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Samson group
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Samson Paper Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 0731)

2022 Annual Report

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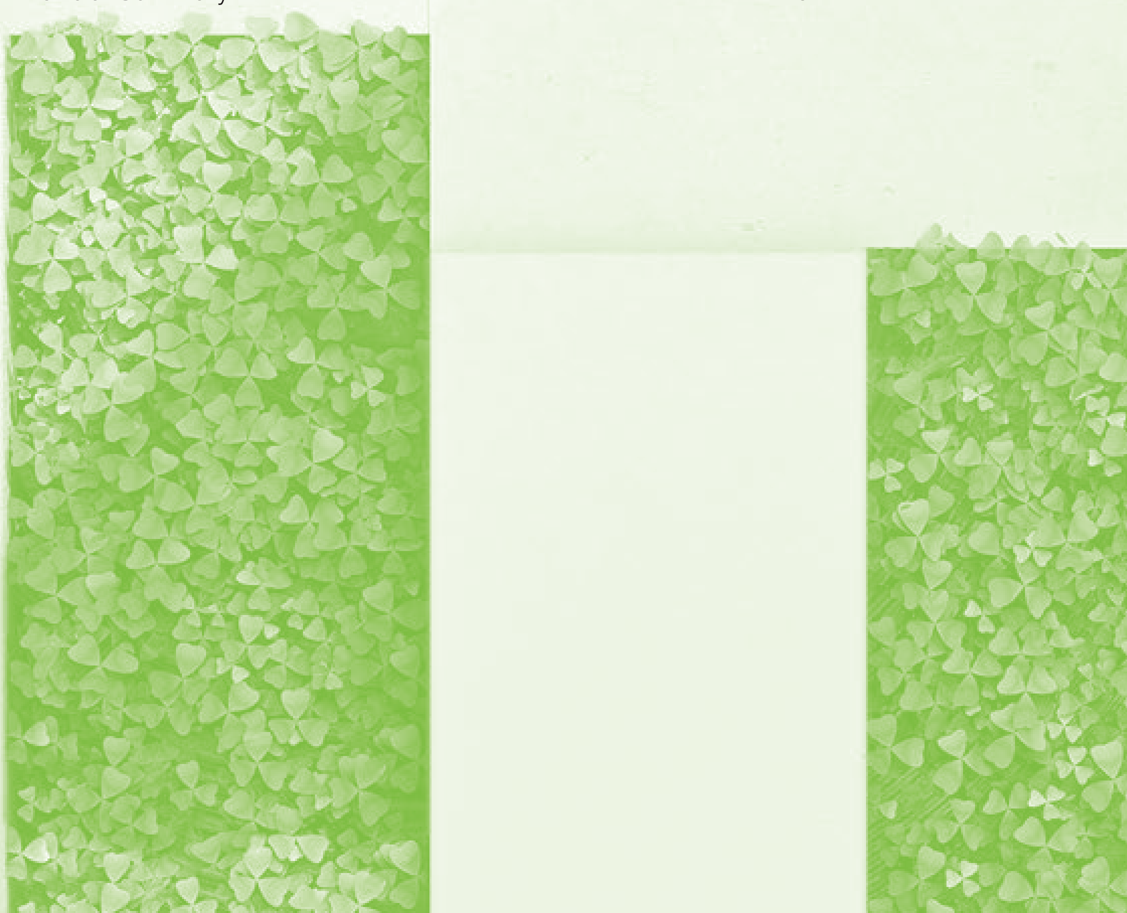


Corporate Information

Board of Directors

Executive Directors
Mr. Shi Yaofeng *(Chief Executive Officer)*
Mr. Huang Tiansheng
Ms. Shi Chenye *(Vice Chief Executive Officer)*

Non-executive Directors
Mr. Cheng Dongfang *(Chairman of the Board)*
Mr. Li Shengfeng
Mr. Choi Wai Hong, Clifford

Independent non-executive Directors
Mr. Zhao Lin
Mr. Wong Yiu Kit, Ernest
Mr. Lam John Cheung-wah

Audit Committee

Mr. Wong Yiu Kit, Ernest *(Chairman)*
Mr. Choi Wai Hong Clifford
Mr. Lam John Cheung-wah

Remuneration Committee

Mr. Zhao Lin *(Chairman)*
Mr. Cheng Dongfang
Mr. Lam John Cheung-wah

Nomination Committee

Mr. Zhao Lin *(Chairman)*
Mr. Cheng Dongfang
Mr. Lam John Cheung-wah

Joint Company Secretaries

Dr. Wong Chi Ho, Raymond
Ms. Li Jing

Authorised Representatives

Mr. Cheng Dongfang
Dr. Wong Chi Ho, Raymond

Registered Office

5th Floor, Victoria Place,
31 Victoria Street, Hamilton HM10,
Bermuda

Head Office and Principal Place of Business in Hong Kong

Rooms 2306B & 2307,
23 Floor, West Tower, Shun Tak Centre,
No. 168–200, Connaught Road Central,
Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Corporate Services Limited
6 Front Street
Hamilton
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road
North Point, Hong Kong

Principal Bankers

Industrial and Commercial Bank of China,
Xuecheng District Sub-branch
Bank of China, Xuecheng District Sub-branch

Company Website

http://www.samsonpaper.com

Legal Advisers

As to Hong Kong law
Seyfarth Shaw
Suites 3701, 3708–3710, 37/F,
Edinburgh Tower, The Landmark,
15 Queen's Road Central, Hong Kong

Independent Auditor

RSM Hong Kong
Certified Public Accountants
29 Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Stock Code

731

Financial Highlights

Consolidated Statement of Profit or Loss

	For the year ended 31 March	
	2022	2021
	HK$'000	HK$'000 (Represented)
Revenue from continuing operations	1,229,456	549,988
Operating profit/(loss) from continuing operations	479,287	(1,446,463)
Finance costs from continuing operations	7,516	9,489
Profit/(loss) before tax from continuing operations	471,771	(1,455,952)
Profit/(loss) attributable to owners of the Company	2,558,902	(3,768,764)

Consolidated Statement of Financial Position

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Non-current assets	1,096,257	184,811
Current assets	480,544	912,553
Current liabilities	829,263	3,217,843
Shareholders' funds	508,855	(2,180,599)
Non-current liabilities	238,683	57,715

Share Statistics

	For the year ended 31 March	
	2022	2021 (Re-stated)
Profit/(loss) per share — basic from continuing operations	HK138.1 cents	HK(1,051.7) cents
Profit/(loss) per share — diluted from continuing operations	HK138.1 cents	HK(1,051.7) cents
Dividends per share	HKNil cents	HKNil cents
Net asset/(liability) value per ordinary share	HK148.7 cents	HK(1,911.0) cents

Dear shareholders and investors,

On behalf of the board (the "Board") of directors (the "Director(s)") of Samson Paper Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2022.

The trading in the shares of the Company had been suspended since 2 July 2020 and the Group had undergone a major restructuring. It is fortunate that with the support from different parties and the unremitting efforts and dedications of all our staff and professional advisers, the Company has successfully resumed trading on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 January 2022. This symbolises the Company's embarking on a new journey and stepping into a new chapter.

In 2021, the global pandemic continued to be severe. The economy of The People's Republic of China (the "PRC"), as a global supply centre, was strong at the start of year. However, since the third quarter, the global economic recovery slowed down, the tensions were intensified in global supply chain and the domestic economy was affected by the dual control of energy consumption and energy intensity. As a result, there were substantial economic and operating pressure. The management of the Company actively responded to it by taking appropriate measures such as technological transformation, production capacity upgrading, cost reduction and efficiency enhancement, product quality optimisation and service improvement, which helped to strengthen the financial position of the Company. Thanks to our team efforts, the Company achieved a turnover of approximately HK$1,229 million for the year ended 31 March 2022, representing a year-on-year increase of 123.5% as compared with last financial year.

Looking forward, the Company will seize the opportunities in the challenging operating environment and continue to leverage on its inherent competitive advantages. Under the leadership of the management team and with its professional knowledge and strategic leadership, the Company will reduce energy consumption while improving paper manufacturing capabilities, and explore new businesses with development potential, such that the Company can seek new profit growth points for its business, make contribution towards the "carbon peak and carbon neutrality" goals of the PRC and maximise returns to our shareholders.

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our staff for their dedication and contribution, and to our valued shareholders, customers, suppliers and other business partners for their support and encouragement to the Company in the past year.

Mr. Cheng Dongfang
Chairman of the Board

Hong Kong, 21 June 2022

Business Review

Business Performance Review

In 2021, Covid-19 continued to spread across the globe. In the absence of uniformity in Covid-19 policies among different countries, the pandemic control failed to yield promising results. The global economic recovery still lingered in uncertainty. High energy prices and inflation, caused by geopolitical struggles and national energy policies, continued to impede business operation.

Mainland China continued to lead in the pandemic control, which was generally in control among the general public at large. Overall, the economy is trending upwards and the consumer confidence is slowly recovering. In the meantime, the logistic industry is booming in the pandemic, which benefited the packaging industry. The audited total revenue of the Company was approximately HK$1,229 million and the production volume was approximately 314,000 tonnes. The Group recorded profit for the year amounted to approximately HK$2,559 million for the year ended 31 March 2022 as compared to loss for the year amounted to approximately HK$4,025 million for the year ended 31 March 2021. The turnaround from loss to profit of the Company for the year ended 31 March 2022 was mainly attributable to (i) the significant one-off net gain on deconsolidation, disposal and deregistration of certain subsidiaries of the Group's discontinued operations and discharge of the respective financial guarantee liabilities arising from the scheme of arrangement entered into between the Company and the scheme creditors of approximately HK$2,086 million; (ii) the one-off gain on re-consolidation of 遠通紙業(山東)有限公司 (Universal Pulp and Paper (Shandong) Co., Ltd.*) ("UPPSD") in the year ended 31 March 2022 of approximately HK$466 million; and (iii) the increase in revenue and operating profit of the Group derived from its paper manufacturing business.

Industry and Business Review

In 2021, Mainland China fully implemented the "waste ban" on any import of waste paper. Therefore, the domestic waste paper, as the main source of raw material, has been in short supply. International waste paper businesses, such as those from the United States or Europe, started to emerge in the Southeast Asia market, producing recovered pulp board and subsequently selling the same to Mainland China, which resulted in recycled pulp's price surge. Under the domestic policies of "carbon peak and carbon neutrality", the "dual-control" of energy consumption and energy intensity, energy price continued to rise, which increased costs for paper production. Meanwhile, the policies of prevention and control of the "high pollution and high energy-consuming" projects as well as market-oriented reforms in the energy sector further aggravated increase in energy costs, resulting in a significant increase in costs for paper production. Against this background, it has become more meaningful and far reaching to accelerate carbon reduction, promote development in a green and energy-saving fashion, promote technological innovation in China's manufacturing industry, increase market competitiveness and fulfil social responsibilities. Facing the shift of the market supply and demand as well as changes in policies, the Company responded proactively by continuing to integrate upstream and downstream resources. By leveraging on the Group's platform, the Company developed a vertical business model of waste paper recycling, which targeted to integrate production, supply and sales, ensure a stable supply of raw materials, comprehensively improve the management and operation quality and optimise the supply chain, with the goal of enhancing the market recognition, ensuring high-quality development, and creating a new profile in China's paper production industry and even in its manufacturing industry.

Resumption of Trading

As disclosed in the announcement of the Company dated 30 June 2020, based upon the unaudited financial information for the year ended 31 March 2020, it was likely that a financial covenant ratio requirement of the Group might not be fulfilled. As a result of the suspension of trading in the shares of the Company (each a "Share") on the Stock Exchange with effect from 2 July 2020 pending the release of an announcement in relation to the audited annual results for the year ended 31 March 2020 by the Company, the repayment obligations under certain indebtedness of the Group were accelerated by certain creditors.

Resumption of Trading (continued)

Resumption Guidance

The Company received a letter from the Stock Exchange dated 21 July 2020, in which the Stock Exchange has set out the following resumption guidance for the Company:

i. address all audit issues raised by the auditors of the Company;

ii. conduct an appropriate independent investigation into the audit issues, announce the findings and take appropriate remedial actions;

iii. publish all outstanding financial results required under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and address any audit modifications;

iv. have the winding-up petition (or winding-up order, if made) against the Company withdrawn or dismissed; and

v. announce all material information for the Company's shareholders and investors to appraise the Company's position.

On 26 November 2020, the Company received a letter from the Stock Exchange, in which the Stock Exchange set out the following additional resumption guidance for the Company:

vi. demonstrate its compliance with Rule 13.24 of the Listing Rules.

The Company received a letter from the Stock Exchange dated 11 June 2021, in which the Stock Exchange set out the following additional resumption guidance for the Company:

vii. conduct an independent internal control review and demonstrate adequate internal control systems being put in place to meet the obligations under the Listing Rules in view of various deficiencies in the Group's internal control procedures identified by the independent investigator, including deferred payment arrangements, adjustments relating to purchase prepayment, payment on behalf of related parties and cross-checking and reconciliation of intercompany balances. The findings also suggested that the Group did not have any instruction manual for procedures such as financial reporting and had no general procedures to monitor the compliance with bank covenants and written policies/procedures to monitor the current ratio of the Group. For further details, please refer to the announcement of the Company dated 25 May 2021; and

viii. re-comply with Rules 3.05, 3.10(1), 3.21 and 3.25 of the Listing Rules in view of the shortfall in the number of independent non-executive Directors and authorised representatives at the material time.

The Company must remedy the issue(s) causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume.

On 26 January 2022, the Company has fulfilled the above resumption guidance imposed by the Stock Exchange and trading in the Shares on the Stock Exchange has resumed. For further details, please refer to the announcements of the Company dated 25 January 2022 and 26 January 2022.

Winding Up Petition and Appointment of Joint Provisional Liquidators

As at 31 March 2021, based on the available books and records of the Company, the estimated total amount of claims against, and the liabilities of, the Company was approximately HK$3,046 million, comprising of claims arising from guarantee granted by the Company to bank creditors and a supplier in relation to the indebtedness of the subsidiaries of the Company, and amounts due to Group companies.

To facilitate efforts to formulate financial restructuring of the Company, on 18 July 2020 (Hong Kong time), the Company filed with the Supreme Court of Bermuda (the "Bermuda Court") a petition for the winding up of the Company (the "Petition"), together with an application for the appointment to the Company of Lai Kar Yan (Derek) and Ho Kwok Leung (Glen), both of Deloitte Touche Tohmatsu, and Rachelle Ann Frisby of Deloitte Ltd. as joint and several provisional liquidators (the "JPLs") on a "light touch" basis for restructuring purpose.

On 25 July 2020 (Hong Kong time), the Company received the sealed Court Order dated 24 July 2020, pursuant to which the Bermuda Court ordered the appointment of the JPLs and the JPLs were granted a wide range of powers, including the powers to (i) develop and propose a restructuring of the Company's indebtedness in a manner designed to allow the Company to continue as a going concern, with a view to making a compromise or arrangement with the Company's creditors, including a compromise or arrangement by way of a scheme of arrangement; (ii) monitor, oversee and supervise the Board in its management of the Company with a view to developing and proposing any compromise or arrangement with the Company's creditors, and any corporate and/or capital reorganisation of the Group; and (iii) do all such things as may be necessary or expedient for the protection or recovery of the Company's property and assets at law or in equity within the jurisdiction of the Bermuda Court as the JPLs may consider to be appropriate.

On 13 August 2020, the High Court of Hong Kong (the "Hong Kong Court") granted an order to, inter alia, recognise the appointment of the JPLs with the powers conferred therein so long as the Company remains in provisional liquidation in Bermuda.

At the hearing on 10 December 2021, the Bermuda Court ordered that the Petition be withdrawn and the JPLs be discharged conditional upon the Listco Scheme (as defined below) becoming effective and the Listco Scheme shall take effect no earlier than the date of completion of all transactions under the Restructuring Agreement (as defined below).

Restructuring

On 13 April 2021, the Company, the JPLs and 廈門建發紙業有限公司 (Xiamen C&D Paper & Pulp Co., Ltd.*) ("Xiamen C&D Paper") and 浙江新勝大控股集團有限公司 (Zhejiang Xinshengda Holding Group Co., Ltd.*) ("Zhejiang Xinshengda") entered into a term sheet (the "Term Sheet") in relation to the proposed restructuring of the Group (the "Restructuring").

On 30 July 2021, the Company, the JPLs, NCD Investment Holding Limited ("NCD"), Xiamen C&D Paper, Zhejiang Xinshengda and 山東佰潤紙業有限公司 (Shandong Bairun Paper Co. Ltd.*) ("Shandong Bairun") entered into a restructuring agreement (as further amended and supplemented by the supplemental agreement thereto dated 22 November 2021) (the "Restructuring Agreement") in relation to the Restructuring. Upon the execution of the Restructuring Agreement, the Term Sheet was automatically terminated in accordance with the terms set out therein.

Restructuring (continued)

The Restructuring included (i) capital reorganisation of the Company ("Capital Reorganisation"); (ii) subscription of new Shares by NCD (the "Subscription"); (iii) reorganisation of the Group ("Group Reorganisation"); (iv) the placing of new Shares (the "Placement"); (v) the scheme of arrangement (the "Listco Scheme") between the Company and its creditors with unsecured claims admitted by scheme administrators (the "Scheme Creditors"); (vi) the reorganisation (the "UPPSD Bankruptcy Reorganisation") of the capital and indebtedness of 遠通紙業(山東)有限公司 ("UPPSD"), being an indirect subsidiary of the Company; and (vii) resumption of trading in the Shares on the Stock Exchange (the "Resumption").

(i) Capital Reorganisation

Subject to the approval by the Shareholders, the Capital Reorganisation, comprised the following:

(a) the reduction of the issued ordinary share capital of the Company by cancelling the paid up capital to the extent of HK$0.095 on each of the issued ordinary Shares immediately prior to Capital Reorganisation becoming effective ("Old Shares") such that the par value of each issued Old Share shall be reduced from HK$0.10 to HK$0.005 (the "Capital Reduction");

(b) the proposed cancellation of the authorised but unissued ordinary share capital of the Company in its entirety upon the Capital Reduction becoming effective (the "Authorised Share Capital Diminution");

(c) the cancellation of the entire amount standing to the credit of the share premium account of the Company (the "Share Premium Cancellation");

(d) the proposed consolidation of every ten (10) issued and unissued Old Shares of HK$0.005 each into one (1) Share of HK$0.05 each (the "Share Consolidation"); and

(e) the proposed increase of authorised ordinary share capital of the Company from HK$5,710,000 divided into 114,107,582 Shares of HK$0.05 each to HK$100,000,000 divided into 2,000,000,000 Shares of HK$0.05 each upon the Capital Reduction, the Share Premium Cancellation, the Authorised Share Capital Diminution and Share Consolidation becoming effective (the "Increase in Authorised Share Capital").

Immediately prior to completion of the Capital Reorganisation, (i) the authorised ordinary share capital of the Company was HK$145,691,398.70 comprising 1,456,913,987 ordinary Old Shares, of which 1,141,075,827 ordinary Old Shares were issued and fully paid; and (ii) the authorised preference share capital of the Company was HK$14,308,601.3 comprising 143,086,013 convertible non-voting preference shares (each a "Preference Share"), of which 132,064,935 Preference Shares were issued and fully paid.

Upon completion of the Capital Reorganisation, the authorised ordinary share capital of the Company was HK$100,000,000 divided into 2,000,000,000 Shares of HK$0.05 each, of which 114,107,582 Shares have been issued and credited as fully paid. The authorised preference share capital of the Company was HK$14,308,601 divided into 143,086,013 Preference Shares of HK$0.1 each, of which 132,064,935 Preference Shares have been issued and credited as fully paid that, subject to the bye-laws of the Company ("Bye-Laws"), can be converted into 13,206,493 Shares on a ten-to-one conversion basis.

Restructuring (continued)

(ii) Subscription

The Company shall issue and allot, and NCD shall subscribe for 990,220,583 new Shares (each a "Subscription Share") at the subscription price of HK$0.121056 per Subscription Share (the "Subscription Price") for a total consideration of the HK$119,872,142.

The Subscription Price represents a discount of approximately 96.68% to the theoretical closing price of HK$3.65 per Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK$0.365 per Old Share as quoted on the Stock Exchange on the last trading day immediately before the suspension of trading in the Old Shares (i.e. 1 July 2020). The Subscription Price is the same as the Placement Share Price (as defined below) and the Creditors' Share Price (as defined below).

Upon the issue and allotment of the Subscription Shares, the Placement Shares (as defined below) and the Creditors' Shares (as defined below) at Closing, the Subscription Shares represent approximately 70% and 70.66% of the then enlarged issued share capital of the Company, respectively, in case all the Preference Shares have been converted and none of the Preference Shares have been converted.

The proceeds from the Subscription shall be used for (i) settling the costs, expenses, fees and charges incurred for the Restructuring (the "Restructuring Expenses") in the amount of approximately HK$35,000,000, and (ii) discharging the debts of the Company under the Listco Scheme in the amount of approximately HK$3,046 million. For further details, please refer to the section headed "Report of the Directors — Use of Proceeds".

As at the date of this annual report, the Restructuring Expenses had been paid by NCD in advance in accordance with the terms and conditions in the Restructuring Agreement on or prior to the Closing and was off-set against the total consideration payable by NCD upon completion of the Subscription on a dollar-to-dollar basis.

(iii) Group Reorganisation

The Group Reorganisation involved, inter alia:

(a) the transfer of certain subsidiaries of the Company ("Excluded Subsidiaries") to a special purpose vehicle set up by the scheme administrators (the "SchemeCo") for the benefit of the Scheme Creditors; and

(b) UPPSD becoming a direct wholly-owned subsidiary of 偉紙(深圳)紙業發展有限公司 (Greater Paper (Shenzhen) Paper Development Company Limited*) ("SPV2"), being a company established in The People's Republic of China (the "PRC") with limited liability, which is in turn direct wholly-owned by Greater Paper Development Limited (偉紙發展有限公司) ("SPV1"), being a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company, through the UPPSD Bankruptcy Reorganisation.

Upon completion of the Group Reorganisation, the Group only comprises the Company and its three wholly-owned subsidiaries, being SPV1, SPV2 and UPPSD (collectively, the "Retained Group").

Restructuring (continued)

(iv) Placement

A placing agreement was entered into amongst the Company, NCD and a placing agent, pursuant to which the placing agent undertook to place, on a fully underwritten basis, 56,584,032 new Shares (each a "Placement Share") to no less than six independent placee(s) at the placement share price of HK$0.121056 per Placement Share ("Placement Share Price"). The Placement Share Price is the same as the Subscription Price and Creditors' Share Price.

After taking into account the Subscription Shares, the Placement Shares and the Creditors' Shares issued and allotted, (i) assuming that none of the Preference Shares have been converted, the number of Placement Shares shall represent approximately 4.04% of the then issued share capital of the Company enlarged by the issue and allotment of the Subscription Shares, the Placement Shares and the Creditors' Shares; and (ii) assuming that all the Preference Shares have been fully converted, the number of Placement Shares shall represent approximately 4.00% of the enlarged capital.

The gross proceeds from the Placement shall be approximately HK$6,849,836.58, and shall be used for discharging part of the debts of the Company under the Listco Scheme of approximately HK$3,046 million as at 31 March 2021. For further details, please refer to the section headed "Report of the Directors — Use of Proceeds".

(v) Listco Scheme

The Listco Scheme included, inter alia, (i) the transfers of (a) the Excluded Subsidiaries, (b) the remaining balance of gross proceeds from the Subscription of approximately HK$119,872,142 after deducting the Restructuring Expenses, (c) the gross proceeds from the Placement of approximately HK$6,849,836, (d) inter-company debts due from the Excluded Subsidiaries to the Retained Group in the amount of HK$300 million, (e) all claims or litigations and all potential claims or litigation rights against third parties raised by the Retained Group, to the SchemeCo; and (ii) the issue and allotment of 240,482,142 new Shares (each a "Creditors' Share") at issue price of HK$0.121056 per Creditors' Share to the SchemeCo (the "Creditors' Share Price"). The Creditors' Share Price is the same as the Subscription Price and the Placement Share Price.

Upon the Listco Scheme becoming effective, all the claims of the Scheme Creditors against the Company shall be compromised and discharged by the arrangements contemplated under the Listco Scheme.

NCD entered into a placing agreement (the "Placing Agreement for Placing Out") with the scheme administrators (on behalf of the Scheme Creditors), the SchemeCo and the placing agent for placing the Creditors' Shares by a placing agent as instructed by the SchemeCo for the purpose of realisation of proceeds and payment to the relevant Scheme Creditors in full satisfaction of their rights to such Creditors' Shares ("Placing Out") upon Closing.

NCD also provided an guarantee to pay any shortfall of the placing price for Placing Out and the issue price of the Creditors' Shares should the placing price for Placing Out be lower than the issue price of the Creditors' Shares, such that the SchemeCo would still receive the issue price of the Creditors' Shares per Creditors' Share on behalf of the relevant Scheme Creditors with regard to the Placing Out (the "Price Protection").

The Scheme Creditors may elect to (i) receive the Creditors' Shares in their own names or through CCASS; or (ii) receive cash to be realised from the disposal of the Creditors' Shares held by the SchemeCo for the benefits of the relevant Scheme Creditors.

Restructuring (continued)

(v) Listco Scheme (continued)

In the former case, the Scheme Creditors electing to hold the Creditors' Shares in their own names or through CCASS were not entitled to the Price Protection as only the SchemeCo (for the benefit of these Scheme Creditors who elect to receive cash in the latter case) was entitled to the Price Protection.

In the latter case, the SchemeCo (for the benefit of the Scheme Creditors other than the Scheme Creditors who elected to hold the Creditors' Shares in their own names or through CCASS) shall have the right (exercisable by the Scheme Administrators in their absolute discretion) to dispose of the Creditors' Shares on behalf of the relevant Scheme Creditors, either (i) in the open market at the market price, or (ii) by instructing the placing agent for Placing Out one or more times during the Placing Out period to place such number of Creditors' Shares to the placees and, given the Price Protection was in place, realise such Creditors' Shares at a price not less than the issue price of the Creditors' Shares pursuant to the Placing Agreement for Placing Out.

The resolution to approve the Listco Scheme under Hong Kong law was duly passed at the scheme meeting held on 30 September 2021. Pursuant to the order dated 28 October 2021, the Hong Kong Court sanctioned the Listco Scheme.

As at the date of this annual report, the relevant proceeds of the sale of the Creditors' Shares, after deducting the costs of realisation and payment of any applicable taxes or duties, have been paid by the scheme administrators to that Scheme Creditor in full satisfaction of his rights to those Creditors' Shares as and when such disposal has been completed. For further details, please refer to the section headed "Report of the Directors — Use of Proceeds".

(vi) UPPSD Bankruptcy Reorganisation

Parties to the Restructuring Agreement undertook and agreed to use their best endeavours to procure the conversion of the bankruptcy proceedings of UPPSD into a bankruptcy reorganisation with a view to facilitating a holistic restructuring of the indebtedness of UPPSD, and the completion of the implementation of the UPPSD Bankruptcy Reorganisation as contemplated under the Restructuring Agreement and as approved by the PRC Court or as recognised by NCD. The principal terms of the UPPSD Bankruptcy Reorganisation included (a) UPPSD becoming a wholly-owned subsidiary through SPV1 and SPV2, and (b) settlement of debts due to the creditors of UPPSD pursuant to the plan approved/recognised by the creditors and shareholders of UPPSD and further approved by the PRC Court.

The UPPSD Bankruptcy Reorganisation plan has been approved by the creditors and shareholders of UPPSD and the PRC Court on 29 July 2021 and 31 July 2021, respectively. Since then, UPPSD and other relevant parties have been taking steps to implement the approved UPPSD's Bankruptcy Reorganisation plan. On 29 September 2021, upon completion of implementation of the UPPSD Bankruptcy Reorganisation plan, the UPPSD Bankruptcy Administrator applied to the PRC Court for its confirmation, and verdict on the termination of the UPPSD's bankruptcy reorganisation proceedings. On 11 October 2021, the PRC Court issued a verdict confirming the completion of implementation of the UPPSD's Bankruptcy Reorganisation plan, and ordered the termination of UPPSD's bankruptcy reorganisation proceedings with effect from 11 October 2021.

(vii) Resumption

To facilitate the Resumption, each of the parties to the Restructuring Agreement undertook and agreed to use its best endeavours to procure the compliance with the satisfaction of the Resumption conditions imposed on the Company by the Stock Exchange as soon as reasonably practicable.

Restructuring (continued)

Completion of Restructuring

At the special general meeting of the Company held on 24 January 2022, the necessary resolutions were duly passed by independent Shareholders to approve (i) the Capital Reorganisation, (ii) the amendments to the Bye-Laws to reflect the Capital Reorganisation, (iii) the Restructuring Agreement together with the transactions contemplated thereunder, (iv) the grant of specific mandates in respect of the issue and allotment of the Subscription Shares, the Placement Shares and the Creditors' Shares, (v) the whitewash waiver, and (vi) the special deals.

The Restructuring completed upon taking effect of the Listco Scheme and the withdrawal of the Petition. Completion of the Capital Reorganisation, the Subscription, the Group Reorganisation, the Placement and the taking effect of the Listco Scheme all took place on 26 January 2022.

Upon completion, the Company simultaneously issued to (i) NCD the Subscription Shares, (ii) the Placees the Placement Shares, and (iii) the SchemeCo the Creditors' Shares.

For further details, please refer to the announcements of the Company dated 22 November 2021, 24 January 2022 and 26 January 2022 and the circular of the Company dated 31 December 2021.

Disposal of Non-core or Underperforming Businesses

To improve the working capital of the Group, the management considered it necessary to dispose of the Group's non-core or underperforming businesses. As a result, the fast moving consumer goods business and the Group's paper trading business in Malaysia were disposed of on 4 January 2021 and 26 February 2021, respectively, to parties who are not connected persons of the Company. For further details, please refer to the announcement of the Company dated 8 April 2021.

UPPSD Bankruptcy Reorganisation

Since the suspension of trading of the Shares on 2 July 2020, repayment obligation of certain indebtedness of the Group had been accelerated by certain creditors and the Group was unable to meet repayment obligations and, as a result, the Group, including UPPSD, faced increasing liquidity pressures.

Due to shortage of cash flow, UPPSD defaulted repayment on various debts, following which creditors of UPPSD had taken various legal actions including applying to the local court to freeze bank accounts of UPPSD. As a result, production of the manufacturing facility of UPPSD was suspended in the third quarter of 2020, and various banks had withdrawn facilities made available to UPPSD.

In order to help UPPSD revive its operation, provide and ring-fence its working capital for its ongoing manufacturing activities as well as to preserve the operational value of UPPSD, and to assist UPPSD in keeping the jobs of over 900 employees, Xiamen C&D Paper and Shandong Herun (a company wholly owned by Mr. Li Shengfeng, the majority ultimate beneficial owner of Zhejiang Xinshengda), with the support from the local government, agreed to jointly operate the assets of UPPSD on an entrusted basis while they were still in the early stage of considering participating in the restructuring of the Group.

On 24 October 2020, UPPSD, Xiamen C&D Paper and Shandong Herun entered into an entrusted operation agreement, under which, Xiamen C&D Paper and Shandong Herun formed their joint venture Shandong Bairun in November 2020 to carry out manufacturing operation for UPPSD. For further details of the entrusted operation agreement, please refer to the announcement of the Company dated 22 November 2021.

UPPSD Bankruptcy Reorganisation (continued)

On 23 December 2020, UPPSD was informed by the PRC Court, that a bankruptcy application was filed by a creditor of UPPSD, Weifang Red Automation Equipment Co., Ltd* (濰坊瑞德自動化設備有限公司) who was an equipment provider to UPPSD, against UPPSD. UPPSD filed an objection letter to the PRC Court against the bankruptcy application. On 30 December 2020, UPPSD received a civil judgement issued by the PRC Court advising that the bankruptcy application was accepted.

On 13 April 2021, UPPSD made an application to the PRC Court to convert the bankruptcy proceedings into a bankruptcy reorganisation with a view to facilitating a holistic restructuring of the Group involving the Company and UPPSD. On 20 April 2021, the PRC Court approved the conversion of the bankruptcy proceedings of UPPSD into a bankruptcy reorganisation.

On 23 April 2021, the UPPSD Bankruptcy Administrator convened the first creditors' meeting of UPPSD, at which the UPPSD Bankruptcy Administrator had, inter alia, confirmed the claims filed by the creditors against UPPSD.

On 29 July 2021, the UPPSD Bankruptcy Administrator convened the second creditors' meeting of UPPSD, at which the UPPSD Bankruptcy Reorganisation plan was duly approved by the creditors and shareholders of UPPSD.

On 1 August 2021, the PRC Court approved the UPPSD Bankruptcy Reorganisation plan with effect on the same day. Following the PRC Court's approval of the UPPSD Bankruptcy Reorganisation plan, the Entrusted Operation Agreement was terminated and UPPSD had resumed self-operation.

Following the approval of the UPPSD's bankruptcy reorganisation plan, UPPSD has resumed self-operation and continues to engage in the paper manufacturing business with its well-established and integrated production plant located in Shandong province, the PRC.

On 29 September 2021, upon completion of implementation of the UPPSD bankruptcy reorganisation plan, the Bankruptcy Administrator applied to the PRC Court for its confirmation, and verdict on the termination of the UPPSD's bankruptcy reorganisation proceedings. On 11 October 2021, the PRC Court issued a verdict confirming the completion of implementation of the UPPSD's bankruptcy reorganisation plan, and ordered the termination of UPPSD's bankruptcy reorganisation proceedings with effect from 11 October 2021. The PRC Court's verdict was delivered to the Bankruptcy Administrator on the same date.

Financial Review

Revenue from continuing operations
Our revenue increased by approximately 123.5% from approximately HK$550 million for the year ended 31 March 2021 to approximately HK$1,229 million for the year ended 31 March 2022. Such increase was primarily due to the increase in the revenue of the paper manufacturing and trading business of approximately HK$679 million during the year.

Costs of sales from continuing operations
Our costs of sales increased by approximately 87.3% from approximately HK$605 million for the year ended 31 March 2021 to approximately HK$1,132 million for the year ended 31 March 2022. Such increase was in line with the increase in revenue.

Financial Review (continued)

Gross profit from continuing operations
Our gross profit from continuing operations was approximately HK$97 million for the year ended 31 March 2022 as compared to gross loss from continuing operations of approximately HK$55 million for the year ended 31 March 2021. This is mainly attributable to re-consolidation of the deconsolidated core paper manufacturing subsidiary of the Company, UPPSD, in the year ended 31 March 2022 which enhanced the paper manufacturing productivity of the Group.

Our gross (loss)/profit margin were approximately (10.0%) and 7.9% for the years ended 31 March 2021 and 31 March 2022, respectively.

Selling expenses from the continuing operations
Our selling expenses from the continuing operations for the year ended 31 March 2022 amounted to approximately HK$2 million, representing a decrease of approximately 83.2% as compared with approximately HK$13 million for the year ended 31 March 2021. The decrease was primarily attributable to the decrease in transportation cost of approximately HK$9 million during the year.

Administrative expenses from continuing operations
Our administrative expenses from continuing operations increased by approximately 15.0% from approximately HK$96 million for the year ended 31 March 2021 to approximately HK$110 million for the year ended 31 March 2022. Such increase was mainly due to net effect of the increase in research and development expenses of approximately HK$14 million, increase in depreciation of right-of-use assets of approximately HK$2 million, increase in legal and professional fees of approximately HK$24 million and no loss on suspension of operation of a subsidiary (2021: approximately HK$32 million) during the year.

Finance costs from continuing operations
Our finance costs from continuing operations for the year ended 31 March 2022 amounted to approximately HK$8 million, representing a decrease of approximately 20.8% as compared with approximately HK$10 million for the year ended 31 March 2021. Such decrease was in line with the decrease in bank loans and other borrowings during the year.

Income tax credit from continuing operations
No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 March 2022 (2021: Nil).

The Company's PRC subsidiaries are subject to the PRC corporate income tax rate of 25% except as follows. UPPSD, a PRC subsidiary of the Company, was entitled to the preferential tax rate of 15% from years 2016 to 2018, being accredited as a High and New Technology Enterprise according to the PRC Corporate Income Tax Law and its relevant regulations. As UPPSD has renewed the qualification of High and New Technology Enterprise and approved on 28 November 2019 with an effective period of three years starting from 2019, the tax rate used to recognise deferred tax assets and liabilities as at 31 March 2022 was 15% (2021: 15%).

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Financial Review (continued)

Profit/(loss) for the year from continuing operations

The Group recorded profit for the year from continuing operations amounted to approximately HK$472 million for the year ended 31 March 2022 as compared to loss for the year from continuing operations amounted to approximately HK$1,456 million for the year ended 31 March 2021.

Such turnaround was mainly due to the gain on re-consolidation of a deconsolidated subsidiary of approximately HK$466 million, decrease in impairment losses of financial assets of approximately HK$395 million and no impairment losses of property, plant and equipment (2021: approximately HK$775 million) during the year.

Liquidity and Financial Resources

Bank loans and other borrowings

As at 31 March 2022, the Group's bank loans and other borrowings were approximately HK$315 million, representing a decrease of approximately 23.3% as compared with approximately HK$411 million as at 31 March 2021.

Pledge of assets

At 31 March 2022, no asset was pledged as security for the Group's other borrowings.

At 31 March 2021, the carrying amount of property, plant and equipment of approximately HK$17 million was pledged as security for the Group's bank borrowings of approximately HK$9 million.

Gearing ratio

As at 31 March 2022, our gearing ratio was 37.8% as compared with that of (11.3%) as at 31 March 2021. The gearing ratio is calculated by net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and lease liabilities) less bank and cash balances. Total capital is calculated as total equity plus net debt.

Current ratio

As at 31 March 2022, our current ratio was 0.58 times as compared with that of 0.28 times as at 31 March 2021. The current ratio is calculated by current assets divided by current liabilities.

Contingent liabilities

As at 31 March 2022, the Group did not have any material contingent liabilities or guarantees.

Employees, Staff Costs and Training

As at 31 March 2022, we had a total of 837 employees excluding directors (31 March 2021: 71 employees). For the year ended 31 March 2022, the Group incurred staff costs (excluding directors' remuneration) of approximately HK$68 million, representing a decrease of approximately 42.9% as compared with approximately HK$119 million for the year ended 31 March 2021. The decrease was mainly attributable to the decrease in staff costs incurred by the Excluded Subsidiaries during the year. Training for various levels of staff is also undertaken depending on the needs and actual circumstances of the Group.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

As disclosed in the circular of the Company dated 31 December 2021, the Group reorganisation, as part of the restructuring, involved the transfer of the Excluded Subsidiaries to a scheme company for the benefit of the scheme creditors by transferring the entire equity interests of Samson Paper (BVI) Ltd (being the holding company of the Excluded Subsidiaries) held by the Company to the scheme company at a nominal consideration of HK$1.0. The Excluded Subsidiaries were principally engaged in (i) paper trading business; (ii) fast moving consumer goods business; (iii) property investment and development business; and (iv) other businesses including trading of consumable aeronautic parts and the provision of related services, and provision of logistic services and marine services. Upon completion of the Group reorganisation on 26 January 2022, the Excluded Subsidiaries ceased to be subsidiaries or associates of the Company. For further details, please refer to the circular of the Company dated 31 December 2021 and the announcement of the Company dated 26 January 2022.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint venture by the Group during the year ended 31 March 2022.

Principal Risks and Uncertainties

Economic climate
The uncertainty of the COVID-19 pandemic and the adjustment of national industrial policies have become the major bottlenecks that restrict the operation and development of enterprises. The normalised control of the COVID-19 pandemic and the force majeure brought by the uncertainty of the mutation of the COVID-19 pandemic have had a significant impact on the logistics, personnel flow and consumers' purchasing power, which in turn brought a wait-and-see market and sluggish demand. At the same time, the national industrial policies and energy policies have restricted the development of industries with high energy consumption and high emission, such as the coal-fired power industry, resulting in an increase in labour costs, transportation costs and energy costs, thereby restricting the overall development plan and strategic positioning of the Company. The management of the Company will continue to strive for the support of national industrial policies, strengthen itself by expanding its sales channels and product coverage, and strictly control its production costs and finance costs to maintain the Company's competitiveness in the paper making industry.

Customers' credit risk
The Group is exposed to credit risk under its business operations. The Group's business, financial position and results of operations may be adversely affected by material payment delays or defaults by customers.

With a view to minimising the credit risk, management of the Group has delegated a team to be responsible for determination of credit limits, credit approvals and other monitoring procedures. Credit shall only be extended to customers based on careful evaluation of the customers' financial conditions and credit history. Follow-up action is to be taken to recover overdue debts. The Group also reviews the recoverable amount of debt at the end of the reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts.

Details of the customers' credit risk are set out in note 6(b) to the consolidated financial statements.

Liquidity risk
In order to manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed sufficient by management to finance the Group's operations and reduce the effects of fluctuations in cash flows. The management also monitors the utilisation of bank and other borrowing(s) and ensures compliance with the relevant loan covenant(s), where applicable.

Details of the liquidity risk are set out in note 6(c) to the consolidated financial statements.

Principal Risks and Uncertainties (continued)

Foreign exchange risk
The Group's transaction currencies are principally denominated in Renminbi and Hong Kong dollars. The management closely monitors foreign exchange exposure and the Group will hedge foreign currency exposure when considered necessary.

Prospects

Looking forward to 2022, the impact of the COVID-19 pandemic will still exist, as there are uncontrollable factors such as lockdown and travel restrictions caused by the pandemic prevention and control policies. At present, the PRC government is actively exploring more precise pandemic prevention and control policies to reduce the possible economic impact, while actively promoting a more stable economic recovery policy to provide a positive impact on corporate development. By doing so, the Group will continue to promote capacity upgrade, increase capacity through production increase and speed up, equipment upgrade and process optimization. We will also evaluate the feasibility of establishing new capacity to strengthen our market position and competitiveness. By leveraging the abundant resources and industry experience of Xiamen C&D Paper and Zhejiang Xinshengda, introducing advanced management concepts and utilising the advantages of the capital platform in Hong Kong, the Group is gradually approaching the new stage of leaping development.

Change of Financial Year End Date

The Board has resolved to change the financial year end date of the Company from 31 March to 31 December. Accordingly, the forthcoming financial year end date of the Company will be 31 December 2022 and the next audited consolidated financial statements of the Company will be for the period of nine months from 1 April 2022 to 31 December 2022.

The change of the financial year end date of the Company is to align the financial year end date of the Company with (i) that of the indirect controlling shareholder of the Company, being Xiamen C&D Inc. (廈門建發股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153.SH), and (ii) that of the principal operating subsidiary of the Company, being Universal Pulp & Paper (Shandong) Co. Ltd.* (遠通紙業(山東)有限公司), which is statutorily required to fix its financial year end date at 31 December in the People's Republic of China. The Board considers that the change of the financial year end date will better facilitate the preparation of the consolidated financial statements of the Group.

For further details, please refer to the announcement of the Company dated 30 June 2022.

Subsequent Events after the Financial Year End Date

The Group has no significant events occurred from 1 April 2022 to the date of this annual report which require additional disclosures.

The biographical details of the Directors, senior management and company secretaries are set out below:

Executive Directors

Mr. Shi Yaofeng (施姚峰), aged 46, is an executive Director and the chief executive officer of the Company, director of Greater Paper Development Limited ("SPV1"), executive director and general manager of Greater Paper (Shenzhen) Paper Development Company Limited* (偉紙（深圳）紙業發展有限公司) ("SPV2"), the executive director of Universal Pulp & Paper (Shandong) Co., Ltd.* (遠通紙業（山東）有限公司) ("UPPSD") and executive director of Shandong Yuantong Renewable Resources Recycling Company Limited* (山東遠通再生資源回收有限公司) ("SDYTRRR"). Each of SPV1, SPV 2, UPPSD and SDYTRRR is a wholly-owned subsidiary of the Company.

Mr. Shi has over 20 years of experience in supply chain operation and management in the paper and pulp industry. Mr. Shi graduated from the Ningbo University (寧波大學) in July 1997 with a major in economics management. From August 1997 to July 1998, Mr. Shi joined Ningbo Boyang Textile Co., Ltd Changsha Office* (寧波博洋紡織有限公司長沙辦事處), and from August 1998 to November 2003, he worked at Hangzhou Jinguang Paper Co., Ltd.* (杭州金光紙業有限公司). In December 2003, Mr. Shi joined Xiamen C&D Paper, and was later promoted to the position of deputy general manager, where he is responsible for overseeing the company's paper business department.

Mr. Huang Tiansheng (黃田勝), aged 41, is an executive Director and a supervisor of each of SPV2, UPPSD and SDYTRRR.

Mr. Huang has over 15 years of experience in managing the supply chain of paper industry. Mr. Huang joined Xiamen C&D Paper in August 2002, where he has been responsible for the management of the supply of paper products in Guangdong Province and Zhejiang Province of the PRC. He was promoted to assistant general manager in January 2016, and he is currently responsible for the development and operation of the paper products of Xiamen C&D Paper in the Eastern China area.

Mr. Huang obtained his bachelor degree in economics from Hangzhou Business College (杭州商學院) (now known as Zhejiang Gongshang University (浙江工商大學)) in July 2002, where he was majored in international trade.

Ms. Shi Chenye (施晨燁), aged 38, is an executive Director and the vice chief executive officer of the Company.

Ms. Shi has over 13 years of experience in sales and marketing in different industries including the manufacturing industry. From January 2016 to present, she has been the president of the Zhejiang Xinshengda Group. Ms. Shi obtained a bachelor degree of management from Macao Polytechnic Institute in July 2006.

Non-executive Directors

Mr. Cheng Dongfang (程東方), aged 43, is a non-executive Director, the chairman of the Board, a member of each of the nomination committee of the Board and the remuneration committee of the Board, and an authorised representative of the Company.

Mr. Cheng has over 20 years of operational and management experience in the paper and pulp industry. In 2000, Mr. Cheng joined Xiamen C&D Inc. as a business salesperson and was promoted to the position of assistant general manager of Xiamen C&D Paper (previously known as Xiamen C&D Packaging Co.* (廈門建發包裝有限公司)), responsible for overseeing the operation and management of the company's paper manufacturing business. In January 2014, Mr. Cheng was promoted to the position of general manager of Xiamen C&D Paper, and was responsible for the company's strategic planning, business development, company operations etc. In April 2022, he was further promoted to the position of vice general manager of Xiamen C&D Inc.

Mr. Cheng graduated from Nanjing University of Science & Technology (南京理工大學) in July 2000. He is also the vice chairman of China Paper Association (中國造紙協會) and the honorary chairman of Xiamen Printing Association (廈門印刷協會).

Mr. Li Shengfeng (李勝峰), aged 43, is a non-executive Director.

Mr. Li has around 16 years' experiences in the paper manufacturing industry. In 2003, Mr. Li founded and acted as the general manager of Hangzhou Fuyang Shengda Paper Co., Ltd.* (杭州富陽勝大紙業有限公司). In over 10 years' time, Mr. Li has, both in his own name and through Zhejiang Xinshengda, acquired 12 companies, including Hangzhou Fengda Paper Co., Ltd.* (杭州豐達紙業有限公司), Hangzhou Fuyang Hualong Paper Co., Ltd.* (杭州富陽華隆紙業有限公司) and Zhejiang Wenfeng Paper Co., Ltd.* (浙江文豐紙業有限公司). Mr. Li also became the shareholder of 7 companies, including Hangzhou Fuyang Maohong Paper Co., Ltd.* (杭州富陽茂宏紙業有限公司), Hangzhou Fuyang Tiandi Paper Manufacturing Co., Ltd.* (杭州富陽天地造紙實業有限公司) and Hangzhou Fengshou Paper Co., Ltd.* (杭州豐收紙業有限公司). In 2016, Mr. Li founded Zhejiang Xinshengda, a company that integrates, amongst others, paper manufacturing, chemical engineering, import and export trade. Mr. Li is also the controlling shareholder of Zhejiang Xinshengda. Mr. Li currently serves as the legal representative, executive director and general manager of Zhejiang Xinshengda. Mr. Li was appointed as the executive committee member of Hangzhou Fuyang District Federation of Industry and Commerce (杭州市富陽區工商聯合會) in 2016 and the chairman of the Chunjiang Chamber of Commerce of Hangzhou Fuyang District (杭州市富陽區春江商會) in December 2017. In 2018, Mr. Li established a paper manufacturing industrial park in Malaysia, realising the strategy of domestic and international dual-track operation.

Non-executive Directors (continued)

Mr. Choi Wai Hong, Clifford (蔡偉康), aged 64, is a non-executive Director and a member of the audit committee of the Board.

He was appointed as an independent non-executive Director on 16 July 2020. On 21 May 2021, Mr. Choi was re-designated as an executive Director. He was subsequently re-designated from an executive Director to a non-executive Director with effect from 26 January 2022.

Mr. Choi obtained a finance degree in finance and accounting from The Victoria University of Manchester, United Kingdom, in 1982. Mr. Choi is a member of (i) The Hong Kong Institute of Certified Public Accountants; (ii) The Institute of Chartered Accountants in England and Wales; (iii) The Association of Chartered Certified Accountants; and (iv) The Taxation Institute of Hong Kong. Mr. Choi currently holds the HKICPA Practising Certificate.

Mr. Choi joined Pricewaterhouse (currently known as PricewaterhouseCoopers) in Hong Kong since January 1983 and departed in July 1992 with his last position as manager. He was subsequently a general manager in DCH MSC (China) Limited, NHK Distribution Company Limited and Porsche Centre Hangzhou from July 1992 to June 1999, July 1999 to December 2003 and January 2004 to August 2012, respectively. He then joined Princess Yacht Southern China Limited as a chief executive officer from September 2012 to November 2012 and later on as a director in the NHK Yacht Services division of NHK Distribution Company Limited from December 2012 to August 2017. Mr. Choi then joined Beijing Glory Star Centre Automotive Sales and Service Company Limited (北京極光星徽汽車銷售服務有限公司) as its general manager from September 2017 to January 2018. He re-joined NHK Distribution Company Limited since 2003 and currently serves as its director. Mr. Choi served as an executive director and an authorised representative of Arta TechFin Corporation Limited (formerly known as Freeman FinTech Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 279) from 19 November 2020 to 29 October 2021, and also served as a non-executive director of Silk Road Logistics Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 988) from 4 June 2021 to 14 December 2021. Mr. Choi served as an independent non-executive director of Bolina Holding Co., Ltd, which was incorporated in the Cayman Islands with limited liability and was delisted from the Main Board of the Stock Exchange on 10 March 2021, from 29 January 2021 to 10 March 2021. Mr. Choi is a non-executive director and an authorised representative of Xinming China Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2699) from 16 April 2021 and 25 November 2021, respectively; an independent non-executive director of South Shore Holdings Limited (Provisional Liquidators Appointed), a company listed on the Main Board of the Stock Exchange (stock code: 577) from 18 May 2021, and an independent non-executive director of DreamEast Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 593) from 10 December 2021.

Independent Non-executive Directors

Mr. Zhao Lin (趙琳), aged 58, is an independent non-executive Director and the chairman of each of the Nomination Committee and the Remuneration Committee. He will be responsible for overseeing the Group's management independently and providing independent advice to the Board.

Mr. Zhao has over 36 years of experience in the paper and pulp manufacturing industry. In 1985, he joined Yibin Paper Industry Co., Ltd. (宜賓紙業股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600793) as an assistant engineer, where he last served as the general manager and vice-chairman. From 2004 to 2021, Mr. Zhao worked for Sichuan Youfun Paper Group (四川永豐紙業集團), where he successively served as the general manager of Sichuan Yongfeng Plasm Paper Co., Ltd. (四川永豐漿紙股份有限公司), and the general manager and chairman of the board of Luzhou Yongfeng County Pulp & Paper Co., Ltd. (瀘州永豐漿紙有限責任公司). Currently, Mr. Zhao is the head engineer of Taison Technology (Group) Co., Ltd. (泰盛科技 (集團) 股份有限公司).

Mr. Zhao obtained a bachelor degree of engineering from the Shanxi University of Science & Technology (陝西科技大學) (formerly known as North West Light Industry College (西北輕工業學院)) in 1985, where he majored in pulp and paper manufacturing. Mr. Zhao obtained the professorate senior engineer qualification in 2013. He became a member of China Technical Association of Paper Industry (中國造紙學會) and China Paper Association (中國造紙協會) in 1987 and 1988 respectively. Currently, he is an expert committee member and council member in China Paper Association (中國造紙協會) and a member of the Chinese People's Political Consultative Conference Sichuan Committee (中國人民政治協商會議四川省委員會).

Mr. Wong Yiu Kit, Ernest (黃耀傑), aged 54, is an independent non-executive Director and the chairman of the Audit Committee. He will be responsible for overseeing the Group's management independently and providing independent advice to the Board.

Mr. Wong has accumulated over 20 years of experience in venture capital, corporate finance and management. He was the vice president of Vertex Management (HK), an international venture capital firm in Singapore, from July 2000 to October 2002. He worked at Hong Kong Applied Science and Technology Research Institute Company Limited from November 2002 to April 2008, where he last served as the chief financial officer. He was an executive director of Adamas Finance Asia Limited (formerly known as China Private Equity Investment Holdings Limited) ("Adamas Finance"), a company whose shares are listed on the London Stock Exchange (stock code: ADAM) and the Frankfurt Stock Exchange (stock code: 1CP1), from May 2008 to February 2014 and a non-executive director of Adamas Finance from February 2014 to June 2019. From October 2014 to August 2019, he worked for KVB Kunlun Financial Group Limited (now known as CLSA Premium Limited) ("Kunlun Financial"), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 6877), as the chief financial officer and the company secretary. During the period from May 2018 to August 2019, he was concurrently an executive director of Kunlun Financial. He is currently the president and the group chief financial officer of KVB Holdings Limited.

From February 2017 to August 2019, he was an independent non-executive director of China Regenerative Medicine International Limited, a company whose shares are listed on GEM of the Stock Exchange (stock code: 8158). From July 2014 to July 2020, he was an independent non-executive director of HongDa Financial Holding Limited (now known as China Wood International Holding Co., Limited), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1822). From October 2011 to June 2022, he was an independent non-executive director of RENHENG Enterprise Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 3628).

Independent Non-executive Directors (continued)

He is currently an independent non-executive director of each of Progressive Path Group Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1581), Aidigong Maternal & Child Health Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 286), Goldstone Investment Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 901) and Kwong Luen Engineering Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1413).

Mr. Wong obtained a bachelor's degree in business administration from The University of Hong Kong in 1991, a master's degree of science in investment management from The Hong Kong University of Science and Technology in 1998, a master's degree of science in electronic engineering from The Chinese University of Hong Kong in 2008, and a master's degree in management from Saïd Business School of Oxford in 2020.

Mr. Wong was admitted as a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants in November 1999 and October 2002, respectively. He was admitted as a chartered financial analyst of the Institute of Chartered Financial Analysts in September 1998 and an associate member of the Institute of Chartered Accountants in England and Wales in January 2008. He is also acting as the court member of The University of Hong Kong, the global court member of the Association of Chartered Certified Accountants, the immediate past chairman of the Hong Kong Committee of Association of Chartered Certified Accountants, the former president of the Hong Kong University Graduates Association, the former deputy chairman of the HKU Convocation, and a former executive director of the CFA Hong Kong.

Mr. Lam John Cheung-wah (藍章華), aged 67, is an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Lam has substantial experience in the banking industry. From 1991 to 2005, he held various senior positions at Hongkong Bank of Canada (currently known as HSBC Bank Canada), HSBC California and Hang Seng Bank Limited. He subsequently worked at Dah Sing Bank, Limited from September 2005 to February 2012 with his last position as an Executive Director, Head of Retail Banking. After that, Mr. Lam acted as the Vice Chairman and an Executive Director of Nan Fung Property Holdings Limited in China Property Division between February 2013 and December 2021, and he has served as their consultant since January 2022.

Mr. Lam was a non-executive director of Hong Kong Aerospace Technology Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1725), from October 2021 to July 2022. He is currently an independent non-executive director of Wing Lee Property Investments Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 864), since February 2013.

He graduated from Ryerson Polytechnical Institute (currently known as Ryerson University) in Toronto, Canada in June 1988 where he received his bachelor of business management degree. He is a Fellow of the Institute of Canadian Bankers and a Fellow of Royal Institution of Chartered Surveyors. He was a member of the Chinese People's Political Consultative Conference Guangzhou Committee.

Senior Management

Mr. Lu Zhiwen (盧志文), aged 44, is the chief financial officer of the Company. Mr. Lu has over 20 years of experience in financial management. He joined the Xiamen C&D Group in August 2000, where he took the position of chief financial officer for a number of members of the Xiamen C&D Group, including Xiamen C&D Logistics Co., Ltd. (廈門建發物資有限公司), Xiamen C&D Metal Co., Ltd. (廈門建發金屬有限公司), Cheongfuli (Xiamen) Co., Ltd. (昌富利 (廈門) 有限公司). From 2018 to present, Mr. Lu has been acting as the chief financial officer of Xiamen C&D Paper. Mr. Lu graduated from the accounting major of Hunan University in June 2000. He obtained the senior accountant qualification in August 2016.

Joint Company Secretaries

Dr. Wong Chi Ho, Raymond (黃志豪), aged 50, is a joint company secretary and an authorised representative of the Company. Dr. Wong has over 20 years of experience of advising corporate and commercial law with particular focus on capital markets, public takeovers, mergers and acquisitions, corporate restructuring and regulatory compliance. Dr. Wong is the managing partner of the Hong Kong office of Seyfarth Shaw, an international law firm. Before joining Seyfarth Shaw in 2017, Dr. Wong had been a partner in several international law firms. He acted as the joint company secretary of China Golden Classic Group Limited, a company whose shares are listed on the GEM of the Stock Exchange (stock code: 8281) from August 2018 to August 2021.

Dr. Wong graduated from Imperial College London with a Bachelor of Engineering degree in Electrical and Electronic Engineering in August 1994. He also obtained a Master of Arts degree in Law from City, University of London in March 2000, a Master of Laws degree in Chinese Law from The University of Hong Kong in December 2003 and a Doctor of Laws degree in Economic Law from East China University of Political Science and Law in December 2019.

Ms. Li Jing (李晶), aged 35, is a joint company secretary of the Company. Ms. Li joined Xiamen C&D Paper in July 2011 and she is currently working in the investment management department of Xiamen C&D Paper. Ms. Li obtained a bachelor of engineering degree in machine design, manufacturing and automation from Jimei University (集美大學) in July 2009. She then obtained a master of science degree in industrial engineering from the Oregon State University in June 2011. In June 2021, Ms. Li finished all the courses for a master of business administration degree provided by Xiamen University (廈門大學). Ms. Li obtained the intermediate qualification in business administration in December 2013.

The Company is committed to maintaining and promoting high corporate governance standards. The Board believes that high corporate governance standards are important for the long-term success and sustainability of the Group's business, enhancing corporate value, transparency and accountability as well as protecting the interests of the Shareholders.

The new Corporate Governance Code has come into effect on 1 January 2022. The Company has adopted the principles and code provisions as set out in the new Corporate Governance Code in Appendix 14 to the Listing Rules. The requirements under the new Corporate Governance Code will apply to corporate governance reports for financial year commencing on or after 1 January 2022.

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the year under review, in compliance with the Listing Rules and the code provisions (the "Code Provision(s)") under the former Corporate Governance Code (the "Former CG Code") as set out in Appendix 14 to the Listing Rules, save for deviations as disclosed below. The major corporate governance principles and practices of the Company are summarised as below.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure they comply with statutory and professional standards and align with the latest development.

Board of Directors

The Board oversees the Group's businesses, strategic decisions and financial performance. It leads and provides direction to management by laying down strategies and overseeing the implementation by management.

The executive Directors, chief executive and senior management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and responsibilities are periodically reviewed by the Board to ensure that they remain appropriate. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers on behalf of the Group.

The Board has also established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties.

All Directors have brought extensive experience, knowledge and professionalism to the Board for its efficient and effective functioning. They have full and timely access to all information of the Company, and may upon request seek independent professional advice where appropriate at the Group's expenses for discharging their duties to the Company. The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is devoting sufficient time performing them. The Company has also arranged insurance coverage on Directors' and officers' liabilities in respect of any legal action taken against them arising out of corporate activities. The directors and officers liability insurance coverage would be reviewed on an annual basis.

The Board reserves for its discretion on matters affecting the Group's overall strategic policies and finances including financial statements, dividend policy, significant changes in accounting policy, material contracts and major investments.

Board of Directors (continued)

Board composition
The Board currently comprises nine Directors, of which three are executive Directors, three are non-executive Directors and three are independent non-executive Directors. The members of the Board are listed as follows:

Executive Directors
Mr. Shi Yaofeng *(chief executive officer)* (appointed with effect from 26 January 2022)
Mr. Huang Tiansheng (appointed with effect from 26 January 2022)
Ms. Shi Chenye *(vice chief executive officer)* (appointed with effect from 26 January 2022)
Mr. Lau Wai Leung, Alfred (re-designated from independent non-executive Director to executive Director with effect from 21 May 2021 and resigned with effect from 26 January 2022)
Mr. Lee Seng Jin (resigned with effect from 20 May 2021)
Ms. Sham Yee Lan (resigned with effect from 20 May 2021)

Non-executive Directors
Mr. Cheng Dongfang *(chairman of the Board)* (appointed with effect from 26 January 2022)
Mr. Li Shengfeng (appointed with effect from 26 January 2022)
Mr. Choi Wai Hong, Clifford (re-designated from independent non-executive Director to executive Director with effect from 21 May 2021 and re-designated from executive Director to non-executive Director with effect from 26 January 2022)

Independent non-executive Directors
Mr. Zhao Lin (appointed with effect from 26 January 2022)
Mr. Wong Yiu Kit, Ernest (appointed with effect from 26 January 2022)
Mr. Lam John Cheung-wah (appointed with effect from 20 May 2022)
Ms. Cho Mei Ting (appointed with effect from 26 January 2022 and resigned with effect from 20 May 2022)
Mr. Leung Vincent Gar-gene (resigned with effect from 26 January 2022)

The list of Directors and their roles and functions is disclosed on the websites of the Company and the Stock Exchange by the Company from time to time pursuant to the Listing Rules. The biographies of the Directors are set out in the section headed "Biographies of Directors, senior management and company secretaries" in this annual report.

Rule 3.10(1) of the Listing Rules stipulates that every board of directors of a listed issuer must include at least three independent non-executive directors. Rule 3.21 of the Listing Rules stipulates that, among others, the audit committee must comprise a minimum of three members, and the audit committee must be chaired by an independent non-executive director. Rule 3.25 of the Listing Rules provides that an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors. Code Provision A.5.1 of the Former CG Code stipulates that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

Board of Directors (continued)

Board composition (continued)

Upon resignation of each of Mr. Lee Seng Jin and Ms. Sham Yee Lan as executive Director with effect from 20 May 2021 and the re-designation of each of Mr. Choi Wai Hong, Clifford and Mr. Lau Wai Leung, Alfred from independent non-executive Director to executive Director with effect from 21 May 2021, the number of independent non-executive Directors and the members of Audit Committee fell below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules. In addition, the number of members of each of the Remuneration Committee and the Nomination Committee no longer comprised a majority of independent non-executive Directors required under Rule 3.25 of the Listing Rules and under code provision A.5.1 of the Former CG Code contained in Appendix 14 to the Listing Rules. The Company identified suitable candidates to fill the vacancies in January 2022, which was more than three months from 21 May 2021 as required under Rules 3.11, 3.23 and 3.27 of the Listing Rules. Following the appointment of Mr. Zhao Lin, Mr. Wong Yiu Kit, Ernest and Ms. Cho Mei Ting as independent non-executive Directors with effect from 26 January 2022, Rule 3.10(1) of the Listing Rules has been re-complied. Following the appointment of Mr. Choi Wai Hong, Clifford (being the non-executive Director) and Ms. Cho Mei Ting (being the former independent non-executive Director) as members of the Audit Committee and Mr. Wong Yiu Kit, Ernest (being the independent non-executive Director) as chairman of the Audit Committee, Rule 3.21 of the Listing Rules has been recomplied. Following the appointment of Mr. Cheng Dongfang (being the non-executive Director) and Ms. Cho Mei Ting (being the former independent non-executive Director) as members of Remuneration Committee and Mr. Zhao Lin (being the independent non-executive Director) as chairman of the Remuneration Committee, Rule 3.25 of the Listing Rules has been complied with. Following the appointment of Mr. Cheng Dongfang (being the non-executive Director) and Ms. Cho Mei Ting (being the former independent non-executive Director) as members of the Nomination Committee and Mr. Zhao Lin (being the independent non-executive Director) as chairman of the Nomination Committee, Code Provision A.5.1 of the Former CG Code has been complied with. For further details, please refer to the announcements of the Company dated 21 May 2021 and 26 January 2022.

Save as disclosed above, the Board has met the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors representing at least one-third of the Board, with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise during the year ended 31 March 2022.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent.

Chairman and chief executive officer

Code provision A.2.1 of the Former CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Since 9 December 2019 and prior to the resignation of Mr. Lee Seng Jin with effect from 20 May 2021, Mr. Lee Seng Jin was the chairman and chief executive officer. The primary role of the chairman is to provide leadership for the Board, and the primary role of the chief executive officer is to take up responsibilities over business direction and operational decisions of the Group. As the roles of both chairman and chief executive officer were performed by Mr. Lee Seng Jin, the Group deviated from the code provision. Nonetheless, the Board considered that the vesting of roles of chairman and chief executive officer on the same person was beneficial to the management of the Group for effective execution of long-term strategies. The then independent non-executive Directors, namely Mr. Choi Wai Hong, Clifford, Mr. Lau Wai Leung, Alfred and Mr. Leung Vincent Gar-gene, provided independent and professional opinions on matters proposed at the meetings of the Board, which was sufficient to ensure check and balance of power on the Board.

Since 26 January 2022, the position of chairman has been held by Mr. Cheng Dongfang and chief executive officer has been held by Mr. Shi Yaofeng, which is in compliance with the code provision.

Board of Directors (continued)

Appointment and re-election of Directors
Each of the existing executive Directors, non-executive Directors and independent non-executive Directors has entered into a director's service contract with the Company dated 28 December 2021 for an initial term of three years commencing on the date of Resumption subject to termination by either party giving three months' written notice and the terms set out therein.

All Directors hold office subject to provision of retirement and rotation of directors under the Bye-Laws.

Pursuant to the Bye-laws, subject to the manner of retirement by rotation of Directors as from time to time prescribed under the Listing Rules, at each annual general meeting ("AGM"), one-third of the Directors for the time being (of if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Bye-Law 91 shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Pursuant to the Bye-Laws, Mr. Shi Yaofeng, Ms. Shi Chenye and Mr. Zhao Lin shall retire at the upcoming annual general meeting of the Company. All the said Directors are eligible for re-election and have indicated that they will offer themselves for re-election at the upcoming annual general meeting of the Company. The Board and the Nomination Committee recommended the re-appointment of said Directors standing for re-election at the upcoming annual general meeting. For further details, please refer to the circular of the Company, which shall be despatched together with this annual report.

Board meetings
For the year ended 31 March 2022, the Board performed, by means of meetings and/or written resolutions, the following major duties, among other things:

i. discussed and approved the overall strategies and policies of the Company;

ii. reviewed and approved the unaudited interim results of the Group for the six months ended 30 September 2021;

iii. reviewed and approved the audited annual results of the Group for the year ended 31 March 2021;

iv. reviewed and approved the unaudited interim results of the Group for the six months ended 30 September 2020;

v. reviewed and approved the audited annual results of the Group for the year ended 31 March 2020;

vi. reviewed the risk management and internal control systems of the Group.

Board of Directors (continued)

Continuous professional development of Directors

Directors shall keep abreast of the latest developments in areas, including laws and regulations, the Listing Rules, as well as industry-specific and innovative changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction is supplemented by visit(s) to the key place(s) of business of the Group and meetings with senior management of the Company, where appropriate.

Pursuant to code provision A.6.5 of the Former CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. The existing Directors are continually updated with legal and regulatory developments as well as the business and market changes to refresh their knowledge and skills and to facilitate the discharge of their responsibilities. The Company arranges continuous professional development trainings and provide reading materials on relevant topics for Directors whenever necessary at the Company's expenses.

The existing and former Directors' continuous professional records of training relevant to (i) the Company's industry, strategies and business, (ii) director's duties and/or corporate governance, (iii) financial reporting and risk management, and/or (iv) legislative and regulatory compliance for the year ended 31 March 2022 are summarised as follows:

Name of Directors	Attended training, briefings, seminars, conferences and workshops	Read news alerts, newspapers, journals, magazines and publications
Executive Directors		
Mr. Shi Yaofeng(Note 1)	√	√
Mr. Huang Tiansheng(Note 1)	√	√
Ms. Shi Chenye(Note 1)	√	√
Mr. Lau Wai Leung, Alfred(Note 2)	√	√
Mr. Lee Seng Jin(Note 3)	N/A	N/A
Ms. Sham Yee Lan(Note 3)	N/A	N/A
Non-executive Directors		
Mr. Cheng Dongfang(Note 4)	√	√
Mr. Li Shengfeng(Note 4)	√	√
Mr. Choi Wai Hong, Clifford(Note 5)	√	√
Independent non-executive Directors		
Mr. Zhao Lin(Note 6)	√	√
Mr. Wong Yiu Kit, Ernest(Note 6)	√	√
Ms. Cho Mei Ting(Note 6)	√	√
Mr. Lam John Cheung-wah(Note 7)	N/A	N/A
Mr. Leung Vincent Gar-gene(Note 8)	√	√

Board of Directors (continued)

Continuous professional development of Directors (continued)
Notes:

1. Mr. Shi Yaofeng, Mr. Huang Tiansheng and Ms. Shi Chenye were appointed as executive Directors with effect from 26 January 2022.

2. Mr. Lau Wai Leung, Alfred was re-designated from independent non-executive Director to executive Director with effect from 21 May 2021. He resigned from his position as executive Director with effect from 26 January 2022.

3. Mr. Lee Seng Jin and Ms. Sham Yee Lan resigned from their position as executive Director with effect from 20 May 2021.

4. Mr. Cheng Dongfang and Mr. Li Shengfeng were appointed as non-executive Directors with effect from 26 January 2022.

5. Mr. Choi Wai Hong, Clifford was re-designated from independent non-executive Director to executive Director with effect from 21 May 2021 and from executive Director to non-executive Director with effect from 26 January 2022.

6. Mr. Zhao Lin, Mr. Wong Yiu Kit, Ernest and Ms. Cho Mei Ting were appointed as independent non-executive Directors with effect from 26 January 2022. Ms. Cho Mei Ting resigned from her position as an independent non-executive Director with effect from 20 May 2022.

7. Mr. Lam John Cheung-wah was appointed as an independent non-executive Director with effect from 20 May 2022.

8. Mr. Leung Vincent Gar-gene resigned from his position as independent non-executive Director with effect from 26 January 2022.

Board Committees

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. Each committee has been delegated responsibilities and reports back to the Board. The roles and functions of these committees are set out in their respective terms of reference, which are available at the websites of the Company and the Stock Exchange. The terms of reference of each of these committees will be revised from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the Corporate Governance Code where applicable.

Audit Committee
The Audit Committee has been established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code.

The Audit Committee comprised three members, all being the former independent non-executive Directors, namely Mr. Choi Wai Hong, Clifford, Mr. Lau Wai Leung Alfred and Mr. Leung Vincent Gar-gene. Mr. Choi Wai Hong, Clifford was the chairman of the Audit Committee.

Subsequently, Mr. Choi Wai Hong, Clifford and Mr. Lau Wai Leung Alfred ceased to be a member of the Audit Committee following their re-designation as executive Directors with effect from 21 May 2021.

With effect from 26 January 2022, the Audit Committee comprised three members, including one non-executive Director and two independent non-executive Directors, namely Mr. Choi Wai Hong, Clifford, Mr. Wong Yiu Kit, Ernest and Ms. Cho Mei Ting. Mr. Wong Yiu Kit, Ernest, who possessed the appropriate professional qualification or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules, became the chairman of the Audit Committee.

Board Committees (continued)

Audit Committee (continued)
Following Ms. Cho Mei Ting's resignation with effect from 20 May 2022, the Audit Committee currently comprises three members, including one non-executive Director and two independent non-executive Directors, namely Mr. Choi Wai Hong, Clifford, Mr. Wong Yiu Kit, Ernest and Mr. Lam John Cheung-wah. Mr. Wong Yiu Kit, Ernest remains as the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the Corporate Governance Code. The main duties of the Audit Committee include (i) monitoring the integrity of the financial statements, (ii) reviewing the effectiveness of internal controls, risk management systems, scope of audit and arrangements for employees of the Company to raise concerns about possible wrongdoing in financial reporting or other matters, (iii) considering and making recommendations to the Board in relation to the appointment of external auditor, and (iv) making recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

During the year ended 31 March 2022, the Audit Committee held two meetings and performed the following major duties, among other things:

i. reviewed the interim report for the six months ended 30 September 2021, the unaudited interim results of the Group for the six months ended 30 September 2021 and relevant accounting principles and practices adopted by the Group;

ii. reviewed the annual report for the year ended 31 March 2021, including the corporate governance report, the environmental, social and governance report, directors' report and financial statements;

iii. reviewed the audited annual results of the Group for the year ended 31 March 2021 and relevant accounting principles and practices adopted by the Group;

iv. reviewed the interim report for the six months ended 30 September 2020, the unaudited interim results of the Group for the six months ended 30 September 2020 and relevant accounting principles and practices adopted by the Group;

v. reviewed the annual report for the year ended 31 March 2020, including the corporate governance report, the environmental, social and governance report, directors' report and financial statements;

vi. reviewed the audited annual results of the Group for the year ended 31 March 2020 and relevant accounting principles and practices adopted by the Group;

vii. discussed matters with respect to effectiveness of the Company's financial reporting system, the system of internal control in operation, risk management system and associated procedures within the Group with senior management members and external auditor;

viii. reviewed the risk management and internal control systems of the Group;

ix. reviewed the status of compliance with the Corporate Governance Code, the Listing Rules and relevant laws by the Group.

The Audit Committee considers that the annual financial results for the year ended 31 March 2022 are in compliance with the relevant accounting standards, rules and regulations, and appropriate disclosures have been duly made.

Board Committees (continued)

Audit Committee (continued)
The Audit Committee also met the external auditors once without the presence of the executive Directors to discuss audit and financial reporting matters. The Audit Committee is satisfied with the independence and engagement of the external auditor, RSM Hong Kong, and has recommended its re-appointment.

Remuneration Committee
The Remuneration Committee has been established with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code.

The Remuneration Committee comprised four members, being one former executive Director and three former independent non-executive Directors, namely Mr. Lee Seng Jin, Mr. Choi Wai Hong, Clifford, Mr. Lau Wai Leung, Alfred and Mr. Leung Vincent Gar-gene. Mr. Lau Wai Leung, Alfred was the chairman of the Remuneration Committee.

Subsequently, Mr. Lee Seng Jin ceased to be a member of the Remuneration Committee following his resignation with effect from 20 May 2021, and Mr. Lau Wai Leung, Alfred ceased to be the chairman but remain as a member of the Remuneration Committee following his re-designation from independent non-executive Director to executive Director with effect from 21 May 2021. As a result of the above and Mr. Choi Wai Hong's re-designation as an executive Director, the Remuneration Committee comprised three members, being two former executive Directors and one former independent non-executive Director, namely Mr. Choi Wai Hong, Clifford, Mr. Lau Wai Leung, Alfred and Mr. Leung Vincent Gar-gene, with effect from 21 May 2021.

With effect from 26 January 2022, the Remuneration Committee comprised three members, including one non-executive Director and two independent non-executive Directors, namely Mr. Cheng Dongfang, Mr. Zhao Lin and Ms. Cho Mei Ting. Mr. Zhao Lin became the chairman of the Remuneration Committee.

Following Ms. Cho Mei Ting's resignation with effect from 20 May 2022, the Remuneration Committee currently comprises three members, including one non-executive Director and two independent non-executive Directors, namely Mr. Cheng Dongfang, Mr. Zhao Lin and Mr. Lam John Cheung-wah. Mr. Zhao Lin remains as the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the Corporate Governance Code. The primary functions of the Remuneration Committee include (i) determining the total individual remuneration package of each executive Director and other senior executives, and (ii) reviewing the ongoing appropriateness of the remuneration policy.

The emoluments paid or payable to the Directors during the year ended 31 March 2022 are set out in Note 15 to the consolidated financial statements in this annual report.

Board Committees (continued)

Remuneration Committee (continued)
Pursuant to code provision B.1.5 of the Former CG Code, the annual remuneration of members of senior management (including Directors) by band for the year ended 31 March 2022 is set out as follows:

Annual remuneration bands	Number of individuals
HK$0 to HK$500,000	8
HK$500,001 to HK$1,000,000	3
HK$1,000,001 or above	2

For further details of the remuneration for the year ended 31 March 2022, please refer to Note 41 to the consolidated financial statements contained in this annual report.

Nomination Committee
The Nomination Committee has been established with written terms of reference in compliance with the Corporate Governance Code.

The Nomination Committee comprised three members, being one former executive Director and two former independent non-executive Directors, namely Mr. Lee Seng Jin, Mr. Lau Wai Leung, Alfred and Mr. Leung Vincent Gar-gene. Mr. Lee Seng Jin was the chairman of the Nomination Committee.

Subsequently, Mr. Lee Seng Jin ceased to be the chairman of the Nomination Committee following his resignation with effect from 20 May 2021. In replacement of Mr. Lee Seng Jin, Mr. Choi Wai Hong, Clifford was appointed as the chairman of the Nomination Committee with effect from 21 May 2021. As a result of the above and the re-designation of each of Mr. Choi Wai Hong, Clifford and Mr. Lau Wai Leung, Alfred from independent non-executive Director to executive Director, the Nomination Committee comprised three members, being two former executive Directors and one former independent non-executive Director, namely Mr. Choi Wai Hong, Mr. Lau Wai Leung, Alfred and Mr. Leung Vincent Gar-gene, with effect from 21 May 2021.

With effect from 26 January 2022, the Nomination Committee comprised three members, including one non-executive Director and two independent non-executive Directors, namely Mr. Cheng Dongfang, Mr. Zhao Lin and Ms. Cho Mei Ting. Mr. Zhao Lin became the chairman of the Nomination Committee.

Following Ms. Cho Mei Ting's resignation with effect from 20 May 2022, the Nomination Committee currently comprises three members, including one non-executive Director and two independent non-executive Directors, namely Mr. Cheng Dongfang, Mr. Zhao Lin and Mr. Lam John Cheung-wah. Mr. Zhao Lin remains as the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the Corporate Governance Code. The principal duties of the Nomination Committee include (i) reviewing the structure, size and composition of the Board and making recommendations to the Board regarding any proposed changes, (ii) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the chairman and the chief executive officer), and (iii) assessing the independence of independent non-executive Directors.

The procedures for the appointment, re-election and removal of directors are set out in the Bye-Laws. The Nomination Committee will identify individuals suitably qualified to become Directors and make recommendations to the Board on the selection of individuals nominated for directorships.

Directors' Remuneration Policy

The Company's remuneration policy is primarily based on (i) the responsibilities of the role, (ii) the skills, knowledge and experience of the individual, (iii) the time commitment required of the role, (iv) the prevailing market rate of companies of comparable size and/or business, and (v) the performance of the Group and individuals concerned. It is subject to periodic review to ensure that the Company offers rewards that secure and retain high calibre individuals.

Board Diversity Policy and Nomination Policy

The Company has adopted the Board Diversity Policy as the Board believes that increasing diversity at the Board level is an important part of achieving its strategic objectives, improving its decision-making and will ultimately benefit the Company's shareholders and other stakeholders. The Board Diversity Policy sets out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience, knowledge and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

The Company has also adopted the Nomination Policy, which sets out the nomination procedures for selecting candidates for election as Directors and is administered by the Nomination Committee.

Evaluation and selection of Board candidates shall be based on factors, including but not limited to skills, experience and expertise, integrity as well as board diversity.

Selection and recommendation of candidates will be based on the nomination procedures and the process and criteria adopted by the Nomination Committee and a number of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee shall review the Board Diversity Policy and the Nomination Policy and the measurable objectives from time to time as appropriate to ensure the effectiveness of such policies. The Nomination Committee will discuss any revisions to the Board Diversity Policy and/or the Nomination Policy that may be required and make recommendations to the Board for approval, when appropriate.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the Former CG Code.

During the year ended 31 March 2022, the Board reviewed the Company's policies and practices on compliance with legal and regulatory requirements, training and continuous professional development of Directors and senior management, the corporate governance policies and practices, the compliance of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, the Company's compliance with the Corporate Governance Code and the disclosure in this Corporate Governance Report.

Directors' Attendance Records

During the year ended 31 March 2022, the Company held 11 Board meetings, 2 Audit Committee meetings, 0 Remuneration Committee meeting, 0 Nomination Committee meeting and three general meetings.

The Remuneration Committee and the Nomination Committee were not maintained during the appointment of the JPLs.

Code provision A.1.1 of the Former CG Code provides that Board meetings are to be convened regularly with at least four times a year, and at approximately quarterly intervals with active participation of majority of the Directors, either in person or through electronic means of communication.

The attendance records of each Director at the aforesaid meetings of the Company held during the year ended 31 March 2022 are set out below:

	Attendance/number of meeting(s) held				
Name of Directors	**Board meeting(s)**	**Audit Committee meeting(s)**	**Remuneration Committee meeting(s)**	**Nomination Committee meeting(s)**	**General meeting(s)**
Executive Directors					
Mr. Shi Yaofeng(Note 1)	0/0	0/0	0/0	0/0	1/1
Mr. Huang Tiansheng(Note 1)	0/0	0/0	0/0	0/0	1/1
Ms. Shi Chenye(Note 1)	0/0	0/0	0/0	0/0	1/1
Mr. Lau Wai Leung, Alfred(Note 2)	11/11	0/0	0/0	0/0	1/2
Mr. Lee Seng Jin(Note 3)	0/0	0/0	0/0	0/0	0/0
Ms. Sham Yee Lan(Note 3)	0/0	0/0	0/0	0/0	0/0
Non-executive Directors					
Mr. Cheng Dongfang(Note 4)	0/0	0/0	0/0	0/0	1/1
Mr. Li Shengfeng(Note 4)	0/0	0/0	0/0	0/0	1/1
Mr. Choi Wai Hong, Clifford(Note 5)	11/11	0/0	0/0	0/0	3/3
Independent non-executive Directors					
Mr. Zhao Lin(Note 6)	0/0	0/0	0/0	0/0	1/1
Mr. Wong Yiu Kit, Ernest(Note 6)	0/0	0/0	0/0	0/0	1/1
Ms. Cho Mei Ting(Note 6)	0/0	0/0	0/0	0/0	1/1
Mr. Lam John Cheung-wah(Note 7)	N/A	N/A	N/A	N/A	N/A
Mr. Leung Vincent Gar-gene(Note 8)	11/11	2/2	0/0	0/0	2/2

Notes:

1. Mr. Shi Yaofeng, Mr. Huang Tiansheng and Ms. Shi Chenye were appointed as executive Directors with effect from 26 January 2022.

2. Mr. Lau Wai Leung, Alfred was re-designated from independent non-executive Director to executive Director with effect from 21 May 2021. He resigned from his position as executive Director with effect from 26 January 2022.

3. Mr. Lee Seng Jin and Ms. Sham Yee Lan resigned from their position as executive Director with effect from 20 May 2021.

4. Mr. Cheng Dongfang and Mr. Li Shengfeng were appointed as non-executive Directors with effect from 26 January 2022.

Directors' Attendance Records (continued)

Notes: (continued)

5. Mr. Choi Wai Hong, Clifford was re-designated from independent non-executive Director to executive Director with effect from 21 May 2021 and from executive Director to non-executive Director with effect from 26 January 2022.

6. Mr. Zhao Lin, Mr. Wong Yiu Kit, Ernest and Ms. Cho Mei Ting were appointed as independent non-executive Directors with effect from 26 January 2022. Ms. Cho Mei Ting resigned from her position as independent non-executive Director with effect from 20 May 2022.

7. Mr. Lam John Cheung-wah was appointed as an independent non-executive Director with effect from 20 May 2022.

8. Mr. Leung Vincent Gar-gene resigned from his position as independent non-executive Director with effect from 26 January 2022.

Apart from the above meetings, the chairman of the Board has held at least one meeting with independent non-executive Directors during the year ended 31 March 2022 without the presence of other Directors.

The Company has adopted the code provisions of the Corporate Governance Code that notices of at least 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board committee meetings, reasonable notice will be given.

An agenda, accompanying Board papers and all appropriate, complete and reliable information are sent to all Directors, in a timely manner, at least three days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company, to facilitate the discharge of their duties and to enable them to make informed assessment and decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management attends all regular Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The company secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

The Bye-Laws contain provisions requiring Directors not to vote or be counted in the quorum on any resolution of the Directors approving any contract, arrangement or other proposal in which he or any of his associates has a material interest.

Risk Management and Internal Control

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness, in order to protect the Shareholders' investments and the Company's assets. The systems are designed to manage rather than eliminate the risk of failure to achieve the Company's business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing the design, implementation and monitoring of the risk management and internal control systems. The Company recognises the importance of establishing and continually improving its risk management and internal control systems.

Having regard to the size and scale of operations, the Group currently has no internal audit function. The Company has engaged an external independent consultant to facilitate the discharge of establishing and maintaining an internal audit function for the Group. The external independent consultant has assisted the Audit Committee and the Board in carrying out an independent review on the adequacy and effectiveness of the risk management and internal control systems of the Group for the year ended 31 March 2022.

Having reviewed the risk management and internal control systems, including the financial, operational and compliance controls, as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function for the year ended 31 March 2022, the Audit Committee and the Board were not aware of any significant incidence of failure in connection with financial, operational and compliance control or material non-compliance for the year ended 31 March 2022 (other than the bankruptcy proceedings in the PRC and the winding-up petition in Hong Kong as disclosed in this annual report).

Whistleblowing Policy

The Company has adopted arrangement to facilitate employees and external parties who deal with the Company to raise concerns, in confidence and anonymity, about actual or suspected misconduct or malpractice in the Company.

The Audit Committee shall review the whistleblowing mechanism regularly to improve its effectiveness and employee confidence in the process and to encourage a culture of openness.

Inside Information

The Company is aware of and strictly complies with the requirements of the currently applicable laws, regulations and guidelines, including the obligations to disclose inside information under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") and the Listing Rules, and the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission, at the time when the relevant businesses are transacted. The Group has established the authority and accountability, as well as the handling and dissemination procedures in relation to inside information, and has communicated to all relevant personnel and provided them with specific trainings in respect of the implementation of the continuous disclosure policy.

The Board considers that the Company's handling and dissemination procedures and measures in relation to inside information are effective.

Model Code for Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the Directors' dealings in the Company's securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2022.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

Takeovers Code

As disclosed in the announcement of the Company dated 22 November 2021, due to inadvertence, the Company had not filed with the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or its delegate (the "Executive") (i) the announcement dated 13 April 2021 in relation to the signing of the Term Sheet for the proposed Restructuring, (ii) the announcement dated 30 April 2021 in relation to the extension of the long stop date of the Term Sheet, and (iii) the announcement dated 30 July 2021 in relation to the signing of the Restructuring Agreement and termination of the Term Sheet in accordance with Rule 12.1 of the Code on Takeovers and Mergers (the "Takeovers Code") for comment by the Executive prior to their publications.

On 13 August 2021, the Company engaged Deloitte & Touche Corporate Finance Limited as its financial advisor in relation to the Restructuring, and has sought professional opinions from its financial advisor on the relevant requirements under the Takeovers Code and the Listing Rules.

Directors' Responsibilities in Respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2022.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The senior management has provided to the Board necessary explanation and information to enable the Board to carry out an informed assessment of the Company's financial information and position, which are put forward to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the Company's consolidated financial statements for the year ended 31 March 2022 is set out in the section headed "Independent Auditor's Report" in this annual report.

External Auditor and Auditor's Remuneration

PricewaterhouseCoopers resigned as the auditor of the Company with effect from 26 March 2021. For further details, please refer to the announcement of the Company dated 28 March 2021.

Special general meeting of the Company was held on 25 August 2021, during which the ordinary resolution to appoint RSM Hong Kong as the auditor of the Company was duly passed by the Shareholders by way of poll. As such, RSM Hong Kong has been appointed as the auditor of the Company with effect from 25 August 2021.

The total fee paid/payable to the external auditor of the Company, RSM Hong Kong, for the year ended 31 March 2022 is set out below:

Category of services	**Fee paid/payable** HK$'000
Audit services	
— audit fee for the year ended 31 March 2022	2,400

Authorised Representatives

Rule 3.05 of the Listing Rules stipulated that every listed issuer shall appoint two authorised representatives who shall act at all times as the listed issuer's principal channel of communication with the Stock Exchange. Rule 3.05 was not complied with from 21 May 2021 until the appointment of Mr. Cheng Dongfang and Dr. Wong Chi Ho, Raymond as the authorised representatives of the Company with effect from 26 January 2022. For further details, please see the announcement of the Company dated 26 January 2022.

Joint Company Secretaries

Dr. Wong Chi Ho, Raymond and Ms. Li Jing have been appointed as the joint company secretaries of the Company with effect from 26 January 2022. For the biographies of Dr. Wong and Ms. Li, please refer to the section headed "Biographies of Directors, senior management and company secretaries" in this annual report.

Dr. Wong is responsible for advising the Board on corporate governance matters and ensuring that the Company's policies and procedures, as well as the applicable laws, rules and regulations are complied with. Before joining the Group, Dr. Wong had over 20 years of experience of advising corporate law with particular focus on capital markets, public takeovers, mergers and acquisitions, corporate restructuring and regulatory compliance. He is the managing partner of the Hong Kong office of Seyfarth Shaw, an international law firm. Before joining Seyfarth Shaw in 2017, Dr. Wong was a partner in several international law firms.

Pursuant to Rule 3.28 of the Listing Rules, the Company must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. As at the date of Ms. Li's appointment, Ms. Li did not possess the qualifications of company secretary as required. As such, the Company has applied for, and the Stock Exchange has granted, a waiver from the strict compliance with Rule 3.28 of the Listing Rules on the conditions that (i) Ms. Li must be assisted by Dr. Wong during the period of three years commencing on the date of the Resumption (i.e. 26 January 2022); and (ii) the waiver could be revoked if there are material breaches of the Listing Rules by the Company. The Stock Exchange may withdraw or change the waiver in the event of changes in the situation of the Company.

Joint Company Secretaries (continued)

Mr. Yu Ngai, who was the company secretary of the Company, resigned with effect from 26 January 2022.

During the year ended 31 March 2022, Mr. Yu Ngai has undertaken not less than 15 hours of relevant professional training.

Communications with Shareholders and Investors

The Company recognises the importance of effective communication with the Shareholders for enhancing investor relations and investors' understanding of the Group's business, performance and strategies. The Board also considers that transparency and timely disclosure of its corporate information are crucial to enable the Shareholders and investors to make informed investment decisions.

General meetings of the Company provide a platform for communication between the Directors, senior management and the Shareholders. Directors and senior management of the Company are available to answer enquiries raised by the Shareholders at such meetings. The external auditor of the Company is also invited to attend the annual general meetings of the Company to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

During the year ended 31 March 2022, the Company held an annual general meeting on 31 January 2022. Notice of the meeting was sent to the Shareholders on 31 December 2021, at least 20 clear business days before the meeting.

On 31 January 2022, the executive Directors, namely Mr. Shi Yaofeng, Mr. Huang Tiansheng and Ms. Shi Chenye; the non-executive Directors, namely Mr. Cheng Dongfang, Mr. Li Shengfeng and Mr. Choi Wai Hong, Clifford; and the independent non-executive Directors, namely Mr. Zhao Lin (being the chairman of each of the Remuneration Committee and Nomination Committee), Mr. Wong Yiu Kit, Ernest (being the chairman of the Audit Committee) and Ms. Cho Mei Ting and a representative of the external auditor attended the annual general meeting and were available to respond to questions raised by the Shareholders.

The Company maintains a website at http://www.samsonpaper.com where information on the Company's announcements, financial information and other information are available for public access.

Any Shareholders' enquiries regarding their shareholding, including transfer of shares, change of address, report of lost share certificates, can be directed to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, as follows:

Address: Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong

Contact: (852) 2153 1688

Fax: (852) 3020 5058

Website: https://www.boardroomlimited.com/hk

Shareholders' Rights

In order to protect the Shareholders' interests and rights, separate resolutions are proposed for each substantially separate issue, including the election of individual directors, at general meetings for the Shareholders' consideration and approval. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

Procedures for Shareholders to convene special general meeting
Bye-Law 57 provides that a special general meeting shall be convened on the written requisition of any two or more members holding at the date of the deposit of the requisition in aggregate not less than one-tenth of such of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. Such requisitionists must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company.

If the Directors do not within 21 days from the date of the deposit of such requisition proceed duly to convene a special general meeting, the requisitionists themselves or any of them representing more than one half of the total voting rights of all of them may convene the special general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene such a meeting shall be reimbursed to them by the Company.

Procedures for shareholders to propose a person for election as a director
Pursuant to Bye-Law 89, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing by a member (not being the person to be proposed) of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company provided that the minimum length of the period, during which such notices are given, shall be at least seven days. The period for lodgment of such notices will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.

As such, if a Shareholder wishes to propose a person for election as a Director at a general meeting, he/she shall deposit a written notice at the Company's principal place of business in Hong Kong. The notice must (i) include the personal information of the candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) be signed by the Shareholder concerned and signed by the candidate indicating his/her willingness to be elected and consent of publication of his/her personal information.

Shareholders' Rights (continued)

Putting forward proposals at general meetings
Shareholders who wish to put forward a resolution may request the Company to convene a general meeting in accordance with the procedures mentioned above.

Putting forward enquiries to the Board
For putting forward any enquiry to the Board, Shareholders and investors may send written enquiries or requests to the Company for the attention of the Board. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders and investors may send their enquiries or requests as mentioned above to the following:

Address: Rooms 2306B & 2307, 23/F, West Tower, Shun Tak Centre, No. 168–200, Connaught Road Central, Hong Kong

Email: info@samsonpaper.com

For the avoidance of doubt, the Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Change in constitutional documents
During the year ended 31 March 2022, proposed resolution to approve the amendments to the Bye-Laws to reflect changes in the Company's share capital as a result of the capital reorganisation was duly passed as a special resolution by the independent Shareholders by way of poll at the special general meeting of the Company held on 24 January 2022.

The amended Bye-Law 4(A) provides that the authorised share capital of the Company at the date this Bye-Law becomes effective is HK$114,308,601.30 divided into 2,000,000,000 shares of HK$0.05 each, and 143,086,013 convertible non-voting preference shares of HK$0.10 each in the capital of the Company.

For further details on capital reorganisation, please refer to the section headed "Management Discussion and Analysis — Restructuring" in this annual report.

Save as disclosed above, no other changes were made to the Bye-Laws for the year ended 31 March 2022. The Bye-Laws is available on the websites of the Company and the Stock Exchange.

Dividend Policy
Pursuant to code provision E.1.5 of the Former CG Code, the Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio.

For further details of the dividend policy, please refer to the section headed "Report of the Directors — Dividend" in this annual report.

The Board is pleased to present this Directors' report together with the audited consolidated financial statements of the Company for the year ended 31 March 2022.

Principal Business

The Company is an investment holding company. The Group is principally engaged in manufacturing and trading of paper products in the PRC.

Business Review

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year ended 31 March 2022 using financial key performance indicators and the material factors underlying its results and financial position, significant events after the financial year end date as well as an indication of likely future developments in the Group's business are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. Description of the principal risks and uncertainties facing the Group is set out in the "Management Discussion and Analysis" on pages 17 to 18 of this annual report. These discussions form part of this Directors' report.

Subsidiaries

Particulars of the Company's subsidiaries are set out in Note 42 to the consolidated financial statements of the Company.

Results

The results of the Group for the year ended 31 March 2022 are set out in the consolidated financial statements on pages 94 to 95 of this annual report.

Financial Summary

A summary of the Group's results, assets and liabilities for the last five financial years are set out on page 204 of this annual report. This summary does not form part of the audited consolidated financial statements.

Annual General Meeting and Closure of Register of Members

The annual general meeting of the Company will be held on Friday, 2 September 2022. The notice of the AGM will be published and dispatched to the Shareholders in due course in the manner as required by the Listing Rules.

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 30 August 2022 to Friday, 2 September 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified to attend and vote at the AGM, all completed transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Monday, 29 August 2022.

Dividend

Any declaration and payment as well as the amount of dividends will be subject to the Bye-Laws and the Companies Act of Bermuda.

The Bye-Laws provide that the Company in general meeting may declare dividends, in any currency, to be paid to the Shareholders. No dividend shall be declared or paid and no distribution of contributed surplus shall be made otherwise than in accordance with the applicable statutes of Bermuda. No dividend shall exceed the amount recommended by the Directors, nor bear interest against the Company.

Pursuant to code provision E.1.5 of the Former CG Code, the Company has adopted a dividend policy on payment of dividends. In determining whether dividends are to be declared and paid, the Board will take into account (i) the financial performance of the Company, (ii) the reasonable return in investment of the investors and the Shareholders in order to provide them with incentives in furtherance of their support in the Company's long-term development, (iii) the future development needs of the Company, (iv) the general market conditions, and (v) other factors deemed appropriate by the Board. The Board will review the dividend policy from time to time as appropriate.

The Board has resolved not to declare any final dividend for the year ended 31 March 2022.

Tax Relief and Exemption

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

Relationships with Stakeholders

Employees

As at 31 March 2022, we had a total of 837 full-time employees, who are substantially based in The People's Republic of China (the "PRC").

Our employees are mainly recruited through recommendations from our internal staff and recruitment websites and networks. Regular trainings relevant to safety, management system and job skills are provided to our employees.

The Group enters into standard agreements in relation to confidentiality and non-competition with its employees. The confidentiality and non-competition provisions set out therein are generally effective during and after their term of employment.

None of our employees are currently represented by labour unions. The Company believes that a good working relationship has been maintained with our employees, and the Group has not experienced any significant labour disputes or any difficulty in recruiting staff for the Group's operations during the year ended 31 March 2022 and up to the date of this annual report.

Relationships with Stakeholders (continued)

Customers and suppliers

The customers of the Group, which primarily consist of forest product distributors, are mainly based in the PRC. The credit terms of account receivables generally range from 0 to 90 days.

The suppliers of the Group, which primarily consist of waste paper suppliers and energy suppliers, are mainly based in the PRC. The suppliers are selected by the Group with reference to factors including reputation, quality, supply capacity, price, experience and compliance with applicable laws and regulations.

Major Customers and Suppliers

For the year ended 31 March 2022, the Group's sales to its five largest customers, which include Shandong Bairun Paper Co. Ltd. ("Shandong Bairun"), 浙江建發紙業有限公司 (Zhejiang C&D Paper Co., Ltd.*) ("Zhejiang C&D Paper") and 青島建發紙業有限公司 (Qingdao C&D Paper Co., Ltd.*) ("Qingdao C&D Paper"), accounted for approximately 50.9% of the Group's total revenue and the largest customer accounted for approximately 26.4% of the Group's total revenue.

For the year ended 31 March 2022, purchases from the Group's five largest suppliers accounted for approximately 45.8% of the Group's total purchases and the largest supplier, which is Shandong Bairun, accounted for approximately 18.4% of the Group's total purchases.

Shandong Bairun is a company established in the PRC with limited liability and is owned by Xiamen C&D Paper and Shandong Herun as to 55% and 45%, respectively. Zhejiang C&D Paper is a company established in the PRC with limited liability and is owned as to 90% and 10% by Xiamen C&D Paper and 廈門紙源工貿有限公司 (Xiamen Paper Source Industry and Trade Co., Ltd.*) ("Xiamen Paper Source") (being a wholly-owned subsidiary of Xiamen C&D Paper), respectively. Mr. Cheng Dongfang is the legal representative and executive director of Zhejiang C&D Paper; whereas, Mr. Shi Yaofeng is the supervisor of Zhejiang C&D Paper. Qingdao C&D Paper is a company established in the PRC with limited liability and is owned as to 95% and 5% by Xiamen C&D Paper and Xiamen Paper Source, respectively. Mr. Cheng Dongfang is the legal representative, executive director and manager of Qingdao C&D Paper. For further details, please refer to the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" and "Directors' and Controlling Shareholders' Interests in Competing Businesses" in this Report of the Directors.

So far as the Directors are aware, save as disclosed above, none of the Directors, their close associates or any Shareholders holding more than 5% of the number of issued shares of the Company had any interests in any of our five largest customers during the year ended 31 March 2022 and up to the date of this annual report.

So far as the Directors are aware, save as disclosed above, none of the Directors, their close associates or any Shareholders holding more than 5% of the number of issued shares of the Company had any interests in any of our five largest suppliers during the year ended 31 March 2022 and up to the date of this annual report.

Bank Loans and Other Borrowings

Details of bank loans and other borrowings of the Group as at 31 March 2022 are set out in Note 32 to the consolidated financial statements of the Company.

Charitable Donations

The Group donated funds and supplies of approximately HK$nil during the year ended 31 March 2022.

Share Capital

As disclosed in the section headed "Management Discussion and Analysis — Restructuring" in this annual report, completion of Capital Reorganisation, the Subscription and the Placement and the taking effect of the Listco Scheme took place on 26 January 2022. Accordingly, on 26 January 2022, the Company simultaneously issued to (i) NCD the Subscription Shares, (ii) the placees the Placement Shares, and (iii) the SchemeCo the Creditors' Shares.

As at the date of this annual report, the authorised share capital of the Company was HK$100,000,000 divided into 2,000,000,000 shares of HK$0.05 each, and 143,086,013 convertible non-voting preference shares of HK$0.10 each in the capital of the Company.

During the year ended 31 March 2022, all 132,064,935 Preference Shares held by Mr. Lee Seng Jin (being the former executive Director, chairman and chief executive officer of the Company) were converted and 13,206,493 Shares were issued accordingly on 27 January 2022.

As at 31 March 2022, the issued share capital of the Company was 1,414,600,832 Shares.

Details of movements in the share capital of the Company for the year ended 31 March 2022 are set out in Note 36 to the consolidated financial statements of the Company.

Reserves

Details of movements in the reserves of the Company during the year ended 31 March 2022 are set out on page 98 in the consolidated statement of changes in equity in this annual report.

Distributable Reserves

Details of the Company's reserves available for distribution to shareholders are set out in Note 37(b) to the consolidated financial statements of the Company.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2022 are set out in Note 19 to the consolidated financial statements of the Company.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Bye-Laws or the laws of Bermuda that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

Purchase, Sale or Redemption of Company's Listed Securities

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Directors and Senior Management

The Directors and senior management of the Company during the year ended 31 March 2022 and up to the date of this annual report are set out below:

Name	Position(s) in the Company
Directors	
Mr. Shi Yaofeng	Chief Executive Officer and Executive Director (appointed with effect from 26 January 2022)
Mr. Huang Tiansheng	Executive Director (appointed with effect from 26 January 2022)
Ms. Shi Chenye	Vice Chief Executive Officer and Executive Director (appointed with effect from 26 January 2022)
Mr. Lau Wai Leung, Alfred	Executive Director (re-designated from independent non-executive Director to executive Director with effect from 21 May 2021 and resigned with effect from 26 January 2022)
Mr. Lee Seng Jin	Executive Director (resigned with effect from 20 May 2021)
Ms. Sham Yee Lan	Executive Director (resigned with effect from 20 May 2021)
Mr. Cheng Dongfang	Chairman of the Board, Non-executive Director and Authorised Representative (appointed with effect from 26 January 2022)
Mr. Li Shengfeng	Non-executive Director (appointed with effect from 26 January 2022)
Mr. Choi Wai Hong, Clifford	Non-executive Director (re-designated from independent non-executive Director to executive Director with effect from 21 May 2021 and re-designated from executive Director to non-executive Director with effect from 26 January 2022)
Mr. Zhao Lin	Independent non-executive Director (appointed with effect from 26 January 2022)
Mr. Wong Yiu Kit, Ernest	Independent non-executive Director (appointed with effect from 26 January 2022)
Mr. Lam John Cheung-wah	Independent non-executive Director (appointed with effect from 20 May 2022)
Ms. Cho Mei Ting	Independent non-executive Director (appointed with effect from 26 January 2022 and resigned with effect from 20 May 2022)
Mr. Leung Vincent Gar-gene	Independent non-executive Director (resigned with effect from 26 January 2022)
Senior management	
Mr. Lu Zhiwen	Chief financial officer (appointed with effect from 26 January 2022)
Mr. Yu Ngai	Chief financial officer, Company secretary and Authorised representative (resigned with effect from 26 January 2022)
Dr. Wong Chi Ho, Raymond	Company Secretary and Authorised representative (appointed with effect from 26 January 2022)
Ms. Li Jing	Company Secretary (appointed with effect from 26 January 2022)

Directors and Senior Management (continued)

To the best of the Directors' knowledge, information and belief, save as disclosed in this annual report, the Directors and senior management do not have any relationship, including financial, business, family or other material/relevant relationships, amongst them.

In accordance with Bye-Law 99, Mr. Shi Yaofeng, Ms. Shi Chenye and Mr. Zhao Lin will retire by rotation, and being eligible, have offered themselves for re-election as Directors at the upcoming AGM.

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than under statutory compensation.

Biographies of the Directors and senior management are set out on pages 19 to 24 of this annual report.

Directors' Service Agreements

Each of the existing executive Directors, non-executive Directors and independent non-executive Directors has entered into a director's service contract with the Company dated 28 December 2021 for an initial term of three years commencing on the date of Resumption subject to termination by either party giving three months' written notice and the terms set out therein.

The appointment of Directors is subject to the provisions of retirement and rotation of Directors under the Bye-Laws.

Independence of Independent Non-executive Directors

The Company has received from each independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent and remain so as of the date of this annual report.

Remuneration of Directors and Five Highest Paid Individuals

For the year ended 31 March 2022, as determined by the Remuneration Committee with reference to the Directors' position, level of responsibilities and remuneration policy of the Company as well as the prevailing market conditions,

i. each of Mr. Shi Yaofeng, Mr. Huang Tiansheng, Ms. Shi Chenye, Mr. Cheng Dongfang and Mr. Li Shengfeng would not receive any emolument but would be entitled to discretionary bonus and/or other benefits, inter alia, Director's insurance, business travel insurance, as may be further decided by the Board upon the recommendation of the Remuneration Committee from time to time, and

ii. each of Mr. Choi Wai Hong, Clifford, Mr. Zhao Lin, Mr. Wong Yiu Kit, Ernest and Ms. Cho Mei Ting was entitled to an annual emolument of RMB360,000, RMB240,000, RMB240,000 and RMB240,000, respectively, in addition to any discretionary bonus and/or other benefits, inter alia, Director's insurance, business travel insurance, as may be decided further by the Board upon the recommendation of the Remuneration Committee from time to time.

Details of the emoluments of the Directors and five highest paid individuals for the year ended 31 March 2022 are set out in Notes 15 and 14 to the consolidated financial statements of the Company.

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

As at 31 March 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Total number of Shares/underlying Shares held(Note 1)	Approximate percentage of shareholding interest in the Company (%)(Note 1)
Mr. Li Shengfeng(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00

Notes:

1. As at 31 March 2022, the Company had issued 1,414,600,832 Shares in total. The letter "L" denotes the person's long position in the Shares.

2. The Company issued 990,220,583 Shares to NCD Investment Holding Limited ("NCD") on 26 January 2022. NCD is owned as to 45% by XSD Investment Holding Limited ("XSD") and 55% by Glenfor Investment Holding Limited ("Glenfor").

   XSD is direct wholly-owned by XSD International Pte. Ltd. ("XSD International"), which is in turn direct wholly-owned by 浙江新勝大實業有限公司 (Zhejiang Xinshengda Industrial Co., Ltd.*) ("Zhejiang Xinshengda Industrial"). Zhejiang Xinshengda Industrial is direct wholly-owned by 浙江新勝大控股集團有限公司 (Zhejiang Xinshengda Holding Group Co., Ltd.*) ("Zhejiang Xinshengda Holding"), which is in turn owned as to 99% by Mr. Li Shengfeng (being the non-executive Director) and 1% by Ms. Lu Chengying.

   Glenfor is direct wholly-owned by Hong Kong Paper Sources Co., Limited ("HK Paper Sources"), which is in turn direct wholly-owned by 廈門建發紙業有限公司 (Xiamen C&D Paper & Pulp Co., Ltd.*) ("Xiamen C&D Paper"). Xiamen C&D Paper is direct wholly-owned by 廈門建發股份有限公司 (Xiamen C&D Inc.), the shares of which are listed on Shanghai Stock Exchange (stock code: 600153.SH). 廈門建發集團有限公司 (Xiamen C&D Group Co., Ltd.*), being a controlling shareholder of Xiamen C&D Inc., is direct wholly-owned by 廈門市人民政府國有資產監督管理委員會 (Xiamen Municipal People's Government State-owned Assets Supervision and Administration Commission*).

   As at the date of this annual report, (i) Mr. Shi Yaofeng, being the executive Director and chief executive officer of the Company, is a director of NCD and Glenfor as well as the vice general manager of Xiamen C&D Paper; (ii) Ms. Shi Chenye, being an executive Director, is a director of XSD and XSD International as well as a supervisor of Zhejiang Xinshengda Industrial; (iii) Mr. Huang Tiansheng, being an executive Director, is the assistant general manager of Xiamen X&D Paper; (iv) Mr. Li Shengfeng, being a non-executive Director, is a director of NCD, XSD and XSD International as well as an executive director and general manager of each of Zhejiang Xinshengda Industrial and Zhejiang Xinshengda Holding; and (v) Mr. Cheng Dongfang, being a non-executive Director and chairman of the Board, is a director of each of NCD, Glenfor and Hong Kong Paper Sources, a director and general manager of Xiamen C&D Paper as well as the vice general manager of Xiamen C&D Inc.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures (continued)

Save as disclosed above, as at 31 March 2022, so far as is known to any Director or chief executive of the Company, none of the Directors and the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2022, so far as the Directors are aware, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares and underlying Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Total number of Shares/underlying Shares held(Note 1)	Approximate percentage of shareholding interest in the Company (%)(Note 1)
NCD Investment Holding Limited(Note 2)	Beneficial owner	990,220,583 (L)	70.00
Glenfor Investment Holding Limited(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
Hong Kong Paper Sources Co. Limited(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門建發紙業有限公司(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門建發股份有限公司(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門建發集團有限公司(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
廈門市人民政府國有資產監督管理委員會(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
XSD Investment Holding Limited(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
XSD International Pte. Ltd.(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
浙江新勝大實業有限公司(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
浙江新勝大控股集團有限公司(Note 2)	Interest of controlled corporation	990,220,583 (L)	70.00
Strong Determine Limited(Note 3)	Beneficial owner	239,882,142 (L)	16.96
Lee Seng Jin(Note 4)	Beneficial owner	12,845,969 (L)	6.72
	Interest of controlled corporation	82,059,817 (L)	
	Interest of spouse	114,511 (L)	
Sham Yee Lan Peggy(Note 4)	Beneficial owner	114,511 (L)	6.72
	Interest of spouse	94,905,786 (L)	

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares (continued)

Interests in Shares and underlying Shares of the Company (continued)

Notes:

1. As at 31 March 2022, the Company had issued 1,414,600,832 Shares in total. The letter "L" denotes the person's long position in the Shares.

2. The Company issued 990,220,583 Shares to NCD Investment Holding Limited ("NCD") on 26 January 2022. NCD is owned as to 45% by XSD Investment Holding Limited ("XSD") and 55% by Glenfor Investment Holding Limited ("Glenfor").

   XSD is direct wholly-owned by XSD International Pte. Ltd. ("XSD International"), which is in turn direct wholly-owned by 浙江新勝大實業有限公司 (Zhejiang Xinshengda Industrial Co., Ltd.*) ("Zhejiang Xinshengda Industrial"). Zhejiang Xinshengda Industrial is direct wholly-owned by 浙江新勝大控股集團有限公司 (Zhejiang Xinshengda Holding Group Co., Ltd.*) ("Zhejiang Xinshengda Holding"), which is in turn owned as to 99% by Mr. Li Shengfeng (being the non-executive Director) and 1% by Ms. Lu Chengying.

   Glenfor is direct wholly-owned by Hong Kong Paper Sources Co., Limited ("HK Paper Sources"), which is in turn direct wholly-owned by 廈門建發紙業有限公司 (Xiamen C&D Paper & Pulp Co., Ltd.*) ("Xiamen C&D Paper"). Xiamen C&D Paper is direct wholly-owned by 廈門建發股份有限公司 (Xiamen C&D Inc.), the shares of which are listed on Shanghai Stock Exchange (stock code: 600153.SH). 廈門建發集團有限公司 (Xiamen C&D Group Co., Ltd.*), being a controlling shareholder of Xiamen C&D Inc., is direct wholly-owned by 廈門市人民政府國有資產監督管理委員會 (Xiamen Municipal People's Government State-owned Assets Supervision and Administration Commission*).

   As at the date of this annual report, (i) Mr. Shi Yaofeng, being the executive Director and chief executive officer of the Company, is a director of NCD and Glenfor as well as the vice general manager of Xiamen C&D Paper; (ii) Ms. Shi Chenye, being an executive Director, is a director of XSD and XSD International as well as a supervisor of Zhejiang Xinshengda Industrial; (iii) Mr. Huang Tiansheng, being an executive Director, is the assistant general manager of Xiamen X&D Paper; (iv) Mr. Li Shengfeng, being a non-executive Director, is a director of NCD, XSD and XSD International as well as an executive director and general manager of each of Zhejiang Xinshengda Industrial and Zhejiang Xinshengda Holding; and (v) Mr. Cheng Dongfang, being a non-executive Director and chairman of the Board, is a director of each of NCD, Glenfor and Hong Kong Paper Sources, a director and general manager of Xiamen C&D Paper as well as the vice general manager of Xiamen C&D Inc.

3. The Company issued 239,882,142 Shares to SchemeCo (namely, Strong Determine Limited) pursuant to the Listco Scheme for the benefit of Scheme Creditors. Ho Kwok Leung Glen, Kam Chung Hang and Lai Kar Yan are administrators of the Listco Scheme and each is deemed to have an interest in 239,882,142 Shares.

4. 82,059,817 Shares are held by Quinselle Holdings Limited which is wholly-owned by Mr. Lee Seng Jin (being the former executive Director, chairman and chief executive officer of the Company). Mr. Lee Seng Jin is therefore deemed under the SFO to be interested in such Shares held by Quinselle Holdings Limited.

   Both Mr. Lee Seng Jin and Ms. Sham Yee Lan Peggy (being the former executive Director and deputy chief executive officer of the Company) are also deemed to be interested in the Shares held by each other due to their spousal relationship.

Save as disclosed above, as at 31 March 2022, the Company had not been notified by any other persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this annual report, at no time during the year ended 31 March 2022, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in this annual report, no Director nor an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 March 2022.

Permitted Indemnity Provision

The Bye-Laws provide that every Director, auditor, secretary or other officer of the Company shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur in or about the execution and discharge of his duties or in relation thereto.

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions arising out of corporate activities against the Directors and officers of the Company and its associated companies during the year ended 31 March 2022.

Contract of Significance with Controlling Shareholder

Save as disclosed in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries during the year ended 31 March 2022.

Directors' and Controlling Shareholders' Interests in Competing Businesses

NCD was established on 10 May 2021 for the sole purpose of holding the equity interests of the Company upon completion of the Restructuring. It is indirectly owned as to 55% by Xiamen C&D Paper and 45% by Zhejiang Xinshengda. The Group is principally engaged in the paper manufacturing business. Therefore, there is clear delineation between the business of NCD and the Group.

Shandong Bairun is a company established in the PRC with limited liability and is owned by Xiamen C&D Paper and 山東和潤控股集團有限公司 ("Shandong Herun") as to 55% and 45%, respectively. The directors of Shandong Bairun are Mr. Cheng Dongfang, Mr. Shi Yaofeng, Mr. Li Shengfeng, Ms. Shi Chenye, Mr. Zhou Wei, Mr. Huang Tiansheng and Mr. Chen Hongbo. Shandong Herun is a company established in the PRC with limited liability and is wholly-owned by Mr. Li Shengfeng, the majority ultimate beneficial owner of Zhejiang Xinshengda. The sole director of Shandong Herun is Mr. Li Shengfeng.

Directors' and Controlling Shareholders' Interests in Competing Businesses (continued)

Details of delineation of business (i) between Xiamen C&D Paper and the Group; (ii) between Zhejiang Xinshengda and the Group; and (iii) between Shandong Bairun and the Group are set out as follows:

Delineation of business between Xiamen C&D Paper and the Group

(i) while the Group only engages in the production and sales of coated duplex board and kraft linerboard as an upstream paper manufacturer, Xiamen C&D Paper operates as a downstream distributor who provides a much wider scope of value-added services. Xiamen C&D Paper is regarded as one of the largest distributors in the paper and pulp industry in China and is able to provide "one-stop" full supply chain services comprising supply of raw materials, distribution of paper and pulp products, warehousing and processing, logistics and delivery, sales settlement, risk management, financial leasing services and provision of industry information. These services are not provided by UPPSD;

(ii) while the Group only sells coated duplex board and kraft linerboard, Xiamen C&D Paper's product offering covers a much wider variety of forest products, including (a) paper (such as coated paper, white cardboard, double offset paper, white board (which is similar to the coated duplex board of the UPPSD), kraft linerboard), (b) pulp (such as bleached softwood pulp, bleached hardwood pulp, brown pulp, chemi-mechanical pulp), (c) wood chips, and (d) paper products (such as household paper, printing and wrapping paper). Among the different kinds of paper distributed by Xiamen C&D Paper, coated duplex board and kraft linerboard are not the core products;

(iii) while the customers of UPPSD primarily comprised of forest product distributors (such as Xiamen C&D Paper), the majority of customers of Xiamen C&D Paper are end-users (such as printing house, packaging manufacturers, publishers and food manufacturers); and

(iv) while the operation and production facilities of the Group are located in Zaozhuang City, Shandong Province, Xiamen C&D Paper has established subsidiaries or representative offices in more than 45 cities across different provinces in China and overseas to serve its over 5,000 local and foreign customers.

Despite the fact that the Group and Xiamen C&D Paper both sell coated duplex board and kraft linerboard products, the Group and Xiamen C&D Paper are not competitors but business allies because:

(i) Xiamen C&D Paper does not have production facilities and machineries designated for the manufacturing of coated duplex board and kraft linerboard products, it relies on paper manufacturers such as UPPSD to supply goods for it to resell to end-users. It is crucial for Xiamen C&D Paper to maintain a list of reliable paper manufacturing suppliers capable of timely delivery of quality products, so that it could fulfil the needs of its end-user customers;

(ii) while paper manufacturers normally prefer selling in bulk, receiving payment before commencement of production or delivery or customer pickup, end-users normally prefer purchasing as-needed, on credit, and delivered at place. Distributors such as Xiamen C&D Paper is able to integrate and match the different needs and demands of paper manufacturers and end-users by purchasing goods from paper manufacturers in bulk and allocating the goods to a wide network of end-users with value-added services such as financing lease, warehousing and logistics. Xiamen C&D Paper communicates with its suppliers (including UPPSD) from time to time to formulate a purchase plan matching and integrating the production plan of the suppliers and the needs of the customers in terms of types of products, price, time requirements, etc. Compared with direct sales to end-users, dealing with distributors such as Xiamen C&D Paper allows UPPSD to maximise its production capacity, increase sales turnover, enhance customer penetration, strengthen cash flow, limit risk of bad debt and reduce warehousing and delivery costs; and

Directors' and Controlling Shareholders' Interests in Competing Businesses (continued)

Delineation of business between Xiamen C&D Paper and the Group (continued)

(iii) UPPSD and Xiamen C&D Paper have entered into a paperboard sales framework agreement pursuant to which UPPSD shall sell the paperboard products to Xiamen C&D Paper on a non-exclusive basis and on normal commercial terms to, similar to transactions with other distributor customers of UPPSD, leverage on the industry leading position, comprehensive value-added services and extensive sales network of Xiamen C&D Paper. The interests of the Group and Xiamen C&D Paper are aligned and the said framework agreement is able to facilitate a stable and mutually beneficial business relationship between the Group and Xiamen C&D Paper. For further details, please refer to the section headed "Continuing Connected Transactions" in this Report of the Directors.

Delineation of business between Zhejiang Xinshengda and the Group

Zhejiang Xinshengda is conducting its business through its wholly-owned subsidiary XSD International Pte. Ltd in Malaysia. Zhejiang Xinshengda has completed building a manufacturing plant in Kedah State, Malaysia. Zhejiang Xinshengda currently principally manufactures and sells recycled paper, paper board, double coated paper, coated duplex board with grey back and waste paper pulp. Zhejiang Xinshengda used to conduct paper manufacturing and trading business in the PRC but such business had been completely ceased since April 2020.

The business model of Zhejiang Xinshengda is substantially different and can be delineated from the business model of the Group in terms of operation region and customer coverage:

(i) while the operation and production facilities of the Group are located in Zaozhuang City, Shandong Province to cover its customers in China, Zhejiang Xinshengda has gradually relocated its paper and pulp manufacturing and trading business from China to Malaysia since 2018. All of its production facilities in China have ceased to operate; and

(ii) while the customers of the Group are located in China, the targeted customers of Zhejiang Xinshengda are located in the South East Asia market.

Delineation of business between Shandong Bairun and the Group

Shandong Bairun was established for the sole purpose of carrying out the paper manufacturing business for UPPSD during the entrusted operation period. Following the approval of the UPPSD Bankruptcy Reorganisation Plan by the PRC Court on 1 August 2021, UPPSD had gradually resumed its independent operation and Shandong Bairun has ceased to sell coated duplex board and kraft linerboard products on behalf of UPPSD. After completion of the Restructuring, Shandong Bairun does not carry the business which competes or likely to compete, either directly or indirectly, with the business of the Group.

Since there is clear delineation of business between NCD, Xiamen C&D Paper, Zhejiang Xinshengda, Shandong Bairun on the one hand and the Group on the other hand, and considering that (a) the Group's operations are independent from and do not rely on that of NCD, Xiamen C&D Paper, Zhejiang Xinshengda, Shandong Bairun, Mr. Li Shengfeng, Ms. Lu Chengying and parties acting in concert with any of them (the "Concert Party Group"), (b) the Group has an independent financial system, and (c) the day-to-day management of the Group are conducted by a team of senior management while the day-to-day management of the Concert Party Group is carried out by separate professional management teams which operate independently from the management of the Group, the Directors consider that Group is capable of carrying out its business independently of and at arms length from the business of the Concert Party Group and there is no existing and potential business competition between the Group and the Concert Party Group. For further details, please refer to the circular of the Company dated 31 December 2021.

Save as disclosed in this annual report, to the best knowledge of the Board, none of the Directors, their associates or the controlling shareholders had any interests in any business which competes or is likely to compete, directly or indirectly, with the business of the Group for the year ended 31 March 2022.

Continuing Connected Transactions

i. Paper Products Sales Master Agreement

On 1 April 2019, Samson Paper Company Limited, a former subsidiary of the Company, and DaiEi Papers (H.K.) Limited ("DaiEi"), being a subsidiary of Kokusai Pulp and Paper Company Limited ("KPP", together with its subsidiaries, "KPP Group"), entered into a master agreement ("Master Agreement") for a term of three years from 1 April 2019 to 31 March 2022 (both days inclusive) for the sale and purchase of various brands of book printing paper, packaging board, waste paper and other paper products (the "Paper Products").

Pursuant to the Master Agreement, members of the Group may purchase the Paper Products from members of the KPP Group or vice versa. Members of the Group and members of the KPP Group shall enter into individual sales quotations or purchase orders in respect of each sale and purchase transaction.

The pricing of the Paper Products shall be determined with reference to the prevailing market price of the relevant Paper Products, provided always that any sales quotation or purchase order shall be on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties of the Group.

For the year ended 31 March 2022, the proposed caps for the transaction amounts under the Master Agreement and the actual transaction amounts under the Master Agreement were as follows:

	Proposed cap for transaction amount (HK$)	**Actual transaction amount** (HK$)
Purchases by the Group from the KPP Group	3,782,000,000	—
Sales by the Group to the KPP Group	665,000,000	1,448,000

Reasons for and benefits of the transactions

The Master Agreement provided a formal and unified framework of operations for the supply and purchase transactions between the Group and the KPP Group pursuant to which the Group and the KPP Group may sell and purchase the Paper Products to and from each other. The transactions contemplated under the Master Agreement were carried out in the usual and ordinary course of business of the Group. As the Group and the KPP Group may carry different brands or grades of Paper Products from time to time, the transactions were expected to enhance the Group's sales and procurement network and product portfolio. It was hoped that the supply arrangements between the two groups would allow for a more flexible and cost-effective sourcing of different brands or grades of the Paper Products for the Group.

Listing Rules implications

As at the date of the Master Agreement, by virtue of KPP's 22.30% interest as a substantial shareholder in Mission Sky Group Limited (a former subsidiary of the Company), KPP and its subsidiaries (being associates of KPP) are connected persons only at the subsidiary level of the Company under the Listing Rules and the transactions contemplated under the Master Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Continuing Connected Transactions (continued)

ii. Paperboard Sales Framework Agreement

On 28 December 2021, UPPSD, an indirect wholly-owned subsidiary of the Company, (as vendor) entered into a paperboard sales framework agreement (the "Framework Agreement") with Xiamen C&D Paper (as purchaser) for the sale and purchase of coated duplex board and kraft linerboard produced by UPPSD (the "Paperboard Products") on a non-exclusive basis from time to time for a fixed term from 28 December 2021 to 31 March 2024.

The unit price of the Paperboard Products shall be determined with reference to the prevailing market price in the PRC for the same type of products and in accordance with the pricing policies of the Group made for independent third party customers. In case of an increase in the prevailing market price of the Paperboard Products or the raw materials needed to produce the Paperboard Products before the Paperboard Products are delivered to Xiamen C&D Paper and/or its subsidiaries (collectively, "Xiamen C&D Paper Group") pursuant to an order, UPPSD is entitled to adjust the unit price of the Paperboard Products.

For the year ended 31 March 2022, the proposed cap for the transaction amount under the Framework Agreement was RMB96,400,000 and the actual transaction amount under the Framework Agreement was approximately RMB75,056,000.

Reasons for and benefits of the transactions

Under the Framework Agreement, UPPSD could leverage on the industry leading position, the comprehensive value-added services and the sales network of Xiamen C&D Paper Group in the forestry, pulp and paper products distribution industry to expand its income stream and enhance its sales penetration. The Directors considered that having resourceful and reliable sales channel was crucial to the success of the Group. The commercial partnership with Xiamen C&P Paper Group could also enhance the Group's portfolio and reputation which would gradually increase the bargaining power of the Group when negotiating with independent third party customers.

Listing Rules implications

As NCD, which is owned as to 55% and 45% by Xiamen C&D Paper and Zhejiang Xinshengda, respectively, would become the controlling shareholder of the Company upon completion of all transactions under the Restructuring Agreement and become interested in approximately 70% and 70.66% of the issued share capital of the Company (in the case all the Preference Shares have been converted and none of the Preference Shares have been converted), Xiamen C&D Paper or any of its subsidiaries, each of which being an associate of NCD, would become a connected person of the Company upon completion of all transactions under the Restructuring Agreement. As such, the transactions contemplated under the Framework Agreement shall constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Independent non-executive Directors' confirmation

Independent non-executive Directors have confirmed that the above continuing connected transactions were entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with each of the Master Agreement and Framework Agreement (including the pricing policies set out therein) on terms that were fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Continuing Connected Transactions (continued)

ii. Paperboard Sales Framework Agreement (continued)

Independent auditor's confirmation

RSM Hong Kong, the Company's independent auditor, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed above pursuant to Rule 14A.56 of the Listing Rules.

RSM Hong Kong has confirmed in a letter to the Board that, nothing has come to their attention that causes the auditor to believe that the transactions under each of the Master Agreement and Framework Agreement: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with each of the Master Agreement and Framework Agreement; and (iv) have exceeded the cap.

A copy of the auditor's letter has been provided by the Company to the Stock Exchange in accordance with Rule 14A.57 of the Listing Rules.

Related Party Transactions

Details of the related party transactions carried out in the normal course of business are set out in Note 41 to the consolidated financial statements of the Company.

Save as disclosed above, none of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

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 ended 31 March 2022 between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

Share Option Scheme

At the special general meeting of the Company held on 18 September 2015, the Shareholders approved the adoption of a share option scheme (the "Share Option Scheme") which complies with the requirements under Chapter 17 of the Listing Rules.

No option has been granted, exercised, cancelled or lapsed since the date of adoption of the Share Option Scheme. There are therefore no outstanding options at the beginning and at the end of the year ended 31 March 2022.

The principal terms and conditions of the Share Option Scheme are set out below.

i. Purpose
The purpose of the Share Option Scheme is to provide incentives to Participants (as defined below) to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity").

ii. Participants
All directors and employees of the Group and suppliers, consultants, advisors, agents, customers, service providers, contractors, any member of or any holder of any securities issued by any member of the Group or any Invested Entity.

iii. Maximum number of shares
The number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 10% in the nominal amount of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The total number of shares available for issue under the Share Option Scheme is nil as at the date of this annual report.

iv. Maximum entitlement of each Participant
The maximum number of shares issued and to be issued upon exercise of the options granted to any one Participant (including both exercised and unexercised options) in any 12-month period shall not exceed one percent of the Shares in issue as at the date of grant.

v. Time of exercise of option
An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be notified by the Board to each grantee of the option at the date of grant provided that such period shall not exceed a period of ten years from the date of grant but subject to the provisions for early termination of the option as contained in the terms of the Share Option Scheme.

vi. The eligible person shall pay HK$1.0 to the Company in consideration of the grant of an option upon acceptance of the grant of option.

Share Option Scheme (continued)

vii. Exercise price
The option price per share payable on the exercise of an option is determined by the Board and shall not be less than the highest of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant.

viii. Remaining life of the Share Option Scheme
The Share Option Scheme will remain in force until 17 September 2025.

Issue of Debentures

During the year ended 31 March 2022, no issuance of debentures was made by the Company.

Equity-Linked Agreements

Save as disclosed in the paragraph headed "Share Option Scheme" in this section and otherwise disclosed in this annual report, 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 or subsisted at the end of the year ended 31 March 2022.

Use of Proceeds

Use of proceeds from issue of Subscription Shares and Placement Shares and Creditors' Shares
The Placement and Subscription and the taking effect of the Listco Scheme took place on 26 January 2022.

An aggregate of 56,584,032 Placement Shares were successfully placed not less than six independent placees, 990,220,583 Subscription Shares were allotted and issued by the Company to NCD, and 240,482,142 Creditors' Shares were allotted and issued by the Company to SchemeCo.

The aggregate gross proceeds from the Placement and the Subscription of approximately HK$126.7 million were intended to be applied as follows:

i. HK$91.7 million for discharging the debts of the Company under the Listco Scheme; and

ii. HK$35 million for paying the Restructuring Expenses in accordance with the Restructuring Agreement.

Use of Proceeds (continued)

Use of proceeds from issue of Subscription Shares and Placement Shares and Creditors' Shares (continued)
The relevant proceeds of the sale of the Creditors' Shares, after deducting the costs of realisation and payment of any applicable taxes or duties, shall be paid by the scheme administrators to that Scheme Creditor in full satisfaction of his rights to those Creditors' Shares as and when such disposal has been completed.

As at 31 March 2022, all proceeds from Placement and Subscription were utilised. There has been no change in the intended use of the proceeds as previously disclosed.

Corporate Governance

The Company is committed to maintaining high corporate governance standards. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" in this annual report.

Environmental Policies and Performance

It is our corporate and social responsibility to promote environmental protection. In this respect, the Group strives to minimise environmental impact by reducing our carbon footprint and to build our corporation in a sustainable way.

During the year ended 31 March 2022, we are subject to various environmental protection laws and regulations. For further details, please refer to the section headed "Environmental, Social and Governance Report" in this annual report.

Sufficiency of Public Float

As at the latest practicable date prior to the issue of this annual report and based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

Material Litigation

Save as otherwise disclosed in this annual report, the Group was not involved in any material litigation or arbitration during the year ended 31 March 2022 and up to the date of this annual report nor were the Directors aware of any material litigation or claims that were pending or threatened against the Group.

Compliance with Relevant Laws and Regulations

Save as disclosed in this annual report, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects for the year ended 31 March 2022.

The Management's Position, View and Assessment on the Disclaimer of Opinion

The Auditor gave a disclaimer opinion on the consolidated financial statements for the year ended 31 March 2022 in relation to (i) insufficient accounting records of certain subsidiaries of the Group in paper trading segment, (ii) unavailability of accounting records of certain subsidiaries of the Group in property development and investment ("PID") segment, (iii) unavailability of accounting records of certain subsidiaries of the Group in others segment, and (iv) opening balances and the comparative information.

Measures to address the disclaimer of opinion

The Board considered that these were factual descriptions in nature as set out in details in note 2 to the consolidated financial statements. Despite the effort made by the Company to address the concern, the Auditor issued the disclaimer of opinion. The Board has considered the Auditor's rationale and understood their consideration in arriving the disclaimer of opinion.

Set out below are the basis for the disclaimers of opinion/conclusion issued by the Auditor on the consolidated financial statements of the Company for the year ended 31 March 2022, and actions taken/ to be taken by the Company to address each of the basis for the disclaimers of opinion/conclusion:

	Disclaimer of opinion/conclusion	Basis of disclaimer	Actions taken/to be taken
1	Insufficient accounting records of certain subsidiaries of the Group in paper trading segment	The SMHK Liquidators were appointed to SMHK, a former indirect wholly-owned subsidiary of the Company, pursuant to written resolutions of the sole shareholder of SMHK dated 14 August 2020. The De-consolidated Group A were deconsolidated from the consolidated financial statements of the Group with effect from 15 August 2020. The SMC Liquidators were appointed to SMC, a former indirect wholly-owned subsidiary of the Company, pursuant to the written resolutions of the sole shareholder of SMC dated 30 June 2021. The De-consolidated Group B were deconsolidated from the consolidated financial statements of the Group with effect from 1 July 2021.	Matters relating to the disclaimer of opinion in relation to insufficient accounting records of the paper trading segment have been addressed by: – the deconsolidation of the financial results and position of the De-consolidated Group A and the De-consolidated Group B from those of the Group with effect from 15 August 2020 and 1 July 2021 respectively following the commencement of insolvent liquidation of SMHK and SMC. – the deconsolidation of the financial results and position of certain subsidiaries in the segment that were disposed, deregistered or transferred to the SchemeCo during the year ended 31 March 2021 or 31 March 2022.

Measures to address the disclaimer of opinion (continued)

Disclaimer of opinion/conclusion	Basis of disclaimer	Actions taken/to be taken
	Basic business records that were left behind by the former management and accounting departments of the De-consolidated Group A and the De-consolidated Group B and retained by the SMHK Liquidators, SMC Liquidators and the Directors of the Company were not found to be of a sufficient level for the Auditors' audit purposes. The Specific Records are required. The SMHK Liquidators, the SMC Liquidators and the Directors of the Company consider that it was impracticable to provide the Specific Records to the Auditors for carrying audit work given that: (i) the former management and the majority of the accounting staff responsible for keeping the books and records of the De-consolidated Group A and the De-consolidated Group B have departed from the Group; (ii) the SMHK Liquidators, the SMC Liquidators and the Directors of the Company could only use their best endeavour to preserve the books and records that were left behind by the former management and the accounting department and were unable to determine whether the Specific Records were complete in the first place; and (iii) the SMHK Liquidators, the SMC Liquidators and the Directors of the Company had no other access to the Specific Records despite having taken all reasonable steps and have used their best endeavour to locate such Specific Records. Unable to obtain sufficient appropriate audit evidence for certain subsidiaries of the Group in paper trading segment that were disposed of, deregistered or transferred to the SchemeCo during the year ended 31 March 2021 or 31 March 2022.	Disclaimer of opinion relating to the accounting treatment in relation to the deconsolidation has been issued on the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2022. Based on the discussion with the Auditors, in view of the subsidiaries deconsolidated during the year ended 31 March 2021 and the year ended 31 March 2022, it is expected that the consolidated financial statements of the Group for the nine months ending 31 December 2022 will not carry any audit modifications in this regard.

Measures to address the disclaimer of opinion (continued)

	Disclaimer of opinion/conclusion	Basis of disclaimer	Actions taken/to be taken
2	Unavailability of accounting records of certain subsidiaries of the Group in PID segment	The Seng Jin Liquidators were appointed to SJ Limited, an indirect wholly-owned subsidiary of the Company, pursuant to written resolutions of the sole shareholder of SJ Limited dated 16 September 2021. The De-consolidated Group C were deconsolidated from the consolidated financial statements of the Group with effect from 17 September 2021. Due to the non-cooperation of the local management and staff of the De-consolidated Group C, neither the Company nor the Auditors were able to access the sufficient books and records of the De-consolidated Group C for purpose of the audit. Other than the De-consolidated Group C, the Auditors were unable to obtain sufficient audit evidence for certain subsidiaries in the property development and investment segment that were under the De-consolidated Group A.	Matters relating to the disclaimer of opinion in relation to unavailability of accounting records of the Property Development and Investment segment have been addressed by: — the deconsolidation of the financial results and position of the De-consolidated Group C from those of the Group on 17 September 2021 following the commencement of insolvent liquidation of SJ Limited. — the deconsolidation of the financial results and position of the De-consolidated Group A from those of the Group with effect from 15 August 2020 following the commencement of insolvent liquidation of SMHK. Disclaimer of opinion relating to the accounting treatment in relation to the deconsolidation has been issued on the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2022. Based on the discussion with the Auditors, in view of the above subsidiaries deconsolidated during the year ended 31 March 2021 and the year ended 31 March 2022, it is expected that the consolidated financial statements of the Group for the nine months ending 31 December 2022 will not carry any audit modifications.

Measures to address the disclaimer of opinion (continued)

	Disclaimer of opinion/conclusion	Basis of disclaimer	Actions taken/to be taken
3	Unavailability of accounting records of certain subsidiaries of the Group in others segment	The De-consolidated Group D were disposed during the year ended of 31 March 2021. Books and records of the De-consolidated Group D available to the Group at the material time and which were retained by the Group, were not found to be of a sufficient level for audit purposes. Other than Hypex Group, the Auditors were unable to obtain sufficient audit evidence for certain subsidiaries in others segment that were under the De-consolidated Group A and the De-consolidated Group B, disposed of, deregistered or transferred to the SchemeCo during the year ended 31 March 2021 and 31 March 2022 as the books and records were not at a sufficient level for audit purposes.	Matters relating to the disclaimer of opinion in relation to unavailability of accounting records of certain subsidiaries of the Group in Others segment have been addressed by the deconsolidation of the financial results and position of the De-consolidated Group A, the De- consolidated Group B, the De-consolidated Group D and subsidiaries of the Group in the others segment that were disposed or deregistered, from those of the Group. Disclaimer of opinion relating to the accounting treatment in relation to the deconsolidation has been issued on the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2022. Based on the discussion with the Auditors, in view of the above deconsolidation recognised in the year ended 31 March 2021 and the year ended 31 March 2022, it is expected that the consolidated financial statements of the Group for the nine months ending 31 December 2022 will not carry any audit modifications in this regard.

Measures to address the disclaimer of opinion (continued)

	Disclaimer of opinion/conclusion	Basis of disclaimer	Actions taken/to be taken
4	Opening balances and the comparative information	Unable to obtain sufficient appropriate audit evidence over the account balances as at 31 March 2021 and the transactions and notes to financial statements of the Group, due to the absence of sufficient supporting documents and more detailed explanation in relation to the accounting records in connection to the opening balances and comparative information in respect of the paper trading segment, property development and investment segment and others segment of the Group that were made available to the Directors of the Company from the former management of the Group.	Upon the completion of the Restructuring as at 26 January 2022, with the exception of SPV1, SPV2 and UPPSD, the Excluded Subsidiaries were transferred to the SchemeCo and their financial results and position were deconsolidated from the Group. Only the paper manufacturing segment of the Group (i.e. SPV1, SPV2 and UPPSD) and the Company ("Retained Group") were retained in the consolidated financial statements of the Group. Therefore, the matters relating to the disclaimer of opinion in relation to the opening balance and the comparative information, which relate to the paper trading segment, property development and investment segment and others segment, will be resolved following the deconsolidation of the aforesaid segments as explained in items 1-3 above and the ultimate transfer of the Excluded Subsidiaries to the SchemeCo upon the completion of the Restructuring. An unmodified opinion has been issued on the consolidated statement of financial position of the Retained Group as at 31 March 2022, with a disclaimer of opinion on the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Retained Group for the year ended 31 March 2022 for the accounting treatment in relation to the deconsolidation. Based on the discussion with the Auditors, it is expected that, unqualified opinion will be issued for the consolidated financial statements for the nine months ending 31 December 2022.

The Auditors agreed that in the absence of the unforeseen circumstances, the consolidated financial statements of the Company for the nine months ending 31 December 2022 will not carry the audit modifications.

Audit Committee

The Audit Committee, together with the management and the external auditor, have discussed and reviewed the accounting policies and practices adopted by the Group as well as the internal control matters.

The Audit Committee has also reviewed the consolidated financial statements of the Company for the year ended 31 March 2022, and considers that the consolidated financial statements of the Company for the year ended 31 March 2022 are prepared in accordance with the applicable accounting standards, laws and regulations and appropriate disclosures have been made.

Auditor

The consolidated financial statements of the Company for the year ended 31 March 2022 have been audited by RSM Hong Kong.

RSM Hong Kong shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the upcoming AGM.

PricewaterhouseCoopers resigned as the auditor of the Company with effect from 26 March 2021, and RSM Hong Kong has been appointed as the auditor of the Company with effect from 25 August 2021. Save as disclosed above, the auditor of the Company has not been changed for the three years ended 31 March 2022.

By order of the Board
Mr. Cheng Dongfang
Chairman of the Board

Hong Kong, 21 June 2022

About the ESG Report

Samson Paper Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group" or "we" or "us") is pleased to present our Environmental, Social and Governance Report (the "ESG Report") for the year ended 31 March 2022 (the "Reporting Period") in accordance with Appendix 27 — Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In this report, the Group has strictly complied with the mandatory disclosure requirements and the "comply or explain" provisions set out in the ESG Reporting Guide to disclose the ESG matters during the Reporting Period.

Governance Structure

The board of directors (the "Board") of the Group has responsibility for the Group's ESG strategy and reporting. The Board is also responsible for identifying and assessing the risks that may arise in the governance process and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

The Group is committed to pursuing high standards of corporate governance and the Board recognises the importance of good corporate governance to the healthy and sustainable development of the Group. Through continuous exploration and practice, the Group has implemented an effective ESG internal control system and taken reasonable risk management measures to embed ESG concepts into our culture and system and communicate the concept of sustainable development to employees. The Group firmly believes that the sustainable development of an enterprise does not only involve striving to create maximum interests for various stakeholders, but also involves the crucial elements of maintaining sound corporate governance, undertaking corporate social responsibility, complying with environmental legislation, and making ongoing commitments to environmental protection. For this reason, the Group's paper manufacturing business (the "paper manufacturing business") in Shandong Province, China, sales business and other business have been strictly observing the relevant laws, employment ordinances and environmental protection policies of various local governments.

Reporting Principles

With reference to the ESG Reporting Guide, the Group has compiled, evaluated and presented the relevant information in this report. The following four principles outlined in the ESG Reporting Guide are integrated into this report.

1. Materiality: When the Board determines that the ESG matters will have an important impact on investors and other stakeholders, the Group shall report.

2. Quantitative: ESG targets that have been identified shall be measurable to ensure comparability to previous years, competitors and industry standards.

3. Balance: Information provided in this report shall be unbiased to provide a clear picture of the Group's ESG performance. There should not be any selection, omission or presentation that may inappropriately mislead a stakeholder's decision or judgement.

4. Consistency: The key performance indicator assumptions and calculations shall be consistent with the previous years to ensure comparability of relevant data. If there are any changes to the relevant assumptions or calculations, it shall be clearly disclosed to inform the stakeholders.

Reporting Boundary and Reporting Period

The information presented in this ESG Report cover the period from 1 April 2021 to 31 March 2022 (the "Reporting Period"). The information in this report was gathered and organised through various channels, including but not limited to the internal control policies of the Group, the factual evidences of the implementation of ESG-related initiatives, the key performance indicators (the "KPIs") set out in the ESG Reporting Guide, and the annual performance quantitative data of the Group in respect of its business operations and ESG management. This report covers the operations of the Group's business units at its headquarter in Hong Kong, the PRC and Universal Pulp and Paper (Shandong) Co., Ltd. in Shandong Province.

Stakeholder Engagement

The Group attaches great importance to the engagement of stakeholders, and actively maintains close contact and communication with stakeholders to understand their views and expectations on the Group's development and success, so as to formulate the Group's current and future sustainable development strategies, identify the Group's environmental, social and governance risks and opportunities, and help itself achieve sustainable development on the basis of improving the Group's operational efficiency.

Stakeholder Engagement		**Key Concerns**	**Major Communication Channels**
Internal stakeholders	Shareholders and investors	• Return on investments • Profitability and financial stability and continuity • Information disclosure and transparency	• Regular reports • Annual general meetings • Corporate website and email
	Employees	• Employee remuneration and benefits • Healthy and safe working environment satisfaction • Career development and training opportunities	• Regular meetings and trainings • Performance appraisals • Team building activities
External stakeholders	Customers	• Quality products and services • Protection of customers' privacy and rights • Business ethics	• Customer service hotlines and emails • Face-to-face meetings and onsite visits • Customers' satisfaction surveys
	Suppliers	• Fair, open and impartial procurement • Win-win cooperation • Environmental protection	• Open tenders • Standard procurement processes • Face-to-face meetings and onsite visits • Industry seminars
	Professional institutions	• Environmental protection and social responsibilities • Formulation regulating the practice of employees and business operations	• Questionnaires and online engagements • Telephone discussions
	Government and regulatory bodies	• Compliance with laws, regulations and national policies • Occupational health and safety • Social welfare • Employment	• Monitoring of the compliance with the related laws and regulations • Routine reports and tax payments

ESG Materiality Assessment

During the Reporting Period, the Group has conducted an annual review to identify the key concerns and main interests of stakeholders on ESG issues by inviting stakeholders to participate in the substantive assessment survey. According to the influence and dependence of internal and external stakeholders on the Group, certain internal and external stakeholders (including shareholders, employees, suppliers and customers) had participated in the Group's materiality assessment which was conducted for the purpose of this report. Selected stakeholders were invited to complete an electronic survey to comment on the key ESG issues. The purpose of the survey was to determine stakeholders' perceptions of the Group's ESG practice and to make a substantive assessment of the Group. We have assessed and identified key ESG issues for the Group and evaluated their importance to the business and stakeholders to further drive our sustainable business strategy.

Identification of Matters of Materiality

- According to the review of the related domestic and international ESG reports among the same industry, actual business development of the Company, feedback from stakeholders and relevant laws and regulations, 28 major ESG matters were identified.

Stakeholders Questionnaire

- Invite certain stakeholders from inside and outside the Group to participate in the anonymous electronic questionnaire and collect the achievements of managing the 28 major ESG matters, as well as their opinions and expectations to ESG.

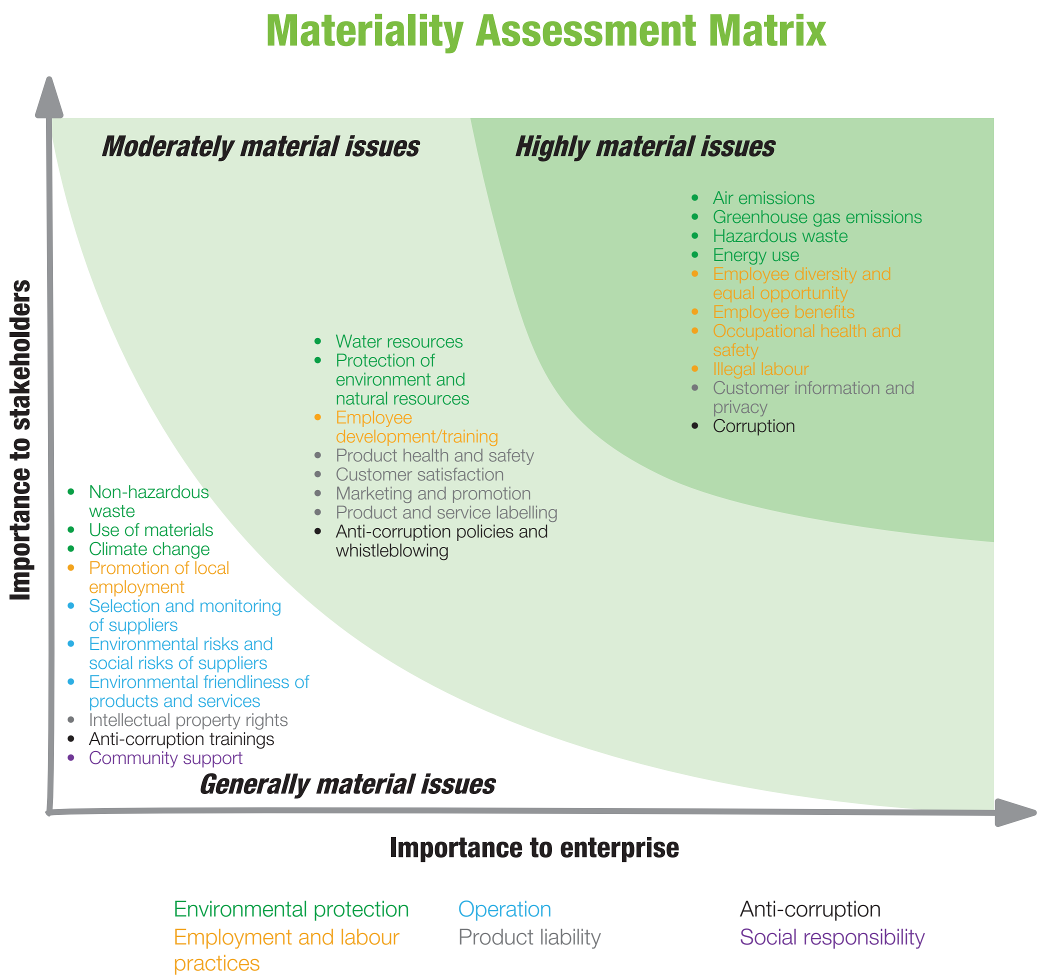
Assessment of Matters of Materiality

- Based on the results of the questionnaire completed by internal and external stakeholders, the materiality of 28 ESG issues has been determined. The results have been compiled in the matrix of ESG issues, and the issues positioned in the top right quadrant in the graph are the ESG issues that stakeholders are more aware of. This matrix can effectively assist the Group in improving the development direction of ESG management to meet the demands of different stakeholders.

The following table lists out the key issues of this assessment:

Item	ESG issue	Item	ESG issue
1.	Customer information and privacy protection	15.	Climate change
2.	Occupational health and safety	16.	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of suppliers
3.	Product health and safety	17.	Product and service labelling
4.	Energy use (e.g. power, gas, fuel)	18.	Anti-corruption trainings provided to directors and staff
5.	Prevention of child labour and forced labour	19.	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)
6.	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering	20.	Non-hazardous waste production
7.	Water use	21.	Selection and monitoring of suppliers
8.	Hazardous waste production	22.	Anti-corruption policies and whistleblowing procedures
9.	Customer satisfaction	23.	Environmental friendliness of procured products and services
10.	Measures to protect environment and natural resources	24.	Use of materials (e.g. paper, packaging, raw materials)
11.	Greenhouse gas emissions	25.	Promotion of local employment
12.	Air emissions	26.	Community support (e.g. donation, volunteering)
13.	Employee diversity and equal opportunity	27.	Observing and protecting intellectual property rights
14.	Employee development and training and promotion	28.	Marketing and promotion (e.g. advertisement)

The following graph shows the results of this materiality assessment:



According to the materiality matrix, the ESG issues at the top right corner of the matrix are considered to be relatively important to the Group and external stakeholders. At present, air emissions, greenhouse gas emissions, hazardous waste, energy use, employee diversity and equal opportunity, employee benefits, occupational health and safety, illegal labour, customer information and privacy, and corruption are identified as issues of high importance to the Group. The above issues are classified as the main drivers for the Group's sustainable business and are further elaborated in the sections below.

Stakeholders' Feedback

Investors and the public can access the latest business information on the website of the Group (http://www.samsonpaper.com/index_e.html). The Group welcomes stakeholders' feedback on its identified issues of the key ESG matters. You are welcomed to provide your suggestions or share your views with the Group through any channel below:

Email: info@samsonpaper.com
Website: http://www.samsonpaper.com/index_e.html
Phone: (852) 3169 7220

Environmental

Paper manufacturing, paper sales and other businesses are the major businesses of the Group. The raw material and energy consumption capacity of paper sales and other businesses are relatively low, and the key environmental impact by the Group is caused by paper manufacturing business. Universal Pulp and Paper (Shandong) Co., Ltd. was acquired in 2008 and the Group officially started our business in the paper manufacturing industry. Universal Pulp and Paper (Shandong) Co., Ltd. is mainly engaged in the production of high-grade coated duplex board, kraft cardboard and kraft linerboard, and there are three paper production lines. Meanwhile, a 60,000 KW self-provided thermal power plant and a sewage treatment plant with a daily processing capacity of 30,000 cubic metres have been built. While focusing on the economic benefits of enterprises, the Company continuously strengthened the treatment of environmental pollution. Since April 2021, the Company has implemented the upgrading and transformation of paper production lines, and adjusted the production process and matching to increase production capacity. It has strictly complied with the national environmental protection policies to achieve scientific pollution control and sustainable development.

In respect of environmental protection, the regulatory authorities will update the information from time to time, meanwhile regarding the relevant policy risks, the Group has established a set of environmental protection management policies, mechanisms and measures to ensure the sustainable development and operation of the Group. The Group is becoming more cautious in controlling its pollutant emissions and resource consumption, and shall strictly abide by relevant environmental protection laws and regulations in its daily operation. During the Reporting Period, the Group was not aware of any violation of laws and regulations related to environmental protection.

Emissions

- **Sewage Discharge**

  A 60,000 KW self-provided thermal power plant and a sewage treatment plant with a daily processing capacity of 30,000 cubic metres are already in place for the Group's paper manufacturing business, equipped with a 24-hour automatic environmental monitoring system to monitor major emitted pollutants on a real time basis. The emission indicators for the current major emitted pollutants have all reached or outperformed China's environmental emission standards. Currently, the sewage from the production workshop is filtered through a slant net and enters a primary sedimentation tank for primary sedimentation, then enters into an anaerobic system for treatment, and then the aerobic system for treatment before entering a secondary sedimentation tank for sedimentation of sludge water. The treated sewage is discharged into the urban sewage treatment plant through pipelines for treatment. A small amount of sludge and methane will be produced during the sewage treatment process. The Group uses the boilers of its self-provided thermal power plant to incinerate the sludge, while the methane is used for fuel in self-provided thermal power plant. During the Year, the Group improved the pollutant discharge methods and completed the procedures for changing the pollutant discharge licence, so as to discharge sewage into BE Urban Sewage Plant and reduce the risk of sewage discharge.

  To further reduce the unpleasant smell that arises from the sewage treatment process, the paper manufacturing business has added extra equipment to the existing deodorization process. The sources of smell are contained and sealed, and unpleasant smell is transmitted through collection system to and treated at cleansing systems such as chemical washing and ion deodorization. Through these measures, the Group further improves its performance in gas emission.

- **Gas Emissions**

Our paper manufacturing business has a self-provided power supply system to ensure adequate power supply for the production process. The power supply units are designed not only to meet the requirements of ultra-low emissions, but also to reduce the production costs of the Group. During the Reporting Period, the Group further optimised the emission performance with the support of the power plant. The coal warehouses in the power plant are fully enclosed and equipped with standard fire prevention and safety facilities to avoid dust pollution in loading and unloading, storage and transportation of coal as well as possible water pollution during rainy days. In addition, with a view to preventing the risk of non-compliant and excessive emissions, the Group has various emission reduction measures in place. In particular, the boiler in thermal power plant can effectively burn all types of coal, and reduce energy consumption and environmental impact at source. The boiler exhaust gas is undergone by low-NOx combustion, SNCR denitrification, bag filtering, limestone wet desulfurization and wet electric dust removal, which reduce the exhaust gas emission to a certain extent. In term of micro-dust in boiler exhaust gas, the Group disposes the particulate matter by performing bag filtering and wet electric dust removal.

During the Reporting Period, the Group's gas emissions were mainly from the use of private cars and trucks. The emissions of air pollutants sulphur oxides ("**SOx**"), nitrogen oxides ("**NOx**") and particulate matter ("**PM**") amounted to 4.39 kg, 6,741.86 kg and 668.29 kg, respectively. In order to reduce such emission risk, the Group encouraged its employees to adopt green transportation which conserve energy, improve energy efficiency, reduce pollution, and is beneficial to health with efficiency. Continuously performing green transportation can contribute to environmental protection. In order to implement the above concept, the Group's paper manufacturing business cooperated with Shandong Zaozhuang Public Traffic Company to arrange shuttles for the Group's employees, which can greatly reduce the driving frequency by employees and greenhouse gas emissions resulted therefrom. In the future, the Company will also gradually replace with electric vehicles to reduce greenhouse gas emission in a more effective manner. In addition, the Group also provides staff quarters to reduce the time of commuting and the exhaust emissions of related transportation.

During the Reporting Period, the detailed gas emission indicators of the Group are as follows:

Emission Category	Key Performance Indicator (KPI)	Unit	2021.4.1–2022.3.31 Amount	2021.4.1–2022.3.31 Intensity[1] (Per 10,000 tonnes)
Air Emissions[2]	SOx	Kg	4.39	0.10
	NOx	Kg	6,741.86	149.82
	PM	Kg	668.29	14.85
Greenhouse Gas Emissions	Scope 1 (Direct Emissions)[3]	tCO_2e	307,028.46	6,822.85
	Scope 2 (Energy Indirect Emissions)[4]	tCO_2e	43,454.45	965.65
	Scope 3 (Other Indirect Emissions)[5]	tCO_2e	1,548.48	34.41
	Total (Scope 1 & 2 & 3)	tCO_2e	**352,031.40**	**7,822.92**

1. The intensity calculation method is to divide the air, greenhouse gas and other emissions during the Reporting Period by the Group's annual paper production of 450,000 tonnes;

2. Air emission is the waste gas pollution caused by the use of private cars and trucks;

3. Scope 1 mainly represents the greenhouse gas emissions generated from the coal combustion in boilers for the Group's paper manufacturing business;

4. Scope 2 mainly represents the greenhouse gas emissions (energy indirect emissions) caused by the electricity purchased externally by the Group;

5. Scope 3 (other indirect emissions) includes the greenhouse gas emissions from electricity used for processing fresh water and sewage by government departments;

The methodology adopted for reporting on greenhouse gas emissions set out above is based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by The Stock Exchange of Hong Kong Limited.

■ **Waste Control**

In the course of the Group's operation, except for the paper manufacturing business, the wastes from other businesses mainly come from daily office activities, such as general domestic wastes, which are all non-hazardous wastes. The above non-hazardous wastes are directly disposed by property management and eventually collected and disposed of at the municipal waste disposal centre.

For the paper manufacturing business, the Group generates a small amount of hazardous wastes (mainly fly ash and waste plastics) due to the nature of the Group's business. They are mainly produced in the power plant and the process of paper making and purification. The Group will collect and sell them to qualified units for use as construction materials or other raw materials. Non-hazardous wastes are mainly domestic waste, waste residue slurry, etc. The Group makes corresponding records and appropriate governance for the risk management of hazardous wastes, and it will reuse or sell them to the units in need according to their availability to minimise the burden of waste management. The hazardous wastes generated from the Group's paper manufacturing business, such as waste mineral oil, waste oil drums, laboratory waste liquid, waste lead-acid batteries, asbestos waste, waste catalysts, etc., are all properly disposed by the qualified hazardous waste disposal companies entrusted by the Group. The Group has established a dedicated hazardous waste warehouse and a hazardous waste record to store different types of waste at designated locations and handle them separately.

The Group has a number of measures in place to reduce solid waste emissions, including the addition of slant net in the paper making workshop, the recycling of waste paper pulp for the pulp production system, which successfully reduced fibre loss and sludge. The Group has further improved the standard of waste paper recycling, improved the impurity content of waste paper and reduced the generation of waste plastics.

During the Reporting Period, the detailed data of hazardous wastes and non-hazardous wastes produced by the Group is as follows:

Waste Category	Unit	2021.4.1–2022.3.31
Hazardous wastes	Tonnes	76,456.48
Non-hazardous wastes	Tonnes	6,900.03

Use of Resources

The Group continuously improves the production process and equipment, reduces the consumption of energy and resources, and sets electricity, steam, water and fuel saving targets. We are committed to complying with and reviewing relevant regulations that affect ESG matters in a timely manner in order to achieve efficient use of resources, waste reduction and energy saving. The Group's internal production has been operating in accordance with the relevant environmental rules and regulations. All resources are centrally managed and allocated, and the production process, production equipment and recycling technology are continuously improved to reduce resource consumption during the production process.

To reduce the risk of wasting resources and enable more efficient use of resources, the Group has established policies and procedures to regulate the use of resources. Every year, in accordance with the national laws and regulations on energy conservation and the completion of the energy conservation target of the previous year, the Group formulates the targets for the year, prompting all departments to strictly implement the energy conservation target and strive to achieve the energy conservation target. Since August 2021, the mode of the Company's electricity source has changed. In addition to the original self-generated electricity, the Company's self-provided power stations have been converted into public units. The power generation is first connected to the grid and then off the grid. The Company has started to purchase electricity from external sources to reduce self-provided power plants with higher energy consumption, which is also in line with the national policy direction.

The Group has always put in place stringent requirements for corporate operation. In particular, the manufacturing business has passed a number of international assessments and obtained certifications and qualifications, including "ISO9001 Quality Management System", "ISO14001 Environmental Management System", "OHSAS18001 Occupational Health and Safety Management System", "FSC Certification for Supervision Chain on Manufacturing and Marketing" and "ISO50001 Energy Management System Certification". The Group's subsidiary, Samson Paper Company Limited, has also won the recognition of Carbon Care Asia for consecutive years.

Effective Control on Resources Usage is Recognised Worldwide


CERTIFICATE
质量管理体系认证证书

ISO9001 Quality Management System


CERTIFICATE
环境管理体系认证证书

ISO14001 Environmental Management System


CERTIFICATE
职业健康安全管理体系
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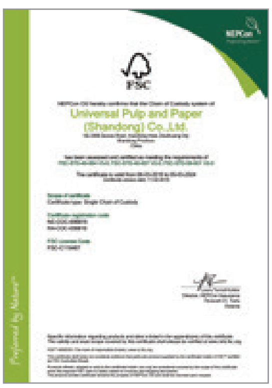
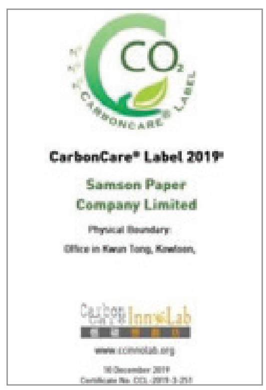
OHSAS18001 Occupational Health and Safety Management System


Universal Pulp and Paper (Shandong) Co.,Ltd.

FSC Certification for Supervision Chain on Manufacturing and Marketing


CERTIFICATE
能源管理体系认证证书

ISO50001 Energy Management System Certification


CarbonCare® Label 2019®
Samson Paper Company Limited
Physical Boundary:
Office in Kwun Tong, Kowloon,

CarbonCare® Label and CarbonCare® Star Label

The Group will strictly control the use of resources and simultaneously improve the efficiency of resource use and reduce energy consumption to create greater benefits for the society. All of the above are the results of the Group's effective control over the use of resources. The Group will continuously improve the efficiency of using resources and create greater social benefits with the least energy consumption.

During the Reporting Period, the use of resources of the Group is shown below:

Energy	Unit	2021.4.1–2022.3.31
Total consumption		
Diesel fuel	Litre (L)	270,520.00
Unleaded gasoline	Litre (L)	2,296.00
Coal	Tonne (t)	121,107.55
Electricity (Purchased)	Kilowatt hour (KWh)	50,493,200.00
Water	Cubic metre (m^3)	3,196,212.00
Intensity (Per 10,000 tonnes)[1]		
Diesel fuel	Litre (L)/per 10,000 tonnes	6,011.56
Unleaded gasoline	Litre (L)/per 10,000 tonnes	51.02
Coal	Tonne (t)/per 10,000 tonnes	2,691.28
Electricity (Purchased)	Kilowatt hour (KWh)/per 10,000 tonnes	1,122,071.11
Water	Cubic metre (m^3)/per 10,000 tonnes	71,026.93

1. The intensity calculation method is to divide the total consumption during the Reporting Period by the Group's annual paper production of 450,000 tonnes.

During the Reporting Period, the packaging materials used in manufacturing the finished products are shown below:

Packaging materials	Unit	Total consumption (2021.4.1–2022.3.31)	Intensity (Per 10,000 tonnes)[1]
Stretch film	Tonne	38.84	0.86
Cork	/	70,975.00	1,577.22
Kraft liner cover	Slice	299,085.00	6,646.33
Paper roll	Metre	306,725.73	6,816.13
PET steel band	Tonne	18.52	0.41
Tape	Roll	23,474.00	521.64
Multi-layer plywood	Set	22,042.00	489.82

1. The intensity calculation method is to divide the total consumption during the Reporting Period by the Group's annual paper production of 450,000 tonnes.

- **Solutions on Energy Efficiency and Carbon Reduction**

In order to strengthen energy management, reduce material consumption, eliminate waste and improve energy efficiency, the Group adheres to the management of high standards of energy conservation, strictly complies with the Energy Conservation Law of the People's Republic of China and the Administrative Measures for Industrial Energy Conservation, and has formulated the Energy Management System based on the actual situation of production and material consumption. The Group has also formulated the Environmental Management System, Hazardous Waste Management System, Emergency Plan for Environmental Emergencies and other relevant management systems, established an emergency leading group, and clarified the responsibilities, division of labour and contact methods of the team to ensure smooth reporting process. At the same time, the Group also actively promotes new energy-saving technologies and new facilities, and regularly conducts energy-saving education to enhance employees' awareness of energy conservation. In addition, in order to encourage employees' enthusiasm for energy conservation, the Company has formulated the Energy Management Reward and Punishment System based on the specific conditions of the Company to vigorously carry out planned energy consumption and energy conservation, and increase production and efficiency through energy conservation.

Energy Saving Solutions and Measures

- Use advanced energy-saving lamps, renovate the lighting system to reduce electricity consumption.

- Shut down the 60MW generators, 3# and 5# generators of the thermal power station, and convert 6# generator into public generator, and change the operation mode from self-provided generators to public generators, so as to reduce energy consumption and coal consumption.

- Accelerate the speed of all paper making machines, improve the overall pulp supply capacity of PM1 and PM3 core pulp through the addition of wood fibre process to effectively reduce the power consumption per tonne of paper and increase production capacity.

- Strengthen the repair and maintenance of equipment operation, avoid excessive energy losses from frequent starting and shutting down of the machines.

- Electricity saving is achieved through joint efforts of every employee to educate them to enhance their awareness of electricity conservation and avoid wastage. Switch off lights, computers (including monitors), air conditioners and other office equipment in a timely manner after work, and encourage employees not to turn on lights when there is sufficient light.

- Use advanced electrical appliances currently suggested by the PRC to reduce electricity consumption.

Steam Saving Solutions and Measures

- Through the heat and power co-generation mechanism of the self-provided power plant, the Group reasonably allocates the steam-to-power ratio, improves the input pipelines and production processes to reduce the consumption of steam and improve equipment management, including conveying pipelines, drying cylinders and related equipment, and do better in protection, maintenance and heat preservation to prevent leakage of steam and temperature.

Water Saving Solutions and Measures

- According to the current situation of the Company's production water and domestic water, the water conservation target is implemented in the production system.

- Strengthen domestic water management and reduce consumption as much as possible, so that every employee can work together to save every drop of water by strengthening the awareness of water conservation.

- Reuse water and recycle sewage. The sewage from pulp and paper production, the sewage discharged from the boiler, domestic sewage and initial rainwater are collected and treated one by one, and part of the treated wastewater is reused in the production process to continuously improve the comprehensive recovery rate of production wastewater.

- Use ultra-clean water through technological transformation of production process to greatly reduce the consumption of clean water and improve the utilisation rate.

Fuel Saving Solutions and Measures

- The inspection and examination of the fuel system and equipment of the thermal power plant is strengthened. If oil leakage is found in the system, it will be dealt with immediately to prevent oil running or fire.

- The monitoring and inspection is strengthened to prevent the use of oil-fired coke or abnormal fire-fighting in boilers due to the coking in boilers.

- Ignition technology with using small diameter oil gun is commonly adopted to reduce the amount of oil used for boiler ignition.

- Addition of national III standard forklift trucks and loaders to reduce the consumption of diesel for motor vehicles.

- Phasing out national I standard vehicles to reduce exhaust emissions and save diesel consumption.

- Motor vehicle management is implemented to improve vehicle operating routes and operate with the most effective routes, so as to avoid detour and waste of resources.

- The use of vehicles for purposes other than dumping and transportation is prohibited.

Environment and Natural Resources

The Group actively responds to the global trend of energy conservation and emission reduction, and is committed to promoting the information on environmental protection and cherishing natural resources, and integrates the concept of effective use of resources into the management and operation activities, so as to minimise the impact of business operations on the environment and natural resources and contribute to the protection of the environment and natural resources. The Group actively advocates the recycling of resources and has formulated the Energy Management System, the Energy Conservation Target Management System and other systems to strengthen the management of energy and energy conservation objectives. At the same time, the Group encourages all employees to participate in green office, improves employees' awareness of energy conservation objectives and responsibilities, better completes various energy conservation objectives, and integrates the concept of green and low-carbon development into the corporate culture.

Active Promotion on the Recycling of Resources

In the sewage treatment plant equipped with professional Fenton technology and anaerobic system, CH_4 (methane) generated in the course of sewage treatment is sent to the thermal power plant's incinerator for incineration after being pressurised by blowers. The heat value generated is supplied to the thermal power plant for power generation. If the power plant is in normal operation, about 7 tonnes of standard coal can be saved each day.

Promotion on Recycling Water Resources

In order to reduce the risk of wasting water resources and of direct or indirect contact with sewage by staff and outsiders, the Group is equipped with a wastewater reuse system. Pulp and paper manufacturing sewage, boiler sewage, domestic sewage and initial rainwater are collected and treated, including production wastewater and domestic sewage. The sewage is collected and being treated in the sewage treatment station of the Company, and the treated wastewater is partially used for pulp manufacturing and other production processes. The water resources can thus be recycled.

Implementation of Environmental Friendly Office Practices

The Group advocates the use of recycled paper and recycling of waste paper, turning off idle lighting equipment and electrical appliances. In addition, the Group is implementing the national unified computer document processing system by stages, which is expected to substantially reduce the amount of paper for office use. Meanwhile, the paper manufacturing business is gradually installing energy-efficient lights and replacing the old lights with energy-efficient ones in its plant, in a bid to further reduce power consumption.

Climate Change

Climate change is a global issue of high concern. Global climate change leads to frequent extreme weather events, in which climate change will affect the growth of trees, including the growing season and speed, indirectly causing instability of raw materials required by the paper making industry. Meanwhile, extreme weather may affect the waste paper procurement of the paper making industry, the operation of production facilities and pollution prevention and control facilities, as well as the transportation of raw materials, auxiliary materials and finished products.

In order to mitigate the impact of climate change, the Group's management identifies climate-related risks and opportunities that may have a significant impact on the Group's business, and regularly evaluates the potential risks that may be caused by climate change in production and operation, and adopts preventive and contingency measures. The Group has formulated a comprehensive emergency plan and set up an emergency leading group to deal with extreme weather. In case of extreme weather, the Group can immediately activate the emergency response mechanism, establish the emergency material ledger, and make reasonable adjustments to the production plan to secure transportation of raw materials and auxiliary materials, as well as normal operation of the facilities. The Group has its own electricity self-supply system, which helps to ensure continuous and stable production and operation, reduce the risk of suspension of production due to regional power outages, and effectively mitigate some of the direct impacts of climate change for the Group. At the same time, the Group regularly organises flood prevention emergency drills for employees to improve their alertness and disaster response capabilities, and ensure the safety of employees.

Social

B1 Employment

Since its inception in 1965, the Group has currently grown into a corporation with 771 current employees. The Group promotes the corporate culture of "people-oriented, leading technology, and be genuine", and upholds the concept that employees are the cornerstone of corporate success. It is committed to providing each employee with diversified training and development opportunities, building a platform for growth, creating a healthy and safe working environment, caring for employees, and promoting the common development of the Company and employees. In order to be law-compliant and avoid the risk of violating laws in human resources and labour relations, the Group has always complied with relevant employment laws and regulations, such as the Labour Law of the People's Republic of China, the Employment Ordinance and the Mandatory Provident Fund Schemes Ordinance of Hong Kong. The Group always insists on treating all employees equally in terms of recruitment, training and development, promotion and benefits. It supports employee diversity and equal opportunities, and strictly abides by the laws related to anti-discrimination, including the Sex Discrimination Ordinance, the Race Discrimination Ordinance, the Disability Discrimination Ordinance, and the Family Status Discrimination Ordinance. All discrimination on gender, ethnic background, religion and colour are prohibited. The Group firmly believes that the diversity of employees can bring more benefits to the Group and it is committed to building a diversified and close working team. The collision of different cultures can bring more ideas and innovations to the Group.

To mitigate the risk of talent loss and unfair treatment of employees, the Group is committed to attracting and retaining talents. At present, the Group has established a sound supervision and protection system for employees' rights and interests, including human resources policies such as the Employee Handbook. In addition, it has also established a sound staff remuneration review system, a stable salary increase system and a sales commission system. In addition, it also provides additional subsidies and benefits, and pays bonuses based on employees' performance and the Group's profits, so that the value of employees' contribution to the Group can be more directly reflected. The Group also has a long service award scheme in place to commend and express appreciation to employees for their long-time contributions. The Group constantly reviews and improves the existing human resources management system to protect the rights and interests of employees.

■ ***Caring for Employees***

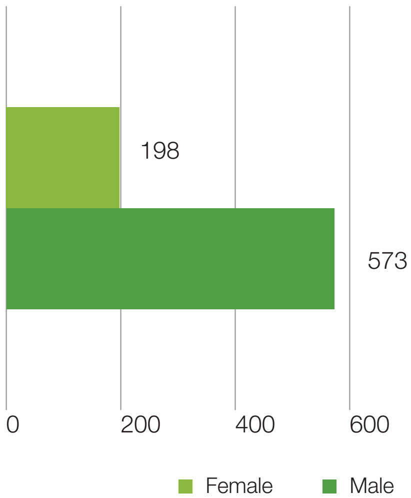
To fully reflect the Group's care for its employees, further enhance employees' enthusiasm, cohesion and sense of belonging, the Group carries out group-wise or regional cultural and sport entertainment competitions on a regular basis and organises team-building trips for employees. Entertainment evening parties, sports events and gatherings are held during holidays to strengthen team cohesion among employees and enhance their emotional communication and cross-cultural integration. On the other hand, for the convenience of employees, the Group offers free accommodation for employees living in remote areas, and arranges free shuttle bus service for employees living in the surrounding urban area. Meanwhile, the Group also provides free work meals for employees, which is conducive to providing employees with a more comfortable working and living environment and improving their work efficiency.

The Group pays attention to the physical and mental development of employees. Therefore, it sets up basketball courts, table tennis facilities and other recreational facilities in the factory area for employees to use free of charge, which not only enriches employees' spare time life and enhances their physical fitness, but also creates a good working environment for employees, thereby laying a foundation for the long-term development of individuals and enterprises.

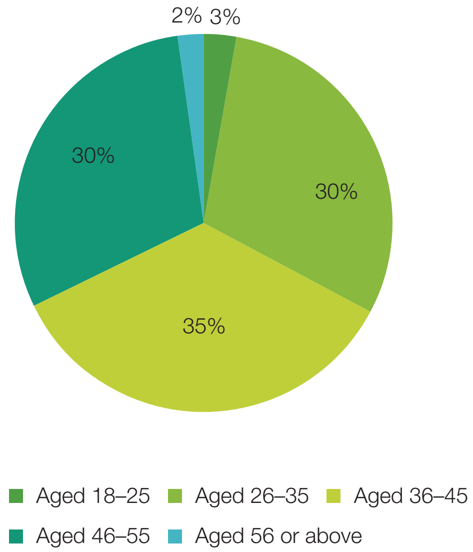
As to working hours and holidays, the Group schedules working hours and make arrangements for employees to take leave on statutory public holidays in accordance with the laws of various places. Production departments in the paper manufacturing business implement three shifts system to allow employees to have adequate time for rest.

As of 31 March 2022, all employees employed by the Group are full-time employees, with 761 employees based in Mainland China and 10 employees based in Hong Kong. The detailed classification is shown in the following charts:

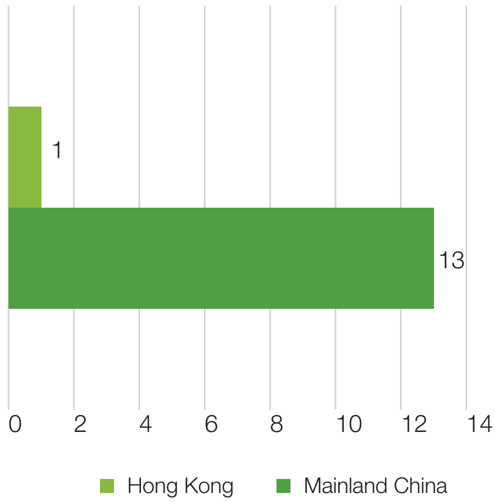
Employees by gender



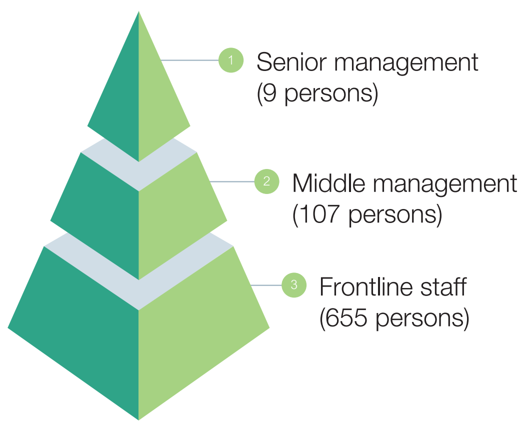
Employees by age



Turnover of employees (by region)



Employees (by type)



B2 Health and Safety

The Group attaches great importance to employees' health and work safety, and prevents the risk that endangers employees' health and environmental safety. The Group implements effective safety management to protect the safety of employees. Employees of the Group's paper manufacturing business conduct regular physical examinations. The environmental safety of the production workshop, including the noise, dust concentration, high temperature in production, and other relevant testing results of production lines are also published in visible places to ensure that employees take effective protective measures. The Group's paper manufacturing business provides all production workers with protective equipment, including earplugs, safety shoes, insulated gloves, etc. In addition, ventilation vents and air conditioners are installed in certain areas to maintain proper ventilation. Meanwhile, high-temperature subsidies and heatstroke prevention drugs will also be distributed to employees in need to ensure that employees work in a safe environment.

The Group has established a production safety responsibility system in accordance with national laws and regulations to ensure the safety of functional departments, engineering technicians and post operators during the production process. The departments in charge at all levels assume responsibility and are actively supervised by the safety management department. On the principle of unifying responsibilities, rights and interests of "managing production must manage safety", "being accountable to superiors, employees, and oneself", the Company facilitates and improves the development of a dual prevention system for its risk classification management and control and hidden danger investigation and governance.

The Group's paper manufacturing business has established a comprehensive safety management system to ensure the safety of the production process. The Group's paper manufacturing business has a Work Safety Committee, which is established by the management of each department, with the following key functions:

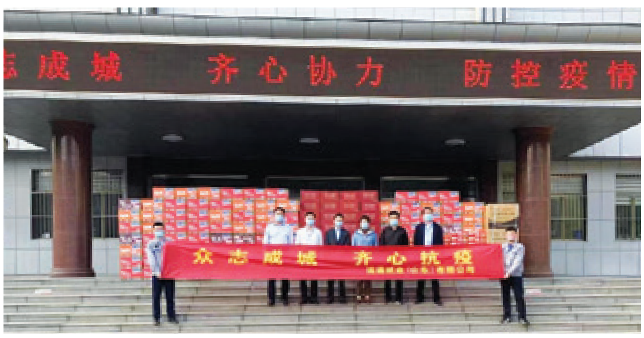
Duties of the Work Safety Committee

- carry out measures, policies, laws, regulations, standards, codes and the Company's safety production system in respect of safe production of the State and local government
- supervise and inspect the implementation and execution of each functional department
- establish the safe production management system and safety standardisation
- approve the measures and objectives in respect of the enterprise's safe production and safety standardisation, commitment from top management level and responsibility system for safety in production
- safe production management system and emergency plan
- convene the regular (quarterly) and irregular (when necessary) meetings of the Work Safety Committee
- study and resolve major issues of the enterprise's safe production work
- approve the annual plan for safe production and the investment plan for safe production funds
- deploy annual and interim safe production work and inspect the completion of safe production work
- study the plans for material accident hazards and environmental pollution problems, and approve the reported material safe production work in respect of technical reform and technical measures items to the safety supervision departments

- ➢ establish rewards and punishments system for safe production, review the assessment results of safe production work of functional departments and grassroots entities, make decisions on safe production incentives and penalties

- ➢ approve the accident reports and accident investigation reports of reported safe production incidents, and make decisions on those who is liable for the accident within its authority

- ■ ***Proactive Combat against Novel Coronavirus***
  Following the outbreak of novel coronavirus in early 2020, a series of precautionary measures have been implemented across the country and in various regions, such as public testing and lockdown from time to time. To reduce the risk brought by the pandemic to the Group and the PRC, and to cooperate with all parties in pandemic prevention in a more effective way, the Group has followed the government's pace and complied with its guidelines to suspend work under emergency or arrange working in non-peak hours, and attaches great importance to the safety of employees. With the continuous mutation of novel coronavirus, the Group has taken the responsibility of pandemic prevention, responded to the national anti-pandemic direction, remained vigilant and closely monitored the development of the pandemic, and it will actively evaluate the potential impact of the pandemic on the health and safety of its employees. In order to improve operational hygiene level and ensure a healthy and safe working environment, the Group has also implemented a number of prevention and control measures, including setting body temperature screening checkpoints at the door and providing sufficient hand sanitizer and pandemic prevention supplies in the office. In response to the impact of the pandemic on logistics and transportation, a pandemic control leading group has been set up to formulate an effective emergency plan for pandemic prevention and control, and provide sufficient pandemic prevention supplies, such that the impact of the pandemic on the Group can be reduced. The Group also visited the pandemic prevention and control personnel during the pandemic prevention and control period to strengthen the determination of the whole country and the Group to fight against pandemic together.



- ■ ***Establishment of Corporate Safety Culture***
  As a result of the Group's emphasis on building a corporate safety culture and proactive efforts to carry out safety cultural exchanges, the paper manufacturing business was named as "A Production Safety Advanced Work Unit in Xuecheng District for 2017" (2017年度薛城區安全生產先進單位) by Xuecheng District Government, and was awarded the title of "Worker Pioneer" (工人先鋒) by Xuecheng District General Union. Our paper manufacturing business has also passed the "OHSAS18001 Occupational Health and Safety Management System" Certification.

  As the Group places emphasis on production safety, there was no work-related fatality in the past three years. During the Reporting Period, the Group had no work-related injury, and thus there was no work days lost due to work-related injury.

B3 Development and Training

The Group adheres to the "people-oriented" management concept and is committed to cultivating a talent team. It values the common growth and development of employees and the Company and the personal development of employees, and provides employees with necessary learning and training opportunities. At the same time, the Group has formulated and continuously improved the human resources management system to build a platform for growth and career promotion for employees. The Group's human resources department offers skill operation training and on job education and training for new recruits. The training content is updated regularly to ensure that it keeps up with the ever-changing laws and regulations, markets and products.

To reduce the risks caused by inadequate safety training and work knowledge, during the Reporting Period, in accordance with the requirements of laws and regulations, the Group formulated the Training Management System and formulated the annual training plan, and carried out training as planned to meet the training needs of employees. The Group continued to improve course resources. In addition to engaging external lecturers to provide training for employees and arranging cross-training for various departments, the Group also actively developed and trained internal lecturers, and appointed employees to study and exchange abroad. The Group arranged one to two training sessions every month. The training contents included fire protection training, limited space training, safety training for all employees, first class training, etc., to improve the job skills and safety awareness of employees and protect the rights and interests of employees. After the training was completed, feedback surveys were conducted to help the Company formulate more comprehensive and specific training plans. It hopes to systematically improve the professional capabilities of employees and promote the common development of the Company and employees by organising diversified training activities.

In order to improve the all-round capabilities of employees, the Group conducts annual individual performance reviews for employees every year to evaluate employees' performance with the key performance indicators of each department. In addition, the Group encourages and assists employees to actively pursue further education, and has established an employee training subsidy scheme to assist employees in need. The Group believes that by cultivating talents, enhancing employees' personal ability and job satisfaction, the development of employees will be beneficial, and the competitiveness of the Company will be continuously improved, which will jointly promote the achievement of long-term development strategic goals.

The Group gives priority to internal promotions when there are job vacancies in order to motivate its employees. The selection criteria is based on the candidate's performance rather than qualifications, creating an external environment of equal competition for employees and promoting mutual progress between employees and the Company. In view of the pandemic during the year, the total number of training hours of the Group has reduced by approximately 1,600 hours from 5,164 hours in last year.

100% of our staff from paper manufacturing business have received training and the statistics on the average training hours received are as follow:

Training and Development Data	2021–2022
Total duration	3,527.50
Average training hours per employee	4.58
By gender	
Male	2,621.50
Average training hours per male employee	4.58
Female	906.00
Average training hours per female employee	4.58
By employee category	
Senior management	22.50
Average training hours per senior management	2.50
Middle management	504.00
Average training hours per middle management	4.71
Frontline and other employees	3,001.00
Average training hours per frontline and other employee	4.58

B4 Labour Standards

The Group strictly complies with the Labour Contract Law of the People's Republic of China, the Labour Law of the People's Republic of China, the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and other applicable employment laws and regulations. It adheres to legal and compliant employment, and prohibits and resists any form of child labour and forced labour.

The Group has established a comprehensive recruitment process, which clearly lists the recruitment requirements and job requirements during the recruitment process. Applicants are selected in strict accordance with the principles of fairness, justice and openness, based on their respective functional reviews, and through a combination of tests and interviews to recruit the best. The Group also conducts strict qualification review and background check on the personal information about job applicants to ensure that the applicants have reached the legal age for employment and are qualified for employment, and do not violate the relevant laws and regulations. It resolutely refuses the use of child labour and forced labour. In addition, the Group will enter into labour contracts with all official employees, which must be signed by both employees and the Group as a safeguard against child labour or forced labour.

As at 31 March 2022, the Group has not identified any material non-compliance with relevant laws and regulations in respect of the prevention of child labour or forced labour that would result in material impact to the Group.

B5 Supply Chain Management

In respect of the risk management of suppliers, including the quality control of materials provided by suppliers, their reliability and fulfilment of environmental and social responsibilities, the Group has established a comprehensive supplier evaluation system to continuously evaluate the supplying performance of suppliers, and established a profile of suppliers that comply with local government policies and environmental protection requirements, and updated the "Qualified Suppliers List" in a timely manner. The Group maintains good relationship and communication with major suppliers to ensure product quality and timely supply. Before establishing cooperation with new suppliers, the Company will also carry out supplier investigation, collect their relevant legal qualifications and organise supplier evaluation every year to mitigate the relevant risks brought by suppliers to the Group.

For the paper manufacturing business, professional procurement teams carry out reasonable and effective management of the procurement of raw materials to ensure the normal operation of production and business activities. There are currently over 160 suppliers on the qualified suppliers list. The selection, evaluation and control of suppliers by the procurement team are reflected in the supplier selection process. The procurement staff understands the production capacity, quality system, environmental certification and environmental protection of each supplier, and conducts on-site evaluation and inspection on the supplier's capability as needed to ensure that the raw materials procured have stable and reliable quality and meet the relevant national production safety and environmental standards.

The Group regularly reviews the delivery time, quality, service, production safety and environmental protection of suppliers every year. The Group understands that environmental protection is increasingly important to the public. The Group has formulated and published the "Related Party Management and Control Procedures", and advocated suppliers to fulfil their environmental and social responsibilities, including: reducing pollutant generated, protecting the environment, fulfilling social responsibilities, using more clean energy, saving energy and reducing emissions, by issuing related party notification letters. The above-mentioned will also be one of the inspection indicators for suppliers, and the Group will continuously monitor its environmental protection status in supply chain.

B6 Product Responsibility

- ***Focus on Paper Manufacturing Business***
  The Group's paper manufacturing business mainly produces middle- and high-grade coated duplex board, kraft cardboard and kraft linerboard, with annual production capacity of 450,000 tonnes, covering an area of over 900 mu. It has a provincial technology centre, three paper production lines and a heavy calcium grinding and processing plant with an annual output of 60,000 tonnes. Meanwhile, it has built a 60,000 KW self-provided thermal power plant and sewage treatment plant with a daily processing capacity of 30,000 cubic metres.

- ***Value the Construction of Corporate Culture***
  The Group follows the quality concept of "fine management, technological innovation, first-class quality and customer satisfaction", promotes the development strategy of "taking economic benefits as the centre, standardising action, scale operation and sustainable development", and actively introduces the scientific management mode, vigorously promotes the standardisation construction of enterprises, and successfully passed the "ISO9001 Quality Management System" Certification. The Group has also established the Rational Suggestion Management Committee to collect suggestions and proposals from employees that are beneficial to the Company's production, operation, management and other work, promote the improvement of the Company's management level, fully mobilise the work enthusiasm of employees, reduce costs, improve efficiency, increase the Company's economic benefits, and build a good corporate culture.

- ***Strict Control on Product Quality***
  The Group has effectively reduced the risk of inferior product quality. The Group's paper manufacturing business is governed by the Product Quality Law of the People's Republic of China and other laws, regulations and standards on product safety and quality. Therefore, it has formulated the Product Monitoring and Measurement Control Procedures to ensure that products meet quality and safety standards. Our paper manufacturing business has allocated professional quality inspectors to each production line to test the quality of raw materials, semi-finished products and finished products and to test whether products contain harmful substances. No sales of products will be allowed once these products fail to comply with the quality standard of the plant. We are accountable to every customer by ensuring that product quality is being maintained.

- ***Professional Customer Service Team***
  The Group has a professional after-sales service team. In response to customers' product-related issues, the Group is able to solve customers' problems quickly and effectively. At the same time, the Group has formulated the Customer Complaint Handling Process Regulations, which clearly stipulates the problem handling time and follow-up process of the after-sales service team and that the team shall maintain close contact with customers. In case of customer's questions about product quality, the Group will arrange relevant personnel to travel on-site to conduct quality verification, and arrange recall or compensation as appropriate. The responsible department will conduct regular reviews and inspections, and formulate corrective and preventive measures, while arranging supervision of corrective and preventive measures. The Group attaches great importance to service quality and continuously improves relevant processes to improve customer satisfaction. There was no customer complaint record during the year.

- ***Enhance Information Safety and Protection***
  With a view to preventing the risk of leaking customer information and violating privacy, the Group maintains strict confidentiality of customer information and strictly prohibits all acts which lead to disclosure of customer information. The Group strictly complies with the applicable standards, laws and regulations in relation to data privacy. The Group has implemented various privacy protection measures to protect customers' information from disclosure, such as setting up restricted access area and locking the customers' profiles.

- ***Emphasis on Intellectual Property Rights Law***
  The Group also relies on intellectual property laws, commercial secrets, confidentiality procedures and contractual terms to provide legal protection for the Group's intellectual property rights.

B7 Anti-Corruption

In order to prevent the risk of corruption that undermines the integrity of the Group, such that the development, operation and resources of the Group cannot reach the desired level, the Group firmly opposes any form of corruption and bribery, and upholds the business philosophy of maintaining integrity and fairness. Since its establishment, the Group has strictly complied with local laws and regulations, established an effective internal control system, implemented and continuously optimised management.

The Group believes that effective monitoring and supervision can guide and regulate the daily behaviour of employees, strengthen the integrity and constraint of management personnel, and prevent and curb corruption and other fraud from the source. In daily operations, the Group also regulates the responsibilities and obligations of departments and responsible persons, and requires employees to be honest and self-disciplined. Supervisors shall oversee their business operations, review and spot-check workflows and transactions to ensure that the process complies with established policies and procedures and to eliminate fraudulent practices. In addition, supervisors shall provide guidance to their subordinates in respect of business conducts and integrity. They shall report non-compliance matters, if any, through appropriate channels for follow-up action. Supervisors shall understand that they are accountable for the staff's conduct who are under their supervision to ensure that they are in compliance with the Group's anti-corruption policy.

In response to the above requirements, the Group has formulated relevant policies, regularly conducts daily management and operation reviews and related special reviews, and is also responsible for formulating relevant anti-corruption policies and regulations in the employee code of conduct. At the same time, the Group regularly organises anti-corruption training for directors and employees to enhance the anti-corruption awareness of the management and employees. The procurement, sales and other external functional departments are required to sign an integrity agreement with relevant units to prevent the occurrence of illegal matters.

In addition, comprehensive whistleblowing channels have been established for the employees to report relevant misconduct. The Group adopts a multi-control approach to ensure that the internal control system can effectively identify non-compliance incidents and take preventive and prohibiting measures in a timely manner. The audit department also regularly reviews relevant policies on combating corrupt practices.

For the year ended 31 March 2022, the Group had no corruption complaint cases.

B8 Community Investment

In addition to the daily operating activities, the Group actively engages in social responsibility and public welfare undertakings, and has been successively elected as:

- "Advanced Enterprise of Safe Production in Shandong Province";
- "Advanced Enterprise of Energy Conservation in Shandong Province";
- "Advanced Collective of Water Diversion from South to North in Shandong Province";
- "Qualified Enterprise of Clean Production";
- "Charity and Love Enterprise of Zaozhuang City"

by the provincial and municipal governments. We should strive to build a modern enterprise with customer satisfaction, social satisfaction and employee satisfaction.

The Group is enthusiastic in contributing to social causes, attaches importance to the relationship between the local community and our business operation, and actively participates in community care events. During the year, the Group officially supplied heating to Yizhiyuan District (藝之源小區) and Pan Long Community (潘龍社區) with coverage of 140,000 square metres, thereby bringing warmth to people's homes. During the pandemic, the Company was also willing to assist the community by donating anti-pandemic supplies such as masks, drinking water and food to the sub-districts and surrounding villages.

In terms of tax payment and taxation, the Group leveraged comprehensive utilisation of resources in a timely manner. During the year, the Group obtained tax refund and employment stabilisation subsidies, and fulfilled its responsibility to pay taxes for the country.

RSM

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TO THE SHAREHOLDERS OF SAMSON PAPER HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Samson Paper Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 95 to 203, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the consolidated statement of financial position of the Group as at 31 March 2022. We do not express an opinion on the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion on the Profit or Loss and Cash Flows

Insufficient accounting records of certain subsidiaries of the Group in paper trading segment
As explained in the section entitled "Basis of consolidation" in note 2 to the consolidated financial statements, the joint and several liquidators (the "SMHK Liquidators") were appointed to Samson Paper Company Limited ("SMHK"), an indirect wholly-owned subsidiary of the Company, pursuant to written resolutions of the sole shareholder of SMHK dated 14 August 2020. The SMHK Liquidators are empowered to, inter alia, preserve the assets of SMHK and take control of and exercise all rights which SMHK may have in relation to entities in which SMHK holds an interest. SMHK and its subsidiaries (the "De-consolidated Group A") were deconsolidated from the consolidated financial statements of the Group with effect from 15 August 2020.

The joint and several liquidators (the "SMC Liquidators") were appointed for Samson Paper (China) Company Limited ("SMC"), an indirect wholly-owned subsidiary of the Company, pursuant to the written resolutions of the sole shareholder of SMC dated 30 June 2021. The SMC Liquidators are empowered to, inter alia, preserve the assets of SMC and take control of and exercise all rights which SMC may have in relation to entities in which SMC holds an interest. SMC and its subsidiaries (the "De-consolidated Group B") were deconsolidated from the consolidated financial statements of the Group with effect from 1 July 2021.

Basis for Disclaimer of Opinion on the Profit or Loss and Cash Flows (continued)

Insufficient accounting records of certain subsidiaries of the Group in paper trading segment (continued)
The SMHK Liquidators, the SMC Liquidators and the Directors of the Company advised that since the appointment of the liquidators, the Company has retained the basic business records of the De-consolidated Group A and the De-consolidated Group B, including but not limited management accounts, ledgers and sub-ledgers account, vouchers, bank statements, agreements and documentation (collectively referred to as the "Basic Records"), that were left behind by the former management and accounting departments of the De-consolidated Group A and the De-consolidated Group B as far as possible. The Basic Records were not found to be of a sufficient level for our audit purposes. More specific business records and the supporting explanations of the De-consolidated Group A's and De-consolidated Group B's accounting records were needed, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; and (ii) detailed explanation on the accounting entries made (collectively, the "Specific Records").

The SMHK Liquidators, SMC Liquidators and the Directors of the Company consider that it was impracticable to provide the Specific Records given that (i) the former management and the majority of the accounting staff responsible for keeping the books and records of the De-consolidated Group A and De-consolidated Group B have departed from the Group; (ii) the SMHK Liquidators, SMC Liquidators and the Directors of the Company could only use their best endeavours to preserve the books and records that were left behind by the former management and the accounting department and were unable to determine whether these Specific Records were complete in the first place; and (iii) the SMHK Liquidators, SMC Liquidators and the Directors of the Company had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavours to locate such Specific Records. Other than the De-consolidated Group A and De-consolidated Group B, we were unable to obtain sufficient appropriate audit evidence for certain subsidiaries of the Group in the paper trading segment that were disposed of, deregistered or transferred to the scheme company during the years ended 31 March 2021 or 31 March 2022 as the books and records were either not available to us or not of a sufficient level for audit purposes as explained note 2 in the section entitled "Paper trading segment". As a result, we were unable to carry out audit procedures to satisfy ourselves as to whether the income and expenses for the year ended 31 March 2022 as detailed in note 2 in the section entitled "Paper trading segment", the discontinued operation and other related disclosure notes in relation to the Group's paper trading segment, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2022.

Unavailability of accounting records of certain subsidiaries of the Group in property development and investment segment
As explained in the section entitled "Basis of consolidation" in note 2 to the consolidated financial statements, the joint and several liquidators (the "Seng Jin Liquidators") were appointed to Seng Jin Group Limited ("SJ Limited"), an indirect wholly-owned subsidiary of the Company, pursuant to written resolutions of the sole shareholder of SJ Limited dated 16 September 2021. The Seng Jin Liquidators are empowered to, inter alia, preserve the assets of SJ Limited and take control of and exercise all rights which SJ Limited may have in relation to entities in which SJ Limited holds an interest. The SJ Limited and its subsidiaries (the "De-consolidated Group C") will be deconsolidated from the consolidated financial statements of the Group with effect from 17 September 2021.

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Basis for Disclaimer of Opinion on the Profit or Loss and Cash Flows (continued)

Unavailability of accounting records of certain subsidiaries of the Group in property development and investment segment (continued)

Due to the non-cooperation of the local management and staff of the De-consolidated Group C, neither the Company nor the Auditor were able to access the sufficient books and records of De-consolidated Group C for purpose of the audit, despite the fact that the Directors of the Company and the Seng Jin Liquidators have taken all reasonable steps and have used their best endeavours to resolve the matter. Other than De-consolidated Group C, we were unable to obtain sufficient audit evidence for the certain subsidiaries in the property development and investment segment that were in liquidation under the De-consolidated Group A during the year ended 31 March 2021, due to the insufficient accounting records of these subsidiaries. As a result, we were unable to carry out audit procedures to satisfy ourselves as to whether the income and expenses for the year ended 31 March 2022 as detailed in note 2 in the section entitled "Property development and investment segment", the discontinued operation and other related disclosure notes in relation to the Group's property development and investment segment, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2022.

Unavailability of accounting records of certain subsidiaries of the Group in others segment

As explained in the section entitled "Basis of consolidation" in note 2 to the consolidated financial statements, the Group has disposed Hypex International Pte Ltd. and its subsidiaries ("Hypex International") during the year ended 31 March 2021. The books and records of Hypex International available to the Group at the material time and which were retained by the Group, were not found to be of a sufficient level for audit purposes, despite the fact that the Directors of the Company have taken all reasonable steps and have used their best endeavours to resolve the matter. Other than Hypex International, we were unable to obtain sufficient audit evidence for certain subsidiaries in others segment that were under De-consolidated Group A and De-consolidated Group B, disposed of during the year ended 31 March 2021, deregistered or transferred to the scheme company during the year ended 31 March 2021 or 31 March 2022 as the books and records were not at a sufficient level for audit purposes as explained in note 2 in the section entitled "Others segment". As a result, we were unable to carry out audit procedures to satisfy ourselves as to whether the income and expenses for the year ended 31 March 2022 as detailed in note 2 in the section entitled "Others segment", the discontinued operation and other related disclosure noted in relation to the Group's others segment, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2022.

Opening balances and the comparative information

As described in the preceding paragraphs, due to the absence of sufficient supporting documents and more detailed explanations in relation to the accounting records in connection to the opening balances and comparative information made available to the directors of the Company from the former management of the Group in respect of certain subsidiaries of the paper trading, property development and investment and others segment of the Group, we were unable to obtain sufficient appropriate audit evidence over the account balances as at 31 March 2021 and the profit or loss, cash flows, changes in equity and notes to financial statements of the Group and Company for the year then ended. Any adjustments that might have been found necessary to the Group's consolidated statement of financial position as at 31 March 2021 and 1 April 2021 would have a consequential effect on the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2022.

Unmodified opinion on the consolidated statement of financial position

In our opinion, the consolidated financial statements give a true and fair view of the consolidated statement of financial position of the Group as at 31 March 2022 in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA.

Material uncertainties related to going concern

As disclosed in note 2 to the consolidated financial statements, as at 31 March 2022, the Group's current liabilities exceeded its current assets by approximately HK$348,719,000. Current portion of the Group's borrowings amounted to approximately HK$314,976,000 including accrued interest, while its cash and cash equivalents amounted to approximately HK$5,274,000. These conditions indicate that material uncertainties exist which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group.

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.

The engagement partner on the audit resulting in this independent auditor's report is Yu Kwok Keung.

RSM Hong Kong
Certified Public Accountants

21 June 2022

Consolidated Statement of Profit or Loss

For the year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000 (Re-presented)
Continuing operations			
Revenue	8	1,229,456	549,988
Cost of sales		(1,132,386)	(604,714)
Gross profit/(loss)		97,070	(54,726)
Other gains and income, net	9	14,958	10,850
Selling expenses		(2,185)	(13,039)
Administrative expenses		(109,848)	(95,536)
Impairment losses of financial assets, net		(1,067)	(395,628)
Impairment losses of property, plant and equipment	19	—	(774,582)
Release/(recognition) of financial guarantee liabilities	34	14,460	(14,460)
Loss on deconsolidation of a subsidiary	40(c)	—	(109,342)
Gain on re-consolidation of a deconsolidated subsidiary	40(m)	465,899	—
Profit/(loss) from operations		479,287	(1,446,463)
Finance costs	11	(7,516)	(9,489)
Profit/(loss) before tax		471,771	(1,455,952)
Income tax credit	12	720	—
Profit/(loss) for the year from continuing operations	13	472,491	(1,455,952)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	16	2,086,411	(2,568,637)
Profit/(loss) for the year		2,558,902	(4,024,589)
Attributable to:			
Owners of the Company		2,558,902	(3,768,764)
Non-controlling interests		—	(255,825)
		2,558,902	(4,024,589)
Earnings/(loss) per share	18		
From continuing and discontinued operations			
Basic (HK cents)		747.9	(3,302.8)
Diluted (HK cents)		747.9	(3,302.8)
From continuing operations			
Basic (HK cents)		138.1	(1,051.7)
Diluted (HK cents)		138.1	(1,051.7)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
Profit/(loss) for the year	2,558,902	(4,024,589)
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets at fair value through other comprehensive income ("FVTOCI")	–	131
	–	131
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	138,675	154,957
Exchange reserves reclassified to profit or loss on disposal and deconsolidation of subsidiaries	(163,957)	179,011
	(25,282)	333,968
Other comprehensive income for the year, net of tax	(25,282)	334,099
Total comprehensive income for the year	2,533,620	(3,690,490)
Attributable to:		
Owners of the Company	2,533,620	(3,438,308)
Non-controlling interests	–	(252,182)
	2,533,620	(3,690,490)

Consolidated Statement of Financial Position

As at 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	19	873,520	124,115
Investment properties	20	—	17,321
Right-of-use assets	21	222,550	34,291
Other intangible assets	22	187	—
Financial assets at FVTOCI	23	—	1,831
Non-current deposits and prepayments	24	—	1,854
Deferred tax assets	35	—	5,399
		1,096,257	184,811
Current assets			
Properties under development	25	—	227,384
Inventories	26	352,634	11,023
Accounts and other receivables and prepayments	24	122,636	452,482
Taxation recoverable		—	26,598
Bank and cash balances	27	5,274	195,066
		480,544	912,553
Total assets		1,576,801	1,097,364
Current liabilities			
Accounts and other payables	28	334,563	513,293
Contract liabilities	29	37,035	—
Taxation payable		—	12,565
Borrowings	32	314,976	404,121
Lease liabilities	33	—	3,728
Financial guarantee liabilities	34	—	2,284,136
Amounts due to related parties	30	122,778	—
Amount due to ultimate holding company	30	179	—
Provision	31	19,732	—
		829,263	3,217,843
Net current liabilities		(348,719)	(2,305,290)
Total assets less current liabilities		747,538	(2,120,479)

	Note	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Accounts and other payables	28	212,410	—
Lease liabilities	33	—	1,349
Borrowings	32	—	6,696
Amounts due to related parties	30	4,246	—
Deferred tax liabilities	35	22,027	49,670
		238,683	57,715
NET ASSETS/(LIABILITIES)		508,855	(2,178,194)
Equity			
Share capital	36	70,730	127,315
Reserves	38	438,125	(2,307,914)
		508,855	(2,180,599)
Non-controlling interests		—	2,405
TOTAL EQUITY/(CAPITAL DEFICIENCY)		508,855	(2,178,194)

Approved by the Board of Directors on 21 June 2022 and are signed on its behalf by:

Mr. SHI Yaofeng **Mr. HUANG Tiansheng**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Note	Share capital HK$'000	Share premium HK$'000	Asset revaluation reserve HK$'000	Contributed surplus HK$'000 (note 38 (b)(iv))	Capital reserve HK$'000 (note 38 (b)(i))	Exchange reserve HK$'000 (note 38 (b)(ii))	Statutory reserve HK$'000 (note 38 (b)(iii))	Retained earnings/ (Accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity/ (Capital deficiency) HK$'000
		Attributable to owners of the Company										
At 1 April 2020		127,315	161,262	441,141	–	201,994	(292,484)	27,247	591,234	1,257,709	241,932	1,499,641
Total comprehensive income for year		–	–	131	–	–	330,325	–	(3,768,764)	(3,438,308)	(252,182)	(3,690,490)
Disposal/deconsolidation/ deregistration of subsidiaries		–	–	(432,350)	–	–	–	(14,852)	447,202	–	12,655	12,655
Change in equity for the year		–	–	(432,219)	–	–	330,325	(14,852)	(3,321,562)	(3,438,308)	(239,527)	(3,677,835)
At 31 March 2021		127,315	161,262	8,922	–	201,994	37,841	12,395	(2,730,328)	(2,180,599)	2,405	(2,178,194)
At 1 April 2021		127,315	161,262	8,922	–	201,994	37,841	12,395	(2,730,328)	(2,180,599)	2,405	(2,178,194)
Total comprehensive income for year		–	–	–	–	–	(25,282)	–	2,558,902	2,533,620	–	2,533,620
Deconsolidation/deregistration of subsidiaries		–	–	(8,922)	–	(201,994)	–	(12,395)	223,311	–	(2,405)	(2,405)
Capital Reduction	36(d)	(108,403)	–	–	–	108,403	–	–	–	–	–	–
Share Premium Cancellation	37(b)(i)	–	(161,262)	–	161,262	–	–	–	–	–	–	–
Conversion of preference shares	36(e)	(12,546)	12,546	–	–	–	–	–	–	–	–	–
Subscription	36(f)	49,511	70,361	–	–	–	–	–	–	119,872	–	119,872
Placement	36(g)	2,829	4,021	–	–	–	–	–	–	6,850	–	6,850
Issue of shares	36(h)	12,024	17,088	–	–	–	–	–	–	29,112	–	29,112
Change in equity for the year		(56,585)	(57,246)	(8,922)	161,262	(93,591)	(25,282)	(12,395)	2,782,213	2,689,454	(2,405)	2,687,049
At 31 March 2022		70,730	104,016	–	161,262	108,403	12,559	–	51,885	508,855	–	508,855

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax		
Continuing operations	471,771	(3,725,628)
Discontinued operations	2,086,419	(295,717)
	2,558,190	(4,021,345)
Adjustments for:		
Depreciation of property, plant and equipment	43,276	59,065
Depreciation of right-of-use assets	12,016	24,620
Amortisation of intangible assets	28	363
Fair value losses on investment properties	—	17,300
(Gain)/loss on disposal/written-off of property, plant and equipment	(1,138)	8,786
Fair value losses on financial assets at financial assets at fair value through profit or loss	—	247
Allowance for impairment losses of accounts and others receivable, net	117,679	1,280,456
(Reversal)/provision for impairment loss on inventories	(4,920)	51,568
Finance costs	7,610	39,713
Interest income	(432)	(3,655)
(Release)/recognition of financial guarantee liabilities	(14,460)	2,284,136
Impairment losses of property, plant and equipment	—	774,582
Gain on re-consolidation of a deconsolidated subsidiary	(465,899)	—
Gain on disposal/deconsolidation/deregistration of subsidiaries	(2,286,095)	(758,969)
Operating loss before working capital changes	(34,145)	(243,133)
(Increase)/decrease in inventories	(334,323)	535,736
Increase in properties under development	—	(55,213)
Increase in accounts and other receivables and prepayments	(82,127)	(635,109)
Decrease in non-current deposits and prepayments	—	17,813
(Decrease)/increase in accounts and other payables	(180,152)	610,691
Increase/(decrease) in contract liabilities	37,035	(2,499)
Cash (used in)/generated from operations	(593,712)	228,286
Income taxes paid	—	(18,483)
Interest on lease liabilities	(94)	(724)
Net cash (used in)/generated from operating activities	(593,806)	209,079

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(58,318)	(804)
Proceeds from disposal of property, plant and equipment		16,224	—
Proceeds from redemption of life insurance policies		—	4,922
Proceeds from disposal of financial assets at FVTOCI		1,831	—
Re-consolidation of a deconsolidated subsidiary	40(m)	1,566	—
Disposal/deconsolidation/deregistration of subsidiaries	40	(178,508)	(89,702)
Release in restricted bank deposits		—	28,859
Interest received		432	3,655
Net cash used in investing activities		(216,773)	(53,070)
CASH FLOWS FROM FINANCING ACTIVITIES			
Other borrowings raised		424,637	—
Repayment of other borrowings		(121,325)	—
Repayment of bank loans		—	(72,276)
Repayment of trust receipt loans, net		—	(84,296)
Principal elements of lease payment		(3,240)	(15,454)
Increase in amount due to ultimate holding company		179	—
Increase in amounts due to related parties		126,064	—
Issue of shares		126,722	—
Interest paid		—	(38,989)
Net cash generated from/(used in) financing activities		553,037	(211,015)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(257,542)	(55,006)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		195,066	205,828
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		67,750	44,244
CASH AND CASH EQUIVALENTS AT END OF YEAR		5,274	195,066
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		5,274	195,066

1. General Information

The Company was incorporated in Bermuda with limited liability. The address of its registered office is Victoria Place, 31 Victoria Street, Hamilton HM10, Bermuda. The address of its principal place of business is Room 2306B & 2307, 23/F, West Tower, Shun Tak Centre, No. 168–200 Connaught Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 42 of the consolidated financial statements.

In the opinion of the directors of the Company (the "Directors"), NCD Investment Holding Limited ("NCD"), a company incorporated in the British Virgin Islands, is the ultimate parent.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprises Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are discussed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going Concern

As at 31 March 2022, the Group's current liabilities exceeded its current assets by HK$348,719,000. Current portion of the Group's borrowings amounted to approximately HK$314,976,000 including accrued interest borrowed from Shandong Bairun Paper Co. Ltd. ("Shandong Bairun"), which is under the common control of the shareholders of NCD. These conditions indicate that material uncertainties exist which may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

2. Basis of Preparation (continued)

Going Concern (continued)

The Group's ability to continue as a going concern largely depends on the sufficiency of financial resources available to the Group. The Directors are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 March 2022, based on the following considerations:

- The Group is expected to remain profitable and continue to generate operating cash inflows from its future business operations;

- In November 2021, a letter of intent was entered into between Universal Pulp and Paper (Shandong) Co. Ltd ("UPPSD") and a reputable commercial bank (which is dual listed on both the Main Board of the Stock Exchange and the Shanghai Stock Exchange) for a financing plan for the facilities amounted to RMB300,000,000. According to the latest negotiation with the commercial bank, the Directors expect that the agreement and related documentations for the first instalment of financing plan in the amount of RMB100,000,000 will be executed and delivered on or before 30 September 2022; and

- An undertaking has been provided by the NCD, the ultimate parent, that NCD will first procure Shandong Bairun to extend the term of the loan of RMB250,000,000 (equivalent to approximately HK$308,313,000), if deemed insufficient, NCD will provide further loans required for the operation of UPPSD until bank financing becomes available. On 20 June 2022, UPPSD has entered into an extension agreement with Shandong Bairun to extend the amounts due to related parties of approximately HK$91,863,000 for 1 year. To conclude, the ultimate parent, together with its subsidiaries, has granted extension of its short term facilities in an aggregate amount of approximately HK$400,176,000; and

In view of the above, the Directors are confident that there will be sufficient financial resources available to the Group to enable it to continue as a going concern and hence have prepared the consolidated financial statements on a going concern basis. Should the Group be unable to continue as going concern, it may be unable to continue as a going concern, and adjustments would have to be made to write down the carrying value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

Listing status of the Company

By way of letters dated 21 July 2020, 26 November 2020 and 11 June 2021, the Stock Exchange imposed the following resumption guidance (the "Resumption Guidance") for the Company:

1. Address all audit issues raised by the Former Auditors (the "Audit Issues");

2. Conduct an appropriate independent investigation into the Audit Issues, announce the findings and take appropriate remedial actions;

2. Basis of Preparation (continued)

Listing status of the Company (continued)

3. Publish all outstanding financial results required under the Listing Rules and address any audit modifications;

4. Have the winding-up petition (or winding-up order, if made) against the Company withdrawn or dismissed;

5. Announce all material information for the Company's shareholders and investors to appraise the Company's position;

6. Demonstrate its compliance with Rule 13.24 of the Listing Rules;

7. Conduct an independent internal control review and demonstrate adequate internal control systems being put in place to meet the obligations under the Listing Rules; and

8. Re-comply with Rules 3.05, 3.10(1), 3.21 and 3.25 of the Listing Rules.

For details, please refer to the announcement made by the Company dated 23 July 2020, 27 November 2020, 18 June 2021 and 25 January 2022.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 1 January 2022 (the "Delisting Deadline"). If the Company fails to remedy the issue(s) causing its trading suspension, fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 1 January 2022, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Group has fulfilled the Resumption Guidance imposed by the Stock Exchange on 26 January 2022. Trading in the Shares on the Stock Exchange has resumed on the same date.

For details, please refer to the announcement made by the Company dated 26 January 2022.

2. Basis of Preparation (continued)

Restructuring of the Group
On 13 April 2021, the Company, Lai Kar Yan (Derek) and Ho Kwok Leung (Glen), both of Deloitte Touche Tohmatsu, and Rachelle Ann Frisby of Deloitte Ltd. (collectively, the "JPLs"), Xiamen C&D Paper & Pulp Co., Ltd.* ("Xiamen C&D Paper") and Zhejiang Xinshengda Holding Group Co., Ltd.* ("Zhejiang Xinshengda") entered into a term sheet in relation to the proposed restructuring of the Group ("Term Sheet"). For details, please refer to the announcement made by the Company dated 13 April 2021.

On 30 July 2021, the Company, the JPLs, Xiamen C&D Paper, Zhejiang Xinshengda, NCD Investment Holding Limited (the "Investor") (a company incorporated in the British Virgin Islands owned by Xiamen C&D Paper as to 55% and Zhejiang Xinshengda as to 45%) and Shandong Bairun (background of which is set out in the paragraphs under the section headed "UPPSD Bankruptcy Reorganisation" below) entered into a restructuring agreement (as amended by a supplemental restructuring agreement dated 22 November 2021) (the "Restructuring Agreement") in relation to the restructuring of the Group (the "Proposed Restructuring") involving, inter alia, (i) the Capital Reorganisation; (ii) the Subscription; (iii) the Group Reorganisation; (iv) the Placement; (v) the ListCo Scheme; (vi) the UPPSD Bankruptcy Reorganisation; and (vii) the Resumption.

Details of the Restructuring Agreement has been announced in an announcement dated 22 November 2021.

(1) Capital Reorganisation
The Board proposes to implement, subject to the approval by the shareholders, the capital reorganisation ("Capital Reorganisation"), which comprises of:

(a) the reduction of the issued capital of the Company by cancelling the paid up capital to the extent of HK$0.095 on each of the issued ordinary shares in the issued capital of the Company before the Capital Reorganisation becoming effective (the "Existing Shares") such that the par value of each of the Existing Shares shall be reduced from HK$0.10 to HK$0.005 (the "Capital Reduction");

(b) the cancellation of the authorised but unissued ordinary share capital of the Company in its entirety upon the Capital Reduction becoming effective (the "Authorised Share Capital Diminution");

(c) the cancellation of entire amount standing to the credit of the share premium account of the Company (the "Share Premium Cancellation") of approximately HK$161,000,000, being the aggregate amount subscribed for the Existing Shares in excess of such Existing Shares' par value at that time, and credit the amount cancelled to the contributed surplus reserve account of the Company;

(d) the consolidation of every ten issued and unissued shares of HK$0.005 each into one new ordinary share of the Company of HK$0.05 (the "New Shares") upon the Capital Reduction, the Authorised Share Capital Diminution and the Share Premium Cancellation becoming effective (the "Share Consolidation"); and

(e) the increase in authorised share capital — upon the Capital Reduction, the Authorised Share Capital Diminution, the Share Premium Cancellation and the Share Consolidation becoming effective, the Company's authorised ordinary share capital will be increased from approximately HK$5,710,000 divided into 114,107,582 New Shares of HK$0.05 each to HK$100,000,000 divided into 2,000,000,000 New Shares of HK$0.05 each.

2. Basis of Preparation (continued)

Restructuring of the Group (continued)

(2) Subscription

The Company shall issue and allot, and the Investor shall subscribe for 990,220,583 New Shares (the "Subscription Shares"), representing 70% of the enlarged ordinary share capital of the Company upon the completion of the Capital Reorganisation and the issue and allotment of the Subscription Shares, Creditors' Shares (as defined below) and Placement Shares (as defined below) and assuming all issued preference shares of the Company have been converted into ordinary shares of the Company, at the subscription price of HK$0.121056 per share (the "Subscription Price") for a total consideration of HK$119,872,142 (the "Subscription Proceeds"). The Subscription Proceeds shall be used for settling the costs and expenses for implementing the Proposed Restructuring and discharging debts of the Company under the ListCo Scheme.

(3) Group Reorganisation

Pursuant to the Restructuring Agreement, the group reorganisation ("Group Reorganisation") shall involve:

(a) the incorporation of Greater Paper Development Limited ("SPV1"), a company incorporated in Hong Kong with limited liability, owned as to 100% by the Company;

(b) the incorporation of Greater Paper (Shenzhen) Paper Limited ("SPV2"), a company incorporated in the People's Republic of China (the "PRC") with limited liability and owned as to 100% by SPV1;

(c) SPV2 becoming the sole registered shareholder of UPPSD through the UPPSD Bankruptcy Reorganisation;

(d) upon the completion of all the transactions under the Restructuring Agreement (the "Closing"), to effectuate the transfer of the subsidiaries of the Group (the "Excluded Subsidiaries") to the SchemeCo (as defined below) for the Scheme Creditors (as defined below) pursuant to the terms of the ListCo Scheme by transferring the entire equity interests of Samson Paper (BVI) Ltd (being the holding company of the Excluded Subsidiaries and a directly wholly-owned subsidiary of the Company) held by the Company to the SchemeCo at a nominal consideration of HK$1.0. The Retained Group shall comprise of the Company, SPV1, SPV2 and UPPSD and will be principally engaged in manufacturing of paper product;

(e) provision of a loan not less than RMB80,000,000 by Shandong Bairun to SPV2 which will be used in the daily business operations of UPPSD (which forms part of the loan of not less than RMB250,000,000 to be provided by Shandong Bairun to SPV2 under the UPPSD Bankruptcy Reorganisation, the remaining RMB170,000,000 of which will be used for the first instalment payment under the UPPSD Bankruptcy Reorganisation plan);

(f) the completion of the implementation of the UPPSD Bankruptcy Reorganisation plan; and

(g) the above-mentioned loan would be secured by charge over the shares of SPV1, SPV2 and UPPSD and the appropriate assets of UPPSD created in favour of the Investor or Shandong Bairun (as the case may be) by way of a first priority fixed charge, which shall be discharged upon the completion of the Group Reorganisation.

2. Basis of Preparation (continued)

Restructuring of the Group (continued)

(4) Placement

Pursuant to the Restructuring Agreement, the Company shall enter into a placing agreement with the Investor and a placing agent (the "Placing Agent for Placement"), pursuant to which the Placing Agent for Placement undertakes to place, on fully underwritten basis, 56,584,032 placement shares (the "Placement Shares") to no less than six placees at HK$0.121056 per Placement Share (the "Placement").

The gross proceeds from the Placement will be approximately HK$6,849,837, and shall be used for discharging debts of the Company under the ListCo Scheme.

(5) Listco scheme

The Company shall restructure its indebtedness by ListCo Scheme under Hong Kong Law involving:

(a) upon the ListCo Scheme become effective, the scheme administrators shall incorporate a special purpose vehicle (the "SchemeCo") to hold and realise assets of the SchemeCo for distribution to the creditors of the Company with unsecured claims admitted by the scheme administrators in accordance with the terms of the ListCo Scheme (the "Scheme Creditors") and settle the costs and expenses arising from the implementation of the ListCo Scheme in accordance with the terms of the ListCo Scheme;

(b) all the claims against the Company shall be fully and finally discharged under ListCo Scheme by way of the SchemeCo accepting and assuming an equivalent liability in place of the Company in respect of the claims of the creditors of the Company. In return, the Scheme Creditors will be entitled to receive dividends from the realisation of the assets of the SchemeCo pursuant to the ListCo Scheme in full and final settlement of their claims against the SchemeCo;

(c) the assets of the SchemeCo to be realised for the benefit of the Scheme Creditors shall include:

(i) the remaining balance of the gross Subscription Proceeds of approximately HK$119,872,142 after deducting the costs of implementing the Proposed Restructuring;

(ii) 240,482,142 New Shares to be issued and allotted by the Company to the SchemeCo (the "Creditors' Shares") for the benefit of the Scheme Creditors, representing approximately 17% of the issued ordinary share capital of the Company after the completion of the Capital Reorganisation and as enlarged by the issue and allotment of the Subscription Shares, Placement Shares and Creditors' Shares and assuming all preference shares have been converted, subject to the right to dispose the Creditors' Shares as detailed in paragraph (viii) below;

(iii) gross proceeds from the Placement of approximately HK$6,849,837;

(iv) the shares and/other assets of the Excluded Subsidiaries;

2. Basis of Preparation (continued)

Restructuring of the Group (continued)

(5) Listco scheme (continued)

(c) the assets of the SchemeCo to be realised for the benefit of the Scheme Creditors shall include: (continued)

(v) the inter-company account receivables due from the Excluded Subsidiaries to the Retained Group in the amount of approximately HK$300 million;

(vi) the cash, bank deposits and account receivables of the Company as at the effective date of the ListCo Scheme (apart from the account receivables due from the Retained Group);

(vii) all claims or litigations and all potential claims or litigation rights against third parties raised by the Retained Group (to the extent transferrable under the applicable law and approved by the relevant party);

(viii) a right to the SchemeCo exercisable by the scheme administrators in their absolute discretion (for the benefit of the Scheme Creditors other than the Scheme Creditors who elected to hold the Creditors' Shares in their own names or through CCASS) to dispose the Creditors' Shares on behalf of the relevant Scheme Creditors, either (i) in the open market at the market price; or (ii) instructing a placing agent (the "Placing Agent for Placing Out") at one or more times during the 12 months from the Closing to place such number of the Creditors' Shares to independent placees at price(s) procured by the Placing Agent for Placing Out on a best effort basis (the "Placing Price for Placing Out") and, given the guarantee by the Investor (the "Price Protection") to pay the shortfall between the Placing Price for Placing Out and the issue price of the Creditors' Shares (i.e. HK$0.121056 per share) should the Placing Price for Placing Out be lower than the issue price of the Creditors' Shares, to realise such Creditors' Shares at a price not less than the issue price of the Creditors' Shares, thereby offering a certain minimum realisation from the Creditors' Shares in exchange for the relevant Scheme Creditors releasing their admitted claims against the Company.

On 30 September 2021, the Company held a meeting of the creditors of the Company (the "Scheme Meeting") pursuant to the order dated 1 September 2021 granted by the Hong Kong Court. The resolution to approve the ListCo Scheme was duly passed. Subsequently, the ListCo Scheme was sanctioned by the Hong Kong Court on 28 October 2021.

2. Basis of Preparation (continued)

Restructuring of the Group (continued)

(6) UPPSD bankruptcy reorganisation

Upon completion of the Proposed Restructuring, the Retained Group shall continue to be engaged in paper manufacturing business conducted through UPPSD.

As set out in the Company's announcement dated 22 November 2021, due to the then liquidity shortage of the Group and the eventual suspension of production of UPPSD in late September 2020, in order to provide and ring-fence working capital to resume UPPSD's operation so as to preserve its operational value, UPPSD, Xiamen C&D Paper and Shandong Herun Holding Group Co., Ltd.* ("Shandong Herun") (a PRC company wholly-owned by Mr. Li Shengfeng, the majority ultimate beneficial owner of Zhejiang Xinshengda) entered into the an agreement dated 24 October 2020 (the "Entrusted Operation Agreement"), pursuant to which, Xiamen C&D Paper and Shandong Herun formed their joint venture Shandong Bairun (owned by Xiamen C&D Paper as to 55% and owned by Shandong Herun as at 45%) in November 2020 to operate the paper manufacturing facility of UPPSD (the "Entrusted Assets") on an entrusted basis (the "Entrusted Operation").

The resumption of manufacturing operations of UPPSD was funded by Shandong Bairun on the bases that UPPSD was paid/reimbursed the costs of its staff and Shandong Bairun would pay all operating expenses (including raw material and maintenance costs). Shandong Bairun would not, however, bear liabilities (trade or otherwise) that arose prior to the commencement of the Entrusted Operation. Shandong Bairun would not be entitled to any increase in value of the Entrusted Assets and the operations of UPPSD. Also, Shandong Bairun would not bear any risk of deterioration in value of the Entrusted Assets and risks of seizure of the Entrusted Assets (e.g. Shandong Bairun could terminate the Entrusted Operation Agreement if major assets of UPPSD were under bankruptcy proceedings or enforcement action such that it became impractical for Xiamen C&D Paper, Shandong Herun and Shandong Bairun to continue production in accordance to the terms of the Entrusted Operation Agreement).

The Company/UPPSD also retained control over UPPSD/the Entrusted Assets, including but not limited to selling assets of and/or interests in UPPSD and rights to reject any proposed addition/upgrade to the Entrusted Assets.

In view of the above, the Company is of the view that there is no impact on the accounting treatment of UPPSD in the Company's consolidated financial statements after entering into the Entrusted Operation Agreement.

2. Basis of Preparation (continued)

Restructuring of the Group (continued)

(6) UPPSD bankruptcy reorganisation (continued)

On 23 December 2020, UPPSD received the notice from the People's Court of Xuecheng District, Zaozhuang City, Shandong Province (the "Shandong Court"), informing that a creditor of UPPSD had filed a bankruptcy application against UPPSD (the "UPPSD Bankruptcy Application"). Despite the objection filed by UPPSD to the Shandong Court, UPPSD received a civil judgement issued by the Shandong Court, advising that the UPPSD Bankruptcy Application was accepted and that a bankruptcy administrator (the "UPPSD Bankruptcy Administrator") was appointed on 30 December 2020. Accordingly, the Company lost control over UPPSD and financial results and position of UPPSD were deconsolidated from the Group with effect from 31 December 2020 in accordance with the requirements of HKFRS 10 Consolidated Financial Statements.

Following the execution of the Term Sheet, UPPSD submitted an application to the Shandong Court and the UPPSD Bankruptcy Administrator to seek for a conversion of the bankruptcy proceedings of UPPSD into a bankruptcy reorganisation, which was approved by the Shandong Court with effect from 20 April 2021.

On 29 July 2021, the UPPSD Bankruptcy Administrator convened the second meeting of creditors of UPPSD for the purpose of considering and approving the UPPSD Bankruptcy Reorganisation plan as summarised below:

(a) UPPSD shall become a wholly-owned subsidiary of the Company (through SPV1 and SPV2) through the UPPSD Bankruptcy Reorganisation;

(b) settlement of four creditors' priority claims with an aggregate amount of RMB4,960,533.58 in one lump sum payment by cash in priority to other creditors with unsecured claims, with their unsecured claims totalling RMB1,084,101,760.80 settled in the method as provided in (d), (e) and (f) below;

(c) settlement of two creditors' verified tax claims with an aggregate amount of RMB48,333,787.65 in one lump sum payment by cash;

(d) settlement of each creditor's unsecured claims with principal amount of RMB200,000 (inclusive) or below in full by way of cash;

(e) for each creditor's unsecured claims with principal amount exceeding RMB200,000, settlement will be completed within four (4) years in five (5) instalments of 20% every year. The first instalment payment shall be made to repay creditor's unsecured claim of principal amount below RMB200,000 (inclusive) and 20% of the principal amount in excess of RMB200,000. The four subsequent instalments of 20% of the principal amount in excess of RMB200,000 shall be paid on or before the first, second, third and fourth anniversary date of the first instalment payment. Remaining debts shall not bear any interest for the period of settlement in instalments;

2. Basis of Preparation (continued)

Restructuring of the Group (continued)

(6) UPPSD bankruptcy reorganisation (continued)

(f) the settlement of the inter-company debts due by UPPSD to the Excluded Subsidiaries in the total sum of RMB741,989,908.38 as recognised by the UPPSD Bankruptcy Administrator in one lump sum payment of RMB50,000,000;

(g) upon the completion of UPPSD Bankruptcy Reorganisation, UPPSD shall forfeit its all accounts receivables, prepayments and other receivables due by the Group to UPPSD, which amounted to RMB156,943,268.36 based on the liquidation audit on UPPSD commissioned by the UPPSD Bankruptcy Administrator; and

(h) termination of the Entrusted Operation Agreement.

The UPPSD Bankruptcy Reorganisation was approved by its creditors and the Shandong Court on 29 July 2021 and 31 July 2021 respectively and the UPPSD Bankruptcy Administrator was discharged with effect from 1 August 2021. The Entrusted Operation Agreement have also been terminated with effect from 1 August 2021 and UPPSD resumed its self-operation. Financial results and position of UPPSD were consolidated to those of the Group in accordance with the requirements of HKFRS 10 Consolidated Financial Statements with effect from 1 August 2021.

On 11 October 2021, following the first instalment payment by UPPSD in accordance to the UPPSD Bankruptcy Reorganisation plan, the Shandong Court handed down a judgement confirming that the UPPSD Bankruptcy Reorganisation has been successfully implemented and ordered the termination of the UPPSD's bankruptcy reorganisation proceedings.

(7) Resumption

To satisfy the Resumption Guidance as imposed by the Stock Exchange before the Delisting Deadline, the details of which are set out in the preceding paragraph.

The Restructuring has been completed upon taking effect of the Listco Scheme and the withdrawal of the Petition. Completion of the Capital Reorganisation, the Subscription, the Group Reorganisation, the Placement, and the taking effect of the Listco Scheme all took place on 26 January 2022. Accordingly, on 26 January 2022, the Company simultaneously issued to (i) the Investor the Subscription Shares, (ii) the Placees the Placement Shares; and (iii) the SchemeCo the Creditors' Shares.

For details, please refer to the announcement made by the Company dated 26 January 2022.

2. Basis of Preparation (continued)

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. 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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

During the years ended 31 March 2022 and 2021, the Group had deconsolidated certain subsidiaries as set out below.

2. Basis of Preparation (continued)

Paper trading segment

The Group's paper trading business was primarily carried out by Samson Paper Company Limited ("SMHK") (an indirectly wholly-owned subsidiary of the Company incorporated in Hong Kong) and its subsidiaries; Samson Paper (China) Company Limited ("SMC") (an indirectly wholly-owned subsidiary of the Company incorporated in the Hong Kong) and its subsidiaries in the PRC (the "PRC Paper Trading Subsidiaries") and indirectly wholly-owned subsidiaries of the Company incorporated in the South East Asia (e.g. Malaysia).

The paper trading business of the Group was most severely and immediately impacted by the withdrawal of banking facilities and acceleration of repayment obligations by certain creditors of the Group as a result of the suspension of trading in shares of the Company with effect from 2 July 2020, in particular, it was unable to make new purchases for maintaining normal trading operations. Some employees of the paper trading segment left the Group in light of the disruptions and uncertainty surrounding the Group's operation. The Board and the JPLs decided to wind down or dispose the paper trading business in view of its substantial working capital requirement and the Group's then liquidity position and its vulnerability against business interruption.

SMHK was the principal borrower of the Group with most of its indebtedness being guaranteed by the Company. Some of the SMHK's creditors had issued proceedings in the Hong Kong court against SMHK. On 10 August 2020, SMHK received a demand letter from a supplier demanding an immediate payment of approximately US$355,000 and HK$623,586,000.

With a view to protecting interests of all unsecured creditors of SMHK and to maintain the prospect of an holistic approach to the restructuring of the Company's indebtedness, the sole shareholder of SMHK passed a special resolution on 14 August 2020 to put SMHK into creditors' voluntary liquidation because it could not, by reason of its liabilities, continue in business. Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung, Glen of Deloitte Touche Tohmatsu were appointed as the joint and several liquidators of SMHK (the "SMHK Liquidators") and their appointment was subsequently confirmed at a creditors' meeting on 25 August 2020. Upon the commencement of its liquidation, SMHK laid off all remaining employees with immediate effect but re-employed a small number of sales personnel on a short-term basis to facilitate the collection of accounts receivable.

Similarly, the PRC Paper Trading Subsidiaries had been wound down since September 2020. Most staff were made redundant and a limited number of staff were re-employed on a short-term basis to assist with the winding down. Following the cessation of business of the PRC Paper Trading Subsidiaries, SMC was put into creditors' voluntary liquidation on 30 June 2021. Messrs. Lai Kar Yan (Derek), Ho Kwok Leung, Glen and Kam Chung Hang (Forrest) of Deloitte Touche Tohmatsu were appointed as the joint and several liquidators of SMC (the "SMC Liquidators") and their appointment was confirmed at a creditors' meeting on 9 July 2021.

2. Basis of Preparation (continued)

Paper trading segment (continued)

Upon appointment of the SMHK Liquidators and the SMC Liquidators, the Group lost control over SMHK and SMC. SMHK and its subsidiaries (the "Deconsolidated Group A") and SMC and its subsidiaries (the "De-consolidated Group B") were therefore deconsolidated from the consolidated financial statements of the Group with effect from 15 August 2020 and 1 July 2021 respectively in accordance with the requirements of HKFRS 10 Consolidation Financial Statements.

The SMHK Liquidators, SMC Liquidators and the Directors of the Company had taken all reasonable steps to preserve and maintain the books and records of the De-consolidated Group A and De-consolidated Group B respectively that were left behind by the former management and accounting departments of the De-consolidated Group A and De-consolidated Group B, including but not limited to management accounts, ledgers and sub-ledgers account, vouchers, bank statements, agreements and documentation (collectively referred to as the "Basic Records"). However, despite the SMHK Liquidators, the SMC Liquidators and the Directors of the Company used their best endeavours to locate (i) certain supporting documents, such as invoices, receipts and purchaser orders, regarding certain business transactions; (ii) detailed explanations on the journal entries (collectively referred to as the "Specific Records"), they were unable to access the Specific Records as a result of the resignation or redundancy of the relevant senior management and accounting staff. The Company was unable to determine whether these Specific Records were absent in the first place or they were updated due to the departure of the former management and the accounting staff.

Apart from those in De-consolidated Group A and De-consolidated Group B, certain subsidiaries of the Company were disposed during the year ended 31 March 2021. The books and records of these subsidiaries available to the Group at the material time which were retained by the Group upon the disposal were not found to be of a sufficient level for audit purposes. Despite the Directors of the Company have taken all reasonable steps and have used their best endeavours to resolve the matter, including but not limited to repeated verbal and written requests to the disposed subsidiaries, the Company has been unable to access to the complete set of books and records of these subsidiaries and detailed explanations on the accounting records and is unable to determine whether the records retained by the Group upon disposal was updated.

Other than the subsidiaries mentioned above, certain subsidiaries have been deregistered during the year ended 31 March 2021 or 2022 and transferred to the SchemeCo upon the completion of the Group Restructuring during the year ended 31 March 2022 following staff redundancy and the cessation of business, the books and records of these subsidiaries available to the Group at the material time which were retained by the Group were not found to be of a sufficient level for audit purposes.

2. Basis of Preparation (continued)

Paper trading segment (continued)
Set out below the financial results for the years ended 31 March 2022 and 2021 and financial positions of paper trading segment of the Group:

Statement of profit or loss

	2022 HK$'000	2021 HK$'000
Revenue	23	1,675,344
Cost of sales	(438)	(1,661,332)
Gross (loss)/profit	(415)	14,012
Other gains and income, net	1,548	15,840
Selling expenses	(524)	(104,822)
Administrative expenses	(12,586)	(136,505)
Impairment losses of financial assets	(116,644)	(872,088)
Recognition of financial guarantee liabilities	—	(2,269,676)
Other operating expenses	(34,984)	(34,825)
Loss from operations	(163,605)	(3,388,064)
Finance costs	(94)	(27,927)
Loss before tax	(163,699)	(3,415,991)
Income tax credit/(expense)	1	(3,222)
Loss for the year	(163,698)	(3,419,213)
Gain on deconsolidation/disposal/deregistration of subsidiaries	1,974,290	1,661,755
Profit/(loss) for the year	1,810,592	(1,757,458)

2. Basis of Preparation (continued)

Paper trading segment (continued)
Statement of financial position

	As at 31 March 2021 HK$'000
Non-current assets	
Property, plant and equipment	97,767
Right-of-use assets	16,527
Non-current deposits and prepayments	1,854
Deferred tax assets	5,397
	121,545
Current assets	
Inventories	7,388
Accounts and other receivables	331,787
Taxation recoverable	26,552
Bank and cash balances	186,237
	551,964
Total assets	673,509
Current liabilities	
Accounts and other payables	493,462
Taxation payable	12,560
Borrowings	1,275
Lease liabilities	3,571
	510,868
Net current assets	41,096
Total assets less current liabilities	162,641
Non-current liabilities	
Lease liabilities	1,286
Borrowings	6,696
Deferred tax liabilities	18,367
	26,349
NET ASSETS	136,292

2. Basis of Preparation (continued)

Property development and investment ("PID") segment
The Group was also engaged in the PID business including (i) the development of Nantong Business Park through subsidiaries of Seng Jin Group Limited ("SJ Limited"), namely SJ (China) Company Limited ("SJ (China)") and Jordan Property (Nantong) Co Ltd ("Jordan Nantong"); (ii) investment in warehouses and offices in the PRC for rental income through certain PRC subsidiaries of SJ Limited.

Following the financial turmoil experienced by the Group in July 2020, SJ (China) has had limited access to working capital from the Group and defaulted payments to its creditors. Creditors have since taken action to freeze land and buildings owned by SJ (China) in Nantong Business Park, causing suspension in construction and certain phases of the development to be suspended from sale. There was increasing pressure from the local government on SJ (China) to resume construction. Certain management of the Group overseeing the operations of SJ (China) have departed the Group. The local management and staff were distressed by the disruptions to SJ (China)'s operation and uncertainties over its prospect and appealed to the Group to resolve the indebtedness of SJ (China) and maintain job stability.

On 16 September 2021, the shareholder of SJ Limited passed a qualifying resolution to wind up SJ Limited by way of an insolvent liquidation. Messrs. Lai Kar Yan (Derek) and Kam Chung Hang (Forrest) of Deloitte Touche Tohmatsu and Mr. Ryan Jarvis of Deloitte Ltd. were appointed as the joint and several liquidators of SJ Limited (the "Seng Jin Liquidators").

Upon appointment of the Seng Jin Liquidators, the Group lost control over SJ Limited (including SJ (China) and Jordon Nantong). Financial results and positions of SJ Limited and its subsidiaries (the "De-consolidated Group C") were therefore deconsolidated from the Group with effect from 17 September 2021 in accordance with the requirements of HKFRS 10 Consolidated Financial Statements.

The Company had maintained limited books and records of the De-consolidated Group C. Despite the repeated requests from the Company and its auditors during the course of the audit of the Group's consolidated financial statements for the year ended 31 March 2021 and up to the date of deconsolidation, the local management and the staff of the De-consolidated Group C, in view of the disruptions surrounding the operations of SJ (China), did not provide sufficient supporting documents and detailed explanations for the accounting entries to the auditors of the Company. The Seng Jin Liquidators and the Directors of the Company consider that it was impracticable to provide the complete accounting records of the De-consolidated Group C given (i) the supporting documents were kept in the local PRC office where the remaining staff and management were not supportive in view of the crisis of the Group and SJ (China); (ii) the Seng Jin Liquidators and the Directors of the Company were unable to determine whether those records were being updated in the first place; and (iii) the Seng Jin Liquidators and the Directors of the Company had no other access to such records despite the fact that the Seng Jin Liquidators and Directors of the Company have taken all reasonable steps and have used their best endeavours to access such records.

2. Basis of Preparation (continued)

Property development and investment ("PID") segment (continued)
Other than the De-consolidated Group C, SMHK and one of its subsidiaries were also engaged in the PID business during the year ended 31 March 2021. Due to the reasons set out above in the paper trading segment, the Company was unable to access to the Specific Records of SMHK and its subsidiary in relation to the PID business.

Set out below the financial results for the years ended 31 March 2022 and 2021 and financial positions of the PID segment of the Group:

Statement of profit or loss

	2022 HK$'000	2021 HK$'000
Revenue	1,634	16,078
Cost of sales	(1,180)	(3,870)
Gross profit	454	12,208
Fair value losses on investment properties	—	(17,300)
Other gains and income, net	520	1,436
Selling expenses	(205)	(233)
Administrative expenses	(1,874)	(3,975)
Other operating expenses, net	—	(12,020)
Loss from operations	(1,105)	(19,884)
Finance costs	—	—
Loss before tax	(1,105)	(19,884)
Income tax expense	—	—
Loss for the year	(1,105)	(19,884)
Loss on deconsolidation of subsidiaries	(64,902)	(788,914)
Loss for the year	(66,007)	(808,798)

2. Basis of Preparation (continued)

Property development and investment ("PID") segment (continued)
Statement of financial position

	As at 31 March 2021 HK$'000
Non-current assets	
Property, plant and equipment	26,328
Investment properties	17,321
Right-of-use assets	16,208
	59,857
Current assets	
Properties under development	227,384
Accounts and other receivables	2,192
Bank and cash balances	5,241
	234,817
Total assets	294,674
Current liabilities	
Accounts and other payables	1,186
Net current assets	233,631
Total assets less current liabilities	293,488
Non-current liabilities	
Deferred tax liabilities	8,208
NET ASSETS	285,280

Others segment
Following the Suspension and the defaults of the Group, there was limited working capital available to fund the overheads of other business. In the circumstances, the Group disposed its marine vessels repair business in Singapore which was carried out by Hypex International Pte Ltd ("Hypex International") and its subsidiaries (the "De-Consolidated Group D") in September 2020.

The books and records of the De-consolidated Group D available to the Group at the material time which were retained by the Group were not found to be of a sufficient level for audit purposes. Despite the directors have taken all reasonable steps and have used their best endeavours to resolve the matter, including repeated requests to Hypex International, the Company has been unable to access to the complete set of books and records of these subsidiaries and is unable to determine whether the records retained by the Group upon disposal was updated and complete.

2. Basis of Preparation (continued)

Others segment (continued)
Other than Hypex International, certain subsidiaries were disposed or deregistered during the year ended 31 March 2021 or 31 March 2022 and were transferred to the SchemeCo upon the completion of the Group Restructuring during the year ended 31 March 2022. Due to the resignation of the former management and majority of the accounting staff, the Company was unable to determine whether these Specific Records of these subsidiaries were absent in the first place nor was it able to access the Specific Records of these subsidiaries for audit purposes.

Certain other subsidiaries which form part of the others segment were held under the De-consolidated Group A and the De-consolidated Group B. Due to the reasons set out above in the paper trading segment, the Company was unable to obtain access to the Specific Records at these subsidiaries in the others segment.

Set out below the financial results for the years ended 31 March 2022 and 2021 and financial positions of others segment of the Group:

Statement of profit or loss

	2022 HK$'000	2021 HK$'000
Revenue	1,789	22,054
Cost of sales	(1,668)	(21,356)
Gross profit	121	698
Other gains and income, net	1,026	2,613
Selling expenses	(569)	(4,602)
Administrative expenses	(9,973)	(28,286)
Reversal of impairment losses/(impairment losses) of financial assets	32	(12,740)
Other operating (expenses)/income, net	(25,509)	129,130
(Loss)/profit from operations	(34,872)	86,813
Finance costs	—	(2,297)
(Loss)/profit before tax	(34,872)	84,516
Income tax expense	(9)	(22)
(Loss)/profit for the year	(34,881)	84,494
Gain/(loss) on deconsolidation/deregistration of subsidiaries	376,707	(86,875)
Profit/(loss) for the year	341,826	(2,381)

2. Basis of Preparation (continued)

Others segment (continued)
Statement of financial position

	As at 31 March 2021 HK$'000
Non-current assets	
Property, plant and equipment	20
Right-of-use assets	1,556
Financial assets at FVTOCI	1,831
Deferred tax assets	2
	3,409
Current assets	
Inventories	3,635
Accounts and other receivables	118,415
Taxation recoverable	14
Bank and cash balances	3,487
	125,551
Total assets	128,960
Current liabilities	
Accounts and other payables	10,348
Taxation payable	5
Borrowings	402,846
Lease liabilities	157
	413,356
Net current liabilities	(287,805)
Total assets less current liabilities	(284,396)
Non-current liabilities	
Lease liabilities	63
Deferred tax liabilities	23,095
	23,158
NET LIABILITIES	(307,554)

3. Adoption of New and Revised Hong Kong Financial Reporting Standards

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phrase 2

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year 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.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform — Phrase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform").

The application of the amendments had no significant impact on the consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Business Combination — Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property Plant and Equipment — Proceeds before Intended Use	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. Significant Accounting Policies

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. property, plant and equipment, investment properties and certain financial instruments that are measured at fair value).

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

(a) Consolidation

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

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

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

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

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

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

In the Company's statement of financial position, investment in a subsidiary is stated at cost less impairment loss, if any.

4. Significant Accounting Policies (continued)

(b) Business combination and goodwill

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

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

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

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Foreign currency translation

(i) Functional and presentation currency

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

The functional currency of subsidiaries established in the People's Republic of China ("PRC") is Renminbi ("RMB"). The directors consider that choosing HK$ as the presentation currency best suits the needs of the shareholders and investors.

4. Significant Accounting Policies (continued)

(c) Foreign currency translation (continued)

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

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

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

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

(iii) Translation on consolidation

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

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

4. Significant Accounting Policies (continued)

(d) Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed on a regular basis with an interval of not more than 3 years, such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation of revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

All other property, plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold land	Shorter of remaining lease term of 50 years or useful life
Buildings	2.5%–5.9%
Furniture and fixtures	10%–25%
Machinery and equipment	3.3%–20%
Office and computer equipment	10%–33.3%
Motor vehicles and vessels	12.5% or 20%
Leasehold improvements	20% or over the unexpired lease term, whichever is shorter

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

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

4. Significant Accounting Policies (continued)

(e) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rentals and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment property are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time.

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

An investment property is derecognised upon disposal or when the investment property is withdrawn from use. Any gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 4(u).

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

4. Significant Accounting Policies (continued)

(f) Leases (continued)

(i) The Group as a lessee (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses except for the right-of-use assets that meet the definition of investment property are carried at fair value.

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.

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.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

4. Significant Accounting Policies (continued)

(g) Other intangible assets

Intangible assets acquired separately — software

Software are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 10 years.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost for trading merchandise is determined using the first-in, first-out method and cost for manufactured merchandise is determined using the weighted-average method. The cost of finished goods comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Contract liabilities

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(j) Properties under development and held for sale

Properties for sale under development and held for sale are stated at the lower of cost and net realisable value. Costs include the acquisition cost of interest in leasehold land, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

On completion, the properties are reclassified to properties held for sale at the then carrying amount.

(k) Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4. Significant Accounting Policies (continued)

(k) Recognition and derecognition of financial instruments (continued)

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(l) Financial assets

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 marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(m) Accounts and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit loss ("ECL").

4. Significant Accounting Policies (continued)

(o) Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

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

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

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

(p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under HKFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

4. Significant Accounting Policies (continued)

(r) Financial guarantee contracts (continued)

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(s) Accounts and other payables

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

(t) Equity instruments

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

(u) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of goods is recognised when control of the products has transferred, being when the products are delivered to the customers. Delivery occurs when the products have been shipped to the specific location. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

4. Significant Accounting Policies (continued)

(v) Employees benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits. The Group provides for the probable future redundancy cost expected to be made to employees under relevant terms of service contracts and the Hong Kong Employment Ordinance.

(iv) The Group recognises a provision for bonus when contractually obligated or when there is a past practice that have created a constructive obligation.

(w) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The Group issues equity-settled share-based payments to all directors and employees of the Group and suppliers, consultants, advisors, agents, customers, service providers, contractors, any member of or any holder of any securities issued by any member of the Group or any entity in which the Group holds any equity interest.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to other parties are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

4. Significant Accounting Policies (continued)

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Effective 1 April 2019, 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.

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

(y) Taxation

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other 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 arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

4. Significant Accounting Policies (continued)

(y) Taxation (continued)

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

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

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 through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

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 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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

(z) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. Significant Accounting Policies (continued)

(aa) Impairment of financial assets

The Group recognises a loss allowance for ECL on accounts and other receivables as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for accounts receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk for balances categorised under "Stage 2" since initial recognition. However, if the credit risk on other receivables has not increased significantly since initial recognition, the Group categorises these balances under "Stage 1" and measures the allowance for impairment for other receivables at an amount equal to 12-month ECL.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. Significant Accounting Policies (continued)

(aa) Impairment of financial assets (continued)

Significant increase in credit risk (continued)

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

- 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 for a particular financial instrument;
- 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;
- significant increases in credit risk on other financial instruments of the same debtor;
- 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 on a financial asset 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.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

4. Significant Accounting Policies (continued)

(aa) Impairment of financial assets (continued)

Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

— when there is a breach of financial covenants by the counterparty; or

— 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 analysis, 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.

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:

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

— the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

4. Significant Accounting Policies (continued)

(aa) Impairment of financial assets (continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of account receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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 adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(ab) Provisions and contingent liabilities

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

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

4. Significant Accounting Policies (continued)

(ac) Events after the reporting period
Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Critical Judgements and Key Estimates

Critical judgements in applying accounting policies
In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis
These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful refinancing of the Group. Details are explained in note 2 to the consolidated financial statements.

(b) Distinction between investment properties and owner-occupied properties
Some properties comprise a portion that is held to earn rentals and another portion that is held for use in the production of goods. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production of goods. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgement.

(c) Deferred tax for investment properties
For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have adopted the presumption that investment properties measured using the fair value model are recovered through sale.

(d) Deferred tax assets
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. Critical Judgements and Key Estimates (continued)

Critical judgements in applying accounting policies (continued)

(e) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 21 to the consolidated financial statements for further information.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

(f) Significant increase in credit risk

As explained in note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key sources of estimation uncertainty

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

(a) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, HK$720,000 of income tax was credited (2021: HK$Nil) to profit or loss based on the estimated profit from continuing operations.

5. Critical Judgements and Key Estimates (continued)

Key sources of estimation uncertainty (continued)

(b) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement 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 cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 March 2022 were approximately HK$873,520,000 (2021: HK$124,115,000) and HK$222,550,000 (2021: HK$34,291,000) respectively.

(c) Fair value of investment properties and land and building included in property, plant and equipment

The Group appointed an independent professional valuer to assess the fair value of the investment properties. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment properties as at 31 March 2021 were approximately HK$17,321,000.

The carrying amount of land and building as at 31 March 2022 were approximately HK$317,729,000 (2021: HK$121,005,000).

(d) Significant increase in credit risk and impairment of accounts, bills and other receivables

As mentioned in note 4(aa) to the consolidated financial statements, ECL is measured as an allowance for impairment equal to 12-month ECL for Stage 1 financial assets, or lifetime ECL for Stage 2 or Stage 3 financial assets. A financial asset is moved to Stage 2 when its credit risk has increased significantly since initial recognition but is not assessed to be credit-impaired. A financial asset is then moved to Stage 3 when it is credit-impaired. In assessing whether the credit risk of a financial asset has significantly increased or whether a financial asset is credit-impaired, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Under the simplified approach in HKFRS 9 Financial Instruments, the loss allowance on trade receivables and contract assets is at an amount equal to lifetime expected credit losses.

As at 31 March 2022, the carrying amount of accounts and bills receivable is HK$15,877,000 (net of allowance for impairment losses of approximately HK$4,100,000) (2021: HK$211,040,000 (net of allowance for impairment losses of approximately HK$46,292,000)).

5. Critical Judgements and Key Estimates (continued)

Key sources of estimation uncertainty (continued)

(e) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. Allowance for slow-moving inventories was HK$29,880,000 as at 31 March 2022 (2021: HK$17,399,000).

(f) Fair value measurement of financial instruments

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's investment in Keishin Papers Trade (Shanghai) Company Limited ("Keishin"), details of which are set out in note 23 to the consolidated financial statements, by considering information from a variety of sources, including the latest financial information as well as the price and industry and sector performance of Keishin.

The carrying amount of the investment as at 31 March 2021 was HK$1,831,000.

(g) Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs when available.

6. Financial Risk Management

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

(a) Foreign currency risk

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

At 31 March 2022, if the Hong Kong dollar had weakened or strengthened 1% against RMB with all other variables held constant, consolidated profit after tax for the year would have been HK$3,373,000 higher or lower (2021: consolidated loss after tax for the year would have been HK$71,000 lower or higher), arising mainly as a result of the net foreign exchange gain or loss on trade payables and other borrowings denominated in RMB.

6. Financial Risk Management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily account receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Except for the financial guarantee given by the Group as set out in note 34, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 34.

Accounts and bills receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Account receivables are due within 30 to 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for account and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for accounts and bills receivables as at 31 March 2022:

		2022	
	Expected loss rate (note 1) %	Gross carrying amount HK$'000	Loss allowance (note 2) HK$'000
Current (not past due)	*%	1,207	*
Up to 60 days past due	6.4%	15,675	1,005
61–90 days past due	N/A	—	—
More than 90 days past due	100.0%	3,095	3,095
		19,977	4,100

6. Financial Risk Management (continued)

(b) Credit risk (continued)
Accounts and bills receivables (continued)

	2021		
	Expected loss rate (note 1) %	Gross carrying amount HK$'000	Loss allowance (note 2) HK$'000
Current (not past due)	N/A	—	—
Up to 60 days past due	*%	50	*
61–90 days past due	*%	4	*
More than 90 days past due	18.0%	257,278	46,292
		257,332	46,292

Note 1: * Less than 0.1%

Note 2: * Less than HK$1,000

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance for account and bills receivables during the year is as follows:

	2022 HK$'000	2021 HK$'000
At 1 April	46,292	75,180
Allowance for accounts receivables recognised for the year	1,203	44,475
Reversal of allowance for accounts receivables recognised for the year	(136)	(601)
Re-consolidation of a deconsolidated subsidiary	2,941	—
Disposal/deconsolidation/deregistration of subsidiaries	(46,292)	(79,151)
Exchange differences	92	6,389
At 31 March	4,100	46,292

6. Financial Risk Management (continued)

(b) Credit risk (continued)

Other receivables

The allowance for impairment of other receivables was provided using the "three-stage" approach by referring to changes in credit quality since the initial recognition of other receivables as mentioned in note 4(aa) to the consolidated financial statements.

Movement in the loss allowance for other receivables during the year is as follows:

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1 April 2020	–	–	555,810	555,810
Allowance for other receivables recognised for the year	–	–	1,236,582	1,236,582
Disposal/deconsolidation/deregistration of subsidiaries	–	–	(1,086,899)	(1,086,899)
At 31 March 2021 and 1 April 2021	–	–	705,493	705,493
Allowance for other receivables recognised for the year	–	–	116,612	116,612
Deconsolidation/deregistration of subsidiaries	–	–	(822,105)	(822,105)
At 31 March 2022	–	–	–	–

The allowance for impairment loss of other receivables that categorised under "Stage 3" is due to the liquidation of deconsolidated subsidiaries and deregistration of subsidiaries during the years ended 31 March 2022 and 2021. Except for these, the remaining other receivables balances are considered to have low credit risk, and the allowance for impairment recognised during the years was therefore limited to 12-month expected losses. The Group's management considers these balances to be of low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at FVTOCI and amortised cost

All of the Group's investments at FVTOCI and amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Management considers 'low credit risk' for listed debt securities to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include deposits and other receivables.

The carrying amount of deposits and other receivables approximated to their fair value as at the end of each reporting period. Their recoverability was assessed with reference to the credit status of the debtors, and the ECL is considered to be immaterial.

6. Financial Risk Management (continued)

(c) Liquidity risk

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

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand or less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
At 31 March 2022					
Borrowings	314,976	—	—	—	314,976
Accounts and other payables	334,563	70,803	141,607	—	546,973
Amounts due to related parties	122,778	1,415	2,831	—	127,024
Amount due to ultimate holding company	179	—	—	—	179
	772,496	72,218	144,438	—	989,152
At 31 March 2021					
Borrowings	413,723	1,554	4,134	2,622	422,033
Accounts and other payables	513,293	—	—	—	513,293
Lease liabilities	3,838	1,369	—	—	5,207
Financial guarantee liabilities	2,284,136	—	—	—	2,284,136
	3,214,990	2,923	4,134	2,622	3,224,669

(d) Interest rate risk

At 31 March 2022, the Group's other borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

At 31 March 2022, as the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

At 31 March 2021, the Group's exposure to cash flow interest rate risk arises from its variable-rate bank loans. It is the Group's policy to keep its borrowing at floating rate of interest so as to minimise the fair value interest rate risk.

6. Financial Risk Management (continued)

(d) Interest rate risk (continued)

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowing.

The Group's exposure to interest-rate risk arises from its bank borrowings and accounts payable. These borrowings and accounts payable bear interests at variable rates that vary with the then prevailing market condition.

At 31 March 2021, if interest rates had been 50 basis points lower/higher, with all other variables held constant, consolidated loss after tax for the year would have been HK$5,915,000 lower/higher respectively, arising mainly as a result of lower/higher interest expense on borrowings.

(e) Categories of financial instruments as at 31 March

	2022 HK$'000	2021 HK$'000
Financial assets:		
Financial assets at FVTOCI		
— Equity instruments	—	1,831
Financial assets at amortised cost	85,985	645,578
Financial liabilities:		
Financial liabilities at amortised cost	989,152	929,187
Financial guarantee liabilities	—	2,284,136

(f) Fair values

Except as disclosed in note 7 to the consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. Fair Value Measurements

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

7. Fair Value Measurements (continued)

(a) Disclosures of level in fair value hierarchy as at 31 March 2022 and 2021:

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 31 March 2022 HK$'000
Recurring fair value measurements:				
Property, plant and equipment				
Land and buildings — PRC	—	—	317,729	317,729

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 31 March 2021 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTOCI				
Investments in unlisted equity securities	—	—	1,831	1,831
Investment properties				
Factory buildings — PRC	—	—	17,321	17,321
Total	—	—	19,152	19,152

7. Fair Value Measurements (continued)

(b) Reconciliation of assets measured at fair value based on level 3:

	Financial asset at FVTOCI	Financial assets at FVTPL	Investment properties	Property, plant and equipment	
Description	Investments in unlisted equity securities HK$'000	Investments in life insurance HK$'000	Factory buildings — PRC HK$'000	Land and buildings HK$'000	Total HK$'000
At 1 April 2020	1,700	5,169	16,085	—	22,954
Total losses recognised in profit or loss	—	(247)	—	—	(247)
Total gains recognised in other comprehensive income	131	—	—	—	131
Redemption during the year	—	(4,922)	—	—	(4,922)
Exchange differences	—	—	1,236	—	1,236
At 31 March 2021 and 1 April 2021	1,831	—	17,321	—	19,152
Disposal during the year	(1,831)	—	—	—	(1,831)
Deconsolidation of subsidiaries	—	—	(17,632)	—	(17,632)
Reconsolidation of a deconsolidated subsidiary	—	—	—	308,604	308,604
Depreciation	—	—	—	(8,469)	(8,469)
Exchange differences	—	—	311	17,594	17,905
At 31 March 2022	—	—	—	317,729	317,729

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

7. Fair Value Measurements (continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2022 HK$'000 Assets	Fair value 2021 HK$'000 Assets
Financial assets at FVTOCI — Unlisted equity securities	Market comparable approach	Price-to-earnings ratio	2.2–7.8	Increase	—	1,831
		Discount for lack of marketability	20%	Decrease		
Investment properties — Factory buildings — PRC	Income capitalisation method	Adopted unit rent	RMB16.1–RMB27.4 per sqm per month	Increase	—	17,321
		Adopted term/ reversionary yield	6.0%–16.5%	Increase		
Property, plant and equipment — land and buildings	Market comparable approach	Unit price	RMB1,400–RMB4,200 per sqm	Increase	317,729	—

8. Revenue

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year from continuing operations is as follows:

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sale of goods	1,229,456	549,988
Timing of revenue recognition		
Products transferred at a point in time	1,229,456	549,988

9. Other Gains and Income, net

	2022 HK$'000	2021 HK$'000
Continuing operations		
Interest income	432	90
Sales of scrap materials	—	5,765
Rental income	368	4,071
Gains on disposal/written-off of property, plant and equipment	1,138	—
Government subsidy (note)	11,648	—
Others	1,372	924
	14,958	10,850

Note: It mainly represents the VAT tax and related other tax refunded from the tax authority in the PRC of approximately HK$11,137,000 (equivalent to approximately RMB9,179,000), as the Group manufactures the products by using recycled materials which entitled 50% reduction of VAT tax and related other tax.

10. Segment Information

The chief operating decision-makers have been identified as the executive directors of the Company. The executive directors review the Group's financial information mainly from business nature and geographical perspectives. From a perspective on business nature, the Group has a single reportable segment, namely paper manufacturing and selling segment. From a geographical perspective, management mainly assesses the performance of operations in the People's Republic of China (the "PRC").

The Group has carried on a single business under continuing operations, which is manufacturing and selling of paper products. Accordingly there is only one single reportable segment of the Group which is regularly reviewed by the executive directors.

Three operations (paper trading, PID and others) were discontinued in the current year. The segment information reported does not include any amounts of these discontinued operations, which are described in more detail in note 16.

Geographical information:
The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Hong Kong	—	—	—	8,160
The PRC (note)	1,229,456	549,988	1,096,257	169,099
Singapore	—	—	—	20
Korea	—	—	—	302
Consolidated total	1,229,456	549,988	1,096,257	177,581

Note: The PRC, for the presentation purpose in these consolidated financial statements, excludes Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan.

Revenue from major customers:
Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2022 HK$'000	2021 HK$'000
Continuing operations		
Customer A	324,158	—
Customer B	N/A[1]	69,571

[1] The corresponding revenue did not contribute over 10% of total revenue of the Group.

11. Finance Costs

	2022 HK$'000	2021 HK$'000
Continuing operations		
Interest on bank borrowings	–	9,489
Interest on other borrowings	6,556	–
Interest on amount due to a related party	960	–
	7,516	9,489

12. Income Tax Credit

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2022 HK$'000	2021 HK$'000
Deferred tax (note 35)	720	–
	720	–

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (2021: Nil).

The Group's PRC subsidiaries are subject to the PRC corporate income tax rate of 25% except as follows. Universal Pulp and Paper (Shandong) Co. Ltd. ("UPPSD"), a PRC subsidiary of the Group, was entitled to the preferential tax rate of 15% from years 2016 to 2018, being accredited as a High and New Technology Enterprise according to the PRC Corporate Income Tax Law and its relevant regulations. As UPPSD has renewed the qualification of High and New Technology Enterprise and approved on 28 November 2019 with an effective period of three years starting from 2019, and therefore the tax rate used to recognise deferred tax assets and liabilities as at 31 March 2022 was 15% (2021: 15%).

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in Bermuda and the British Virgin Islands.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

12. Income Tax Credit (continued)

The reconciliation between the income tax credit and the product of profit/(loss) before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2022 HK$'000	2021 HK$'000 (Re-presented)
Profit/(loss) before tax (from continuing operations)	471,771	(1,455,952)
Tax at the Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	77,843	(240,232)
Tax effect of income that is not taxable	(461,010)	—
Tax effect of expenses that are not deductible	381,945	168,813
Tax losses not recognised	997	52,559
Effect of different tax rates of subsidiaries	(495)	18,860
Income tax credit (relating to continuing operations)	(720)	—

13. Profit/(loss) for the Year from Continuing Operations

The Group's profit/(loss) for the year from continuing operations is stated after charging/(crediting) the following:

	2022 HK$'000	2021 HK$'000
Amortisation of intangible assets (included in administrative expenses)	28	41
Depreciation on property, plant and equipment	40,025	50,157
Depreciation on right-of-use assets	5,448	3,820
(Gains)/losses on disposal/write-off of property, plant and equipment	(1,138)	210
Cost of inventories sold (note)	1,079,550	601,595
Auditor's remuneration	2,400	1,750
Impairment losses on property, plant and equipment	—	774,582
Impairment losses on financial assets, net	1,067	395,628
(Reversal)/provision of impairment losses on inventories	(4,920)	52,414

Note: Cost of inventories sold includes depreciation of approximately HK$33,592,000 (2021: HK$47,989,000) which are included in the amounts disclosed separately.

14. Employee Benefit Expenses

	2022 HK$'000	2021 HK$'000
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	64,626	135,675
Retirement benefit scheme contributions	7,797	2,567
	72,423	138,242

(a) Five highest paid individuals

The five highest paid individuals in the Group during the year included four directors (2021: five) whose emoluments are reflected in the analysis presented in note 15.

	2022 HK$'000
Salaries and allowances	1,157
Retirement benefit scheme contributions	10
	1,167

The emoluments fell within the following band:

	Number of individuals 2022
Nil to HK$1,000,000	–
HK$1,000,001 to HK$1,500,000	1
	1

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 March 2022 and 2021.

15. Benefits and Interest of Directors

(a) Directors' emoluments

The remuneration of every director is set out below:

Name of director	Emoluments paid or receivable in respect of a person's services as a director whether of the Company or its subsidiary undertaking				
	Fees HK$'000	Salaries HK$'000	Estimated money value of other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2022					
Executive Directors					
Lee Seng Jin (note (i))	–	1,020	–	3	1,023
Sham Yee Lan, Peggy (note (ii))	–	1,000	–	3	1,003
Choi Wai Hong, Clifford (note (v))	–	638	–	12	650
Lau Wai Leung, Alfred (note (vii))	–	638	–	–	638
Shi Yaofeng (note (ix))	–	–	–	–	–
Huang Tiansheng (note (ix))	–	–	–	–	–
Shi Chenye (note (ix))	–	–	–	–	–
Non-executive Director					
Cheng Dongfang (note (ix))	–	–	–	–	–
Li Shengfeng (note (ix))	–	–	–	–	–
Choi Wai Hong, Clifford (note (v))	80	–	–	–	80
Independent Non-executive Directors					
Leung Vincent Gar-gene (note (vi))	518	–	–	–	518
Zhao Lin (note (ix))	54	–	–	–	54
Cho Mei Ting (note (x))	54	–	–	–	54
Wong Yiu Kit, Ernest (note (ix))	54	–	–	–	54
	760	3,296	–	18	4,074

15. Benefits and Interest of Directors (continued)

(a) Directors' emoluments (continued)

	Emoluments paid or receivable in respect of a person's services as a director whether of the Company or its subsidiary undertaking				
Name of director	Fees HK$'000	Salaries HK$'000	Estimated money value of other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2021					
Executive Directors					
Lee Seng Jin (note (i))	–	7,738	520	140	8,398
Sham Yee Lan, Peggy (note (ii))	–	5,302	–	131	5,433
Chow Wing Yuen (note (iii))	–	1,363	–	46	1,409
Lee Yue Kong, Albert (note (iii))	–	929	342	37	1,308
Non-executive Director					
Lau Wang Yip, Eric (note (iv))	–	–	–	–	–
Independent Non-executive Directors					
Choi Wai Hong, Clifford (note (v))	855	–	–	–	855
Leung Vincent Gar-gene (note (vi))	855	–	–	–	855
Lau Wai Leung, Alfred (note (vii))	855	–	–	–	855
Pang Wing Kin, Patrick (note (viii))	–	–	–	–	–
Tong Yat Chong (note (viii))	–	–	–	–	–
Ng Hung Sui, Kenneth (note (viii))	–	–	–	–	–
	2,565	15,332	862	354	19,113

Notes:

(i) Mr. Lee Seng Jin was appointed as Chairman on 9 December 2019. He is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as Chairman and Chief Executive Officer. He resigned as the Chairman and an Executive Director on 20 May 2021.

(ii) Ms. Sham Yee Lan, Peggy was appointed as Deputy Chief Executive Officer on 18 January 2020 and her emoluments disclosed above include those for services rendered by her as Deputy Chief Executive Officer. She resigned as an Executive Director on 20 May 2021.

(iii) Mr. Chow Wing Yuen and Mr. Lee Yue Kong, Albert resigned as Executive Directors on 6 February 2021.

(iv) Mr. Lau Wang Yip, Eric resigned as a Non-Executive Director on 12 July 2020.

(v) Mr. Choi Wai Hong, Clifford was appointed as an Independent Non-Executive Director on 16 July 2020. He was re-designated from an Independent Non-Executive Director to an Executive Director on 21 May 2021. He was also appointed as Chairman on 20 May 2021. He was re-designated from an Executive Director to a Non-Executive Director on 26 January 2022.

15. Benefits and Interest of Directors (continued)

(a) Directors' emoluments (continued)

Notes: (continued)

(vi) Mr. Leung Vincent Gar-gene was appointed as an Independent Non-Executive Director on 17 July 2020. He resigned as an Independent Non-Executive Director on 26 January 2022.

(vii) Mr. Lau Wai Leung, Alfred was appointed as an Independent Non-Executive Director on 17 July 2020. He was re-designated from an Independent Non-Executive Director to an Executive Director on 21 May 2021 and resigned as an Executive Director on 26 January 2022.

(viii) Mr. Pang Wing Kin, Mr. Tong Yat Chong and Mr. Ng Hung Sui resigned as Independent Non-executive Directors on 12 July 2020.

(ix) Mr. Shi Yaofeng, Mr. Huang Tiansheng, Ms. Shi Chenye were appointed as Executive Directors on 26 January 2022. Mr. Cheng Dongfang and Mr. Li Shengfeng were appointed as Non-Executive Directors on 26 January 2022. Mr. Zhao Lin and Mr. Wong Yiu Kit, Ernest were appointed as Independent Non-Executive Directors on 26 January 2022.

(x) Ms. Cho Mei Ting was appointed as an Independent Non-Executive Director on 26 January 2022 and resigned on 20 May 2022.

(xi) Mr. Lam John Cheung-wah was appointed as an Independent Non-Executive Director on 20 May 2022.

During the years, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group, or as compensation for loss of office, whether directly or indirectly, subsisting at the end of the year or any time during the year.

Neither the chief executive nor any of the directors waived any emoluments during the year (2021: HK$Nil).

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

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

16. Discontinued Operations

With reference to note 2(3)(d), the Company transferred the Excluded subsidiaries to the SchemeCo for the Scheme Creditors pursuant to the terms of the ListCo Scheme by transferring the entire equity interests of Samson Paper (BVI) Ltd (being the holding company of the Excluded Subsidiaries and a directly wholly-owned subsidiary of the Company) held by the Company to the SchemeCo at a nominal consideration of HK$1.0. The taking effect of the Listco Scheme took place on 26 January 2022.

For details, please refer to the announcement made by the Company dated 26 January 2022.

16. Discontinued Operations (continued)

(a) Discontinued operations from paper trading segment

Details of the assets and liabilities disposed of, deregistered and transferred, and the calculation of the profit or loss on deconsolidation, disposal and deregistration, are disclosed in note 40.

	2022 HK$'000	2021 HK$'000
Profit/(loss) for the year from discontinued operations:		
Revenue	23	1,675,344
Cost of sales	(438)	(1,661,332)
Other gains and income, net	1,548	15,840
Selling expenses	(524)	(104,822)
Administrative expenses	(12,586)	(136,505)
Impairment losses of financial assets, net	(116,644)	(872,088)
Recognition of financial guarantee liabilities	—	(2,269,676)
Other operating expenses	(34,984)	(34,825)
Finance costs	(94)	(27,927)
Loss before tax	(163,699)	(3,415,991)
Income tax credit/(expense)	1	(3,222)
Loss for the year	(163,698)	(3,419,213)
Gain on deconsolidation, disposal and deregistration of subsidiaries	1,974,290	1,661,755
Profit/(loss) for the year from discontinued operations (attributable to owners of the Company)	1,810,592	(1,757,458)

Profit/(loss) for the year from discontinued operations include the following:

	2022 HK$'000	2021 HK$'000
Depreciation of property, plant and equipment	3,249	5,924
Depreciation of right-of-use assets	3,342	9,656
Amortisation of other intangible assets	—	322

Cash flows from discontinued operations:

	2022 HK$'000	2021 HK$'000
Net cash outflows from operating activities	(4,391)	(2,175,470)
Net cash outflows from investing activities	(176,995)	(52,890)
Net cash outflows from financing activities	(3,240)	(131,613)
Net cash outflows	(184,626)	(2,359,973)

16. Discontinued Operations (continued)

(b) Discontinued operations from PID segment

Details of the assets and liabilities disposed of, deregistered and transferred, and the calculation of the profit or loss on deconsolidation and disposal, are disclosed in note 40.

	2022 HK$'000	2021 HK$'000
Loss for the year from discontinued operations:		
Revenue	1,634	16,078
Cost of sales	(1,180)	(3,870)
Fair value losses on investment properties	—	(17,300)
Other gains and income, net	520	1,436
Selling expenses	(205)	(233)
Administrative expenses	(1,874)	(3,975)
Other operating expenses	—	(12,020)
Loss before tax	(1,105)	(19,884)
Income tax expense	—	—
Loss for the year	(1,105)	(19,884)
Loss on deconsolidation of subsidiaries	(64,902)	(788,914)
Loss for the year from discontinued operations (attributable to owners of the Company)	(66,007)	(808,798)

Loss for the year from discontinued operations include the following:

	2022 HK$'000	2021 HK$'000
Depreciation of property, plant and equipment	—	648
Depreciation of right-of-use assets	2,610	3,132

Cash flows from discontinued operations:

	2022 HK$'000	2021 HK$'000
Net cash outflows from operating activities	(1,644)	(478,051)
Net cash (outflow)/inflows from investing activities	(735)	28
Net cash outflows	(2,379)	(478,023)

16. Discontinued Operations (continued)

(c) Discontinued operations from others segment

Details of the assets and liabilities disposed of, deregistered and transferred, and the calculation of the profit or loss on deconsolidation, disposal and deregistration, are disclosed in note 40.

	2022 HK$'000	2021 HK$'000
Profit/(loss) for the year from discontinued operations:		
Revenue	1,789	22,054
Cost of sales	(1,668)	(21,356)
Other gains and income, net	1,026	2,613
Selling expenses	(569)	(4,602)
Administrative expenses	(9,973)	(28,286)
Impairment losses of financial assets, net	32	(12,740)
Other operating (expenses)/income	(25,509)	129,130
Finance costs	—	(2,297)
(Loss)/profit before tax	(34,872)	84,516
Income tax expense	(9)	(22)
(Loss)/profit for the year	(34,881)	84,494
Gain/(loss) on deconsolidation, disposal and deregistration of subsidiaries	376,707	(86,875)
Profit/(loss) for the year from discontinued operations (attributable to owners of the Company)	341,826	(2,381)

Profit/(loss) for the year from discontinued operations include the following:

	2022 HK$'000	2021 HK$'000
Depreciation of property, plant and equipment	2	1,283
Depreciation of right-of-use assets	616	8,012

Cash flows from discontinued operations:

	2022 HK$'000	2021 HK$'000
Net cash inflows from operating activities	6,016	52,348
Net cash inflows/(outflows) from investing activities	1,053	(4,714)
Net cash outflows from financing activities	—	(7,529)
Net cash inflows	7,069	40,105

17. Dividends

The directors of the Company did not recommend payment of any final dividend for the year ended 31 March 2022 (2021: Nil).

18. Earnings/(loss) per Share

From continuing and discontinued operations
The calculation of the basic and diluted earnings/(loss) per share is based on the following:

	2022 HK$'000	2021 HK$'000
Profit/(loss)		
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share	2,558,902	(3,768,764)

	2022 '000	2021 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic/diluted earnings/(loss) per share	342,139	114,108

The corresponding weighted average number of ordinary shares for the year ended 31 March 2021 has been retrospectively adjusted to reflect the share consolidation. Details of share consolidation during the year are set out in note 36.

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings per share are the same for the year ended 31 March 2022. The effect of all potential ordinary shares is anti-dilutive for the year ended 31 March 2021 due to loss making for the year ended 31 March 2021.

From continuing operations
The calculation of the basic and diluted earnings/(loss) per share from continuing operations is based on the following:

	2022 HK$'000	2021 HK$'000
Profit/(loss)		
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share	472,491	(1,200,127)

From discontinued operations
Basic earnings per share from the discontinued operations is HK609.8 cents per share (2021: basic loss per share of HK2,251.1 cents per share) and diluted earnings per share from the discontinued operations is HK609.8 cents per share (2021: diluted loss per share of HK2,251.1 cents per share), based on the profit for the year from discontinued operations attributable to the owners of the Company of approximately HK$2,086,411,000 (2021: loss for the year of approximately HK$2,568,637,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

19. Property, Plant and Equipment

	Land and buildings HK$'000	Furniture and fixtures HK$'000	Machinery and equipment HK$'000	Motor vehicles and vessels HK$'000	Leasehold improvements HK$'000	Office and computer equipment HK$'000	Construction-in-progress HK$'000	Total HK$'000
Cost or valuation								
At 1 April 2020	423,274	15,926	1,630,564	50,350	43,406	33,662	187,615	2,384,797
Additions	–	1	15	3	–	785	–	804
Transfer from properties under development (note 25)	51,570	–	–	–	–	–	–	51,570
Disposals	–	(3,057)	(13,279)	(3,542)	–	(773)	–	(20,651)
Disposals/deconsolidation/ deregistration of subsidiaries	(376,424)	(11,547)	(1,729,422)	(38,968)	(44,058)	(32,028)	(211,913)	(2,444,360)
Exchange differences	42,975	43	118,393	1,026	1,376	3,632	24,298	191,743
At 31 March 2021 and 1 April 2021	141,395	1,366	6,271	8,869	724	5,278	–	163,903
Re-consolidation of a deconsolidated subsidiary	308,604	38,381	483,232	5,327	–	544	12,462	848,550
Additions	6,402	64	30,743	3,935	–	394	16,780	58,318
Transfer	3,370	–	2,343	–	–	–	(5,713)	–
Disposals	–	–	–	–	–	–	(11,210)	(11,210)
Write-off	–	(18)	(3,347)	(346)	–	(1)	–	(3,712)
Deconsolidation/deregistration of subsidiaries	(141,395)	(1,366)	(6,271)	(8,869)	(724)	(5,278)	–	(163,903)
Exchange differences	7,961	971	12,702	193	–	20	311	22,158
At 31 March 2022	326,337	39,398	525,673	9,109	–	957	12,630	914,104
Accumulated depreciation								
At 1 April 2020	9,668	11,469	435,151	41,831	28,432	30,331	25,801	582,683
Charge for the year	8,991	387	45,600	1,749	1,083	1,255	–	59,065
Disposals	–	(1,117)	(7,728)	(2,361)	–	(659)	–	(11,865)
Impairment loss	–	–	774,582	–	–	–	–	774,582
Disposals/deconsolidation/ deregistration of subsidiaries	(4,216)	(9,714)	(1,310,726)	(33,737)	(29,583)	(28,067)	(25,801)	(1,441,844)
Exchange differences	5,947	8	68,968	1,037	487	720	–	77,167
At 31 March 2021 and 1 April 2021	20,390	1,033	5,847	8,519	419	3,580	–	39,788
Charge for the year	11,182	1,407	29,228	1,122	38	299	–	43,276
Write-off	–	(1)	(73)	(26)	–	–	–	(100)
Deconsolidation/deregistration of subsidiaries	(23,103)	(1,140)	(5,955)	(8,645)	(457)	(3,739)	–	(43,039)
Exchange differences	139	21	480	16	–	3	–	659
At 31 March 2022	8,608	1,320	29,527	986	–	143	–	40,584
Carrying amount								
At 31 March 2022	317,729	38,078	496,146	8,123	–	814	12,630	873,520
At 31 March 2021	121,005	333	424	350	305	1,698	–	124,115

19. Property, Plant and Equipment (continued)

At 31 March 2021, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings amounted to HK$17,653,000.

The Group's leasehold land and buildings were revalued at 31 March 2020 on the open market value basis by reference to market evidence of recent transactions for similar properties by Savills Valuation and Professional Services Limited, an independent firm of chartered surveyors.

If the land and buildings were stated on the historical cost basis, their carrying amounts would be as follows:

	2021 HK$'000
Cost	104,403
Accumulated depreciation	(18,892)
Net book amounts	85,511

The analysis of the cost or valuation at 31 March 2022 and 2021 of the above assets is as follows:

	Land and buildings HK$'000	Furniture and fixtures HK$'000	Machinery and equipment HK$'000	Motor vehicles and vessels HK$'000	Leasehold improvements HK$'000	Office and computer equipment HK$'000	Construction-in-progress HK$'000	Total HK$'000
At cost	–	39,398	525,673	9,109	–	957	12,630	587,767
At valuation	326,337	–	–	–	–	–	–	326,337
At 31 March 2022	326,337	39,398	525,673	9,109	–	957	12,630	914,104
At cost	–	1,366	6,271	8,869	724	5,278	–	22,508
At valuation	141,395	–	–	–	–	–	–	141,395
At 31 March 2021	141,395	1,366	6,271	8,869	724	5,278	–	163,903

The recoverable amounts of the CGUs have been determined on the basis of the higher of its fair value less costs of disposal and its value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the business of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

19. Property, Plant and Equipment (continued)

As at 31 December 2020, before impairment testing, property, machinery and equipment of approximately HK$1,887,122,000 was allocated to UPPSD. Due to the court order on voluntary winding up for restructuring purpose on 24 July 2020, UPPSD has experienced in shortage of the working capital for operation. The management considered there was an impairment indicator of the non-current assets attributed to UPPSD. The carrying amount of UPPSD has been reduced to its recoverable amount of approximately HK$975,557,000 and an impairment loss of approximately HK$774,582,000 on machinery and equipment was recognised for the year ended 31 March 2021.

The growth rate and pre-tax discount rate used by the Group to prepare the cashflow forecast of UPPSD is 2% and 14.48% respectively. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with residual period using the growth rate of 2%. This rate does not exceed the average long-term growth rate for the relevant markets. The recoverable amount of the assets of UPPSD, other than the machinery and equipment, is not less than their carrying amounts and no provision for the impairment loss has been made on other assets.

20. Investment Properties

The Group's interests in investment properties, held on leases of between 10 and 50 years, are located in Hong Kong and the PRC.

The Group leases out various factory buildings, office buildings and warehouses under operating leases with rentals payable monthly. The leases typically run for an initial period of 2 years, with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

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	17,321	725,785
Deconsolidation of subsidiaries (note 40)	(17,632)	(692,400)
Fair value losses	—	(17,300)
Exchange differences	311	1,236
At 31 March	—	17,321

21. Right-of-Use Assets

	Land use rights and leasehold land HK$'000	Office buildings and warehouses HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2020	295,135	23,376	6,602	325,113
Depreciation	(8,891)	(13,838)	(1,891)	(24,620)
Disposal/deconsolidation/deregistration of subsidiaries	(271,667)	(5,352)	(3,711)	(280,730)
Exchange differences	14,120	66	342	14,528
At 31 March 2021 and 1 April 2021	28,697	4,252	1,342	34,291
Depreciation	(8,376)	(3,143)	(497)	(12,016)
Deconsolidation of subsidiaries	(27,057)	(1,805)	(845)	(29,707)
Re-consolidation of a deconsolidated subsidiary	222,466	—	—	222,466
Exchange differences	6,820	696	—	7,516
At 31 March 2022	222,550	—	—	222,550

Lease liabilities of HK$5,077,000 were recognised with related right-of-use assets of HK$4,252,000 as at 31 March 2021. 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 bank and other borrowing purposes. As at 31 March 2021, the leasehold lands were pledged as security for borrowings.

	2022 HK$'000	2021 HK$'000
Depreciation expenses on right-of-use assets	12,016	24,620
Interest expense on lease liabilities (included in finance cost)	94	724
Expenses relating to short-term lease (included in cost of goods sold and administrative expenses)	459	10,196

Details of total cash outflow for leases is set out in note 40(p).

For the year ended 31 March 2021, the Group leases various offices and warehouses for its operations. Lease contracts are entered into for fixed term of 12 months to 36 months, but may have extension and termination options as described below. 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.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

22. Other Intangible Assets

	Computer software HK$'000
Cost	
At 1 April 2020	14,003
Disposal/deconsolidation/deregistration of subsidiaries	(14,067)
Exchange differences	64
At 31 March 2021 and 1 April 2021	—
Re-consolidation of a deconsolidated subsidiary	210
Exchange differences	5
At 31 March 2022	215
Accumulated amortisation	
At 1 April 2020	9,463
Amortisation for the year	363
Disposal/deconsolidation/deregistration of subsidiaries	(9,869)
Exchange differences	43
At 31 March 2021 and 1 April 2021	—
Amortisation for the year	28
Exchange differences	*
At 31 March 2022	28
Carrying amount	
At 31 March 2022	187
At 31 March 2021	—

* Less than HK$1,000

As at 31 March 2022, the average remaining amortisation period of the computer software are 3 years.

23. Financial Assets at FVTOCI

	2022 HK$'000	2021 HK$'000
Unlisted investments, at fair value		
Equity securities	—	1,831
Analysed as non-current assets	—	1,831

As at 31 March 2021, as there is no quoted market price in an active market, the fair value of unlisted securities was determined by the directors with reference to the valuation carried out by an external independent valuer by using market comparable approach which is based on price-to-earnings ratio on certain market comparables (level 3 fair value measurements). The liquidity discount rate used is 20%.

Financial assets at FVTOCI are denominated in US$.

24. Accounts and Other Receivables and Prepayments

	2022 HK$'000	2021 HK$'000
Accounts receivable	18,770	229,410
Bills receivable	1,207	27,922
Allowance for impairment losses	(4,100)	(46,292)
	15,877	211,040
Other receivables	64,735	233,095
Deposits	99	6,377
Prepayments	41,925	3,824
	122,636	454,336
Analysed as:		
Current assets	122,636	452,482
Non-current assets	—	1,854
	122,636	454,336

The credit terms of account receivables generally range from 0 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

24. Accounts and Other Receivables and Prepayments (continued)

The ageing analysis of accounts and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2022 HK$'000	2021 HK$'000
Current to 60 days	15,877	37
61 to 90 days	—	7
Over 90 days	—	210,996
	15,877	211,040

The carrying amounts of the Group's accounts and bills receivables are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
HK$	—	285
US$	—	368
RMB	15,877	172,089
SGD	—	176
WON	—	38,122
	15,877	211,040

25. Properties under Development

	2022 HK$'000	2021 HK$'000
At 1 April	227,384	211,701
Deconsolidation of subsidiaries	(225,627)	—
Additions	—	55,213
Transfer	—	(51,570)
Exchange differences	(1,757)	12,040
At 31 March	—	227,384

25. Properties under Development (continued)

Properties under development comprise:

	2022 HK$'000	2021 HK$'000
Nantong		
— Land use rights	—	29,485
— Construction cost and capitalised expenditure	—	197,899
	—	227,384

As at 31 March 2021, the properties under development are expected to be completed and recovered within normal operating cycle. Properties under development are reclassified to inventory based on the floor areas, which will be held for sale when the related development plan is completed and approved by the relevant regulatory authorities.

26. Inventories

	2022 HK$'000	2021 HK$'000
Raw materials	121,794	—
Finished goods	230,840	11,023
	352,634	11,023

27. Bank and Cash Balances

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
HK$	109	27,234
US$	63	1,304
RMB	5,102	165,656
SGD	—	260
WON	—	612
	5,274	195,066

As at 31 March 2022, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to HK$5,102,000 (2021: HK$165,656,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

28. Accounts and Other Payables

	2022 HK$'000	2021 HK$'000
Accounts payable	102,999	381,871
Bills payable	—	2,789
	102,999	384,660
Accruals and other payables	160,761	128,633
Debt restructuring (note)	283,213	—
	546,973	513,293
Analysed as:		
Current liabilities	334,563	513,293
Non-current liabilities	212,410	—
	546,973	513,293

Note: According to the UPPSD's bankruptcy reorganisation plan approved by the PRC Court ("UPPSD Bankruptcy Reorganisation Plan"), for each creditor's unsecured claims with principal amount exceeding RMB200,000, settlement will be completed within four (4) years in five (5) instalments of 20% every year. The first instalment payment shall be made to repay creditor's unsecured claim of principal amount below RMB200,000 (inclusive) and 20% of the principal amount in excess of RMB200,000. The four subsequent instalments of 20% of the principal amount in excess of RMB200,000 shall be paid on or before the first, second, third and fourth anniversary date of the first instalment payment. Remaining debts shall not bear any interest for the period of settlement in instalments.

The ageing analysis of accounts and bills payables, based on invoice date, is as follows:

	2022 HK$'000	2021 HK$'000
0 to 90 days	102,984	—
Over 90 days	15	384,660
	102,999	384,660

28. Accounts and Other Payables (continued)

The carrying amounts of the Group's accounts and bills payables are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
HK$	—	3
US$	—	370,513
RMB	102,999	617
SGD	—	1,296
WON	—	12,231
	102,999	384,660

29. Contract Liabilities

Contract liabilities are advance from customers.

	2022 HK$'000	2021 HK$'000
Balance at 1 April	—	3,362
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	—	(2,499)
Decrease in contract liabilities as a result of derecognition of subsidiaries	—	(863)
Increase in contract liabilities as a result of receipt in advance	37,035	—
Balance at 31 March	37,035	—

All the advances from customers are expected to be recognised as income within 1 year (2021: 1 year).

30. Amounts due to Related Parties/Ultimate Holding Company

An amount of approximately HK$91,863,000 are eligible for an extension for 1 year until the Group's bank financing becomes available, the remaining amounts due to related parties/ultimate holding company are unsecured, interest-free and have no fixed repayment terms.

	Contract liabilities HK$'000	Accounts payables HK$'000	Other payables HK$'000	Total HK$'000
Amounts due to related parties				
As at 31 March 2022				
Current liabilities	29,137	92,308	1,333	122,778
Non-current liabilities	—	—	4,246	4,246
	29,137	92,308	5,579	127,024

31. Provisions

	HK$'000
At 1 April 2021	—
Re-consolidation of a deconsolidated subsidiary	19,244
Exchange differences	488
At 31 March 2022	19,732

On 7 June 2021, a claim was filed by a creditor of UPPSD, Hubei Province Industrial Construction Group Co., Ltd, who was a contractor on construction of manufacturing buildings, against UPPSD. The Group has made a provision of HK$19,732,000 (equivalent to RMB16,000,000) in relation to an estimated outflow to the litigation.

The litigation proceeding is still on-going as at the reporting date.

32. Borrowings

	2022 HK$'000	2021 HK$'000
Bank loans	—	410,817
Other borrowings	314,976	—
	314,976	410,817

The borrowings are repayable as follows:

	2022 HK$'000	2021 HK$'000
Within one year and on demand	314,976	166,016
More than one year, but not exceeding two years	—	239,380
More than two years, but not more than five years	—	3,826
More than five years	—	1,595
	314,976	410,817
Less: Amount due for settlement within 12 months (shown under current liabilities)	(314,976)	(404,121)
Amount due for settlement after 12 months	—	6,696

32. Borrowings (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Bank loans HK$'000	Other borrowings HK$'000	Total borrowings HK$'000
As at 31 March 2022			
RMB	—	314,976	314,976
As at 31 March 2021			
HK$	402,846	—	402,846
RMB	7,971	—	7,971
	410,817	—	410,817

The interest rates per annum were as follows:

	2022	2021
Bank loans	N/A	4.0%–5.6%
Other borrowings	3.8%	N/A

Other borrowings are arranged at fixed interest rate of 3.8% per annum, which are repayable in one year, and expose the Group to fair value interest rate risk.

Under the UPPSD Bankruptcy Reorganisation Plan, a loan of RMB80,000,000 is for UPPSD's daily operation and RMB170,000,000 is for the first instalment payment, are provided by Shandong Bairun. All the borrowings is secured by a charge over the shares of SPV1, SPV2 and UPPSD, the Group's property, plant and equipment (note 19) and right-of-use assets (note 21). The charge was fully discharged upon the completion of the Group Reorganisation on 26 January 2022.

At 31 March 2021, bank loans of HK$7,971,000 is secured by a charge over the Group's property, plant and equipment (note 19) and investment properties (note 20).

During the year ended 31 March 2021, the Group breached certain covenant clauses in bank loan agreements in relation to the maintenance of the current ratio of the Group. As a result, bank loans of HK$402,846,000 were subject to early repayment options by the banks. Such bank loans were reclassified as current liabilities as at 31 March 2021.

33. Lease Liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000
Within one year	—	3,838	—	3,728
In the second to fifth years, inclusive	—	1,369	—	1,349
	—	5,207	—	5,077
Less: Future finance charges	—	(130)	N/A	N/A
Present value of lease obligations	—	5,077		
Less: Amount due for settlement within 12 months (shown under current liabilities)			—	(3,728)
Amount due for settlement after 12 months			—	1,349

The weighted average incremental borrowing rates applied to lease liabilities is 4% for the year ended 31 March 2021.

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	2022	2021
	HK$'000	HK$'000
HK$	—	220
WON	—	68
RMB	—	4,789
	—	5,077

34. Financial Guarantee Liabilities

	2022 HK$'000	2021 HK$'000
Fair value of financial guarantee liabilities	—	2,284,136

At 31 March 2021, the Company had issued certain guarantees of approximately HK$2,284,136,000 to some banks and a supplier in respect of banking and trade facilities granted to the deconsolidated subsidiaries of the Company. Under the guarantees, the Company and its deconsolidated subsidiaries are jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entity to make payments when due.

Upon the Listco Scheme becoming effective on 26 January 2022, all the claims of the Scheme Creditors shall be fully and finally discharged under the Listco Scheme by the SchemeCo. The SchemeCo shall accept and assume an equivalent liability in place of the Company in respect of the claims of creditors of the Company. In return, the Scheme Creditors will be entitled to receive dividends pursuant to the Listco Scheme in full and final settlement to the Scheme Creditors' claims against the SchemeCo.

The maximum liability of the Group at 31 March 2021 under guarantees is the amount of bank loans and the payables to a supplier drawn under the guarantees at that date of HK$2,926,336,000.

35. Deferred Tax

The following are the deferred tax liabilities and assets recognised by the Group.

Deferred tax liabilities

	Accelerated tax depreciation HK$'000	Fair value gains HK$'000	Others HK$'000	Total HK$'000
At 1 April 2020	(11,189)	(75,880)	(21,509)	(108,578)
Credited/(charge) to profit or loss for the year	2,656	2,896	(2,160)	3,392
Credited to other comprehensive income for the year	—	(22)	22	—
Derecognition of the disposed/deconsolidated/deregistered subsidiaries	4,462	74,370	10,815	89,647
Exchange difference	(3,517)	(23,853)	(6,761)	(34,131)
At 31 March 2021 and 1 April 2021	(7,588)	(22,489)	(19,593)	(49,670)
Derecognition of the disposed subsidiaries	7,588	22,489	19,593	49,670
Re-consolidation of a deconsolidated subsidiary	—	(22,198)	—	(22,198)
Credit to profit or loss for the year	—	720	—	720
Exchange difference	—	(549)	—	(549)
At 31 March 2022	—	(22,027)	—	(22,027)

35. Deferred Tax (continued)

Deferred tax assets

	Provisions HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2020	4,167	3,938	8,105
Credit/(charged) to profit or loss for the year	2,472	(5,864)	(3,392)
Derecognition of the disposed/deconsolidated/ deregistered subsidiaries	(4,565)	1,415	(3,150)
Exchange difference	2,736	1,100	3,836
At 31 March 2021 and 1 April 2021	4,810	589	5,399
Derecognition of the deconsolidated/deregistered subsidiaries	(4,810)	(589)	(5,399)
At 31 March 2022	—	—	—

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2022 HK$'000	2021 HK$'000
Deferred tax liabilities	(22,027)	(49,670)
Deferred tax assets	—	5,399
	(22,027)	(44,271)

Deferred tax assets are recognised for tax losses carrying forwards to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at 31 March 2022, the Group did not recognise deferred tax assets of HK$1,919,790 (2021: HK$40,812,000) in respect of losses of approximately HK$11,635,000 (2021: HK$230,576,000). Tax losses amounting to approximately HK$11,635,000 (2021: HK$52,521,000) will be expired up to year 2028 (2021: 2027), while the remaining balance can be carried forward indefinitely.

36. Share Capital

	Note	Number of shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.05 (2021: HK$0.10) each			
At 1 April 2020, 31 March 2021 and 1 April 2021		1,456,913,987	145,691
Authorised Share Capital Diminution	(a)	(315,838,160)	(139,986)
Share Consolidation	(b)	(1,026,968,245)	—
Increase in Authorised Share Capital	(c)	1,885,892,418	94,295
At 31 March 2022		2,000,000,000	100,000
Convertible non-voting preference shares of HK$0.10 each			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022		143,086,013	14,309
At 31 March 2022		2,143,086,013	114,309
Issued and fully paid:			
Ordinary shares of HK$0.05 (2021: HK$0.10) each			
At 1 April 2020, 31 March 2021 and 1 April 2021		1,141,075,827	114,108
Share Consolidation	(b)	(1,026,968,245)	—
Capital Reduction	(d)	—	(108,403)
Conversion of preference shares	(e)	13,206,493	661
Subscription	(f)	990,220,583	49,511
Placement	(g)	56,584,032	2,829
Issue of shares	(h)	240,482,142	12,024
At 31 March 2022		1,414,600,832	70,730
Convertible non-voting preference shares of HK$0.10 each			
At 1 April 2020, 31 March 2021 and 1 April 2021		132,064,935	13,207
Conversion of preference shares	(e)	(132,064,935)	(13,207)
At 31 March 2022		—	—
At 31 March 2022		1,414,600,832	70,730

Notes:

(a) With reference to note 2(1)(b), upon the Capital Reduction becoming effective, all the authorised but unissued ordinary share capital shall be cancelled in its entirety. 315,838,160 unissued shares were cancelled.

(b) With reference to note 2(1)(d), upon each of the Capital Reduction, the Authorised Share Capital Diminution and the Share Premium Cancellation becoming effective, every ten existing issued and unissued Existing Shares of HK$0.005 each shall be consolidated into one New Share of HK$0.05 each.

36. Share Capital (continued)

Notes: (continued)

(c) With reference to note 2(1)(e), upon each of the Capital Reduction, the Authorised Share Capital Diminution, the Share Premium Cancellation and the Share Consolidation becoming effective, the Company's authorised ordinary share capital shall be increased from approximately HK$5,710,000 divided into 114,107,582 New Shares of HK$0.05 each to HK$100,000,000 divided into 2,000,000,000 New Shares of HK$0.05 each.

(d) With reference to note 2(1)(a) and 2(1)(c), the issued ordinary share capital of the Company shall be reduced by cancelling the paid up capital of the Company to the extent of HK$0.095 on each of the issued Existing Shares such that the par value of each issued Existing Share shall be reduced from HK$0.10 to HK$0.005.

The par value of share capital is reduced to HK$0.005, which is equivalent to reducing current ordinary capital of approximately HK$114,108,000 to approximately HK$5,705,000 (a reduction of approximately HK$108,403,000)). The total amount of share capital after the reduction, with the preference shares of approximately HK$13,207,000, would be approximately HK$18,912,000.

(e) The 132,064,935 issued preference shares converted to the issued share capital at HK$0.1 each.

(f) With reference to note 2(2), the Company issued 990,220,583 shares at HK$0.121056 for a total consideration of approximately HK$119,872,000.

(g) With reference to note 2(4), the Company entered into a placing agreement with the Investor and a placing agent, 56,584,032 placement shares to no less than six placees at HK$0.121056 per placement shares. The placement had raised an approximately HK$6,850,000, before net of expenses.

(h) With reference to note 2(5), the company issued 240,482,142 shares to the SchemeCo at HK$0.121056 each.

On 27 October 2008, 143,086,013 convertible non-voting preference shares ("CP shares") of HK$0.10 each were issued at HK$0.70 each and a total consideration of HK$100,160,000 was received. The rights, privileges and restrictions of the CP shares are set out below:

Dividend

The holders of CP shares shall have the same right to dividend payment as to the holders of ordinary shares.

Conversion

Each holder of CP share shall be entitled to convert its shares into fully paid ordinary shares of HK$0.10 each in the capital of the Company on the basis of one ordinary share for every CP share. Unless previously redeemed, cancelled or converted, each holder of CP shares will be entitled to convert in respect of the whole or any part of its CP shares into fully paid ordinary shares on the basis of one ordinary share for every CP share at any time after the date of issue of the CP Shares upon the giving of a conversion notice. If the Continuing Notice is served before 31 March 2009, the relevant CP shares will not be subject to mandatory conversion.

36. Share Capital (continued)

Conversion (continued)
At the end of business on 31 March 2009, unless previously redeemed, purchased and cancelled, converted or that a Continuing Notice has been served and delivered to the Company, all CP shares will be mandatorily converted into ordinary shares by the Company. The dividend entitlement attaching to any CP shares will cease to apply with effect from the date of conversion. Ordinary shares arising on conversion shall rank pari passu in all respects with ordinary shares, including the rights to receive any dividends and other distributions declared. So long as the Company remains listed in Hong Kong, those holders of the CP shares will not exercise their right to convert the CP shares into ordinary shares of the Company unless at least 25% of the Company's total issued share capital that are listed on the Hong Kong Stock Exchange will at all times be held by the public.

Voting rights
The holders of CP shares will be entitled to receive notice of every general meeting of the Company but will not be entitled (i) to vote upon any resolution unless it is a resolution for winding-up the Company or reducing its share capital in any manner or a resolution modifying, varying or abrogating any of the special rights attached to the CP shares or (ii) to attend or speak at any general meeting of the Company unless the business of the meeting includes the consideration of a resolution upon which the holders of CP shares are entitled to vote.

Transferability
None of the CP shares will be assignable or transferable without the prior written approval of the Board of Directors of the Company. The Company will not apply for a listing of any of the CP shares on any stock exchange anywhere in the world.

Redemption
Subject to the provisions of the Companies Act, the Company shall be entitled, at any time after the fifth anniversary of the date of issue of the CP shares by resolution of the directors of the Company to redeem all or any of the CP shares. These shall be paid on each CP share redeemed a sum equal to (i) the subscription price thereof and (ii) all arrears (if any) of the Dividend thereon. As from the redemption date such dividend shall cease to apply.

During the year ended 31 March 2021, no convertible non-voting preference shares were converted.

Share option scheme
At the Special General Meeting of the Company held on 18 September 2015, the shareholders of the Company approved the adoption of a share option scheme (the "Option Scheme") to comply with the requirements of Chapter 17 of the Listing Rules. As at 31 March 2021, no option was granted under the Option Scheme. A summary of the terms and conditions of the Option Scheme are set out below.

(1) Purpose
The purpose of the Option Scheme is to provide incentives to Participants (as defined below) to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity").

36. Share Capital (continued)

Share option scheme (continued)

(2) Participants

All directors and employees of the Group and suppliers, consultants, advisors, agents, customers, service providers, contractors, any member of or any holder of any securities issued by any member of the Group or any Invested Entity.

(3) Maximum number of shares

The number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option scheme(s) of the Company must not exceed 10% in the nominal amount of the issued share capital of the Company as at the date of adoption of the Option Scheme. The maximum number of share available for issue under the Option Scheme is nil as at the date of this report.

(4) Maximum entitlement of each Participant

The maximum number of shares issued and to be issued upon exercise of the options granted to any one Participant (including both exercised and unexercised options) in any 12-month period shall not exceed one percent of the Shares in issue as at the date of grant.

(5) Time of exercise of option

An option may be exercised in accordance with the terms of the Option Scheme at any time during the period to be notified by the Board to each grantee of the option at the date of grant provided that such period shall not exceed a period of ten years from the date of grant but subject to the provisions for early termination of the option as contained in the terms of the Option Scheme.

(6) The eligible person shall pay HK$1.0 to the Company in consideration of the grant of an option upon acceptance of the grant of option.

(7) Exercise price

The option price per share payable on the exercise of an option is determined by the Board and shall not be less than the highest of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant.

(8) Remaining life of the Option Scheme

The Option Scheme will remain in force until 17 September 2025.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

36. Share Capital (continued)

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total debt comprises total borrowings (except for bank overdrafts) and lease liabilities. Total capital comprises all components of equity (i.e. share capital, share premium and retained earnings), plus net debt.

The Group's strategy, which was unchanged throughout the year, was to maintain the gearing ratio at a reasonable level in order to secure access to finance at a reasonable cost. The ratio is calculated as net debt divided by total capital. The gearing ratio at 31 March 2022 and 31 March 2021 were as follows:

	2022 HK$'000	2021 HK$'000
Total debt	314,976	415,894
Less: bank and cash balances	(5,274)	(195,066)
Net debt	309,702	220,828
Total equity/(capital deficiency)	508,855	(2,178,194)
Total capital	818,557	(1,957,366)
Gearing ratio	37.84%	N/A

As at 31 March 2021, the calculation of gearing ratio is not meaningful as the Group was in capital deficiency position.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Group receives a report from the share registrars weekly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 March 2022, 29% of the shares were in public hands.

Breaches in meeting the financial covenants would permit the banks to immediately call certain borrowings. During the year ended 31 March 2021, the Group breached certain covenant clauses in bank loan agreements in relation to the maintenance of the current ratio of the Group. As a result, bank loans of HK$402,846,000 were subject to early repayment options by the banks. Such bank loans were reclassified as current liabilities as at 31 March 2021.

37. Statement of Financial Position and Reserve Movement of the Company

(a) Statement of financial position of the Company

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Investment in subsidiaries	42	*	249,897
Current Assets			
Accounts and other receivables		146	88
Taxation recoverable		—	32
Bank balances		109	101
		255	221
Current liabilities			
Accruals		3,145	8,297
Amount due to ultimate holding company		179	—
Amounts due to subsidiaries		226	10,407
Financial guarantee liabilities	34	—	2,284,136
		3,550	2,302,840
Net current liabilities		(3,295)	(2,302,619)
NET LIABILITIES		(3,295)	(2,052,722)
Equity			
Share capital	36	70,730	127,315
Reserves	37(b)	(74,025)	(2,180,037)
CAPITAL DEFICIENCY		(3,295)	(2,052,722)

* Less than HK$1,000

Approved by the Board of Directors on 21 June 2022 and are signed on its behalf by:

Mr. Shi Yaofeng **Mr. Huang Tiansheng**

37. Statement of Financial Position and Reserve Movement of the Company (continued)

(b) Reserve movement of the Company

	Note	Share premium HK$'000	Contributed surplus HK$'000 (note 38(b)(iv))	Capital reserve HK$'000 (note 38(b)(i))	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020		161,262	249,697	–	(290,150)	120,809
Total comprehensive income for the year		–	–	–	(2,300,846)	(2,300,846)
At 31 March 2021 and 1 April 2021		161,262	249,697	–	(2,590,996)	(2,180,037)
Capital Reduction	36(d)	–	–	108,403	–	108,403
Share Premium Cancellation	37(b)(i)	(161,262)	161,262	–	–	–
Subscription	36(f)	70,361	–	–	–	70,361
Placement	36(g)	4,021	–	–	–	4,021
Issue of shares	36(h)	17,088	–	–	–	17,088
Conversion of preference shares	36(e)	12,546	–	–	–	12,546
Reserve transfer		–	(249,697)	–	249,697	–
Total comprehensive income for the year		–	–	–	1,893,593	1,893,593
At 31 March 2022		104,016	161,262	108,403	(447,706)	(74,025)

(i) With reference to note 2(1)(c), upon each of the Capital Reduction and the Authorised Share Capital Diminution becoming effective, the entire amount standing to the credit of the share premium account of the Company of approximately HK$161,000,000 shall be cancelled, being the aggregate amount subscribed for the Existing Shares in excess of such Existing Shares' par value at that time, and the amount cancelled shall be credited to the contributed surplus reserve account of the Company.

38. Reserves

(a) Group

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

38. Reserves (continued)

(b) Nature and purpose of reserves

(i) Capital reserve

The capital reserve of the Group includes the difference between the nominal value of the shares issued by Samson Paper (BVI) Limited and the nominal value of the share capital of those companies forming the Group pursuant to a group reorganisation in 1995 amounted to HK$33,311,000. In addition, it also includes the loss from the acquisition of additional interests in subsidiaries of HK$1,977,000 in 2011 and the gain on disposal of 22.3% equity interests in a subsidiary of HK$170,660,000 in 2012. It further includes the difference arise from share capital reduction pursuant to a group reorganisation in 2022 amounted to HK$108,403,000.

(ii) Exchange reserve

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

(iii) Statutory reserve

The amount is determined under the relevant laws and regulations in the PRC.

(iv) Contributed surplus

The contributed surplus of the Group includes the difference arise from share premium cancellation pursuant to a group reorganisation in 2022 amounted to HK$161,262,000.

The contributed surplus of the Company represents the difference between the cost of the investment in a subsidiary pursuant to the Group Reorganisation over the nominal value of the Company's shares issued in exchange thereof.

The contributed surplus of the Company is available for distribution to owners, provided that the Company is, after the payment of dividends out of the contributed surplus, able to pay its liabilities as they become due; or the realisable value of the Company's assets would thereby not be less than the aggregate of its liabilities, issued share capital and reserves.

39. Operating Lease Arrangements

The Group as lessor

Operating leases relate to land and buildings (2021: investment property) owned by the Group with lease terms of 10 years (2021: 6 months to 3 years, with extension of 6 months to 3 years). All operating lease contracts contain market review clauses in the vent that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

	2022 HK$'000	2021 HK$'000
Within year 1	419	3,023
In the second year	419	1,132
In the third year	419	—
In the fourth year	419	—
In the fifth year	419	—
After five years	1,342	—
	3,437	4,155

40. Notes to the Consolidated Statement of Cash Flows

(a) Disposal of subsidiaries — Hypex International

On 25 September 2020, the Group disposed of its entire equity interests in Hypex International for a consideration of HK$1. Hypex International is included in others segment in the segment information.

Assets and liabilities as at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	952
Right-of-use assets	16,333
Goodwill	35,699
Inventories	625
Accounts and other receivables	18,427
Bank and cash balances	2,640
Accounts and other payables	(3,818)
Lease liabilities	(2,849)
Deferred tax liabilities	(278)
	67,731
Release of foreign currency translation reserve	4,423
Less: non-controlling interests	(266)
Gain on disposal of subsidiaries	10,457
Total consideration	82,345
Consideration satisfied by	
Cash	*
Waiver of amount due to Hypex International	82,345
	82,345
Net cash outflow arising on disposal:	
Cash consideration received	*
Cash and cash equivalents disposed of	(2,640)
	(2,640)

* Less than HK$1,000

40. Notes to the Consolidated Statement of Cash Flows (continued)

(b) Disposal of subsidiaries — Samson Paper (M) Sdn. Bhd. ("SM(M)")

On 28 January 2021, the Group disposed of its entire equity interests in SM(M) for a consideration of HK$1. SM(M) is included in paper trading segment in the segment information.

Assets and liabilities as at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	11,843
Deferred tax assets	1,289
Inventories	28,917
Accounts and other receivables	26,405
Taxation recoverable	297
Bank and cash balances	2,287
Accounts and other payables	(19,817)
Borrowings	(5,014)
Lease liabilities	(20)
Deferred tax liabilities	(504)
	45,683
Release of foreign currency translation reserve	12,688
Loss on disposal of subsidiaries	(58,371)
Total consideration	*
Consideration satisfied by	
Cash	*
Net cash outflow arising on disposal:	
Cash consideration received	*
Cash and cash equivalents disposed of	(2,287)
	(2,287)

* Less than HK$1,000

(c) Deconsolidation of a subsidiary — UPPSD

Upon their appointment, UPPSD Bankruptcy Administrator had taken custody of UPPSD's assets and company seal. Therefore, the Group was considered to have lost control on UPPSD and the financial results and position of UPPSD was deconsolidated from those of the Group with effect from 31 December 2020 in accordance with the requirement of HKFRS 10 Consolidated Financial Statements.

40. Notes to the Consolidated Statement of Cash Flows (continued)

(c) Deconsolidation of a subsidiary — UPPSD (continued)

Assets and liabilities of UPPSD as at the date of deconsolidation (i.e. 31 December 2020) are as follows:

	HK$'000
Property, plant and equipment	975,557
Right-of-use assets	155,969
Other intangible assets	243
Inventories	10,034
Accounts and other receivables	183,246
Bank and cash balances	22,819
Accounts and other payables	(1,086,652)
Taxation payable	(68,160)
Borrowings	(175,407)
Deferred tax liabilities	(77,413)
	(59,764)
Release of foreign currency translation reserve	156,185
Less: non-controlling interests	12,921
Loss on deconsolidation of a subsidiary	(109,342)
Total consideration	–
Consideration satisfied by	
Cash	–
Net cash outflow arising on deconsolidation:	
Cash consideration received	–
Cash and cash equivalents deconsolidated of	(22,819)
	(22,819)

On 29 July 2021, the UPPSD Bankruptcy Administrator convened the second meeting of creditors of UPPSD for the purpose of considering and approving the UPPSD Bankruptcy Reorganisation plan.

The UPPSD Bankruptcy Reorganisation plan was approved by its creditors and the Shandong Court on 29 July 2021 and 1 August 2021 respectively. Pursuant to an order of the Shandong Court on 1 August 2021, the UPPSD Bankruptcy Administrator was discharged with effect from 1 August 2021. Following the discharge of the UPPSD Bankruptcy Administrator, UPPSD resumed its self-operation with effect from 1 August 2021. Financial results and position of UPPSD were consolidated into those of the Group in accordance with the requirements of HKFRS 10 Consolidated Financial Statements with effect from 1 August 2021.

40. Notes to the Consolidated Statement of Cash Flows (continued)

(d) Deconsolidation of subsidiaries — SMHK

On 14 August 2020, the shareholder of SMHK, a wholly-owned indirect subsidiary of the Company, resolved that SMHK could not by reason of its liabilities, continue its business, and that it should be wound up. Accordingly, a special resolution has passed by the shareholder of SMHK to wind up SMHK by way of creditors' voluntary liquidation and joint and several liquidators were appointed.

In the opinion of the directors, the Group has considered to have lost control on SMHK as the Group has no further involvement in the relevant activities of SMHK nor any ability to affect the return thereof.

Assets and liabilities as at the date of deconsolidation are as follows:

	HK$'000
Property, plant and equipment	10,444
Investment properties	692,400
Right-of-use assets	104,131
Other intangible assets	2,740
Inventories	70,293
Accounts and other receivables	281,230
Taxation recoverable	25
Restricted bank deposits	63,814
Bank and cash balances	53,123
Accounts and other payables	(75,863)
Contract liabilities	(863)
Trust receipt loans	(1,218,749)
Taxation payable	(33,446)
Borrowings	(950,286)
Lease liabilities	(117)
Deferred tax liabilities	(11,452)
	(1,012,576)
Release of foreign currency translation reserve	4,457
Gain on deconsolidation of subsidiaries (note (i))	1,008,119
Total consideration	—
Consideration satisfied by	
Cash	—
Net cash outflow arising on deconsolidation:	
Cash consideration received	—
Cash and cash equivalents deconsolidated of	(53,123)
	(53,123)

40. Notes to the Consolidated Statement of Cash Flows (continued)

(d) Deconsolidation of subsidiaries — SMHK (continued)

Segment information analysed as:

	HK$'000
Paper trading segment	1,812,928
PID segment	(788,914)
Others segment	(15,895)
Gain on deconsolidation of subsidiaries	1,008,119

(e) Disposal of subsidiaries — Kang Shun Group Limited ("Kang Shun")

On 19 October 2020, the Group disposed of its entire equity interests in Kang Shun for a consideration of HK$1. Kang Shun is included in paper trading segment in the segment information.

Assets and liabilities as at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	3,624
Right-of-use assets	4,297
Other intangible assets	1,215
Non-current deposits and prepayments	1,191
Deferred tax assets	1,353
Inventories	27,356
Accounts and other receivables	56,943
Bank and cash balances	1,222
Accounts and other payables	(14,194)
Lease liabilities	(4,475)
	78,532
Loss on disposal of subsidiaries	(78,532)
Total consideration	*
Consideration satisfied by	
Cash	*
Net cash outflow arising on disposal:	
Cash consideration received	*
Cash and cash equivalents disposed of	(1,222)
	(1,222)

* Less than HK$1,000

40. Notes to the Consolidated Statement of Cash Flows (continued)

(f) Deregistration of subsidiaries during the year ended 31 March 2021

During the year ended 31 March 2021, certain subsidiaries of the Group in paper trading segment and others segment were deregistered.

Assets and liabilities as at the date of deregistration are as follows:

	HK$'000
Property, plant and equipment	96
Deferred tax assets	508
Inventories	333
Accounts and other receivables	11,469
Bank and cash balances	7,611
Accounts and other payables	(7,898)
Taxation payable	(15)
	12,104
Release of foreign currency translation reserve	1,258
Loss on deregistration of subsidiaries	(13,362)
Total consideration	—
Consideration satisfied by	
Cash	—
Net cash outflow arising on deregistration:	
Cash consideration received	—
Cash and cash equivalents deregistered of	(7,611)
	(7,611)

Segment information analysed as:

	HK$'000
Paper trading segment	(14,270)
Others segment	908
Loss on deregistration of subsidiaries	(13,362)

40. Notes to the Consolidated Statement of Cash Flows (continued)

(g) Deregistration of a subsidiary during the year ended 31 March 2022

During the year ended 31 March 2022, a subsidiary of the Group in paper trading segment was deregistered.

Assets and liabilities as at the date of deregistration are as follows:

	HK$'000
Bank and cash balances	434
Accounts and other payables	(92)
	342
Release of foreign currency translation reserve	38
Loss on deregistration of a subsidiary	(380)
Total consideration	—
Consideration satisfied by	
Cash	—
Net cash outflow arising on deregistration:	
Cash consideration received	—
Cash and cash equivalents deregistered of	(434)
	(434)

(h) Deconsolidation of subsidiaries — Burotech Limited ("Burotech")

On 30 June 2021, the shareholder of Burotech, a wholly-owned indirect subsidiary of the Company, resolved that Burotech could not by reason of its liabilities, continue its business, and that it should be wound up. Accordingly, a special resolution has passed by the shareholder of Burotech to wind up Burotech by way of creditors' voluntary liquidation and joint and several liquidators were appointed.

In the opinion of the directors, the Group has considered to have lost control on Burotech as the Group has no further involvement in the relevant activities of Burotech nor any ability to affect the return thereof.

Burotech is included in paper trading segment in the segment information.

40. Notes to the Consolidated Statement of Cash Flows (continued)

(h) Deconsolidation of subsidiaries — Burotech Limited ("Burotech") (continued)

Assets and liabilities as at the date of deconsolidation are as follows:

	HK$'000
Property, plant and equipment	33
Non-current deposits and prepayments	1,854
Deferred tax assets	816
Bank and cash balances	20,426
Accounts and other payables	(12,259)
	10,870
Loss on deconsolidation of subsidiaries	(10,870)
Total consideration	—
Consideration satisfied by	
Cash	—
Net cash outflow arising on deconsolidation:	
Cash consideration received	—
Cash and cash equivalents deconsolidated of	(20,426)
	(20,426)

(i) Deconsolidation of subsidiaries — SMC

On 30 June 2021, the shareholder of SMC, a wholly-owned indirect subsidiary of the Company, resolved that SMC could not by reason of its liabilities, continue its business, and that it should be wound up. Accordingly, a special resolution has passed by the shareholder of SMC to wind up SMC by way of creditors' voluntary liquidation and joint and several liquidators were appointed.

In the opinion of the directors, the Group has considered to have lost control on SMC as the Group has no further involvement in the relevant activities of SMC nor any ability to affect the return thereof.

SMC is included in paper trading segment in the segment information.

40. Notes to the Consolidated Statement of Cash Flows (continued)

(i) Deconsolidation of subsidiaries — SMC (continued)

Assets and liabilities as at the date of deconsolidation are as follows:

	HK$'000
Property, plant and equipment	23,083
Right-of-use assets	14,024
Deferred tax assets	2,143
Inventories	233
Accounts and other receivables	327,839
Taxation recoverable	1,864
Bank and cash balances	25,449
Accounts and other payables	(36,317)
Taxation payable	(16,731)
Lease liabilities	(1,279)
Deferred tax liabilities	(5,874)
	334,434
Release of foreign currency translation reserve	(33,000)
Loss on deconsolidation of subsidiaries	(301,434)
Total consideration	—
Consideration satisfied by	
Cash	—
Net cash outflow arising on deconsolidation:	
Cash consideration received	—
Cash and cash equivalents deconsolidated of	(25,449)
	(25,449)

(j) Deconsolidation of subsidiaries — SJ Limited

On 16 September 2021, the shareholder of SJ Limited, a wholly-owned indirect subsidiary of the Company, resolved that SJ Limited could not by reason of its liabilities, continue its business, and that it should be wound up. Accordingly, a special resolution has passed by the shareholder of SJ Limited to wind up SJ Limited by way of creditors' voluntary liquidation and joint and several liquidators were appointed.

In the opinion of the directors, the Group has considered to have lost control on SJ Limited as the Group has no further involvement in the relevant activities of SJ Limited nor any ability to affect the return thereof.

40. Notes to the Consolidated Statement of Cash Flows (continued)

(j) Deconsolidation of subsidiaries — SJ Limited (continued)

Assets and liabilities as at the date of deconsolidation are as follows:

	HK$'000
Property, plant and equipment	53,473
Properties under development	225,627
Accounts and other receivables	2,950
Taxation recoverable	14,665
Bank and cash balances	390
Accounts and other payables	(312,392)
	(15,287)
Release of foreign currency translation reserve	(62,111)
Gain on deconsolidation of subsidiaries	77,398
Total consideration	—
Consideration satisfied by	
Cash	—
Net cash outflow arising on deconsolidation:	
Cash consideration received	—
Cash and cash equivalents deconsolidated of	(390)
	(390)

Segment information analysed as:

	HK$'000
Trading segment	85,383
Property development and investment segment	(7,985)
Loss on deconsolidation of subsidiaries	77,398

40. Notes to the Consolidated Statement of Cash Flows (continued)

(k) Deconsolidation of subsidiaries — Kingsrich Group Limited ("Kingsrich")

On 30 June 2021, the shareholder of Kingsrich, a wholly-owned indirect subsidiary of the Company, resolved that Kingsrich could not by reason of its liabilities, continue its business, and that it should be wound up. Accordingly, a special resolution has passed by the shareholder of Kingsrich to wind up Kingsrich by way of creditors' voluntary liquidation and joint and several liquidators were appointed.

In the opinion of the directors, the Group has considered to have lost control on Kingsrich as the Group has no further involvement in the relevant activities of Kingsrich nor any ability to affect the return thereof.

Assets and liabilities as at the date of deconsolidation are as follows:

	HK$'000
Property, plant and equipment	26,328
Investment properties	17,632
Right-of-use assets	14,473
Accounts and other receivables	8,219
Bank and cash balances	707
Accounts and other payables	(50,156)
Deferred tax liabilities	(8,356)
	8,847
Release of foreign currency translation reserve	(1,433)
Loss on deconsolidation of subsidiaries	(7,414)
Total consideration	—
Consideration satisfied by	
Cash	—
Net cash outflow arising on deconsolidation:	
Cash consideration received	—
Cash and cash equivalents deconsolidated of	(707)
	(707)

Segment information analysed as:

	HK$'000
Trading segment	49,503
Property development and investment segment	(56,917)
Loss on deconsolidation of subsidiaries	(7,414)

40. Notes to the Consolidated Statement of Cash Flows (continued)

(l) Deconsolidation of subsidiaries — Listco Scheme

Pursuant to the terms of the Restructuring Agreement, on 26 January 2022, the Company has transferred the entire equity interests of Samson Paper (BVI) Ltd (being the holding company of the Excluded Subsidiaries) to the SchemeCo at a nominal consideration of HK$1, whereby the Excluded Subsidiaries have been transferred to the SchemeCo for the benefit of the Scheme Creditors.

In the opinion of the directors, the Group has considered to have lost control on the Excluded Subsidiaries as the Group has no further involvement in the relevant activities of the Excluded Subsidiaries nor any ability to affect the return thereof.

Assets and liabilities as at the date of deconsolidation are as follows:

	HK$'000
Property, plant and equipment	17,947
Right-of-use assets	1,210
Deferred tax assets	2,440
Accounts and other receivables	30,049
Taxation recoverable	7,630
Bank and cash balances	131,102
Accounts and other payables	(53,447)
Taxation payable	(5)
Borrowings	(410,962)
Lease liabilities	(621)
Deferred tax liabilities	(35,440)
	(310,097)
Release of foreign currency translation reserve	(67,451)
Less: non-controlling interests	(2,405)
Shares issued (Note 36(h))	29,112
Transfer of proceeds from the Subscription and the Placement (Note 36(f) and 36(g))	91,722
Discharge of financial guarantee liabilities	(2,269,676)
Gain on deconsolidation of subsidiaries	2,528,795
Total consideration	*
Consideration satisfied by	
Cash	*
Net cash outflow arising on deregistration:	
Cash consideration received	*
Cash and cash equivalents deconsolidated of	(131,102)
	(131,102)

* Less than HK$1,000

40. Notes to the Consolidated Statement of Cash Flows (continued)

(l) Deconsolidation of subsidiaries — Listco Scheme (continued)

Segment information analysed as:

	HK$'000
Trading segment	2,152,088
Others segment	376,707
Loss on deconsolidation of subsidiaries	2,528,795

(m) Gain on re-consolidation of a deconsolidated subsidiary

On 23 December 2020, UPPSD was informed by the Shandong Court, that a bankruptcy application was filed by a creditor of UPPSD, Weifang Red Automation Equipment Co., Ltd, who was an equipment provider to UPPSD, against UPPSD. UPPSD filed an objection letter to the Shandong Court against the bankruptcy application.

On 30 December 2020, UPPSD received a civil judgement issued by the Shandong Court, advising that the bankruptcy application filed from a creditor was accepted. A bankruptcy administrator was appointed by Shandong Court on 30 December 2020. UPPSD is the principal operating subsidiary of the Group's paper manufacturing segment.

In accordance to the relevant rules and regulations, UPPSD Bankruptcy Administrator had taken custody of UPPSD's assets and company seal. Therefore, the Group was considered to have lost control on UPPSD. UPPSD remained in operation through the Entrusted Operation, the term of which was extended by an agreement dated 19 January 2021 entered into between UPPSD, the UPPSD Bankruptcy Administrator and Shandong Bairun.

On 29 July 2021, the UPPSD Bankruptcy Administrator convened the second meeting of creditors of UPPSD for the purpose of considering and approving the UPPSD Bankruptcy Reorganisation plan. The UPPSD Bankruptcy Reorganisation plan was approved by its creditors and the Shandong Court on 29 July 2021 and 1 August 2021 respectively and the UPPSD Bankruptcy Administrator was discharged with effect from 1 August 2021. UPPSD resumed its self-operation with effect from 1 August 2021.

Assets and liabilities as at the date of regain of control are as follows:

	HK$'000
Property, plant and equipment	848,550
Right-of-use assets	222,466
Other intangible assets	210
Inventories	2,601
Accounts and other receivables	74,763
Bank and cash balances	1,566
Accounts and other payables	(642,815)
Provisions	(19,244)
Deferred tax liabilities	(22,198)
Gain on re-consolidation of a deconsolidated subsidiary	465,899
Net cash inflow arising on acquisition:	
Cash and cash equivalents re-consolidated of	1,566

40. Notes to the Consolidated Statement of Cash Flows (continued)

(n) Major non-cash transactions

During the year, the additions to right-of-use assets and lease liabilities of HK$Nil (2021: HK$8,446,000) were recognised.

(o) Reconciliation of liabilities arising from financing activities

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

	Lease liabilities (note 33) HK$'000	Other borrowings (note 32) HK$'000	Bank loans (note 32) HK$'000	Trust receipt loans (note 32) HK$'000	Total HK$'000
At 1 April 2020	27,214	—	1,613,185	1,303,045	2,943,444
Repayments	(16,178)	—	(94,028)	(101,533)	(211,739)
Interest expenses	724	—	21,752	17,237	39,713
Disposal/deconsolidation/ deregistration of subsidiaries	(7,461)	—	(1,130,707)	(1,218,749)	(2,356,917)
Exchange differences	778	—	615	—	1,393
At 31 March 2021 and 1 April 2021	5,077	—	410,817	—	415,894
Deconsolidation/deregistration of subsidiaries	(1,900)	—	(410,962)	—	(412,862)
Additions	—	424,637	—	—	424,637
Repayment	(3,334)	(121,325)	—	—	(124,659)
Interest expenses	94	6,556	—	—	6,650
Exchange differences	63	5,108	145	—	5,316
At 31 March 2022	—	314,976	—	—	314,976

40. Notes to the Consolidated Statement of Cash Flows (continued)

(p) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2022 HK$'000	2021 HK$'000
Within operating cash flows	553	10,920
Within financing cash flows	3,240	15,454
	3,793	26,374

These amounts relate to the following:

	2022 HK$'000	2021 HK$'000
Lease rental paid	3,793	26,374

41. Related Party Transactions

(a) The remuneration of directors of the Company and other members of key management personnel during the year were as follows:

	2022 HK$'000	2021 HK$'000
Basic salaries and allowances	4,056	15,985
Retirement benefit scheme contributions	18	278
	4,074	16,263

(b) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transaction with its related party during the year:

	2022 HK$'000	2021 HK$'000
Purchase of raw materials from related parties (note)	9,578	—
Sales of finished goods to related parties	54,377	—
Finance cost to a related party	3,003	—

Note: The agreements in relation to the purchases of raw material for the ordinary and usual course of business of UPPSD were entered into before the date of Resumption.

42. Principal Subsidiaries

Particulars of the Groups' major subsidiaries of 31 March 2022 and 2021 are set as follow:

Name	Place of incorporation/ establishment/Kind of legal entity	Issued and paid up capital/ registered capital	Percentage of ownership interest/voting power/ profit sharing 2022	2021	Principal activities/ Place of operation
Directly held:					
SPV1	Hong Kong/Limited liability company	1 ordinary share of HK$1	100	–	Investment holding in the PRC
Samson Paper (BVI) Limited	British Virgin Islands/ Limited liability company	110,000 ordinary shares of HK$1 each	–	100	Investment holding in Hong Kong
Indirectly held:					
UPPSD*	The PRC/Limited liability company	Registered capital US$97,418,900	100	–	Manufacturing & trading of paper products in the PRC
Burotech Limited	Hong Kong/Limited liability company	4,000,000 ordinary shares of HK$1 each	–	100	Printing and sales of computer forms and trading of commercial paper products in Hong Kong
Foshan NanHai JiaLing Paper Company Limited*	The PRC/Limited liability company	Registered capital HK$81,380,000	–	100	Processing and trading of paper products in the PRC
Global Century Investments Limited	British Virgin Islands/ Limited liability company	1 ordinary share of US$1	–	100	Property holding in Hong Kong
Hypex Holdings Limited	British Virgin Islands/ Limited liability company	2 ordinary shares of US$1 each	–	100	Investment holding in Singapore
NJ Trading (Shanghai) Company Limited*	The PRC/Limited liability company	Registered capital RMB500,000	–	100	Trading of paper products in the PRC
Samson Paper (Beijing) Company Limited*	The PRC/Limited liability company	Registered capital HK$46,380,000	–	100	Trading of paper products in the PRC
Samson Paper (China) Company Limited	Hong Kong/Limited liability company	1,000 ordinary shares of HK$10 each	–	100	Investment holding in Hong Kong

42. Principal Subsidiaries (continued)

Particulars of the Groups' major subsidiaries of 31 March 2022 and 2021 are set as follow: (continued)

Name	Place of incorporation/ establishment/Kind of legal entity	Issued and paid up capital/ registered capital	Percentage of ownership interest/voting power/ profit sharing 2022	2021	Principal activities/ Place of operation
Indirectly held:					
Samson Paper (Shanghai) Company Limited*	The PRC/Limited liability company	Registered capital RMB61,650,000	–	100	Trading of paper products in the PRC
Jordan Property Investment (Xiamen) Co. Ltd.*	The PRC/Limited liability company	Registered capital RMB3,000,000	–	100	Property management in PRC
SJ (China) Company Limited*	The PRC/Limited liability company	Registered capital US$60,000,000	–	100	Property development, manufacturing & trading of paper products in the PRC
United Aviation (Singapore) Pte. Ltd.	Singapore/Limited liability company	2 ordinary shares of US$1 each	–	100	Trading of aeronautical parts in Singapore

* The English name of these companies are used for identification purpose only. The official name of this entity is in Chinese.

The above table only lists those subsidiaries of the Company which, in the opinion of the directors, principally affect the results for the year or formed a substantial portion of the net assets of the Group.

43. Comparative Figures

The comparative profit/(loss) and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

Financial Summary

Condensed Consolidated Statement of Comprehensive Income

	For the year ended 31 March				
	2022 HK$'000	2021 HK$'000 (Re-presented)	2020 HK$'000 (Re-presented)	2019 HK$'000	2018 HK$'000
Revenue from continuing operations	1,229,456	549,988	4,376,760	5,907,821	5,759,596
Gross profit/(loss)	97,070	(54,726)	408,898	559,990	536,322
Profit/(loss) from operations	479,287	(1,446,463)	(477,791)	210,993	320,128
Profit/(loss) for the year	2,558,902	(4,024,589)	(542,952)	119,677	204,324
Profit/(loss) attributable to equity owners of the Company	2,558,902	(3,768,764)	(550,566)	109,206	196,755

Condensed Consolidated Statement of Financial Position

	As at 31 March				
	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
Total current assets	480,544	912,553	2,929,542	3,533,818	3,864,964
Total non-current assets	1,096,257	184,811	2,929,083	2,989,026	2,802,006
Total assets	1,576,801	1,097,364	5,858,625	6,522,844	6,666,970
Total current liabilities	829,263	3,217,843	4,227,146	3,183,004	3,115,913
Total non-current liabilities	238,683	57,715	131,838	1,153,517	1,205,200
Total liabilities	1,067,946	3,275,558	4,358,984	4,336,521	4,321,113
Equity attributable to equity owners of the Company	508,855	(2,180,599)	1,257,709	1,959,883	2,104,910
Non-controlling interests in equity	—	2,405	241,932	226,440	240,947
Total equity/(capital deficiency)	508,855	(2,178,194)	1,499,641	2,186,323	2,345,857