	(41,261)	(34,403)	(23,099)
Income tax expense	**(2,523)**	(681)	(131)	(203)	–
Loss for the year	**(16,024)**	(27,151)	(41,392)	(34,606)	(23,099)
Attributable to:					
Owners of the Company	**(13,976)**	(24,613)	(33,476)	(35,605)	(23,099)
Non-controlling interests	**(2,048)**	(2,538)	(7,916)	999	–
	(16,024)	(27,151)	(41,392)	(34,606)	(23,099)

ASSETS AND LIABILITIES

	At 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**176,386**	168,914	76,672	76,092	13,777
Current assets	**65,650**	66,206	75,199	107,470	89,700
Current liabilities	**(36,971)**	(43,554)	(31,066)	(48,924)	(76,546)
Net current assets	**28,679**	22,652	44,133	58,546	13,154
Total assets less current liabilities	**205,065**	191,566	120,805	134,638	26,931
Non-current liabilities	**(150,148)**	(138,248)	(99,159)	(106,755)	–
Net assets	**54,917**	53,318	21,646	27,883	26,931