EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

Stock Code : 202

Annual Report

2022

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Jiang Zhaobai *(Chairman)*
Mr. Lam Cheung Shing, Richard
Mr. Chen Yi, Ethan

Independent Non-executive Directors

Mr. Ho Yiu Yue, Louis
Mr. Ko Ming Tung, Edward
Mr. Ng Ge Bun

BOARD COMMITTEES

Audit Committee

Mr. Ho Yiu Yue, Louis *(Committee Chairman)*
Mr. Ko Ming Tung, Edward
Mr. Ng Ge Bun

Remuneration Committee

Mr. Ho Yiu Yue, Louis *(Committee Chairman)*
Mr. Ko Ming Tung, Edward
Mr. Lam Cheung Shing, Richard

Nomination Committee

Mr. Ko Ming Tung, Edward *(Committee Chairman)*
Mr. Ho Yiu Yue, Louis
Mr. Lam Cheung Shing, Richard

COMPANY SECRETARY

Mr. Lau Chi Lok, Freeman

LISTING INFORMATION

Stock Code: 202
Board Lot: 5,000 shares

REGISTERED OFFICE

Unit 1506, 15th Floor
Capital Centre
151 Gloucester Road
Wanchai, Hong Kong

WEBSITE

www.everchina202.com.hk

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower
The Landmark, 11 Pedder Street
Central
Hong Kong

SOLICITORS

K&L Gates
Patrick Mak & Tse

SHARE REGISTRAR

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
(with effect from 15 August 2022, will change to 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

MANAGEMENT STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of EverChina Int'l Holdings Company Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present to you the annual results of the Group for the year ended 31 March 2022.

For the year ended 31 March 2022, the Group's revenue amounted to approximately HK$149,347,000 (2021: HK$127,093,000), representing an increase of approximately 17.5% as compared to last year. The loss for the year attributable to the shareholders of the Company was approximately HK$233,386,000 (2021: HK$135,055,000), representing an increase of approximately 72.8% as compared to last year. The basic and diluted loss per share amounted approximately to HK3.200 cents for the year ended 31 March 2022 (2021: HK1.851 cents).

BUSINESS REVIEW

During the year, the Company is mainly engaged in property investment operation, hotel operation, agricultural operation and financing and securities investment operation.

Property Investment Operation

The Group's property investment operation mainly comprise two investment properties located in the centre of Beijing and Shanghai (collectively referred to as the "Beijing Property" and "Shanghai Property") respectively. At 31 March 2022, the Beijing Property was valued at approximately HK$618,518,000 (31 March 2021: HK$615,663,000) and the Shanghai Property was valued at approximately HK$540,741,000 (31 March 2021: HK$566,265,000). Based on the independent valuation performed, loss on changes in fair value of investment properties of approximately HK$50,909,000 was recorded for the year (2021: HK$43,373,000). The downward adjustment in the re-valuation was mainly derived from the decrease in fair value of the Shanghai Property due to the persistence of COVID-19 pandemic has adversely affected the fair value of investment properties.

During the year, rental income generated from property investment operation slightly decreased by 2.1% to approximately HK$31,257,000 (2021: HK$31,918,000), which accounted for 20.9% of total revenue. As impacted by the epidemic of the COVID-19, the average occupancy rate of the Shanghai Property further reduced from 51% at 31 March 2021 to 43% at 31 March 2022. The average occupancy rate of the Beijing Property stay flat at approximately 96% as of 31 March 2022. The segment loss amounted to approximately HK$34,259,000 (2021: HK$24,163,000). The loss was mainly attributable to the loss on changes in fair value of the Group's investment properties for the year.

The Group will from time to time review its investment properties portfolio and make every endeavour to increase it rental income.

Hotel Operation

At 31 March 2022, the sole hotel property held by the Group, is the Holiday Inn Express Shanghai Wujiaochang (the "Hotel") located in Yangpu District, Shanghai, the PRC, which is a 20-storey hotel with total gross floor area of approximately 15,900 sq. m., and 296 guest rooms and 2-storey basement carpark with total gross floor area of approximately 18,329 sq. m. which can provide approximately 370 carparking spaces.

MANAGEMENT STATEMENT

The Hotel participates the medical observation program organised by the Health Commission of Yangpu District, Shanghai and becomes quarantine hotel by the end of March 2020. Visitor of Shanghai could stay in the Hotel during the medical observation period. It could procure a steady income stream and cashflow to the Hotel during this difficult time. As a result, the average occupancy rate of the Hotel was maintained at approximately the same level as the same period of last year i.e. 95%.

During the year, revenue generated from hotel operation slightly increased to approximately HK$36,707,000 (2021: HK$36,516,000), which accounted for 24.6% of total revenue. Before depreciation of approximately HK$13,885,000 (2021: HK$13,064,000), this segment recorded a profit of approximately HK$16,638,000 (2021: HK$11,550,000). The segment profit amounted to approximately HK$2,753,000 (2021: Loss of HK$1,514,000).

The construction of the hotel properties was completed in 2007 and the Hotel has been in operation since December 2007. Except for minor facilities upgrade/improvement is carried regularly, a material renovation of the Hotel has not been conducted. It expects the Hotel has a strong need to upgrade its facilities to tailor for the demand and expectation of its guests. However, the pandemic situation continues to change, and it has increased the investment risk to the Group's hotel operation. Timetable of full recovery remains uncertain. The Company is of the view that the business outlook of the Hotel is less optimistic.

On 13 December 2021, EverChina Hotel Investment Limited ("EverChina Hotel"), a wholly-owned subsidiary of the Company entered into a non-legally binding letter of intent with an independent third party, in relation to the potential disposal of the entire issued shares of Loyal Rich International Investment Limited ("Loyal Rich"), an indirect wholly-owned subsidiary of EverChina Hotel and owner of the Hotel property at the proposed consideration of RMB410,000,000 to the potential purchasers. Details of the letter of intent were set out in the Company's announcement dated 13 December 2021. Since both parties could not reach an agreement on the major terms and conditions in respect of the potential disposal, it is mutually agreed that the negotiation was terminated on 24 June 2022. The Group has been in active discussion the possibility of the potential disposal with another potential purchaser, no agreement has been entered as at the date of this report.

Agricultural Operation

The Group's agricultural operation engages in agricultural farming and cattle raising in Bolivia. As at 31 March 2022, the Group totally owns approximately 18,730 hectares of farmland in Bolivia with carrying value of approximately HK$345,213,000 (31 March 2021: HK$345,156,000).

During the year, revenue generated from agricultural operation increased by 38.7% to approximately HK$81,383,000 (2021: HK$58,659,000), which account for 54.5% of total revenue. Revenue from sale of crops amounted to approximately HK$77,135,000 for the year (2021: HK$57,421,000). The major crops of the farm is soybean. During the year, approximately 11,000 hectare of soybeans was planted, the average yield was 2.3 ton per hectare with a grain production of approximately 25,500 tonnes (2021: 23,000 tonnes). The average selling price of soybean was US$380/MT, representing an increase of 22% as compared to last year. The segment profit amounted to approximately HK$26,389,000 (2021: loss of HK$33,208,000). The turnaround to profit was mainly due to increase in revenue for the year and decrease in impairment loss on the Group's property, plant and equipment by approximately 99% to approximately HK$342,000 (2021: HK$38,006,000).

In view of the global demand and supply of soybean have been rising, we are confident that this segment will continue to make stable contribution to the Group's revenue and cash-flow stream in the time ahead.

MANAGEMENT STATEMENT

Securities Investment and Financing Operation

During the year, the Group did not make any new securities investment nor carry any financing operation. This segment did not contribute any revenue to the Group for the year (2021: Nil). The segment loss amounted to approximately HK$62,451,000 for the year (2021: profit of approximately HK$91,613,000). The turnaround to loss was mainly due to the loss of HK$68,883,000 arising on change in fair value of the financial assets at fair value through profit or loss recognised for the year (2021: gain of HK$93,116,000).

As at 31 March 2022, total securities investment, which was booked under financial assets at fair value through profit and loss amounted to approximately HK$667,906,000 (31 March 2021: HK$720,279,000), representing 36.2% (31 March 2021: 35.8%) of the Group's net assets of HK$1,846,740,000 (31 March 2021: HK$2,014,463,000). The Group through Interchina (Tianjin) Water Treatment Company Limited ("Interchina Tianjin"), a wholly-owned subsidiary of the Company solely held 227,312,500 shares of Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina", whose shares are listed on Shanghai Stock Exchange, stock code: 600187), representing 13.74% Heilongjiang Interchina's total issued shares. The cost of investment in Heilongjiang Interchina's share was approximately RMB1.1059 at 31 March 2022 (31 March 2021: RMB1.1059).

Heilongjiang Interchina and its subsidiaries are principally engaged in the provision of sewage water treatment, water supply and the provision of environmental technology services. As disclosed in the latest annual report of Heilongjiang Interchina for the year ended 31 December 2021, Heilongjiang Interchina recorded revenue of approximately RMB384,499,000 (equivalent to approximately HK$474,690,000), loss for the year of approximately RMB93,541,000 (equivalent to approximately HK$115,483,000) and net assets of approximately RMB3,329,298,000 (equivalent to approximately HK$4,110,244,000). Heilongjiang Interchina currently operates six sewage and water supply projects with aggregate daily processing capacity of approximately 513,400 tonnes and a clean energy project in the PRC.

The Group will review its investment strategy for this segment and will closely monitor the market change and not eliminate the possibility of realizing its investment in Heilongjiang Interchina to enhance the Group's working capital if necessary and when timing is appropriate.

Resources Operation

The Group through a non-wholly owned subsidiary of the Company, PT Satwa Lestari Permai owns a mining license to conduct the activities of construction, production, sales transportation and processing/refinery of manganese ore in the district of Kupang City Nusantara Timor Tenggara, Indonesia for a period of twenty years which should expire on 4 November 2031, with estimate resources of approximately 18,800,000 tonnes (the "Mining Right"). Production has not been commenced since the Group acquired the Mining Right in November 2011.

The demand for manganese is closely related to the production of steel. The steel market has been adversely affected by the COVID-19. The market price of manganese ore has been decreasing since the COVID-19 in 2020. Manganese ore benchmark price per ton dropped by from US$158 at 31 March 2020 to US$151 at 31 March 2021 and further dropped to US$145 at 31 March 2022. The Company has undertaken a review on the carrying value of the Mining Right with reference to independent valuation report prepared by International Valuation Limited, adopting the income approach, an impairment loss on the Mining Right of approximately HK$109,109,000 was recognised for the year (2021: Nil) as a result of further decease in the market price of manganese ore at 31 March 2022 as compared to the last year. At 31 March 2022, the value of the Mining Right amounted to approximately HK$69,555,000 (31 March 2021: HK$178,664,000).

MANAGEMENT STATEMENT

The Group considered that income approach is an appropriate valuation method for valuation of the Mining Right instead of market approach and/or cost approach due to (i) there were insufficient similar and relevant comparable transactions solely on the Mining Right under the market approach; and (ii) the future earning potential of the Mining Right can not be captured under the cost approach in the valuation. The major assumptions and parameters of the valuation as at 31 March 2022 are as follow:

	31 March 2022	31 March 2021
Commencement of production	**3rd quarter of 2022**	3rd quarter of 2021
Production volume of ore ('000 tonnes) Note i		
(i) First year of production	**19**	19
(ii) Second year of production	**389**	389
(iii) Third year of production	**778**	778
(iv) Fourth year of production	**1,167**	1,167
(v) Fifth to last year of production	**1,556**	1,556
Adopted manganese ore benchmark price (USD/tonnes) Note ii	**145.32**	151.38
Operating costs (USD'000) Note iii		
(i) First year of production	**4,417**	4,418
(ii) Second year of production	**33,966**	33,986
(iii) Third year of production	**63,427**	63,467
(iv) Fourth year of production	**91,165**	91,225
(v) Fifth to last year of production	**116,003**	116,082
Income tax rate	**22%**	25%
Initial capital expenditures (USD'000)	**9,777**	9,777
Discount rate Note iv	**15%**	14%

Notes:

(i) The production volume was determined based on the estimated production plan as well as the estimated resources which were based on the competent person's report dated December 2011.

(ii) The adopted manganese ore benchmark price was estimated with reference to the manganese ore benchmark price (reference by 35% manganese concentrates to South Africa Manganese Ore Index). The manganese ore benchmark price for valuation as at 31 March 2022 has decreased by approximately 4% than that as at 31 March 2021. No growth rate was assumed to the manganese ore benchmark price estimation. The treatment was consistent among valuation as at 31 March 2022 and as at 31 March 2021.

(iii) No growth rate was assumed for operating costs from 2023 onwards.

(iv) The slightly increase of 1% in discount rate was due to normal market data fluctuation.

MANAGEMENT STATEMENT

This segment did not contribute any revenue to the Group for the year (2021: Nil). The segment loss amount to approximately HK$105,093,000 (2021: HK$847,000). The loss was mainly represented the impairment loss on the Mining Right and administrative expenses for the year.

On 23 September 2021, the Company entered into the JV Agreement with Pengxin International Mining Co., Ltd ("Pengxin Mining") in relation to the formation of the JV Company, which will be owned as to 12.5% by the Company and as to 87.5% by the JV Partner. The formation of the JV Company enables the Group to leverage on Pengxin Mining's capital and capabilities in principally geological survey and subsequently, if appropriate, operating and management of this mining assets. In long run, it expected the project can generate economic benefit to the Group. The transaction constitutes a connected transaction of the Company under the Listing Rules. Details of the transaction were set out in the Company's announcement dated 23 September 2021. The JV Company, namely 上海鵬錳礦業有限責任公司 has been established on 25 January 2022 and is classified as interest in an associate of the Company.

The Group will also closely monitor the market conditions as well as consider other option such as realization of the investment should the opportunities arise.

OUTLOOK

Amid the political and economic instability, the business outlook will remain difficult and challenging. The post-pandemic economy is still recovering. The Group will continue to adopt appropriate measures to minimise any impact caused by the COVID-19 pandemic. In the meanwhile, we will constantly review, reinforce and, in appropriate circumstance, restructure its existing business segments to maintain the sustainable long-term growth of the Group.

With the implementation of the one-child policy in the past, China will face various problems arising from an aging population, and it is expected that the demand for health care and elderly services will increase in the coming future. The chairman of the Board has given instruction to the Company to understand the possibility of investing health care and elderly services and its related business in China. At the same time, the Group will grasp investment opportunities to diversify the Group's business with an aim to improving its profitability, increasing shareholder returns, and laying a solid foundation for its future development.

FINANCIAL REVIEW

Results of Operations

For the year ended 31 March 2022, the Group's revenue amounted to approximately HK$149,347,000 (2021: HK$127,093,000), representing an increase of approximately 17.5% as compared to last year. Such increase was mainly due to the increase in revenue from agricultural operation by approximately HK$22,724,000 as a result of the increase in average selling price of soybean as compared to last year.

The Group recorded a loss of approximately HK$238,636,000 for the year ended 31 March 2022 (2021: HK$135,091,000), representing an increase of approximately 76.6% as compared to last year. The increase was mainly due to the net effect of:

(i) an impairment loss recognised in respect of the mining rights of approximately HK$109,109,000 (2021: Nil) as a result of decrease in the market price of manganese ore during the year;

MANAGEMENT STATEMENT

(ii) the recognition of the loss on changes in fair value of financial assets at fair value through profit and loss of approximately HK$68,883,000 (2021: gain of approximately HK$93,116,000) due to the decrease in share price of a listed equity investment (i.e. Heilongjiang Interchina Water Treatment Company Limited, a company listed in the Shanghai Stock Exchange) of the Group;

(iii) an increase in loss on changes in fair value of the Group's investment properties by approximately 17.4% to approximately HK$50,909,000 (2021: HK$43,373,000);

(iv) a decrease in allowance for expected credit losses on trade and other receivables and loan receivables, net by approximately 96.4% to approximately HK$1,835,000 (2021: HK$51,660,000);

(v) a decrease in impairment loss recognised on the Group's property, plant and equipment by approximately 99.1% to approximately HK$342,000 (2021: HK$38,120,000); and

(vi) a decrease in finance costs by approximately 63.7% to approximately HK$38,659,000 (2021: HK$106,505,000), mainly due to decrease in interest expenses on other borrowings.

Liquidity and Financial Resources

At 31 March 2022, the equity amounted to approximately HK$1,846,740,000 (31 March 2021: approximately HK$2,014,463,000). At 31 March 2022, the Group's cash on hand and deposits in bank was approximately HK$40,926,000 (31 March 2021: approximately HK$33,413,000), mainly denominated in Renminbi ("RMB") and Hong Kong dollars. At 31 March 2022, the Group's net current assets were approximately HK$67,003,000 (31 March 2021: approximately HK$79,247,000). The current ratio of the Group as at 31 March 2022 was 1.09 (31 March 2021: 1.10). The gearing ratio (total outstanding borrowings over total assets) of the Group as of 31 March 2022 was 30.8% (31 March 2021: 30.1%).

At 31 March 2022, the Group's total borrowings including the amount due to a related company of approximately HK$893,696,000 (31 March 2021: approximately HK$945,149,000), which mainly comprised secured bank borrowings of approximately HK$Nil (31 March 2021: approximately HK$6,998,000), secured other borrowings of approximately HK$250,000,000 (31 March 2021: approximately HK$17,000,000) and unsecured other borrowings of approximately HK$16,000,000 (31 March 2021: approximately HK$16,000,000). As at 31 March 2022, the Group's borrowings were denominated in RMB, HKD and USD, amounting to approximately RMB508,434,000 (31 March 2021: approximately RMB751,275,000), approximately HK$266,000,000 (31 March 2021: approximately HK$33,000,000) and approximately US$Nil (31 March 2021: approximately US$897,000) respectively.

There has been no change in the share capital of the Company during the period. As at 1 April 2021 and 31 March 2022, the number of issued shares of the Company was 7,294,369,363.

Pledged of Assets

At 31 March 2022, the Group's bank and other borrowings were secured by charges on (i) the Group's freehold land with carrying amounts of approximately HK$152,084,000 (31 March 2021: approximately HK$152,473,000); and (ii) certain subsidiaries of the Group with carrying amounts of approximately HK$279,769,000 (31 March 2021: Nil).

MANAGEMENT STATEMENT

Material Acquisition and Disposal

Save for the information disclosed in other parts of this section, the Group did not have any material acquisition or disposal of subsidiaries or associates for the years ended 31 March 2022 and 2021.

Contingent Liability

As at 31 March 2022, the Group had no material contingent liabilities (31 March 2021: Nil).

Capital Commitment

As at 31 March 2022, the Group had approximately HK$5,488,000 (31 March 2021: Nil) capital commitment in respect of capital contribution to an associate.

Foreign Exchange Exposure

The majority of the Group's assets and liabilities are denominated in Renminbi, Hong Kong dollars and US dollars which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

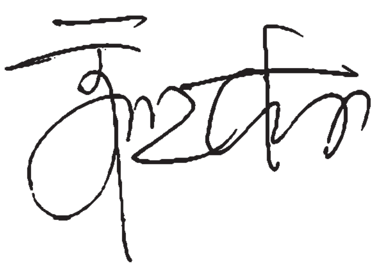
Human Resources

As at 31 March 2022, the Group employed approximately 160 employees (31 March 2021: approximately 153). The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to all shareholders, customers, employees and partners for their continuous support and encouragement.

On behalf of the Board



Jiang Zhaobai
Chairman

Hong Kong, 29 June 2022

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. JIANG Zhaobai, Executive Director and Chairman

Mr. JIANG Zhaobai, aged 59, has been appointed as an executive Director of the Company and Chairman of the Board in September 2012. He has over 30 years experience in real estate development and investment in the PRC and extensive experience in international investment including minerals, dairy and agricultural industries and property investment etc. He is also the chairman of the board of Shanghai Pengxin (Group) Co., Ltd. ("Shanghai Pengxin"). Mr. Jiang is the founder of Shanghai Pengxin and Shanghai Pengxin Real Estate Development Co., Ltd. ("Pengxin Real Estate"). He was the chairman of Shanghai Pengxin during the period from April 1997 to May 2000 and the chairman of Pengxin Real Estate during the period from January 1995 to March 1997. Mr. Jiang was appointed as vice presidents of China Enterprise Directors Association from July 2010 to July 2015 and is currently a rotating chairman of New Shanghai Businessman Federation (上海新滬商聯合會). He graduated in Nanjing Institute of Architecture and Civil Engineering and was admitted to an Executive Master of Business Administration degree at China Europe International Business School in June 2005.

Mr. LAM Cheung Shing, Richard, Executive Director, Deputy Chairman and Chief Executive Officer

Mr. LAM Cheung Shing, Richard, aged 64, is the deputy chairman and chief executive officer of the Company since June 2009. In August 2001, Mr. Lam was appointed as an executive Director and deputy chief executive officer of the Company and was designated as the chairman of the Company during the period from May 2009 to June 2009. Mr. Lam is a fellow member of Hong Kong Institute of Certified Public Accountants. Mr. Lam was admitted to the Master Degree of Business Administration in the Chinese University of Hong Kong in 2006. Mr. Lam spent over ten years in PricewaterhouseCoopers, an international accounting firm and promoted to a senior audit manager, and is equipped with extensive experience in accountancy, taxation and corporate finance. Prior to joining the Group, Mr. Lam held senior positions in a number of listed companies in Hong Kong, including Sun Hung Kai & Co., Limited, Kingsway SW Asset Management Limited and U-Cyber Technology Holdings Limited.

Other than the directorship in the Company, currently, Mr. Lam is also an independent non-executive director of Lajin Entertainment Network Group Limited and China Water Industry Group Limited, whose shares are listed on the GEM Board and the Main Board of the Stock Exchange respectively. Besides, Mr. Lam was appointed as either an independent non-executive director or an executive director in various companies whose shares are listed on the Main Board of the Stock Exchange during the period from 2001 to July 2014, including Eagle Legend Asia Limited, Kai Yuan Holdings Limited and Softpower International Limited (previously known as China Pipe Group Limited).

Mr. CHEN Yi, Ethan, Executive Director

Mr. CHEN Yi, Ethan, aged 39, joined the Company as an independent non-executive Director of the Company in February 2012 and re-designated to an executive Director of the Company since October 2014. He holds a bachelor's degree in Applied Science on Professional Electric Engineering from University of British Columbia, Vancouver, Canada and Mr. Chen has profound knowledge in financial instruments and rich experience in the international capital market. Prior to this re-designation, Mr. Chen had been worked as the assistant vice president in investment of Wellbo Holdings Limited, an engineering analyst of Kobex Minerals Inc. and International Barytex Resources Ltd in Canada, and an analyst and assistant vice president of Rongying Investments Limited respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. HO Yiu Yue, Louis, Independent Non-executive Director and the Chairman of the Audit Committee and the Remuneration Committee

Mr. HO Yiu Yue, Louis, aged 74 was appointed as an independent non-executive Director in April 2009. He is also the Chairman of the Audit Committee and the Remuneration Committee of the Company and a member of the Nomination Committee. He obtained a master degree of business administration in finance & operations research from Concordia University in Canada and is an associate member of both Hong Kong Institute of Certified Public Accountants and Australia Society of Certificate Practising Accountants. Mr. Ho had over 30 years working experience with international accounting professional firms and had been admitted as partner in Ernst & Young, PricewaterhouseCoopers and Arthur Andersen, focusing on technology risk, system and process assurance and risk consulting practices. During that period, Mr. Ho provided services and advices to numerous blue chip corporations in both Hong Kong and the PRC. Mr. Ho was an independent non-executive director of Softpower International Limited (previous known as China Pipe Group Limited), whose shares are listed on the Main Board of the Stock Exchange.

Mr. KO Ming Tung, Edward, Independent Non-executive Director and the Chairman of the Nomination Committee

Mr. KO Ming Tung, Edward, aged 61, was appointed as an independent non-executive Director of the Company in April 2009. Mr. Ko obtained an external Bachelor of Laws Degree from the University of London in the United Kingdom in August 1986 and is a member of The Law Society of Hong Kong. Mr. Ko is the principal of Messrs. Edward Ko & Company and has been practising as a solicitor in Hong Kong for more than 28 years.

Other than the directorship in the Company, currently, Mr. Ko is also an independent non-executive director of Sinofert Holdings Limited and Chia Tai Enterprises International Limited, all of which are companies whose shares are listed on the Main Board of the Stock Exchange. In the last three years, Mr. Ko was an independent non-executive director of Wai Chun Group Holdings Limited and Sterling Group Holdings Limited whose shares are listed on the Main Board and Zioncom Holdings Limited, whose shares are listed on the GEM Board of the Stock Exchange in Hong Kong.

Mr. Ng Ge Bun, Independent Non-executive Director

Mr. Ng Ge Bun, aged 65, was appointed as an independent non-executive Director of the Company on 7 May 2021. Mr. Ng is a solicitor of the High Court of Hong Kong and currently serves as a consultant of H.Y. Leung & Co LLp Solicitors. Mr. Ng holds the degree in bachelor of science and degree in bachelor in laws. Mr. Ng obtained a postgraduate certificate in laws from The University of Hong Kong. Mr. Ng is currently an independent non-executive director of Kai Yuan Holding Limited (stock code: 1215), whose shares are listed on the Main Board of the Stock Exchange. He was an independent non-executive director of China E-information Technology Group Limited (formerly known as Prosticks International Holdings Limited) (stock code: 8055) from November 2001 to May 2006, whose share are listed on GEM Board of the Stock Exchange.

COMPANY SECRETARY

Mr. Lau Chi Lok, Freeman joined the Company as group financial controller in July 2007 and was appointed as company secretary of the Company in June 2009. He is a fellow member of Hong Kong Institute of Certified Public Accountants and member of CPA Australia and holds a bachelor's degree in Commerce, major in Accounting from La Trobe University of Australia. He has over 25 years of professional experience in accounting, auditing, financial management and company secretarial matters. Prior to joining the Company, Mr. Lau had worked in an international accounting firm in Hong Kong, and was responsible for accounting and finance matters for various listed companies in Hong Kong.

CORPORATE GOVERNANCE REPORT

The board (the "Board") of directors (the "Directors") is pleased to report to the shareholders of the Company (the "Shareholders") the corporate governance of the Company for the year ended 31 March 2022.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the maintenance of good standard of corporate governance and has adopted the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as its own code of corporate governance practices. The Board and the management believe that a good corporate governance practices is essential to enhance transparency and accountability to the Shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the year under review, the Company had complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code except for the deviations as stated below:

(i) The Code Provision D.1.4 of the CG Code (re-numbered to C.3.3 from 1 January 2022) stipulates that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. All Directors, except independent non-executive Directors, have formal letters of appointment. The independent non-executive Directors have followed the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. The independent non-executive Directors clearly understand role and responsibilities of independent non-executive Directors. The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those prescribed by code provisions D.1.4 of the CG Code and therefore does not intend to take any steps in this regard at the moment.

(ii) The Code Provision E.2.1 of the CG Code (re-numbered to F.2.2 from 1 January 2022) stipulates that the chairman of the board should attend the AGM to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the 2021 AGM due to other business engagements. Mr. Lam Cheung Shing, Richard, being the executive Director of the Company, who took chair of the AGM on 3 September 2021 together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM and had answered questions at the AGM competently.

(iii) The Code Provision A.6.7 of the CG Code (re-numbered to C.1.6 from 1 January 2022) stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Ho Yiu Yue, Louis, being an independent non-executive Director was unable to attend the AGM and the general meeting of the Company held on 3 September 2021, due to sickness. Considering that all other independent non-executive Directors attended the meetings, the Board is of the view that the Board gained and developed a balanced understanding of the views of the shareholders of the Company.

(iv) The Code Provision A.2.7 of the CG Code (re-numbered to C.2.7 from 1 January 2022) stipulates that the chairman of the board should at least annually hold meetings with independent non-executive directors without the presence of other directors. Due to the various other business engagement, the Chairman of the Board did not meet up with the independent non-executive directors during the year. Although the Chairman did not hold any formal meeting with the independent non-executive Directors without the presence of other Directors during the year, he delegated the Company Secretary to gather any opinions/questions that the independent non-executive Directors might have and report to him for follow up. As such, the independent non-executive Directors of the Company were given opportunities to voice their concerns to the Chairman directly.

Notwithstanding the aforesaid deviations, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and relevant employees of the Company. Having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the Model Code throughout the year ended 31 March 2022.

THE BOARD

The Company is headed by an effective Board which oversees the Company and its subsidiaries' (the "Group") businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

Board composition

As at date of this report, the Board comprises six Directors, consisting of three executive Directors and three independent non-executive Directors, as follows:

Executive Directors

Mr. Jiang Zhaobai *(Chairman of the Board)*
Mr. Lam Cheung Shing, Richard *(Chief Executive Officer ("CEO") and member of Remuneration Committee and Nomination Committee)*
Mr. Chen Yi, Ethan

Independent Non-executive Directors

Mr. Ho Yiu Yue, Louis *(Chairman of Audit Committee and Remuneration Committee and member of Nomination Committee)*
Mr. Ko Ming Tung, Edward *(Chairman of Nomination Committee and member of Audit Committee and Remuneration Committee)*
Mr. Ng Ge Bun *(Member of Audit Committee)*

To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship amongst the Directors. Details of the backgrounds and qualifications of the Directors are set out in pages 10 to 11 under the section headed "Biographies of Directors and Senior Management".

CORPORATE GOVERNANCE REPORT

The Board includes a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board meetings

During the year under review, four Board meetings, a general meeting ("GM") and an AGM were held. The attendance of each Director at the Board meetings and the AGM is set out as follows:

	Attendance/Number of		
Name of Directors	**Board Meetings**	**GM**	**AGM**
Executive Directors			
Mr. Jiang Zhaobai *(Chairman)*	4/4	0/1	0/1
Mr. Lam Cheung Shing, Richard *(CEO)*	4/4	1/1	1/1
Mr. Chen Yi, Ethan	4/4	0/1	0/1
Independent Non-executive Directors			
Mr. Ho Yiu Yue, Louis	4/4	0/1	0/1
Mr. Ko Ming Tung, Edward	4/4	1/1	1/1
Mr. Ng Ge Bun (appointed on 7 May 2021)	3/4	1/1	1/1

During the year, the Board has dealt with matters covering mainly the Group's overall strategy, annual and interim results, internal control and risk management, corporate governance and financial matters.

At least 14 days' notice of regular Board meetings (or reasonable notice for all other meetings) is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a Board meeting. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Responsibilities of the Board

The Board is responsible for leading and controlling the Company, overseeing as well as the supervision of its business, approval of strategic plans and monitoring the Company's performance. The Board delegates the day-to-day operations to the management, while reserving certain key matters for its approval. The Board is also responsible for evaluating and determining the nature and significance of identified risks and determine how these risks can be properly alleviated so as to achieve the Group's strategic objectives; and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. In addition, the Board, with the assistance from Audit Committee, Remuneration Committee and Nomination Committee, oversees particular aspects of the Group's affairs. All Committees have specific functions and authority to examine issues and report to the Board with recommendations. The final decisions are rested with the Board, unless otherwise provided in terms of reference of the relevant Committees.

CORPORATE GOVERNANCE REPORT

Each Director keeps abreast of his responsibility as the Director and of the conduct, business activities and development of the Company. The Directors are also kept informed on a timely basis of their responsibilities and obligations under the Listing Rules, as well as other relevant statutory or regulatory requirements. The Company also encourages its Directors to participate in other continuous professional development programmes for Directors. In addition, the Company has arranged appropriate Directors and Officers Liability Insurance coverage on Directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

Corporate Governance Functions

The Board is also responsible for performing corporate governance functions as set out in the code provision D.3.1 (re-numbered to A.2.1 from 1 January 2022) of the CG Code. During the year ended 31 March 2022, the Board has reviewed the compliance with the CG Code and disclosure in Corporate Governance Report.

Chairman and Chief Executive Officer

The positions of Chairman and CEO are held by Mr. Jiang Zhaobai and Mr. Lam Cheung Shing, Richard respectively. Their roles and duties are segregated, with clear division of responsibilities. Mr. Jiang Zhaobai, being the Chairman of the Board is to provide leadership and management of the Board while Mr. Lam Cheung Shing, Richard, the CEO of the Company is responsible for the implementation of strategies and objectives set by the Board and answerable to the Board for the operations of the Group.

Independence of independent non-executive Directors

In compliance with Rule 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors. The Board considers that all independent non-executive Directors are persons of high caliber, with academic and professional qualifications in the fields of legislation and accounting and finance to carry out their duties so as to protect the interests of the Shareholders. One of the independent non-executive Directors, Mr. Ho Yiu Yue, Louis ("Mr. Ho") has over 30 years of experience in accounting and risk consulting. He is a member of both Hong Kong Institute of Certified Public Accountants and CPA Australia.

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

The Board has noticed that each of Mr. Ho and Mr. Ko Ming Tung, Edward, ("Mr. Ko") has served as an independent non-executive Directors for more than nine years that their further appointment should be subject to separate resolutions to be approved by Shareholders. In this regard, the re-appointment of each of Mr. Ho and Mr. Ko as independent non-executive Director of the Company were approved by Shareholders in separate resolution at the AGM of the Company held on 11 September 2020. In assessing the independence of Mr. Ho and Mr. Ko, the Board took into account the fact that Mr. Ho and Mr. Ko have not engaged in any executive management of the Group; and have demonstrated their ability to provide independent view to the Company's matters during their terms of office with the Company. The Board believes that Mr. Ho and Mr. Ko are independent with the Company and have complied with the independence requirements of Rule 3.13 of the Listing Rules.

Continuous Professional Development

Every newly appointed Director will receive formal, comprehensive and tailored 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 statutory requirements. Directors are continuously updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged at the expenses of the Company where necessary. For the year ended 31 March 2022, the Company has received confirmation from all Directors in respect of their training records, in detail as follows:

Name of Directors	Type of Trainings
Mr. Jiang Zhaobai	A, B
Mr. Lam Cheung Shing, Richard	A, B
Mr. Chen Yi, Ethan	A, B
Mr. Ho Yiu Yue, Louis	A, B
Mr. Ko Ming Tung, Edward	A, B
Mr. Ng Ge Bun	A, B

Notes:

(A) Attending seminar(s)/programme(s)/conference(s)

(B) Reading materials relevant to the business or directors' duties

BOARD COMMITTEES

The Board has three committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the committees has been established with written terms of reference that state its powers, duties and functions, which are available on the website of the Company and the Stock Exchange.

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Ho Yiu Yue, Louis (chairman of the Remuneration Committee) and Mr. Ko Ming Tung, Edward and one executive director namely, Mr. Lam Cheung Shing, Richard. The terms of reference of the Remuneration Committee have been determined with reference to the CG Code. Under the terms of reference of the Remuneration Committee, the responsibilities of the Remuneration Committee include, inter alia, assisting the Company in the administration of a formal and transparent procedure for developing remuneration policies, making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and ensuring that no Director or any of his associates is involved in deciding his own remuneration. The terms of reference of the Remuneration Committee are available on the Company's website.

During the year ended 31 March 2022, the Remuneration Committee held one meeting with full attendance of its members. At the meeting, the Remuneration Committee has reviewed and made recommendation to the Board on the remuneration package of executive Directors to be re-election at the AGM. The attendance records of the members of the Remuneration Committee are as follows:

Name of Directors	Attendance/ Number of Meetings
Mr. Ho Yiu Yue, Louis *(Chairman)*	1/1
Mr. Lam Cheung Shing, Richard	1/1
Mr. Ko Ming Tung, Edward	1/1

The Directors' remunerations are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the remuneration of Directors, who are also the senior management during the year ended 31 March 2022 are set out below:

Annual Remuneration	Number of Persons
Below HKD1,000,000	1
HKD1,000,000 to HKD2,000,000	0
HKD2,000,001 to HKD3,000,000	1
Over HKD3,000,001	1

Nomination Committee

The Nomination Committee comprises two independent non-executive Directors, namely Mr. Ko Ming Tung, Edward (chairman of the Nomination Committee) and Mr. Ho Yiu Yue, Louis and one executive Director namely, Mr. Lam Cheung Shing, Richard. The terms of reference of the Nomination Committee have been determined with reference to the CG Code. Under its terms of reference, the responsibilities of the Nomination Committee include but not limited to review annually the structure, size and composition (including the skills, knowledge and experience) of the Board, to review and report the Board diversity to the Board, to assess the independence of the independent non-executive Directors, to make recommendations to the Board, by taking into account the Board Diversity Policy and the Nomination Policy on appointment or re-appointment of Directors and to make recommendations to the Board on the appointment or re-appointment of the senior management, and to assess the qualifications and competencies of the candidates, so as to ensure that all nominations are fair and transparent.

During the year ended 31 March 2022, the Nomination Committee held two meetings with full attendance of its members. At the meeting, the Nomination Committee reviewed current Board structure, size and composition, considered the qualifications of the retiring Directors standing for election at the AGM, reviewed the diversity policy of the Board, reviewed and considered the proposed appointment of Mr. Ng Ge Bun as Independent Non-executive Director and a member of the Audit Committee and recommended to the Board for such appointment. The attendance records of the members of the Nomination Committee are as follows:

Name of Directors	Attendance/ Number of Meetings
Mr. Ko Ming Tung, Edward *(Chairman)*	2/2
Mr. Lam Cheung Shing, Richard	2/2
Mr. Ho Yiu Yue, Louis	2/2

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at GMs.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Board Diversity Policy

The Board adopted the Board Diversity Policy in August 2013 and aimed to set out the approach to achieve diversity on the Board. All Board appointment will be based on merit and selection of candidates will be based on a range of diversity factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and length of service. The current Board consists of a diverse mix of Board members appropriate to the requirement of the business of the Company.

The Company and the Nomination Committee periodically review the Board Diversity Policy, and monitor the progress on achieving the Measurable Objectives which are set for implementing diversity on the Board. The Board Diversity Policy endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. For the year ended 31 March 2022, the Company has achieved the following Measurable Objectives that the Board has set for implementing the Board Diversity Policy:

(a) To ensure the appropriate proportion of the independent non-executive Directors and the executive Directors in order to maintain the independence of the Board. In particular, at least one-third of the number of members of the Board shall be independent non-executive Directors;

(b) To ensure at least two members of the Board shall have obtained accounting or other professional qualification;

(c) To ensure at least one-third of the members of the Board shall have attained bachelor's degree or higher level of education;

(d) To ensure at least one-third of the members of the Board were or currently are director(s) of listed companies (including Hong Kong and other regions) other than the Company;

(e) To ensure Board has members coming from different cultural backgrounds (including Hong Kong and the PRC); and

(f) To ensure the age distribution of the members of the Board comprised of people from at least two decades.

The Company recognises the importance of gender diversity and recruits employees at all levels based on merits and regardless of gender in order to ensure there is a pipeline of male and female potential successors to the Board and the senior management. The Company will ensure at least one female Director will be appointed by 31 December 2024.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Ho Yiu Yue, Louis (chairman of the Audit Committee), Mr. Ko Ming Tung, Edward and Mr. Ng Ge Bun. Under its terms of reference, the Audit Committee is required, among other things, to oversee the relationship with the independent auditor, to review the Group's interim and annual consolidated financial statements, to monitor compliance with statutory and listing requirements, to ensure adequacy of resources, qualifications, experience and training programs and budget of the financial staff, and to engage independent legal or other advisers if necessary to perform investigations. The terms of reference of the Audit Committee are available on the Company's website.

During the year ended 31 March 2022, the Audit Committee held three meetings, at which the members of Audit Committee principally reviewed and discussed with the independence of external auditors of the Company about the Group's annual results and audited consolidated financial statements for the year ended 31 March 2021, the interim results for the six months ended 30 September 2021 and discussed with the management about the effectiveness of the risk management and assessment, financial controls system and internal control system, respectively. The attendance records of the members of the Audit Committee are as follows:

Name of Directors	Attendance/ Number of Meetings
Mr. Ho Yiu Yue, Louis *(Chairman)*	3/3
Mr. Ko Ming Tung, Edward	3/3
Mr. Ng Ge Bun (appointed on 7 May 2021)	2/3

ACCOUNTABILITY AND AUDIT

Preparation of Financial Statements

The Board acknowledged responsibility for reviewing the accounts of the Company prepared by the executive board for the year ended 31 March 2022 and ensuring the accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgment and estimates made are fair and reasonable; and that the accounts are prepared on a going concern basis.

A statement by the auditors about their reporting responsibilities is contained in the Independent Auditors' Report on pages 65 to 70 of this annual report.

Auditors' Remuneration

The remuneration paid to HLB Hodgson Impey Cheng Limited ("HLB"), the external auditors of the Company, in respect of audit services and non-audit services for the year ended 31 March 2022 amounted to HK$2,500,000 (2021: HK$2,500,000) and HK$250,000 (2021: HK$306,000) respectively.

Risk Management and Internal Control

The Board is responsible for maintaining an adequate system of risk management and internal control of the Group and constantly reviewing its effectiveness while the Audit Committee is assisting the Board in fulfilling its supervision responsibility through annual review and evaluation. The system of risk management and internal control is designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. It is also designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established a clear risk management framework with defined levels of responsibility and reporting lines to identify, evaluate and manage significant risks. Operating units of the Group identify potential risks during their day-to-day operations and initiate actions to mitigate. In addition, management of the operating units perform risk assessment, significant findings and associated action plans are reported to the Company for monitoring and to ensure appropriate controls and mitigation actions are in place.

The Group does not have an internal audit function due to the size of the Group and for cost effectiveness consideration. Nonetheless, the Company has engaged an external consultant to perform internal audit function. External consultant conducts independent review on the adequacy and effectiveness of the Group's risk management and internal control systems and submits internal control review report to the Audit Committee with findings and recommendations. The Audit Committee, will by taking into consideration the control issues identified by the external auditor in the course of statutory audit, formulate their opinion and report to the Board at the regular meetings. The Group conducts its affairs with regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission of Hong Kong in June 2012.

During the year, the Board has engaged external professional consultants to review and assess the effectiveness of the Group's risk management and internal control systems. The assessments cover all material controls, including financial, operational and compliance controls of the Company and its major subsidiaries on a rotation basis. The report has been approved by the Audit Committee. The Board together with the senior management have reviewed, considered and discussed the material findings in relation to the internal control system and recommendations thereto, and have concluded that the overall internal control system of the Group has effectively exercised and no material control failure or significant areas of concern which might affect Shareholders' interest were identified during the reviews.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the CEO and is responsible for advising the Board on governance matters. During the year ended 31 March 2022, Mr. Lau Chi Lok, Freeman is the Company Secretary of the Company, he has taken no less than 15 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted a Shareholders' Communication Policy to ensure that Shareholders can exercise their powers in an informed manner, and to allow Shareholders and potential investors to improve communications with the Company. The Company uses GM, annual report, interim report, announcement, circular and its website as communication tools to keep the Shareholders informed of the matters of significance and latest development of the Group. Shareholders are provided with contact details of the Company to enable them to make enquiries with respect to the Company's affairs. Shareholders can also send their enquiries to the Company through these channels or contact Tricor Tengis Limited, the share registrar of the Company, in case of enquiries about shareholdings. AGM is one of the channels on which the Directors meet with the Shareholders whose views can be addressed to the Board directly. At the AGM, separate resolution will be proposed by the chairman in respect of each substantially separate issue, and voting on each resolution will be conducted by poll. The chairman of the AGM ensures that an explanation is provided of the detailed procedures for conducting voting by poll and answers any questions from the Shareholders. The notice of AGM is distributed to the Shareholders at least 20 clear business days prior to the AGM. The accompanying circular sets out the details of each proposed resolution and other relevant information as required under the Listing Rules. Voting results are posted on the websites of the Stock Exchange and the Company respectively on the day of the AGM. Executive Directors, members of the Audit Committee and the Remuneration Committee and Nomination Committee, and the external auditors will be available to attend the AGM to answer questions from the Shareholders and to gain and develop a balanced understanding of the views of from the Shareholders.

The Board has reviewed the implementation of the shareholders' communications policy and is satisfied that it has been effective for the Board to understand the views and opinion of the shareholders through the available channels. Shareholders of the Company and the investor community may also contact the Company via email at the email address of the Company at general@everchina202.com.hk.

SHAREHOLDERS' RIGHTS

Convening general meeting and putting forward proposal at general meetings

Pursuant to article 62 of the Articles and Section 566 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) ("CO"), shareholder(s) of the Company holding at least 5% of the total voting rights of the Company may request the Board of Directors of the Company to convene a general meeting by way of depositing a written request at the registered office of the Company. The objects of the meeting must be stated in the related requisition which must be authenticated by the person or persons making it. In accordance with Section 567 of the CO, the Directors must call a meeting within 21 days after the date on which they become subject to the requirement under Section 566 of the CO and such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting.

Besides, Section 615 of the CO provides that shareholder(s) of the Company holding at least 2.5% of the total voting rights or at least 50 shareholders who have a right to vote on the resolution at the annual general meeting may request the Company to give notice of a resolution that may properly be moved and is intended to be moved at that meeting by way of depositing a written notice authenticated by the person or persons making it at the registered office of the Company or in electronic form not less than six weeks before the annual general meeting. The notice shall contain a description of the proposed resolution desired to be put forward at the annual general meeting, the reasons for such proposal and any material interest of the proposing shareholder(s) in such proposal.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail at Unit 1506, 15th Floor, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong. The Company Secretary is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the CEO of the Company.

DIVIDEND POLICY

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

WHISTLE-BLOWING POLICY

The Company has put in place a whistle-blowing policy which sets out the procedures for a whistle-blower to make a report to the Company on misconduct or wrongdoing relating to the Company, its officers and employees, including any concern or complaint regarding financial reporting and questionable accounting practices; criminal offences, unlawful and/or unethical acts, fraud, corruption, bribery and blackmail; failure to comply with legal or regulatory obligations and concealment of any of the abovementioned issues.

An address and a special telephone number are set up to allow whistle-blowers to contact the AC Chairman directly. Whistle-blowers are also able to contact the CEO directly through the CEO e-mail address which is provided on the Company's website. The identify of the whistle-blower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Audit Committee, which is responsible for oversight and monitoring of the whistle-blowing policy and mechanism, will make decisions on further actions (if needed) based on the investigation. The Company is also committed to ensure protection of the whistle-blower against detrimental or unfair treatment.

INVESTORS RELATIONS

The Company's website (www.everchina202.com.hk) provides comprehensive and accessible news and information of the Company to the Shareholders, other stakeholders and investors. The Company will update the website information from time to time to inform the Shareholders and investors of the latest development of the Company.

Constitutional Document

During the year ended 31 March 2022, no change was made to the constitutional documents of the Company. An up to date version of the Company's Articles is also available on the website of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE AND REPORTING PERIOD

This is the fifth Environmental, Social and Governance ("ESG") report by the Group, highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 to the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited. This ESG report can be accessed and downloaded from the Company's website at www.everchina202.com.hk or on the website of the Stock Exchange at www.hkexnews.hk.

This ESG report covers the Group's overall environmental and social performances of the four principal activities ("Key Operations") from 1 April 2021 to 31 March 2022 ("Reporting Period"), unless otherwise stated. The four business operations are as follows:

i. the soybean and rice cultivating operation at Empresa Agropecuaria Novagro S.A. ("Novagro S.A.") in the Plurinational State of Bolivia ("Bolivia"), the soybean plantation of which adopts a 20% rotation with maize or sorghum that grows through June till October and November till March respectively, and the rice paddy field that grows through August till March. The whole farm accumulated has a total land area of 123,857,345 m^2 and a total cultivating area of 115,060,000 m^2, and has produced approximately 28,864,560 kg of crops which included 25,629,560 kg of soybean and 3,235,000 kg of rice paddy during the Reporting Period;

ii. the cattle raising operation at Sociedad Argopecuaria Argotanto S.A. ("Argotanto") in Bolivia, with a land area of 51,257,010 m^2, which had around 1,200 beef cattle and several dairy cattle , and produced approximately 309,160 kg of beef cattle during the Reporting Period, (together with Novagro S.A. as the "Agricultural Operation");

iii. the hotel operation of Holiday Inn Express Shanghai Wujiaochang (the "Hotel", or the "Hotel Operation"), a 20-storey hotel located in Yangpu District, Shanghai, the People's Republic of China ("PRC"), with a building area of 15,997 m^2; and

iv. the property investment operation in the office located in Beijing, the PRC (the "Office", or "Property Investment Operation"), occupying 131 m^2.

The cattle production of the Group has seen an increase compared to the previous Reporting Period as appropriately estimated from the quantity (kg) of grass that was consumed by cattle per day. The weight is estimated as the animals were not weighted prior to selling.

In response to the Coronavirus 2019 pandemic, the hotel has signed a contract in agreement to allow itself to become a quarantine hotel near the end of March 2020. The contract is binding as of the end of the Reporting Period. The contract provides detailed guidelines on the arrangement between the hotel and the government, including topics of — hotel pricing for quarantine persons, arrangement of meals for quarantined guests, health observations, contingency plans of discovering cases of COVID-19, etc. Otherwise, compared to the previous reporting period, all other main operations of the Group remain the same in this Reporting Period.

The abovesaid operations contributed to the Group's major ESG concerns during the Reporting Period, thus are included in the reporting scope. Other operations that have no significant environmental and social impacts generated are excluded from the reporting scope.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PRINCIPLES

The Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" set out in Appendix 27 to the Listing Rules of the Stock Exchange (the "Guide"). The contents covered herein are in compliance with the mandatory disclosure requirement and the provision of "Comply or Explain" as well as four reporting principles of materiality, quantitativeness, balance and consistency required in the Guide.

Materiality — Materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section "Stakeholder Engagement and Materiality" in the Report.

Quantitativeness — Key performance indicators ("KPI"s) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable. Unless otherwise specified, standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used are pursuant to Appendix 2 and Appendix 3 of "How to Prepare an ESG Report" as set out by Hong Kong Exchanges and Clearing Limited.

Balance — The Report presents the Group's performance during the Reporting Period in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements. Reasons for omission have been disclosed if the omission is inevitable.

Consistency — Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

BOARD STATEMENT

In this ESG Report, we describe our efforts to promote the creation of value in our Company during this year marked by the crisis caused by COVID-19. Our conversations and closeness with the public has enabled us to respond accordingly to ensure the continuity of our operations. Furthermore, we secured the supply of our products and services with safety protocols in each location.

We are proud of how our team managed the response to the pandemic. Within a context characterized by uncertainty, we made our way of working more flexible while ensuring the operation of our business. The main focus of our efforts was taking care of the health and safety of our employees, customers, and suppliers. Our commitment is to continue strengthening communication channels with our public, and working to promote economic and social growth in all our communities.

Trust, Transparency, Efficiency and Sustainability are our core value that guide our Company at all levels. We have already assumed the challenge of putting them into practice on a daily basis. We must continue channelling our best efforts in order to create value for our investors, customers, suppliers and communities. We believe this is the way to achieve sustainable development.

We invite you to read this report, which describes our efforts to contribute to sustainable development for the Reporting Period.

Sustainability Governance

The Board has overall responsibility for the Group's sustainability strategy and reporting. The sustainability plan of the Group is developed based on results of ESG Reports, which is reviewed on an annual basis and adjusted as needed to align with the long-term business strategy of the Group. This review is conducted by collecting ESG information on a regular basis through various departments and working groups, after which annual summaries, analyses, and performance disclosures shall be published in ESG reports, and the Group shall adjust its strategy as necessary.

Furthermore, the Board has set up an ESG task force team to assess and manage ESG-related issues. The ESG task force team collects, evaluates, and manages ESG information of Key Operations, and reports to the board of directors. These measures shall ensure the sustainable and responsible growth and operation of the Group.

The Group's Sustainability Mission and Vision

The Group is aware that climate change directly affects living standards and hinders social development around the globe. It also understands that the whole society has high expectation on public companies' sustainability performance. Therefore, it is committed to developing the business with minimum adverse impact on the environment, taking social and environmental impacts as central issues to address, and creating shared sustainable values with its stakeholders and community. It believes that upholding a high standard of such aspects can contribute to building a sustainable future.

Thus, sustainability will be given more consideration and responsible business practices will be carried out when the Group makes investment decisions in the future. This way, the Group will not be compromising development opportunities while still showing concern to sustainability. The Group endeavours to work together with all stakeholders to strive for a continual and sustained improvement in the long run.

For the Agricultural Operation, it is expected that climate change may bring about a shift of climatic zones. Yet, it has not been demonstrated how the pattern will be. It is therefore important that the Group keeps monitoring the change and seizes opportunities that come by or prepares for the risks that it may face. The Agricultural Operation is also determined in increasing the frequency it studies the health of its field to protect the biodiversity of respective areas.

For the Hotel Operation especially, as it is operated by the InterContinental Hotels Group ("IHG"), which has made unremitting efforts in improving its sustainability standard, the Group puts much effort in implementing policies that complement with the Hotel's practices.

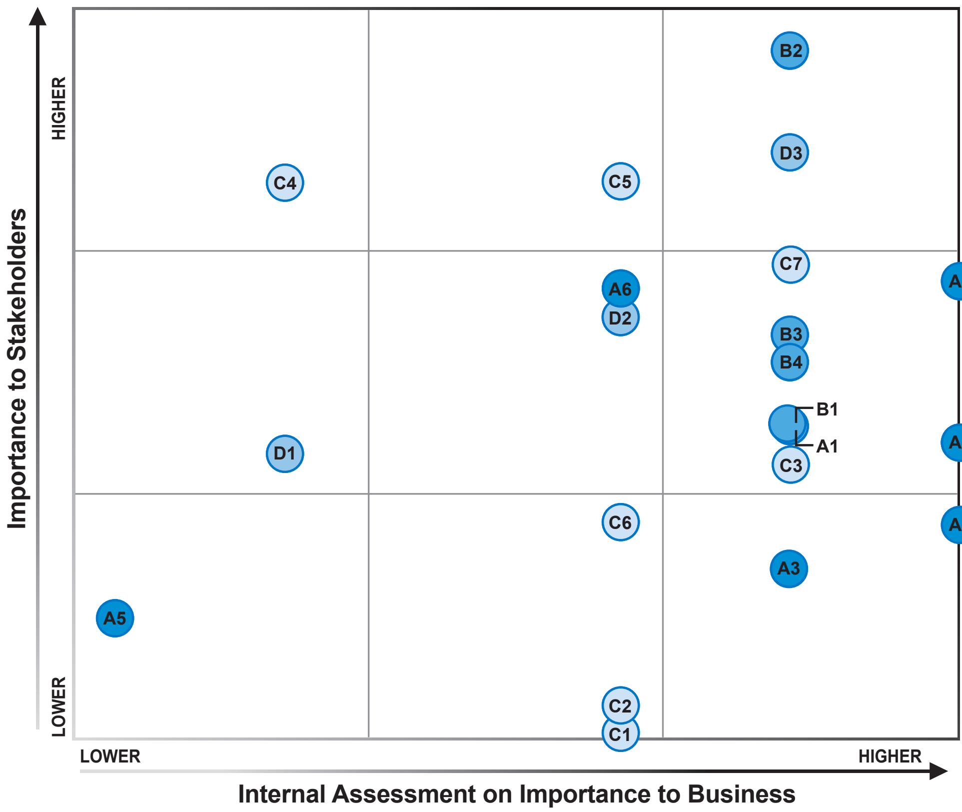
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects of the Group, key stakeholders including directors, frontline employees, suppliers, and clients of the Group have been involved in regular engagement sessions through communication channels such as surveys, meetings, liaison groups, telephone conferences, emails and phone calls to discuss and review areas of attention.

The Group values input and feedback of its stakeholders as they have substantial contribution to the Group's business. Internal and external stakeholders have been involved in regular engagement activities to share views regarding the Group's operations and performances. The Group has specifically engaged senior management, frontline staff, suppliers, and customers/clients to gain further insights on ESG material aspects and challenges during the Reporting Period. Based on the feedback collected from different groups of stakeholders, a materiality matrix was developed.

Materiality of Different Topics from Stakeholder Engagement



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. Environmental		C. Operational	
Energy	A1	Supply Chain Management	C1
Water	A2	Intellectual Property Rights	C2
Air Emission	A3	Data Protection	C3
Waste and Effluent	A4	Customer Service	C4
Other Raw Materials Consumption	A5	Product/Service Quality	C5
Environmental Protection Policies	A6	Anti-corruption	C6
Climate Change	A7	Community Investment	C7
B. Employees		**D. Other**	
Employment	B1	Safety of Food Products	D1
Occupational Health and Safety	B2	Hotel and Other Management Certification	D2
Development and Training	B3	Plantation/Ranching Activities	D3
Labour Standards	B4		

According to the assessment, the top five material aspects identified for the Group's operations are,

1. Occupational Health and Safety
2. Climate Change
3. Plantation/Ranching Activities
4. Community Investment
5. Water

Obtaining material topics via the above methods helps the Group address its key potential obstacles and be prepared for future challenges. Details on how such key issues are addressed will be discussed in the following sections.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. If there are any comments or suggestions, the Group can be contacted via email at general@everchina202.com.hk.

A. ENVIRONMENTAL

The Agricultural Operations, Hotel Operations, and Property Investment Operations of the Group all contributed towards the Group's consumption of fuel, natural gas, electricity, and freshwater. Additionally, these operations also contribute towards the generation of emissions, hazardous and non-hazardous waste, and wastewater. Specifically, the Agricultural Operations of the Group are responsible for emissions induced by enteric fermentation, manure management, rice cultivation, and the usage of fertilizers. There was no noted non-compliance with laws and regulations relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group during the Reporting Period. See below for a list of environmental laws and regulations of the respective regions the Group operate in.

PRC	Bolivia
• Environmental Protection Law • Air Pollution Prevention and Control Law • Air Pollution Control Ordinance • Law on the Prevention and Control of Atmospheric Pollution • Emission Limits of Air Pollutants (DB44/27-2001) • Water Pollution Prevention and Control Law • Discharge Limits of Water Pollutants (DB44/26-2001) • Law on Prevention and Control of Environmental Pollution by Solid Wastes • Law on Prevention and Control of Pollution by Environmental Noise • Standard for Pollution Control on Hazardous Waste Incineration (GB 18484) • Standard for Pollution Control on Hazardous Waste Storage (GB 18597) • Standard for Pollution Control on Hazardous Waste Landfill (GB 18598)	• Law of the Rights of Mother Earth • Framework Law of Mother Earth and Integral Development for Living Well

A1. Emissions

A1.1 Air Emissions

During the Reporting Period, air emissions were primarily produced by Agricultural Operations that require farming machinery, such as tractors and harvesters. In addition, vehicles such as motorcycles, vans, and heavy good vehicles were used in daily operations, and these also contributed to emissions alongside the hotel's kitchen usage.

In total, the Agricultural Operation and Hotel Operation of the Group emitted a total of 10.31 kg sulphur oxides ("SOx") and 25.21 kg nitrogen oxides ("NOx") during the Reporting Period, which represents a 14% increase and 23% increase from the previous reporting period respectively. The increase in SOx emissions is mainly due to additional diesel consumption from farming machinery at the Agricultural Operation, whereas the increase in NOx emissions is mainly due to increased fuel consumption from kitchen usage at the Hotel Operation.

The overall emissions intensity was 0.59 g of SOx and 1.44 g of NOx per hectare ("ha") of total land area, or 77.52 g of SOx and 189.58 g of NOx per Group employee.

A1.2 Greenhouse Gas Emissions

During the Reporting Period, the Key Operations of the Group contributed to a total of 8,006.26 tonnes of carbon dioxide equivalent ("tCO_2e") of GHG, which represents a 3% increase from the previous reporting period. GHG emissions of the Group consist of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, and perfluorocarbons. The overall GHG emission intensity was 457.16 $kgCO_2e$/ha of total land area, or 60.20 tCO_2e/Group employee.

Table 1 Sources of Greenhouse Gas Emissions

Scope and Operation of Emissions	Emission Sources	GHG Emissions (tCO_2e)	% of Total Emission
Scope 1 Direct Emission		**7,107.69**	**88.78%**
Agricultural Operation	Combustion of diesel in mobile sources	1,640.30	84.59%
	Combustion of petrol in mobile sources	29.28	
	Cattle raising activities	3,313.43	
	Farming activities	1,618.59	
	Refrigerants	170.83	
Hotel Operation	Combustion of natural gas in stationary sources	335.26	4.19%
Scope 2 Energy indirect emission		**885.59**	**11.06%**
Agricultural Operation	Purchased electricity	61.83	0.77%
Hotel Operation	Purchased electricity	821.49	10.26%
Property Investment Operation	Purchased electricity	2.27	0.03%
Scope 3 Other indirect emission		**12.98**	**0.16%**
Agricultural Operation	Paper disposed at landfills	1.12	0.02%
	Electricity used for processing fresh water and sewage by government departments	0.39	
	Business air travel by employees	0.30	
Hotel Operation	Electricity used for processing fresh water and sewage by government departments	9.76	0.12%
Property Investment Operation	Business air travel by employees	1.41	0.02%
Total **Intensity:**	**457.16 $kgCO_2e$/ha total area** **60.20 tCO_2e/Group employee**	**8,006.26**	**100.00%**
Agricultural Operation **Intensity:**	**390.38 $kgCO_2e$/ha land area** **84.40 tCO_2e/agricultural employee**	**6,836.07**	**85.38%**
Hotel Operation **Intensity:**	**72.92 $kgCO_2e/m^2$ building area** **33.33 tCO_2e/hotel employee**	**1,166.52**	**14.57%**
Property Investment Operation **Intensity:**	**28.07 $kgCO_2e/m^2$ office area** **0.22 tCO_2e/office employee**	**3.67**	**0.07%**

Notes:

— Emission factors were made reference to Appendix 27 to the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

— Emission factors for combustion of natural gas for stationary source was made reference to GHG Emissions from Stationary Combustion (Chinese), provided by the Greenhouse Gas Protocol.

— Combined margin emission factor (average) of 0.6101 $kgCO_2e/kWh$ was used for purchased electricity in PRC.

— The calculation of intensity in terms of area is based on the following: agriculture land area is 175,114,355 m^2, made up of 123,857,345 m^2 of Novagro S.A., and 51,257,010 m^2 of Argotanto; building area of the Hotel Operation is 15,997 m^2; the area of the Property Investment Operation office is 131 m^2; and altogether 175,130,483 m^2 as total area of the Group.

A1.3. Hazardous Waste

During the Reporting Period, the Group generated a total of 5.77 tonnes of hazardous waste in its operations. The main contributing factors to this waste are machinery and fumigation that were induced by Agricultural Operations. The overall intensity of hazardous waste is 0.33 kg/ha of total land area, or 43.38 kg/Group employee.

Table 2 Sources of Hazardous Waste

Source of Hazardous Waste	Amount (tonnes)
Agricultural Operation **Intensity: 0.33 kg/ha land area** **71.23 kg/agricultural employee**	**5.77**
Used oil from machinery	3.20
Used pesticides drum	1.78
Used batteries from machinery	0.79

A1.4. Non-hazardous Waste

A total of 11.09 tonnes of non-hazardous waste was generated by the Group's operations during the Reporting Period. Waste generated were composed of organic waste from Agricultural Operations, which mainly comprised of food waste from kitchen and dining halls. The overall intensity is 0.63 kg/ha of total land area, or 83.36 kg/Group employee.

Table 3 Sources of Non-hazardous Waste

Sources of Non-hazardous Waste		Amount (tonnes)
Agricultural Operation		**7.59**
Intensity:	**0.43 kg/ha land area**	
	93.67 kg/agricultural employee	
Organic waste		7.59
Hotel Operation		**3.50**
Intensity:	**0.22 kg/m^2 building area**	
	100.00 kg/hotel employee	
Food waste from kitchen		2.17
Daily waste from hotel rooms		1.33

A1.5. Measures to Mitigate Emissions

The Group is dedicated to identifying sources of high energy and resource consumption, as well as environmental pollution, to target and attempt to reduce its harmful impacts on environmental sustainability. In addition, the Group does its best to comply with all applicable laws and regulations to mitigate emissions.

In Novagro S.A., the segment responsible for all Agricultural Operations, trees are frequently planted to re-order its farm lots as required by the law to alleviate the environmental impacts caused by its production operations. Similarly, the Argotanto location plants trees when necessary, under the same law. In addition, the Argotanto site feeds exclusively grass to their cattle instead of grain and does not use the synthetic pyrethroid and cypermethrin to infest cattle, as both are factors that contribute to higher amounts of methane emission.

In the Hotel Operations of the Group, it pays special attention to choosing vehicles that are relatively safer and more environmentally friendly. All emissions from the Hotel (including cooking fumes) complied with all applicable statutory standards concerning air pollutant emissions, including the Emission Standard of Cooking Fume (GB18483-2001) of the PRC. Cooking fume emission control equipment, such as mechanical exhaust ventilation and grease filters, are in place to ensure that emissions meet required standards. The Group has also implemented the IHG Green Engage System within the Hotel and has been awarded the level one Green Engage Certificate, indicating its improvement and efforts in lighting efficiency.

With the above measures, the Group aims to achieve a 10% reduction in overall emissions intensity in 10 years starting from current Reporting Period of 2022, or by 2032.

A1.6. Waste Handling and Reduction Initiatives

In the aspect of waste management, the Group strongly encourages proper waste segregation and recycling. It designates waste collectors and recyclers wherever possible to help with the Group's waste treatment. The Group encourages paper-saving practices and purchases remanufactured cartridges for refills to minimise the amount of waste generated. During the Reporting Period, the Group recycled a total of 496 kg of paper, saving 2.38 tCO_2e of GHG.

With a focus in the Agricultural Operation specifically, various recyclers are appointed by Novagro S.A. and Argotanto to collect both non-hazardous and hazardous waste like used batteries, used oil, and agrochemical plastic drums. These collectors are trained and assist the Group by directing the hazardous waste to appropriate recycling locations to be processed. Non-hazardous wastes are buried in their old fields. The Group has designated the collection of plastics of the farm, which mainly comes from agrochemical containers, and minor bags of plastic that contain the organic waste that are buried without treatment.

The Hotel has very strict policies on waste treatment as improper management poses a risk of creating a huge amount of waste. The Group encourages paper saving practices, such as suggesting employees to use duplex printing for internal documents and adopt photocopying habits that are more environmentally sustainable. It has also established guidelines for procedural recycling, provided ample waste recycling facilities in the Hotel's public area, and collected food waste separately for recycling. The Hotel also puts an effort into reducing food waste as much as possible by using its room occupancy level as a reference to estimate the amount of food ingredients it must purchase, prepare, and serve. The Group motivates its employees to exercise efficient distribution of meals to guests and control unnecessary food waste by linking the cost of food ordered to the food and beverage department's performance ratings. The Hotel also uses reusable utensils and printing cartridges in the employees' canteen and office.

With the above measures, the Group aims to achieve a 10% reduction in overall hazardous and non-hazardous waste generation intensity in 10 years starting from the current Reporting Period of 2022, or by 2032.

A2. Use of Resources

A2.1. Energy Consumption

During the Reporting Period, a total of 9,950,627 kWh of energy was used for the Group's operations, which represents a 28% increase from the previous reporting period. The increase in energy consumption is mainly due to additional diesel consumption at the Agricultural Operation, which increased by 23% from the previous reporting period. The energy consumption intensity is 568.18 kWh/m^2 total area, or 74,816.74 kWh/Group employee. The consumption of energy was composed of various factors: the use of electricity, diesel, petrol, and natural gas across the three operations of the Group in various locations.

Table 4 Usage of Energy Consumption

Usage of Energy Consumption		Direct Consumption (unit)	Consumption (kWh)
Agricultural Operation			**6,973,567**
Intensity:	**398.23 kWh/ha land area** **86,093.42 kWh/agricultural employee**		
Electricity		162,279 kWh	162,279
Diesel		626,220 litres	6,702,580
Petrol		11,217 litres	108,708
Hotel Operation			**2,973,342**
Intensity:	**185.87 kWh/m^2 building area** **84,952.63 kWh/hotel employee**		
Electricity		1,346,490 kWh	1,346,490
Natural gas		164,587 m^3	1,626,852
Property Investment Operation			**3,718**
Intensity:	**28.41 kWh/m^2 office area** **218.71 kWh/office employee**		
Electricity		3,718 kWh	3,718

A2.2. Water Consumption

During the Reporting Period, the freshwater consumption of the Agricultural Operation and Hotel Operation was 23,506 m^3, which represents a 12% decrease from the previous reporting period. The overall water consumption intensity is 1.34 m^3/ha total land area, or 176.74 m^3/group employee. The water usage in the Property Investment Operation was unavailable as it was managed by the management company of the office. It is noteworthy that the consumption of that location was insignificant.

Table 5 Usage of Water Consumption

Usage of Water Consumption		Consumption (m^3)
Agricultural Operation		**900**
Intensity:	**0.05 m^3/ha land area** **11.11 m^3/employee**	
Hotel Operation		**22,606**
Intensity:	**1.41 m^3/m^2 building area** **645.89 m^3/hotel employee**	

Wastewater Discharge

The Hotel's catering operations complies with all relevant statutory requirements regarding wastewater and waste cooking oil discharged from restaurants. Grease traps are in place to ensure that all wastewater containing cooking oil passes through the traps and are filtered before discharge.

A2.3. Energy Use Efficiency Initiatives

The Group tracks monthly energy consumption data in order to understand how resources are being used to identify opportunities and areas to save and set reduction goals.

The Agricultural Operation section is aware that its use of diesel is a major contributor of its energy usage. Thus, it consumes the energy sparingly and only whenever necessary.

The Group understands that electricity consumption contributes to significant environmental impact in its Hotel Operation. Apart from setting air conditioners in constant temperature mode, the Group constantly explores opportunities to upgrade to LED alternatives and LED-backlit TVs in guest rooms to conserve electricity. The Hotel also places environmental reminder cards in guestrooms and invites guests to join their energy-saving initiatives. If guests choose to opt in, they will be reusing their bed linens for three nights before hotel staff changes them, instead of a new set being used every day. This contributes to a reduction in energy used in the washing process.

The Group has taken the action to utilize the system that Green Engage (an environmental organization) has established, which establishes guidelines and analyses the hotel's performance in energy use from an environmental perspective. Additionally, this program puts energy as one of the ten core focuses of the group and an indicator of performance. The Group has also abided by the requirements of all InterContinental hotels by allowing the Risk and Crisis Team support the group when needed in an emergency. Also, a Risk Calendar system is in place to deploy various security systems in the hotel's daily operations.

With the above measures, the Group aims to achieve a 10% reduction in overall energy consumption intensity in 10 years starting from the current Reporting Period of 2022, or by 2032.

A2.4. Sources of Water and Efficiency Initiatives

The Agricultural Operations of the Group sourced water from municipal water suppliers, underground water, and rivers. It also relies on rain (its amount not recorded) for cattle raising, soybean crops, and rice cultivation. There is a reservoir in place to store rainwater, which is later used with channels to throw the lots. For soybean crops, the water used in the fumigation process is extracted from underground, then used with a low flow system. The Group has also begun a project to effectively distribute water for cattle so that water efficiency may be optimized. All underground and surface water use abides by any guidelines and requirements.

In the Hotel, the building compiles with a list of plumbing fixture flow rates from guest rooms and the heart of the house to compare flow rates and evaluate the system. This avoids high flow rates of water fixtures (such as from guestrooms showers) while maintaining a quality guest experience. In addition, the Group ensures flow rates meet the International Plumbing Code ("IPC") standards, which helps create substantial water savings while providing consistently a great guest experience. Urinal flushing sensors and water-saving shower heads are also installed to avoid water wastage. Similar to energy saving, when guests agree to a lower frequency of changing bed linens, it also helps to save water that would have been used in the washing process. The Hotel Operation used water from a municipal freshwater supplier. There was no issue in sourcing water that was noted during the Reporting Period.

The Group tracks monthly water consumption data to understand how resources are used, identify areas of possible savings, and set reduction goals. With the above measures, the Group aims to achieve a 10% reduction in overall water consumption intensity in 10 years starting from the current Reporting Period of 2022, or by 2032.

A2.5. Packaging Materials

During the Reporting Period, the Agricultural Operation switched to direct sale and delivery to storage for all produced rice seeds. As such, there was no significant use of packaging materials in the Group's Key Operations during the Reporting Period.

A3. The Environment and Natural Resources

A3.1. Significant Impacts of Activities on the Environment

Environmental protection policies are one of the top concerns identified from the stakeholder engagement process. The Group works wholeheartedly to mitigate the environmental impacts of all its operations. The Group is aware that its business operation consumes natural resources and poses certain threats on the environment.

Ecology

As the Group utilizes large pieces of lands to carry out their Agricultural Operations, it is aware that the health of the soil is one of the most important aspects that it should pay attention to, whether it of the Agricultural Operation, or the cattle raising operation. Hence, a wide range of measures are taken to conserve the soil and strike a balance.

At Novagro S.A., the crop rotation method is practised at the soybean plantation. 20% of Novagro S.A.'s production consists of corn and sorghum plantation from the preceding soybean's growing season. It is believed that such method will help maintain soil fertility. To maintain soil from depleting and eroding, Novagro S.A. also uses roller machines to level soil, as well as fertilise soil according to the nutrients they require. In particular, before rainy seasons, soil is channelled and levelled such that it is not at risk of flooding and erosion. Similarly, when expecting drought seasons, soil is rolled to create better water reception, and sorghum plantation is covered to reduce evaporation. Aside from the above protection methods, the Group also has remedial measures in case anything goes unexpectedly. Samples of 10% of the land's soil are taken regularly to be examined and studied with regards to their nutrient content and health. In the case that particular contents are noticed to be lacking, fertilisers will be applied. A list of fertilisers used in the Agricultural Operations is shown on Table 12 in Section B6.2.

Both Novagro S.A. and Argotanto's operations involve the removal of trees. Having said that, the Group keeps in mind to leave a fixed ratio of trees and forest areas untouched to maintain biodiversity, with the current ratio being 25%. The Group also pays close attention to avoid being invasive and ensures to not remove trees that are more than 30cm in diameter. The Government's requirements to plant trees are followed whenever applicable to lessen the potential harm on the environment and biodiversity.

The Atmosphere

Regarding the atmosphere, the Group is aware that raising cattle contributes to large amounts of methane. While it is inevitable that greenhouse gases are generated, Argotanto tries its best to minimise its volume of greenhouse gases produced to cause the least harm to the atmosphere. Its main measure of achieving this goal is by feeding cattle only grass and avoiding grains, which will increase methane induced from enteric fermentation. Cypermethrin is also avoided as an application to infest cattle, as methane will also be generated by such application.

The Hotel also contributes to greenhouse gases emissions, with the largest source being electricity consumption, followed by the natural gas that is used for cooking. Hence, the Group ensure that it follows the Green Engage system initiated by the InterContinental Hotels Group that tracks energy, waste, water, and carbon used. The system guides the Hotel to use electricity only when necessary. For instance, this would include utilising natural lighting, using energy-saving lamps, letting guests choose to reuse amenities to reduce laundry volume, etc. The kitchen also plans out the amount of food required in advance for buffets, such that no energy is wasted for preparing food that will not be consumed in the end. Such energy-saving measures are important in reducing the direct and indirect greenhouse gases emitted. The Hotel also plants on the building's facades in an attempt to alleviate emissions from itself and its surroundings.

Pressure on Landfills

The Hotel generates a certain amount of waste, which mainly consists of food waste, which puts a certain amount of pressure on the landfills. To minimise food waste, the Hotel estimates the amount of food ingredients necessary according to reservations made. In general, there is also a preventative maintenance routine that spots potential problems that may lead to wastage within the Hotel. Hence, this minimises the burden that the operations put onto landfills.

A4. Climate Change

A4.1. Significant Climate-Related Issues

Climate change poses a huge threat to all businesses, and that of the Group's is not an exception. The Group recognises that extreme weather events may negatively impact daily operations and has accordingly prepared contingency plans for these situations. In cases of extreme weather such as typhoons or heavy rain, the Board shall execute procedures to resume production and maintain operations as soon as possible.

For the Agricultural Operation, the Group foresees that climate change would bring about increased risk of droughts in the long term, which would negatively impact the yield of rice and soybean crops, as well as production of cattle. In addition, the association of methane emissions with cattle production may lead to reduced consumption of beef by consumers as climate change awareness among the public continues to rise. These factors would severely limit the output of the Agricultural Operation.

For the Hotel Operation, increased frequency of extreme weather events may disrupt travel during holidays, which would lower the amount of hotel guests throughout the year and lead to decreases in hotel revenue.

However, the Group views climate change not only as a risk to mitigate, but also an opportunity for the Group. For the Agricultural Operation, the Group is looking at alternate feeds for cattle that may decrease their methane emissions, which would allow cattle produced from the Group is stand out as more sustainable products to consumers. For the Hotel Operation, the Group has commenced greening on the outer premises of its hotel, and has utilised Green Engage to improve its environmental performance.

B. SOCIAL

1. Employment and Labour Practices

B1. Employment

The Group has complied strictly with the relevant laws and regulations to ensure employees' interests are protected. See below for a list of employment laws and regulations of the respective regions the Group operate in.

PRC	Bolivia
• Labour Law • Labour Contract Law • Regulations on Paid Annual Leave for Employees • Law on the Protection of Disabled Persons • Trade Union Law • Social Insurance Law • Law on the Protection of Women's Rights and Interests • Special Rules on the Labour Protection of Female Employees	• General Labour Law • Pensions Law • Law No. 045 against Racism and all Types of Discrimination • Law No. 348 on the Guarantee for Women of a Life Free of Violence

The Group also recognizes that its employees is the core to its operations, therefore, it holds employees' interests highly. Consequently, policies are in place to ensure that employees' interests are safeguarded and respected.

Employee Benefits and Welfare

The Group places great value in employees, providing employees with competitive compensation and benefits to attract and retain talents. It has a systematic benefit matrix for employees in different positions, with more generous benefits offered to those who hold higher positions. Depending on employees' positions and experience, they are entitled to different levels of statutory paid leave, Housing Provident Fund, and social insurance (including pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance).

In the Agricultural Operation, most employees are entitled to transportation subsidy, complementary meals, and accommodation. In Novagro S.A., bonus is also paid for every 6 months an employee works. The soybean cultivation, rice cultivation, and cattle raising fields follow all labour laws as outlined by the government. The Group also ensures compliance with the newly imposed paid sick leave and safe working times law.

The Group provides meals without charge for its employees in canteens in its Hotel Operation and lunch allowances in its office operation. The regular work hours are capped at a maximum of eight hours a day and forty hours a week. However, the Group has the right to extend work hours given that an agreement is established with employees and the Labour Union if necessary. Overtime work is normally less than an hour per day, and not more than three hours, even on special occasions. Overtime compensation will be provided according to the statutory requirements. The Group ensures to abide by all applicable employment and labour related laws of Hong Kong and the PRC. During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations in relation to employment.

Promotion and Dismissal

Employees are offered promotion opportunities primarily based on their capabilities, personality, potential, and performance that is reflected through annual performance appraisals. During the appraisal process, managers and team members set their objectives together, which are then self-evaluated and reviewed by eligible supervisors. For the termination of contracts, either party may terminate the contract with one month advancement in written notice or salary in lieu of notice.

There was no non-compliance with laws and regulations related to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, and other benefits or welfare that have a significant impact on the Group during the Reporting Period.

Equal Opportunity

The Group strives to provide equal and fair opportunities for employees in respect of recruitment, training and development, job advancement, compensation, and benefits. Employees are not discriminated against or deprived of any opportunities based on gender, ethnic background, religion, colour, age, marital status, family status, retirement, disability, pregnancy, or any other factors as prohibited by applicable laws.

Human Rights

Specifically, the Hotel Operation of the Group has policies on human rights which:

- Supports protection of human rights, particularly those of the employees, business partners and communities the Hotel operates;
- Respects employees' right to voluntary freedom of association, under the law;
- Provides a safe and healthy working environment;
- Does not support forced and compulsory labour or the exploitation of children;
- Supports elimination of employment discrimination and promotion diversity in the workplace;
- Provides our employees with remuneration and tools for growing their careers, and takes their wellbeing into consideration;
- Promotes fair competition and does not support corruption;
- Conducts business with honesty and integrity in compliance with applicable laws; and
- Develops and implements company procedures and processes to ensure the Hotel complies with the policy.

Employee Relations and Channels of Communication

The Hotel's employees are encouraged to use various communication channels for horizontal and vertical communication (such as email, social media platforms, staff welfare meetings, and employer-employee meeting). Events such as annual dinners, festival-related celebrations, and birthday celebrations are also regularly organised to nourish a greater sense of belonging amongst employees and to provide enhanced communication channels between senior management and general staff. If employees have any concerns that, for example, relate to discrimination and harassment, health and safety of working environment, or human rights, they are encouraged to speak up and raise the matter to their managers, human resources, or other members of management either online or via their hotline.

B1.1 Total Workforce

The Group had a total of 133 employees as of 31 March 2022. See below for the detail breakdown of the workforce by Key Operations and employee group.

Table 6 Employment Figures

Workforce as of 31 March 2022	Number of Employees	Percentage
Agricultural Operation		
By Employment Type		
Full-time	81	100%
Part-time	0	0%
By Gender		
Male	68	84%
Female	13	16%
By Employee Category		
Senior Management	3	4%
Middle Management	6	7%
Frontline and Other Employees	72	89%
By Age Group		
18-25	5	6%
26-35	20	25%
36-45	41	51%
46-55	10	12%
56 or above	5	6%
By Geographical Region		
Bolivia	81	100%
Hotel Operation		
By Employment Type		
Full-time	27	77%
Part-time	8	23%
By Gender		
Male	19	54%
Female	16	46%
By Employee Category		
Senior Management	5	14%
Middle Management	2	6%
Frontline and Other Employees	28	80%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Workforce as of 31 March 2022	Number of Employees	Percentage
By Age Group		
18-25	1	3%
26-35	15	43%
36-45	9	26%
46-55	5	14%
56 or above	5	14%
By Geographical Region		
Mainland China	35	100%
Property Investment Operation		
By Employment Type		
Full-time	10	59%
Part-time	7	41%
By Gender		
Male	4	24%
Female	13	76%
By Employee Category (percentage)		
Senior Management	1	6%
Middle Management	0	0%
Frontline and Other Employees	16	94%
By Age Group		
18-25	0	0%
26-35	2	12%
36-45	8	47%
46-55	3	18%
56 or above	4	23%
By Geographical Region		
Mainland China	17	100%
Total Workforce	**133**	**100%**
By Operation		
Agricultural Operation	81	61%
Hotel Operation	35	26%
Property Investment Operation	17	13%
By Employment Type		
Full-time	118	89%
Part-time	15	11%

Workforce as of 31 March 2022	Number of Employees	Percentage
By Gender		
Male	91	68%
Female	42	32%
By Employee Category		
Senior Management	9	7%
Middle Management	8	6%
Frontline and Other Employees	116	87%
By Age Group		
18-25	6	4%
26-35	37	28%
36-45	58	44%
46-55	18	14%
56 or above	14	10%
By Geographical Region		
Bolivia	81	61%
Mainland China	52	39%

B1.2 Turnover Rate

A total of 20 employees left the Group during the Reporting Period, contributing to an overall turnover rate of 15.0%. See below for the detail breakdown of turnover rate by Key Operations and employee group.

Table 7 Turnover Rate

Turnover Rate as of 31 March 2022	
Agricultural Operation	
By Employment Type	
Full-time	8.6%
Part-time	N/A
By Gender	
Male	7.4%
Female	15.4%
By Employee Category	
Senior Management	0.0%
Middle Management	0.0%
Frontline and Other Employees	9.7%

Turnover Rate as of 31 March 2022

By Age Group	
18-25	20.0%
26-35	0.0%
36-45	9.8%
46-55	10.0%
56 or above	20.0%
By Geographical Region	
Bolivia	8.6%
Hotel Operation	
By Employment Type	
Full-time	40.7%
Part-time	25.0%
By Gender	
Male	26.3%
Female	50.0%
By Employee Category	
Senior Management	0.0%
Middle Management	50.0%
Frontline and Other Employees	42.9%
By Age Group	
18-25	300.0%
26-35	13.3%
36-45	11.1%
46-55	100.0%
56 or above	20.0%
By Geographical Region	
Mainland China	37.1%
Property Investment Operation	
By Employment Type	
Full-time	0.0%
Part-time	0.0%
By Gender	
Male	0.0%
Female	0.0%
By Employee Category (percentage)	
Senior Management	0.0%
Middle Management	0.0%
Frontline and Other Employees	0.0%

Turnover Rate as of 31 March 2022

By Age Group (percentage)	
18-25	0.0%
26-35	0.0%
36-45	0.0%
46-55	0.0%
56 or above	0.0%
By Geographical Region	
Mainland China	0.0%
Total	**15.0%**
By Operation	
Agricultural Operation	8.6%
Hotel Operation	37.1%
Property Investment Operation	0.0%
By Employment Type	
Full-time	15.3%
Part-time	13.3%
By Gender	
Male	11.0%
Female	23.8%
By Employee Category	
Senior Management	0.0%
Middle Management	12.5%
Frontline and Other Employees	16.4%
By Age Group	
18-25	66.7%
26-35	5.4%
36-45	8.6%
46-55	33.3%
56 or above	14.3%
By Geographical Region	
Bolivia	8.6%
Mainland China	25.0%

B2. Health and Safety

Occupational health and safety are factors identified as the most material topic of the Group from stakeholder engagement. During the Reporting Period, the Group has complied with occupational health related laws and regulations to avoid any health risks from being imposed onto its employees. See below for a list of occupational health related laws and regulations of the respective regions the Group operate in.

PRC	Bolivia
• Labour Law • Labour Contract Law • Law on The Prevention and Control of Occupational Diseases	• Law on Hygiene, Occupational Security and Welfare

B2.1 Work Injuries and Work-Related Fatalities

During the Reporting Period, a total of 16 working days were lost due to 11 work-related injury cases. No fatalities of the Group's employees have been recorded in the last three reporting years.

Table 8 Work injuries and fatalities

	2021	2020	2019
Number of work fatalities	0	0	0
Fatality rate	0.00%	0.00%	0.00%
Cases that contributed to >3 lost working days	1	2	2
Work injury cases that contributed to ≤3 lost working days	10	12	2
Lost days due to work injury	16	130	112

B2.2 Occupational Health and Safety Measures

The Group has the following policies in place to ensure that a safe working environment is provided and that employees are protected from occupational hazards.

In the Agricultural Operation, employees are provided with appropriate workwear according to their work positions. Aside from distributing protective items, training is also arranged, and medical aid is sought immediately in case of any potential poisoning cases. The measures in brief are as follows:

- Employees who work outdoors are provided with mosquito repellent, first aid kits, boots, eye protections, etc.;

- Employees who may contact any chemical or biological agents, like herbicides or pesticides, are provided with body protectors, and safety gloves and masks;

- Training on the proper operation of a fumigation machine is provided to prevent undesirable consequences resulting from faulty application;

- Detection and evaluation of occupational diseases relevant to the operation, such as poisoning from chemical agents are carried out; when symptoms of these diseases are identified, employees are sent for professional medical treatment.

At the soybean, corn, and rice plantation, Novagro S.A. also has a pre-harvest interval guideline that employees must follow regarding the application of fertilisers, herbicides, and insecticides, to make sure employees do not inhale toxic chemicals and that their health is protected. Generally, the interval between application and harvest is 20-25 days for fertilisers, and 6-8 days for herbicides. In the future, the Agricultural Operation plans to expand their occupational safety measures to areas such as strategies on ergonomics and accident prevention.

The Hotel's policy on occupational health and safety also gives its best efforts to ensure that frontline employees work in a healthy and safe environment. The Group provides necessary personal protective equipment including:

- slip resistant work shoes to kitchen staff,

- hand cream and protective gloves for housekeeping staff to avoid dry skin due to frequent contact with cleaning agents, and

- insulating and safety shoes to electricians and engineering staff

Apart from supplying adequate first aid supplies in the first aid kits at workplaces, basic first aid training courses are also provided to employees to ensure employees possess basic first aid knowledge and skills. There was no instance of non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have had a significant impact on the Group during the Reporting Period.

In response to the ongoing COVID-19 pandemic, the Group implemented social distancing measures for its employees in all Key Operations and had followed security measures established by local government. For the Hotel Operation, the Group has mandated all hotel employees to receive vaccination and perform rapid COVID-19 testing every two days for the safety of hotel guests.

B3. Development and Training

The Agricultural Operation arranges training for employees who operate fumigation machines. Such training is usually conducted by the suppliers of these machines. In Novagro S.A., employees are also trained to understand the procedures of harvesting and using pesticides and herbicides, as well as the days required after application and before harvest. The details of these procedures were not recorded during the Reporting Period, but trained staff include a farm manager and multiple technicians.

In consideration of the COVID-19 pandemic that took place in this Reporting Period, for the Property Investment Operation and Hotel Operations, the Group has shifted training from the traditional programs to an online version. The online version consists of sharing pictures to employees, as well as virtual conferences in which experienced personnel explain and train employees.

For the Hotel Operation, various training programs are provided to staff to ensure delivery of high-quality service to customers and to enhance personal development of staff. Training topics include, but is not limited to, induction, first aid, customer service, fire safety, emergency management and leadership. With the Group's emphasis on food safety, there must be at least one food safety trainer who plans for or directly conducts training on food safety. Apart from compulsory food safety training, new employees must be tested on food safety knowledge and practices based on the IHG's Food Safety Management System ("FSMS") and local regulations. Staff of key departments, such as the kitchen and F&B, must attend refresher training at least twice a year while other departments' requirement is once a year.

For the Property Investment Operation, the Group had organised for its employees to participate in continued professional development courses in accounting offered by the Beijing Municipal Finance Bureau.

Overall, 118 employees, or 88.7% of all employees, received 1,269 hours of training during the Reporting Period. The average training hours per employee (inclusive of those who did not receive training) was 9.54 hours. See below for a detailed breakdown of percentage participation and training hours by employee group.

Table 9 Percentage of Employees Trained

Number of employees trained	118
Percentage of employees trained (%)	**88.7**
… male employees trained (%)	95.6
… female employees trained (%)	73.8
… senior management employees trained (%)	88.9
… middle management employees trained (%)	100.0
… frontline employees trained (%)	87.9

Table 10 Average Training Hours Received by Employees

Total hours of training received by employees (hours)	1,269
Average hours of training received per employee	**9.54**
… a male employee received (hours)	7.49
… a female employee received (hours)	11.36
… a senior management employee received (hours)	18.33
… a middle management employee received (hours)	7.50
… a frontline employee received (hours)	9.00

B4. Labour Standards

The Group strictly follows applicable laws and regulations and does not recruit any form of child labour or forced labour. See below for a list of labour standard related laws and regulations of the respective regions the Group operate in.

PRC	Bolivia
• Labour Law • Law on Protection of Minors • Provisions on the Prohibition of Using Child Labour	• Child and Adolescent Code • Comprehensive Law against Human Trafficking and Smuggling

In the Agricultural Operation, instead of using contractors, all employees are recruited directly, minimising the chances of child or forced labour. Management also regularly visits the farms to check that no employees of such type are present or working within the operation.

In pursuant to the Labour Law of the PRC, the human resources department ensures accuracy of the information provided by candidates by checking their identity cards and relevant certificates.

There was no significant non-compliance with laws and regulations regarding prevention of child and forced labour that have a significant impact on the Group during Reporting Period. The Group has prepared contingency plans in the event that child labour or forced labour is discovered in its operations, and the Group shall proceed by dismissing any offenders.

2. Operating Practices

B5. Supply Chain Management

B5.1 Number of Suppliers

During the Reporting Period, the Agricultural Operation engaged 144 suppliers that were based in Bolivia and Mainland China. In Bolivia, suppliers mostly provided resources for farming and machinery, and services relating to agriculture production. In China, suppliers primarily services on office supplies, advertising, internet, media, electronics, and programming, respectively. The Property Investment Operation did not record the number of suppliers they engaged. See below for a detailed breakdown of key suppliers.

Table 11 Key Suppliers

Supplier Region	Type of Supplier	Number
Bolivia		**138**
	Spare Parts	50
	Mechanic, Technicians & Others	28
	Agriculture Chemicals (pesticides, fungicides, herbicides, fertilizers)	18
	Seeds	8
	Harvesters	7
	Transportation	6
	Wood Poles	5
	Oil and Lubricants	5
	Veterinary Supplies	4
	Building Materials	3
	Diesel Fuel	3
	Fencing Services	1
Mainland China		**6**
	Advertising	1
	Office Supplies	1
	Stored Program Control	1
	Paper Products	1
	Elevator Maintenance	1
	Central Air Conditioning	1

B5.2 Practices Relating to Engaging Suppliers

In the Hotel Operations, the Group has a procurement policy which controls all purchases made by the hotel. All purchases must be made through the procurement department with approval from the user's department head, the director (for finance and business support) and the general manager. The Hotel's suppliers must fulfil pre-qualifications, including but not limited to, consistency of supply, ability to meet delivery schedule, conformance to quality requirements, administration and technical competence of personnel, reasonableness in pricing compared to market prices and good references. Standard procedures are established for setting up new suppliers and emergency purchasing.

Outsourcing Management

The Hotel outsources a range of services, including food and beverage, laundry, public area cleaning, stewarding, equipment maintenance, pest control, garbage room management, etc. All outsourced services providers must hold relevant qualifications granted by the government. When dealing with services related to food safety, the Hotel and all outsourced restaurants establish contracts with clearly defined terms regarding food safety responsibilities. Initial food safety training is also organised for employees of outsourced restaurants to ensure that they meet the required standards.

B5.3 Practices Used to Identify Environmental and Social Risks Along Supply Chain

To identify environmental and social risks along the supply chain, the Group carries out in-site inspections and qualification audits when selecting suppliers. In addition, the Group organises random inspections and inquiries to check whether there are any violations of environmental or social responsibility throughout its supply chain. When engaging with suppliers, the Group conducts inspection and testing upon receipt of offered products and services.

B5.4 Practices Used to Promote Environmentally Conscious Suppliers

The Group has developed a rating and scoring system to select its suppliers. All potential suppliers are subject to a selection process, which includes 20 pre-set criteria and requirements that must be passed. The supplier list is frequently updated to ensure names of suppliers, licenses and certificates are in place and valid. When purchasing office equipment, the Group gives higher priority to energy efficient equipment and installations.

In addition, the Group is aware that it is important to consider the environmental and social performance of suppliers when sourcing. Hence the Group is in process of developing a criteria in choosing and filtering suppliers.

B6. Product Responsibility

The Group is aware of its responsibilities associated with the products and services it provides. Various policies and guidelines have been formulated for assuring quality of its products and services. No non-compliance with laws and regulations regarding product and service-related health and safety, advertising, labelling and privacy matters that have a significant impact on the Group was noted in the Reporting Period.

B6.1 Product Recalls

The Hotel Operation and Property Investment Operation of the Group do not involve any shipping and recalls.

No products shipped by the Agricultural Operation of the Group were subject to recalls for safety and health reasons.

B6.2 Complaints on products and services

In the Hotel, there are various circumstances where guests may make complaints. During daily operations, guests may make a complaint through phone calls or going to the front desk. When a complaint is received, the manager on duty will take care of the complaints and designate personnel to follow up correspondingly. Guests may also make complaints via the Hotel's online flatform. Similarly, when complaints are made within the hotel, the Hotel will contact guests and provide solutions to resolve the problems.

B6.3 Intellectual Property ("IP")

There was no material non-compliance with laws and regulations relating to IP during the Reporting Period.

B6.4 Quality Assurance Process

To further ensure food safety, the Group has developed a stringent product assurance procedure. All food-related complaints are handled with ultra-care.

Farm Product Quality Management

As the products of the Agricultural Operation will end up being consumed by humans, both Novagro S.A. and Argotanto are extremely careful with ensuring the health and safety of its crops and cattle, especially with the use of agrichemicals and medication. While the Bolivian government barely regulates such application, both farms employ agronomists who decides the types, concentration, and volume of agricultural chemicals used to ensure the safety of its products. In the soybean cultivation plant, guidelines established in Bolivia are followed throughout the growing period. Application of pesticides and herbicides are given great care, using only those that were legally imported into Bolivia, and harvesting only 20-25 days after application of pesticides and 6-8 days after application of herbicides for consumers' safety. In Argotanto, only legal and authorised medicine are used on cattle to prevent negative health impacts. Refer to Table 12 for a list of selected agrichemicals used in the Agricultural Operation, and Table 13 for a list of medication and injections used on cattle.

For the cattle raising farm, Argotanto keeps record of the conditions and details of each batch of cattle. If the farm is told of problems with the cattle by its clients, such as the slaughtering house, it will be able to trace and identify the respective cattle that are involved.

Table 12 Major Types of Agrochemicals used in Agricultural Operation

Agrochemicals Used	Application	Total Consumption (kg)
MAP/DAP (Fertiliser)	Soybean field	250,000
UREA (Fertiliser)	Rice paddy field	120,000
NPK (Fertilizer)	Foliar	8,000
Boron (Fertilizer)	Foliar	9,000
Herbicides	Crops field	71,500
Fungicides	Crops field	18,000
Insecticides	Crops field	21,437

Table 13 Medication Fed/Injected in Cattle Raising Operation

Medication/Injection Used on Cattle	Amount per dosage
Mineral salts (supplement when necessary)	3 ml/calve
Aftose (annual vaccine)	2,300 units
Brucellosis control (lifetime vaccine for 1-2-year-old female calves)	450 units
Rabia vaccine (half-yearly vaccine)*	2,300 units
Hematic Carbuncle (annual vaccine)	850 units
Stain and Gangrena (annual vaccine)	850 units
External parasites control (half-yearly dosage)	20 ml
Internal parasites control (half-yearly dosage)	2-20 ml, depending on age
Antibiotics against neonatal diarrhoea (monthly during partition period)	3 ml/calve

* Mandatory under law

Food Safety Management

As food quality and safety is an important aspect of the Hotel's product (as noted in the stakeholder engagement), the Group follows stringent guidelines on food safety laid down in the IHG FSMS Manual. The Manual covers the procedures of the procurement of food and food-related products, food preparation and handling, cleaning and pest management, inspections, investigations, complaints and recall, related regulation compliance and outsource management, etc. As mentioned in section B3, employees of the operation are also required to attend training on food management and safety, even if their duties may not be directly related to providing food-related services. When employees receive complaints regarding foreign material in food and allegation of food borne illness, they must report all incidents. A detailed handling process and procedure must be followed, and the report must be filed to the management for long term record and for further evaluation and improvement.

In terms of procuring food and food-related products, when selecting a new supplier, only reliable and reputable suppliers that comply with the proper food hygiene and safety standards established by regulatory authorities are considered. Additionally, In-depth screening and evaluation are done with the consultation for guidance from experienced chefs and hygienists. When food is purchased, strict requirements as stated on the Manual in food storage, preparation, and handling are also followed to prevent foodborne diseases and contamination. The Food Safety Management System Committee also conducts inspections at least once a month, which is then cross checked by another inspection conducted by members that do not belong to the department. Corresponding corrective actions are taken after inspections with records kept. A Microbial test is also undertaken semi-annually by an independent and accredited laboratory to make sure all utensils and food that are used do not contain components that may cause food hazards. If the result does not pass the standards, an investigation and corrective actions shall be taken and filed until retest results meet the standards. The drill of foodborne illness ("FBI") response (including report, investigation, traceability, and recall) is also carried out once or twice a year to improve staff's emergency response.

Customer Service

The Hotel aims to provide the most outstanding service to its guests. The IHG provides guidelines on personal grooming and provision of quality service of employees. Employee performance is also constantly monitored and reviewed. When the Hotel receives complaints or comments from guests, it strives to follow up promptly and make records to improve future performance. For food-related complaints especially, they shall be taken with great care and reported to senior management for further review and action. The Group also has a strict handbook on the requirements regarding customer experience for all employees to follow. This handbook covers many topics, including room hygiene, food serving and handling, and facility management, service procedures, staff service manner. The handbook also has detail instruction on the use of social media including photos that post online, the right way to respond to negative feedback, and the organization of incentive programs.

B6.5 Information Security

The Group is committed to protecting guests' and employees' data with technical measures and procedures in place. The Hotel's information is classified into three categories, namely public, confidential, and restricted. Confidential information should be labelled before released outside of IHG and is only released with a non-disclosure agreement in place; printed copies must be destroyed when finished, usually by shredding. Access to the restricted information is limited only to related personnel. Restricted information should be stored only on central servers; printed copies must be destroyed when the task is finished, and electronic copies must be securely disposed of.

To protect systems from malware, anti-virus software is used and updated frequently. Firewalls are used to block unnecessary and unexpected network traffic entering the hotel network. Employees are also reminded to use email cautiously and to avoid the spread of malware.

The Group conducts information privacy training and information security training regularly to ensure the staff have full knowledge of this aspect of their duty.

B6.6 Advertising and Labelling

The Group conducts training on advertising laws for employees in accordance with the Advertising Law of the PRC to the management team in China.

The Advertising Law prohibits false or misleading content. Besides, advertisements featuring a commodity or service that does not exist, or one that contains incorrect information in relation to function, origin, usage, quality, ingredients, or price, are all deemed misleading by the Advertising Law. The Law also prohibits superlatives such as "national", "highest" and "best".

In terms of online advertising, internet advertisements must not interfere with the users' normal use of the internet. A user must be given clear instructions on how to close a pop-up advertisement. Electronically sent advertisements via emails must include the sender's identity and the contact details of the sender. Further, children younger than the age of 10 cannot serve as an endorser of a product or service.

B7. Anti-corruption

B7.1 Concluded legal cases regarding corrupt practices

The Group complies with all applicable laws on prohibiting corruption and bribery in Bolivia and the PRC, including the Criminal Law of the PRC, Anti-Money Laundering Law of the PRC and Law Against Unfair Competition of the PRC. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

B7.2 Preventive measures

Upholding the highest level of integrity, the Group signs anti-corruption agreement with suppliers in its Hotel Operation, which prohibits any corruption, bribery, extortion, money laundering and misconduct in any operation processes, including procurement, subcontract, leasing, marketing, planning, and promotions. Employees shall also report to their direct supervisors or management if any infringement to the agreement was noticed. No retaliation against persons reporting infringement is allowed. To ensure that terms in the agreement are effectively implemented, the Group also possesses a policy for the receipt of gifts/entertainment and whistle-blowing hotlines.

Apart from internal anti-corruption management, officials from the government and regulatory agency also conduct unannounced visits (namely dawn raids) to investigate potential violation of administrative or criminal laws in the aspects of anti-monopoly (e.g. price-fixing), commercial bribery, false advertising, consumer rights protection and criminal offence (e.g. bribery, serious food safety accident, serious pollution accident). Guidelines for dawn raids reporting had been established to ensure staff's cooperation with officials.

B7.3 Anti-corruption training

In order to enhance the anti-corruption awareness and level of employees, the Company conducted a number of anti-corruption training to its employees during the Reporting Period. 86 employees, or 64.7% of all employees, received 141 hours of anti-corruption training during the Reporting Period, with an average training hour of 1.06 hours per employee (inclusive of those who did not receive anti-corruption training). Topics of anti-corruption training included the situations of corruption reporting, anti-corruption laws and cases, fair competition, code of conduct, etc.

B8. Community Investment

The Group is dedicated to helping the underprivileged and uniting different communities through various means.

The Agricultural Operation is keen on supporting local communities, hence, donates irregularly for community annual parties. It is also welcoming of people who would like to know more about the agriculture industry in Bolivia and has received university students to visit and get to know the farm in the past.

The Hotel also offer charity products for sale, in which the Holiday Inn Express Brand will donate RMB 10 to the IHG Foundation for each charity product sold. The IHG Foundation aims to create employment opportunities to the local community, provide aid to the underprivileged, and contribute to environmental sustainability. The Group also donates 50% of the income from the Hotel's coin-operated washing machines to Project Hope, which provides educational opportunities for the less fortunate children in China's rural area.

In October 2021, the Group made a 3,500 RMB donation to the Yangpu Elderly Care Centre.

REPORT OF DIRECTORS

The directors (the "Directors') of the Company present their report and the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of the principal subsidiaries is set out in note 40 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

A business review of the Group during the year and a discussion on the Group's future business development is shown in the "Management Statement" on pages 3 to 9 of this annual report. The Management Statement also forms part of this report of the directors.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss on page 71 of the annual report.

The Directors did not recommend the payment of a dividend for the year ended 31 March 2022 (2021: Nil).

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 31 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity on page 75 and note 34 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2022, the Company did not have any distributable reserves.

INVESTMENT PROPERTIES

Details of movements in investment properties of the Group during the year are set out in note 16 to the consolidated financial statements. Particulars of the major properties of the Group held for investment purposes at 31 March 2022 are set out on page 168 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements respectively.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 March 2022 are set out in note 29 to the consolidated financial statements.

REPORT OF DIRECTORS

DIRECTORS

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

Executive directors:

Mr. Jiang Zhaobai *(Chairman)*
Mr. Lam Cheung Shing, Richard *(Chief Executive Officer)*
Mr. Chen Yi, Ethan
Mr. Shen Angang (resigned on 23 April 2021)

Independent non-executive directors:

Mr. Ho Yiu Yue, Louis
Mr. Ko Ming Tung, Edward
Mr. Ng Ge Bun (appointed on 7 May 2021)

In accordance with the Company's articles of association, the Directors of the Company (including the independent non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Mr. Chen Yi, Ethan and Mr. Ko Ming Tung, Edward, shall retire by rotation at the forthcoming annual general meeting. All of them, being eligible, have offered themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") from all independent non-executive Directors namely, Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Ng Ge Bun. As at the date of this report, the Company still considers these independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENTS' BIOGRAPHIES

Biographical details of the Directors and senior management of the Group as at the date of this annual report are set out on pages 10 to 11 of this annual report.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the course of the Directors' terms of office for the period from the date of publication of the Company's latest interim report up to the date of this Annual Report are set out below:

Mr. Ko Ming Tung Edward, independent non-executive Director of the Company, resigned as an independent non-executive director of Sterling Group Holdings Limited (stock code: 1825) on 1 December 2021.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation. Details of directors' remuneration are set out in note 9 to the consolidated financial statements.

REPORT OF DIRECTORS

DIRECTORS OF SUBSIDIARIES

A list of the names of the directors of the Group's principal subsidiaries during the year and up to the date of this report can be found in the Company's website at www.everchina202.com.hk under "Company Info".

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in Section 469 of the Companies Ordinance) for the benefit of the Directors of the Company is currently in force and was in force throughout the year. The Company has arranged insurance cover in respect of legal action against its Directors. The insurance coverage is reviewed at least annually for ensuring that the Directors and officers are adequately protected against potential liabilities.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in shares and underlying shares

	Number of shares in the Company			
Name of Directors	Beneficial owner	Interest in controlled corporation	Total	Approximate percentage of shareholding
Jiang Zhaobai	–	1,742,300,000 (Note 1)	1,742,300,000	23.89%
Lam Cheung Shing, Richard	7,700,000	–	–	0.11%

Note:

(1) As at 31 March 2022, of the 1,742,300,000 shares, 1,033,300,000 shares are held by Rich Monitor Limited and 709,000,000 shares are held by Pengxin Holdings Company Limited, all of which are wholly and beneficially owned by Mr. Jiang Zhaobai ("Mr. Jiang"). Therefore, Mr. Jiang is deemed to be interested in 1,742,300,000 shares of the Company under SFO.

Save as disclosed above, as at 31 March 2022, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor (natural or adopted), or were such rights exercised by them; nor was the Company or any of the Subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company's share option scheme (the "Old Scheme") was expired on 12 August 2021. Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 September 2021, the New Share Option Scheme (the "New Scheme") was approved and adopted by the Company.

As at 31 March 2022, the total number of ordinary shares available for issue pursuant to the grant of share options under the New Scheme was 729,436,936, representing approximately 10% of the ordinary shares in issue as at 31 March 2022 and date of this Annual Report. For the year ended 31 March 2022, no share options were granted or agreed to be granted under the Old Scheme or the New Scheme by the Company. As at 31 March 2022, there are no outstanding options.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, to the best knowledge of the Directors of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short position in the ordinary shares and underlying Shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in shares and underlying shares

	Number of shares in the Company			
Name of Shareholder	Beneficial owner	Interest in controlled corporation	Total	Approximate percentage of shareholding
Rich Monitor Limited	1,033,300,000 (Note 1)	–	1,033,300,000	14.17%
Pengxin Holdings Company Limited	709,000,000 (Note 2)	–	709,000,000	9.72%
Ansheng Holdings Co., Ltd	641,135,000 (Note 3)	–	641,135,000	8.79%
Tong Yung Ling	–	641,135,000 (Note 3)	641,135,000	8.79%

Notes:

(1) Rich Monitor Limited is wholly and beneficially owned by Mr. Jiang. The interests of Mr. Jiang and Rich Monitor Limited in the Company are stated under section headed "Directors' and Chief Executive's interests and short position in shares" above.

(2) Pengxin Holdings Company Limited is wholly and beneficially owned by Mr. Jiang. The interests of Mr. Jiang and Pengxin Holdings Company Limited in the Company are stated under section headed "Directors' and Chief Executive's interests and short position in shares" above.

(3) Ansheng Holdings Co., Ltd is wholly and beneficially owned by Mr. Tong Yung Ling. Therefore, he is deemed to be interested in 641,135,000 shares of the Company under the SFO.

Save as disclosed above, as at 31 March 2022, the Company has not been notified by any other person or corporation having interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTION

Financial Assistance Received by the Group

For the year ended 31 March 2020 and 2021, the Group received financial assistance from Shanghai Pengxin (Group) Company Limited ("Shanghai Pengxin"), a company owned as to 99% by Mr. Jiang Zhaobai, an executive Director, the Chairman and a substantial shareholder of the Company. The aforesaid financial assistance is unsecured, unguaranteed and interest-free and therefore is fully exempted under Chapter 14A.90 of the Listing Rules. During the year, no further financial assistance has received by the Group while the Group has repaid aggregate RMB238,000,000 (equivalent to approximately HK$250,000,000) to Shangahi Pengxin.

As at 31 March 2022, the carrying amount due to Shanghai Pengxin is approximately HK$238,124,000 represents an unsecured, unguaranteed and interest-free with principal amount of approximately HK$283,591,000 which will mature and become repayable on 31 December 2023. The amount is carried at amortised cost using effective interest rate of 10.6% per annum. For the year ended 31 March 2022, the imputed interest amounted to approximately HK$23,165,000 (2021: HK$40,416,000).

Details of connected transaction is set out in note 37 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in note 37 to the consolidated financial statements.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes of the Group are set out in note 36 to the consolidated financial statements.

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

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 167 of the annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2022, the largest and five largest customers of the Group accounted for 47% and 58% of the Group's total revenue respectively and the largest and five largest suppliers of the Group accounted for 8% and 30% of the Group's total purchases respectively.

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest customers and suppliers.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of its directors, the directors confirmed that the Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange during the year.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 12 to 23.

KEY RISKS FACTORS AND UNCERTAINTIES

The Group's businesses, operating results, financial position and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The Group's risk management and internal control systems are in place to ensure principal risks as well as significant emerging risks are identified, monitored and managed on a continuous basis. The principal risks and uncertainties set out below may have material impacts on the Group's businesses, operating results, financial position or business prospects, but they are by no means exhaustive or comprehensive.

Regulatory and Compliance Risk

As a listed company with diversify business in different countries, the Group is exposed to and subject to extensive government policies and regulations of mainland China, Hong Kong, Indonesia and Bolivia. These include the Listing Rules, Hong Kong Companies Ordinance as well as legal, tax, environmental and any other statutory requirements for our various kinds of businesses in different jurisdictions. The Group is committed to complying with the relevant policies, regulations and guidelines applicable to its operations by experienced and professional staff as well as by consultancy with external experts.

REPORT OF DIRECTORS

Market and Investment Risk

The Group's operations including but not limit to property investment operation, hotel operation and agricultural operation are susceptible to different factors such as government policies and regulations, economic growth, social environment, customer demands, etc. The continuous impact of the COVID-19 pandemic may have material impacts on the market and investment risk. The Group is kept abreast with the changes in business environment and timely assesses the impacts on the operations in order to formulate the best strategy for persisted growth. Besides. the Group sticks firmly to its prudent investment approach and expands its operating scale in an organised manner. The Group would perform comprehensive due diligence review on new business opportunities and selected cautiously the appropriate projects for investment.

Business and operational Risk

Distinctive risks factors in the Group's businesses such as default of tenants, customers, buyers and strategic business partners, and inadequacies or failures of internal processes, people and systems may have different levels of negative impact on the results of the Group's operation. Unexpected accidents may happen although precautionary measures are established, which may cause financial loss to the Group.

The Company engages external professional to review key activities of the Group annually and ensures all material controls, including financial and operational, are functioning effectively. Precautionary and contingency measures are also set up to ensure the Group is protected against major potential loss, damage or impact to our operations. Insurance coverage against accidental losses and/or other hazards is used in protecting our assets against any potential liabilities.

Financial Risk

The Group is exposed to interest rate, credit, liquidity, currency and other price risks which arise in the normal course of the Group's businesses. The analysis of these risks is illustrated in the note 39 to the consolidated financial statements in detail. The Group closely monitors the financial risks and when appropriate will adopt measures to manage and hedge corresponding risks by using of derivatives such as interest rate and currency swaps.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to environmental protection and the efficient use of resources. The Group encouraged the employees to develop good habits, conserve resources and energy to build a green and comfortable office environment. The Group has adopted various environmental policies which include minimising consumption of electricity and paper, waste reduction and promoting the use of electronic communication and storage. They are regularly reviewed and results are closely monitored. Information on the environmental policies and performance of the Group is set out in the "Environmental, Social and Governance Report" on pages 24 to 56 of this Annual Report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong, the PRC, Bolivia and Indonesia. Our establishment and operations accordingly shall comply with all the applicable laws and regulations in the jurisdictions where we have operations. Meanwhile, the Company is a company listed in Hong Kong. The Group also has to comply with the Listing Rules on the Hong Kong Stock Exchange. As far as the Board and management are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, save for disclosed in the Corporate Governance Report on pages 12 to 23, there was no material breach of or noncompliance with the applicable laws and regulations by the Group.

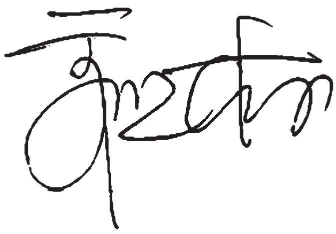
RELATIONSHIPS WITH KEY STAKEHOLDERS

Human resources are regarded as the most important and valuable assets of the Group. Competitive remuneration packages are provided to attract and motivate employees. In addition, to conform to the market standard, the Group regularly reviews the remuneration package of employees and makes necessary adjustments. Moreover, the Group understands the importance of maintaining good relationship with business partners is vital to achieve its long-term goals. Thus, management of the Group have kept good communication, promptly exchanged ideas and shared business update with them as and when appropriate. During the year, there was no material and significant dispute between the Group and its business partners.

AUDITORS

The consolidated financial statements for the year ended 31 March 2022 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the reappointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

On behalf of the Board



Jiang Zhaobai
Chairman

Hong Kong, 29 June 2022

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF EVERCHINA INT'L HOLDINGS COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of EverChina Int'l Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 71 to 166, which comprise the consolidated statement of financial position as at 31 March 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS

Key audit matters	How our audit addressed the key audit matters
Valuation of the investment properties *Refer to note 16 and the accounting policies in note 4 to the consolidated financial statements.* As at 31 March 2022, management has estimated the fair value of the Group's investment properties of approximately HK$1,159,259,000 with a loss arising on change in fair value of approximately HK$50,909,000 was recognised in the consolidated statements of profit or loss for the year ended 31 March 2022. Independent external valuations in respect of all of the portfolio of the Group's investment properties were performed in order to support the management's estimation. The valuations are dependent on certain key assumptions that require significant management judgement including reversionary yield and rental income from future reversion leases in light of current market condition.	Our procedures in relation to valuation of the Group's investment properties included but not limited to: • Evaluating the independent valuer's competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions and parameters based on our knowledge of the property industry and using our auditors' valuation expert; and • Checking, on a sample basis, the accuracy and relevance of the input data used. We found the key assumptions used by management for valuation of investment properties to be supportable by available evidence.

KEY AUDIT MATTERS *(Continued)*

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of mining rights	
Refer to note 19 and the accounting policies in note 4 to the consolidated financial statements.	
The carrying value of mining rights of the Group as at 31 March 2022 was approximately HK$69,555,000. Management considered the Group has an impairment indicator on mining rights and has performed an impairment assessment on these assets as at 31 March 2022 to determine the recoverable amount. Based on the results of the assessment, it is concluded that impairment loss amounting to approximately HK$109,109,000 is recognised for mining rights. We focused on this area due to the significance of the balance, the existence of impairment indicators and the determination of recoverable amount of these assets require significant judgements and estimates by the management.	Our procedures in relation to impairment assessment of mining rights included but not limited to: • Evaluating the independent valuer's competence, capabilities and objectivity; • Assessing the valuation methodology used by management and the independent professional qualified valuer; • Reviewing and challenging the reasonableness of key assumptions and critical judgement areas which underpin the fair value estimation; • Engaging an auditors' valuation expert to assist us to assess the appropriateness of the valuation methodology and the reasonableness of the inputs, assumptions and estimations used by management and the independent professional qualified valuer which underpin the fair value estimation; and • Checking, on a samples basis, the accuracy and relevance of the input data used. We found that the key assumptions used by management in the impairment assessment of mining rights to be supportable by available evidence.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITORS' REPORT

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

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

The engagement director on the audit resulting in this independent auditors' report is Kwok Tsz Chun.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Tsz Chun
Practising Certificate Number: P06901
Hong Kong, 29 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	7	**149,347**	127,093
Cost of sales		**(61,512)**	(57,808)
Gross profit		**87,835**	69,285
Other income and gain, net	8	**4,273**	2,491
Staff costs	9	**(30,376)**	(27,728)
Administrative costs		**(55,556)**	(47,985)
Impairment loss recognised on property, plant and equipment	17	**(342)**	(38,120)
Impairment loss recognised on mining rights	19	**(109,109)**	–
Allowance for expected credit losses on trade and other receivables and loan receivables, net		**(1,835)**	(51,660)
Loss arising on change in fair value of investment properties	16	**(50,909)**	(43,373)
Gain arising on change in fair value less costs to sell on biological assets	22	**12,675**	380
(Loss)/gain arising on change in fair value of financial asset at fair value through profit or loss	13	**(68,883)**	93,116
Loss from operations	10	**(212,227)**	(43,594)
Finance costs	11	**(38,659)**	(106,505)
Loss before taxation		**(250,886)**	(150,099)
Tax credit	12	**12,250**	15,008
Loss for the year		**(238,636)**	(135,091)
Attributable to:			
Owners of the Company		**(233,386)**	(135,055)
Non-controlling interests		**(5,250)**	(36)
		(238,636)	(135,091)
Loss per share attributable to the owners of the Company			
— Basic and diluted	14	**3.200 cents**	1.851 cents

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
Loss for the year	**(238,636)**	(135,091)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas subsidiaries	**41,341**	116,100
Total comprehensive expenses for the year	**(197,295)**	(18,991)
Total comprehensive expenses attributable to:		
Owners of the Company	**(192,045)**	(18,955)
Non-controlling interests	**(5,250)**	(36)
	(197,295)	(18,991)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Investment properties	16	**1,159,259**	1,207,028
Property, plant and equipment	17	**868,371**	847,506
Right-of-use assets	18	**895**	870
Mining rights	19	**69,555**	178,664
Prepayment for property, plant and equipment	23	**–**	390
Interest in an associate	20	**610**	–
		2,098,690	2,234,458
Current assets			
Inventories	21	**8,237**	6,557
Biological assets	22	**35,201**	21,783
Trade and other receivables and prepayments	23	**51,127**	77,727
Loan receivables	24	**–**	41,488
Financial asset at fair value through profit or loss	25	**667,906**	720,279
Cash and cash equivalents	26	**40,926**	33,413
		803,397	901,247
Total assets		**2,902,087**	3,135,705
Capital and reserves			
Share capital	31	**2,664,298**	2,664,298
Reserves		**(850,210)**	(687,737)
Equity attributable to owners of the Company		**1,814,088**	1,976,561
Non-controlling interests		**32,652**	37,902
Total equity		**1,846,740**	2,014,463
Non-current liabilities			
Lease liabilities	18	**235**	–
Bank borrowings	29	**–**	3,658
Amount due to a related company	28	**238,124**	202,075
Deferred tax liabilities	30	**80,594**	93,509
		318,953	299,242

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Current liabilities			
Trade and other payables and deposits received	27	**73,907**	75,590
Lease liabilities	18	**678**	757
Tax payable		**6,237**	6,237
Bank and other borrowings	29	**266,000**	36,340
Amount due to a related company	28	**389,572**	703,076
		736,394	822,000
Total liabilities		**1,055,347**	1,121,242
Total equity and liabilities		**2,902,087**	3,135,705
Net current assets		**67,003**	79,247
Total assets less current liabilities		**2,165,693**	2,313,705

Approved and authorised for issue by the Board of Directors on 29 June 2022 and signed on its behalf by:

Jiang Zhaobai
Director

Lam Cheung Shing, Richard
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Equity attributable to owners of the Company									
	Share capital HK$'000	Special reserve HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Statutory surplus reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2020	2,664,298	571,996	1,342,477	36,767	(3,715)	871	(2,661,085)	1,951,609	37,938	1,989,547
Loss for the year	–	–	–	–	–	–	(135,055)	(135,055)	(36)	(135,091)
Exchange differences on translation of overseas subsidiaries	–	–	–	–	116,100	–	–	116,100	–	116,100
Total comprehensive expenses for the year	–	–	–	–	116,100	–	(135,055)	(18,955)	(36)	(18,991)
Deemed capital contribution arising from a substantial shareholder	–	–	–	43,907	–	–	–	43,907	–	43,907
At 31 March 2021 and 1 April 2021	2,664,298	571,996	1,342,477	80,674	112,385	871	(2,796,140)	1,976,561	37,902	2,014,463
Loss for the year	–	–	–	–	–	–	(233,386)	(233,386)	(5,250)	(238,636)
Exchange differences on translation of overseas subsidiaries	–	–	–	–	41,341	–	–	41,341	–	41,341
Total comprehensive expenses for the year	–	–	–	–	41,341	–	(233,386)	(192,045)	(5,250)	(197,295)
Deemed capital contribution arising from a substantial shareholder	–	–	–	29,572	–	–	–	29,572	–	29,572
At 31 March 2022	**2,664,298**	**571,996**	**1,342,477**	**110,246**	**153,726**	**871**	**(3,029,526)**	**1,814,088**	**32,652**	**1,846,740**

Special reserve

The special reserve represented the difference between the nominal value of shares of Burlingame International Company Limited ("Burlingame") and the nominal value of shares issued for the swap of the shares of Burlingame pursuant to the scheme of arrangement as set out in the document issued by the Company and Burlingame dated 27 July 2000.

Contributed surplus

Pursuant to a special resolution by the shareholders of the Company at a special general meeting held on 18 September 2009 and upon all conditions precedents to the capital reorganisation have been fulfilled on 9 April 2010, (i) the nominal value of each share was reduced from HK$0.10 to HK$0.01 by cancelling the Company's paid up capital to the extent of HK$0.09 on each share, (ii) part of the credit arising from capital reduction was utilised to set off accumulated losses of the Company and (iii) the remaining credit balance in the contributed surplus of the Company will be utilised in accordance with the articles of association of the Company and all applicable laws.

Capital reserve

The capital reserve represents the deemed capital contribution from a substantial shareholder. It was aroused from the provision of an unsecured and unguaranteed interest-free loan with the principal amount of approximately HK$240,964,000 as at 31 March 2021. The fair value of the loan at initial recognition was approximately HK$197,057,000. The balance of capital reserve of approximately HK$43,907,000 represented the difference between the principal and the fair value of the loan at initial recognition during the year ended 31 March 2021. The amount of approximately HK$29,572,000 was credited as deemed capital contribution from shareholder in equity during the year ended 31 March 2022 (Note 28).

Exchange reserve

Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in the consolidated statement of profit or loss and other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to the consolidated statement of profit or loss on the disposal of the foreign operations.

Statutory surplus reserve

Statutory surplus reserve represents the appropriation of 10% of profit after taxation, calculated in accordance with the accounting standards and regulations applicable to subsidiaries of the Company established in the People's Republic of China ("PRC"). When the balance of such reserve reaches 50% of the Group's registered capital, any further appropriation is optional.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(250,886)**	(150,099)
Adjustments for:			
Depreciation of property, plant and equipment	17	**21,686**	15,353
Depreciation of right-of-use assets	18	**1,318**	2,087
Impairment loss recognised in respect of property, plant and equipment	17	**342**	38,120
Impairment loss recognised in respect of mining rights	19	**109,109**	–
Loss arising from change in fair value of investment properties	16	**50,909**	43,373
Bargain purchase gain on acquisition of a subsidiary	33	**–**	(32)
Written-off of property, plant and equipment	17	**726**	–
Gain arising from change in fair value less costs to sell of biological assets	22	**(12,675)**	(380)
Loss/(gain) arising from change in fair value of financial asset at fair value through profit or loss	25	**68,883**	(93,116)
Allowance for expected credit losses recognised on trade and other receivables and loan receivables, net	10	**1,835**	51,660
Interest income	8	**(305)**	(203)
Finance costs	11	**38,659**	106,505
Operating cash flows before movements in working capital		**29,601**	13,268
Increase in inventories		**(1,680)**	(94)
Decrease in trade and other receivables and prepayments		**27,064**	15,604
Decrease in contract liabilities		**–**	(1,255)
Decrease in loan receivable		**48,128**	–
Increase in biological assets		**(743)**	(68)
(Decrease)/increase in trade and other payables and deposits received		**(1,011)**	17,477
Cash generated from operating activities		**101,359**	44,932
Profits tax paid		**(1,902)**	(5,104)
Interest received		**305**	203
Net cash generated from operating activities		**99,762**	40,031
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	17	**(7,156)**	(3,078)
Payment for interest in an associate		**(610)**	–
Net cash outflow arising from acquisition of a subsidiary	33	**–**	(5,056)
Net cash used in investing activities		**(7,766)**	(8,134)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
FINANCING ACTIVITIES			
Interest paid		**(15,442)**	(77,080)
New other borrowings raised		**250,000**	8,295
Repayment of bank and other borrowings		**(23,998)**	(702,757)
Proceeds from amount due to a related company		**–**	759,076
Repayment of amount due to a related company		**(293,827)**	–
Repayment of lease liabilities		**(1,239)**	(2,295)
Net cash used in financing activities		**(84,506)**	(14,761)
Net increase in cash and cash equivalents		**7,490**	17,136
Cash and cash equivalents at beginning of the year		**33,413**	16,188
Effect of change in foreign exchange rate		**23**	89
Cash and cash equivalents at end of the year		**40,926**	33,413
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	**40,926**	33,413

The accompanying note form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Unit 1506, 15/F., Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in (i) property investment operation, (ii) hotel operation, (iii) agricultural operation, (iv) securities investment and financing operation and (v) resources operation. Details of the principal activities of its subsidiaries are set out in note 40.

In the opinion of the directors of the Company, Mr. Jiang Zhaobai is the substantial controlling party of the Company.

The consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are set out in note 5.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, biological assets and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

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

2. BASIS OF PREPARATION *(Continued)*

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

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

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

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

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

3. APPLICATION OF AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

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

3. APPLICATION OF AMENDMENTS TO HKFRSs *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

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

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

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

The directors of the Company anticipate that the application of all new and amendments to HKFRS will have no material impact on the consolidated financial statements in the foreseeable future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

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

Subsidiaries *(Continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of profit or loss and other comprehensive income.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

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

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

Interests in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the interests in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are presenting ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

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

Revenue from contracts with customers

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

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

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

— the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

— the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

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

Revenue from contracts with customers *(Continued)*

The Group recognises revenue under the following accounting policies:

(a) Sale of goods

Revenue from the sales of cattles and agricultural produce is recognised at a point in time when control of the products has transferred, which generally considers with the time when the goods are delivered and title has passed.

(b) Hotel income

Hotel room revenue are recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Income from food and beverage sales of hotel operation is recognised at a point in time when the food and beverage are served.

(c) Property rental income

Property rental income is recognised on a straight-line basis over the period of the lease.

(d) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Government grants

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

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

Property, plant and equipment

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

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

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

Property, plant and equipment *(Continued)*

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Buildings — Hotel property	Over the shorter of the estimated useful lives of 50 years and the terms of the leases
Leasehold improvements	Over the terms of the leases
Furniture and fixtures	15%
Equipment, motor vehicle and others	5–20%

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

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

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

Investments in an associate *(Continued)*

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

Investments in an associate *(Continued)*

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Biological assets

Biological assets are stated at fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of profit or loss. Costs to sell are incremental costs directly attributable to the disposal of an asset excluding financial cost, income tax and costs necessary to get the assets to market.

The fair value of livestock is determined based on the current market price of livestock of similar age, breed and genetic merit. The feeding costs and other related costs including the depreciation charge, utilities cost and consumables incurred for the raising of heifers and calves are capitalised.

The agricultural produce is initially measured at fair value less costs to sell at the time of harvest. The fair value of agricultural produce is determined based on market prices in the local market. The fair value less costs to sell at the time of harvest represents the cost of agricultural produce for further processing.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling prices less any estimated costs expected to be incurred to disposal. Cost necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised over the estimated useful lives of the mines in accordance with the production plan of the entities concerned and the proven and probable reserves of the mines using the unit of production method.

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

Exploration and evaluation expenditure

Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing manganese mine and to expand the capacity of a mine. Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. They are subsequently stated at cost less accumulated impairment. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to tangible or intangible assets according to the nature of the exploration and evaluation assets. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and mining rights to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of property, plant and equipment, right-of-use assets and mining rights are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Lease

Definition of a lease

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

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

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

Lease *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

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

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term lease and lease of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

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

Lease *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

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

The lease payments include:

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

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

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

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

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

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

Lease *(Continued)*

The Group as a lessee *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liabilities based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

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

Lease *(Continued)*

The Group as a lessor

Classification and measurement of lease

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

Amounts due from lessees under finance leases are recognised as receivables at the commencement date at amounts equal to the Group's net investment in the leases, measured using the interest rate implicit in the respective lease. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

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

Financial instruments

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

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

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

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

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

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

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

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

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

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

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other revenue" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade and other receivables, loan receivables and cash and cash equivalent which are subject to impairment assessment under HKFRS 9). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables without significant financing component.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

(i) Significant increase in credit risk

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

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three 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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provisional matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

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

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

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

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

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as financial liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, deposit received, bank and other borrowings, amount due to a related company and lease liabilities subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

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

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition of financial liabilities (Continued)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before taxation as reported in the consolidated statement of 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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Taxation *(Continued)*

Deferred tax *(Continued)*

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

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

For leasing transactions in which the tax deductions are attributes to the lease liabilities, the Group applies HKAS 12 Income Taxes 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. Temporary differences arising from subsequent revision to the carrying amounts of the assets and the related liabilities, resulting from remeasurement of the liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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

Current and deferred tax are recognised in profit or loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related manganese. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in finance costs. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

For closed sites, changes to estimated costs are recognised immediately in the consolidated statement of profit or loss.

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

Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

— exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

— exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

— exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

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

Retirement benefits costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group entity in the PRC participates in defined contribution retirement benefit plans (including Housing Provident Fund) organised by relevant government authorities for its employees in the PRC and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

The Group has no further obligation for post-employment benefits beyond the contributions made. The Group's contributions to these plans are charged to the consolidated statement of profit or loss as incurred.

Share-based payments

Equity-settled share-based payments transactions

Share options granted to employees

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

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

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to retained earnings.

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a holding company of the Group.

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

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

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

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

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

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

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

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

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

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the most senior executive management that makes strategic decisions.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Fair value of investment properties

Investment properties are stated at fair values based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 16.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuations is reflective of the current market conditions. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, travel restrictions implemented by many countries, increased complexity in international trade tensions geopolitics, change in policy direction and/or mortgage requirement or other unexpected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2022, the carrying amount of the Group's investment properties is HK$1,159,259,000 (2021: HK$1,207,028,000).

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

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

For the Group's property, plant and equipment, right-of-use assets and mining rights, the Group has to exercise judgments in determining whether an asset is impaired or the event previously causing the asset impaired no longer exists, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of the asset can be supported by the recoverable amounts, in the case of value in use, the net present value of the future cash flows which are estimated based upon the continuing use of the asset or disposal; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections are discounted using an appropriate rate. Changing the assumptions applied by management to determine the level of impairment, including the discount rates and the growth rate assumptions in the cash flow projections, could material affect the net present value result in the impairment test.

Details of the impairment of property, plant and equipment, right-of-use assets and mining rights are disclosed in notes 17, 18 and 19 respectively.

Provision of ECL for trade and other receivables

Trade and other receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in note 39.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Current tax and deferred tax

The Group is subject to income taxes in Hong Kong, Mainland China and overseas. The Group carefully evaluates tax implications of transactions in accordance with the prevailing tax regulations and makes tax provision accordingly. However, judgment is required in determining the Group's provision for income taxes as there are many transactions and calculations of 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 on the income tax and deferred tax provision in the periods in which such determination is made.

Fair value of cattle

The Group's cattle are valued at fair value less costs to sell. The fair value of cattle is determined based on the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition, costs incurred to reflect differences in characteristics and/or stages of growth of the cattle when market-determined prices are unavailable; or the cost when appropriate. Any change in the estimates may affect the fair value of the cattle significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of cattle. Details of assumptions used are disclosed in note 22.

Fair value of agricultural produce

The Group's agricultural produce are valued at fair value less costs to sell. The fair value of agricultural produce is determined based on either the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition and costs incurred in characteristics and/or stages of growth of the agricultural produce; or the present value of expected net cash flows from the agricultural produce discounted at a current market-determined rate, when market-determined prices are unavailable; or the cost when appropriate. Any change in the estimates may affect the fair value of the agricultural produce significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of agricultural produce. Details of assumptions used are disclosed in note 22.

6. SEGMENT INFORMATION

For management purpose, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Particulars of the Group's reportable operating segments are summarised as follows:

Property investment operation	—	Leasing of rental property in the PRC
Hotel operation	—	Hotel operation in the PRC
Agricultural operation	—	Agricultural farming and sale of crops and cattle raising and sales of cattle in the Plurinational State of Bolivia ("Bolivia")
Securities investment and financing operation	—	Provision of securities investment and financing operation in Hong Kong and the PRC
Resources operation	—	Mining and production of manganese products in Republic of Indonesia ("Indonesia")

Information regarding the above segments is reported below.

6. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and result

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

	Segment revenue		Segment result	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Property investment operation	**31,257**	31,918	**(34,259)**	(24,163)
Hotel operation	**36,707**	36,516	**2,753**	(1,514)
Agricultural operation	**81,383**	58,659	**26,389**	(33,208)
Securities investment and financing operation	**–**	–	**(62,451)**	91,613
Resources operation	**–**	–	**(105,093)**	(847)
Total	**149,347**	127,093	**(172,661)**	31,881
Interest income and other revenue			**4,273**	2,491
Unallocated expenses			**(43,839)**	(77,966)
Loss from operations			**(212,227)**	(43,594)
Finance costs			**(38,659)**	(106,505)
Loss before taxation			**(250,886)**	(150,099)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2021: Nil).

Segment result represents the result generated from each segment without allocation of central administration costs including directors' salaries, interest income and other revenue, finance costs and tax credit. This is the measure reported to the chief operating decision maker for the purpose of resources allocation and assessment of segment performance.

6. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities

	2022 HK$'000	2021 HK$'000
Segment assets		
Property investment operation	**1,202,604**	1,262,649
Hotel operation	**478,993**	482,508
Securities investment and financing operation	**667,911**	761,781
Agricultural operation	**437,119**	424,725
Resources operation	**70,063**	179,554
Total segment assets	**2,856,690**	3,111,217
Unallocated assets	**45,397**	24,488
Consolidated total assets	**2,902,087**	3,135,705

	2022 HK$'000	2021 HK$'000
Segment liabilities		
Property investment operation	**38,719**	44,866
Hotel operation	**44,912**	47,421
Securities investment and financing operation	**180**	180
Agricultural operation	**44,265**	53,496
Resources operation	**1,174**	6,105
Total segment liabilities	**129,250**	152,068
Unallocated bank and other borrowings	**266,000**	33,000
Unallocated liabilities	**653,860**	929,937
Tax payable	**6,237**	6,237
Consolidated total liabilities	**1,055,347**	1,121,242

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

All assets are allocated to reportable segments other than certain property, plant and equipment, right-of-use assets, interest in an associate, certain other receivables, certain prepayments, certain deposits and certain cash and cash equivalents that are not attributable to individual segments.

All liabilities are allocated to reportable segments other than certain other payables, other borrowings, lease liabilities and amount due to a related company that are not attributable to individual segments.

6. SEGMENT INFORMATION *(Continued)*

(c) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 March 2022

	Property investment operation HK$'000	Hotel operation HK$'000	Securities investment and financing operation HK$'000	Agricultural operation HK$'000	Resources operation HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Other segment information							
Depreciation of property, plant and equipment	110	13,885	–	6,608	–	1,083	21,686
Depreciation of right-of-use assets	–	–	–	–	–	1,318	1,318
Capital expenditure (note)	–	–	–	6,839	–	317	7,156
Impairment loss recognised on property, plant and equipment	–	–	–	342	–	–	342
Impairment loss recognised on mining rights	–	–	–	–	109,109	–	109,109
Loss arising on change in fair value of investment properties	50,909	–	–	–	–	–	50,909
Loss arising on change in fair value of financial asset at fair value through profit or loss	–	–	68,883	–	–	–	68,883
Gain arising on change in fair value less costs to sell on biological assets	–	–	–	(12,675)	–	–	(12,675)
Allowance for/(reversal of) expected credit losses on trade and other receivables and loan receivables, net	–	15	(6,640)	(154)	–	8,614	1,835

Note: Capital expenditure includes addition to property, plant and equipment, excluding biological assets.

6. SEGMENT INFORMATION *(Continued)*

(c) Other segment information *(Continued)*

For the year ended 31 March 2021

	Property investment operation HK$'000	Hotel operation HK$'000	Securities investment and financing operation HK$'000	Agricultural operation HK$'000	Resources operation HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Other segment information							
Depreciation of property, plant and equipment	114	13,064	–	1,913	–	262	15,353
Depreciation of right-of-use assets	–	–	–	–	–	2,087	2,087
Capital expenditure (note)	–	–	–	3,078	–	–	3,078
Impairment loss recognised on property, plant and equipment	–	–	–	38,006	114	–	38,120
Loss arising on change in fair value of investment properties	43,373	–	–	–	–	–	43,373
Gain arising on change in fair value of financial asset at fair value through profit or loss	–	–	(93,116)	–	–	–	(93,116)
Gain arising on change in fair value less costs to sell on biological assets	–	–	–	(380)	–	–	(380)
(Reversal of)/allowance for expected credit losses on trade and other receivables and loan receivables, net	–	(48)	1,293	(627)	–	51,042	51,660

Note: Capital expenditure includes addition to property, plant and equipment, excluding biological assets.

6. SEGMENT INFORMATION *(Continued)*

(d) Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's investment properties, property, plant and equipment, right-of-use assets, mining rights and goodwill (collectively referred to as "Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or goods were delivered. The geographical location of the Specified non-current assets is based on the physical location of the asset or the location of the operation to which they are allocated.

	Revenue from external customers		Specified non-current assets	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**26,267**	26,779
The PRC	**67,964**	68,434	**1,627,222**	1,652,526
Bolivia	**81,383**	58,659	**375,646**	376,147
Indonesia	**–**	–	**69,555**	179,006
	149,347	127,093	**2,098,690**	2,234,458

(e) Information about major customers

The percentage of turnover attributable to the Group's five largest customers to the total turnover during the year was 58% (2021: 49%). The percentage of turnover attributable to the largest customer to the total turnover during the year was 47% (2021: 35%).

Revenue from a major customer for the years ended 31 March 2022 and 2021 contributing over 10% of the Group's revenue are as follows:

	2022	2021
	HK$'000	HK$'000
Agricultural operation — Customer A	**69,661**	44,078

7. REVENUE

Revenue is analysed as follow:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Revenue from contracts with customers		
Hotel income	**36,707**	36,516
Agricultural operation income	**81,383**	58,659
	118,090	95,175
Timing of revenue recognition		
A point in time:		
Agricultural operation income	**81,383**	58,659
Hotel income — food and beverage income	**11,614**	11,550
	92,997	70,209
Over time:		
Hotel income — hotel room income	**25,093**	24,966
	118,090	95,175
Revenue from other sources		
Property rental income	**31,257**	31,918
	149,347	127,093

As permitted under HKFRS 15 paragraph 121, it does not disclose the (i) aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied as of the end of the reporting period, and (ii) information about when the Group expects to recognise as revenue, as the Group's contracts with customers generally have an original expected duration of one year or less.

8. OTHER INCOME AND GAIN, NET

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Bank interest income	**305**	203
Other loan interest income	**782**	948
Net foreign exchange gain/(loss)	**2,917**	(415)
Investment income	**161**	792
Government grants	**–**	756
Bargain purchase gain on acquisition of a subsidiary (note 33)	**–**	32
Sundry income	**108**	175
	4,273	2,491

9. STAFF COSTS

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Salaries and allowances (including directors' emoluments)	**28,849**	26,310
Retirement benefit scheme contributions	**1,527**	1,418
	30,376	27,728

9. STAFF COSTS *(Continued)*

(a) Directors' emoluments and chief executive remuneration

The emoluments paid or payable to each director were as follows:

	Directors' fees		Salaries and benefits-in-kind		Retirement benefit scheme contributions		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Executive directors								
Jiang Zhaobai	**240**	240	**18**	18	**36**	36	**294**	294
Lam Cheung Shing, Richard	**240**	240	**4,102**	3,809	**480**	480	**4,822**	4,529
Chen Yi, Ethan	**240**	240	**2,592**	2,521	**36**	36	**2,868**	2,797
Shen Angang (note (i))	**–**	240	**–**	–	**–**	–	**–**	240
	720	960	**6,712**	6,348	**552**	552	**7,984**	7,860
Independent non-executive directors								
Ho Yiu Yue, Louis	**240**	240	**–**	–	**–**	–	**240**	240
Ko Ming Tung, Edward	**240**	240	**–**	–	**–**	–	**240**	240
Ng Ge Bun (note (iii))	**216**	–	**–**	–	**–**	–	**216**	–
Shan Zhemin (note (ii))	**–**	240	**–**	–	**–**	–	**–**	240
	696	720	**–**	–	**–**	–	**696**	720
	1,416	1,680	**6,712**	6,348	**552**	552	**8,680**	8,580

Notes:

(i) Mr. Shen Angang was resigned as an executive director of the Company with effect from 23 April 2021.

(ii) Professor Shan Zhemin, an independent non-executive director and a member of the audit committee of the Company, passed away on 28 December 2020.

(iii) Mr. Ng Ge Bun was appointed as an independent non-executive Director of the Company with effect from 7 May 2021.

Mr. Lam Cheung Shing, Richard is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

During the year, 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. One (2021: One) of the directors has agreed to waived the emoluments of approximately HK$3,582,000 (2021: HK$3,582,000) during the year.

9. STAFF COSTS *(Continued)*

(b) Five highest paid individuals

The five individuals with the highest emoluments in the Group, two (2021: two) were directors of the Company whose emoluments are included in the disclosures in note 9(a) above. The emoluments of the remaining three (2021: three) individuals, who are neither a director nor chief executive of the Company are detailed as follows:

	2022	2021
	HK$'000	HK$'000
Salaries and allowances	**4,056**	4,031
Retirement benefit scheme contributions	**494**	425
	4,550	4,456

The number of the highest paid employees who are neither a director nor chief executive of the Company whose remuneration fell within the following bands are as follows:

	Number of individuals	
	2022	2021
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**1**	1
	3	3

10. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging/(crediting):

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Depreciation of property, plant and equipment (note 17)	**21,686**	15,353
Depreciation of right-of-use assets (note 18)	**1,318**	2,087
Auditors' remuneration	**2,798**	2,768
Allowance for ECL on trade and other receivables and loan receivables, net	**1,835**	51,660
Impairment loss recognised on property, plant and equipment (note 17)	**342**	38,120
Impairment loss recognised on mining rights (note 19)	**109,109**	–
Short-term lease payment	**280**	281
Write-off of property, plant and equipment	**726**	–
Expenses relating to leases of low value assets	**35**	35
Fair value change in investment properties (note 16)	**50,909**	43,373
Gain arising on change in fair value less costs to sell on biological assets (note 22)	**(12,675)**	(380)
Gross rental income from investment properties (note 7)	**(31,257)**	(31,918)
Less: direct operating expenses from investment properties that generated rental income during the year	**990**	1,094
	(30,267)	(30,824)

11. FINANCE COSTS

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Interests on:		
— Bank borrowings	**315**	563
— Other borrowings	**15,127**	65,428
— Lease liabilities	**52**	98
Imputed interest on amount due to a related company	**23,165**	40,416
	38,659	106,505

12. TAX CREDIT

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
PRC Enterprise Income Tax		
— Current tax expense	**(1,902)**	(5,082)
Deferred tax credit (note 30)	**14,152**	20,090
	12,250	15,008

Hong Kong Profits Tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for taxation in Hong Kong has been made as the Group has no assessable profit for Hong Kong Profits Tax for the both years.

12. TAX CREDIT *(Continued)*

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are either subject to the PRC Enterprise Income Tax at 25% of the assessable income of each company or preferential enterprise income tax rate of the assessable income of each company during the years ended 31 March 2022 and 2021, as determined in accordance with the relevant PRC income tax rules and regulations.

The Indonesia Corporate Tax

According to local tax authority, the corporate tax rate applicable to the subsidiary which is operating in the Indonesia drops to 22% for the year ended 31 March 2022 (2021: 25%). No Indonesia Corporate Tax was recognised as the subsidiary in the Indonesia has no estimated assessable profit for both years.

The Bolivia Corporate Tax

The corporate tax rate applicable to the subsidiaries which are operating in Bolivia is 25% for the year ended 31 March 2022 (2021: 25%). No Bolivia Corporate Tax was recognised as the subsidiary in Bolivia has no estimated assessable profit for both years.

Tax credit is reconciled to loss before taxation per the consolidated statement of profit or loss as follows:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Loss before taxation	**(250,886)**	(150,099)
Tax calculated at the domestic rates applicable in the country concerned	**(60,606)**	(35,434)
Tax effect of expenses not deductible for tax purpose	**61,779**	38,086
Tax effect of income not taxable for tax purpose	**(28,372)**	(46,795)
Tax effect of tax losses not recognised	**14,949**	29,135
Tax credit for the year	**(12,250)**	(15,008)

13. NET (LOSS)/GAIN ON FINANCIAL ASSET AT FVTPL

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Net unrealised (loss)/gain on financial asset at FVTPL (note 25)	**(68,883)**	93,116

14. LOSS PER SHARE

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

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**233,386**	135,055

	Year ended 31 March	
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**7,294,369,363**	7,294,369,363

The diluted loss per share is the same as the basic loss per share as the Company has no dilutive potential shares outstanding for the years ended 31 March 2022 and 2021.

15. DIVIDENDS

The directors of the Company did not recommend the payment of any dividend for the years ended 31 March 2022 and 2021.

16. INVESTMENT PROPERTIES

	2022	2021
	HK$'000	HK$'000
Fair value		
At beginning of the year	**1,207,028**	1,155,100
Fair value change	**(50,909)**	(43,373)
Transfer (note 17)	**(25,100)**	–
Exchange alignment	**28,240**	95,301
At end of the year	**1,159,259**	1,207,028

Notes:

(a) The Group leases out various offices under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 6 years (2021: 1 to 10 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.

(b) 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.

16. INVESTMENT PROPERTIES *(Continued)*

Notes: *(Continued)*

(c) The Group's investment properties held under operating leases to earn rentals or for capital appreciation are measured using the fair value model and are classified and accounted for as investment properties.

(d) The fair value of the Group's investment properties at 31 March 2022 have been arrived at on the basis of a valuation carried out on the respective date by Messrs. Cushman & Wakefield Limited and International Valuation Limited respectively, independent professional valuers who are not connected with the Group and have recent experience in the valuation of similar properties in relevant locations. Both of them are members of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in similar locations and conditions.

(e) The fair value was determined based on the direct comparison approach and/or income approach. Direct comparison approach involves the analysis of recent market sales evidence of similar properties to compare with the premises under valuation. It assumes each of these properties is capable of being sold in its existing status with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Income approach relying on the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighborhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the respective properties. There were no changes to the valuation techniques during the year.

(f) The Group's investment properties at their fair values are analysed as follows:

	2022 **HK$'000**	2021 HK$'000
Investment properties in Hong Kong, held on:		
Long-term leases	–	25,100
Investment properties in the PRC, held on:		
Medium-term leases	**1,159,259**	1,181,928
	1,159,259	1,207,028

(g) Investment properties with the carrying amount of approximately HK$Nil (2021: HK$72,690,000) have been pledged to secure facilities granted to the Group.

(h) The Group's investment properties, amounting to approximately HK$850,516,000 (2021: HK$903,532,000) are rented out under operating leases.

(i) As at 1 April 2021, the Company's Investment Property of fair value of HK$25,100,000 has been accounted for as property, plant and equipment in the financial statement of the Group in view of it being owner occupied property from the Group's point of view.

(j) Fair value measurements

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

At the end of each reporting period, the management of the Group will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) hold discussion with the independent valuer.

Changes in fair values are analysed at the end of each reporting period by the management of the Group.

16. INVESTMENT PROPERTIES *(Continued)*

Notes: *(Continued)*

(j) Fair value measurements *(Continued)*

The table below analyses recurring fair value measurements for investment properties located in Hong Kong and the PRC. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2022				
The PRC	**–**	**–**	**1,159,259**	**1,159,259**
	–	**–**	**1,159,259**	**1,159,259**
At 31 March 2021				
Hong Kong	–	25,100	–	25,100
The PRC	–	–	1,181,928	1,181,928
	–	25,100	1,181,928	1,207,028

There were no transfers among Level 1, Level 2 and Level 3 during the years ended 31 March 2022 and 2021.

The movements of the balance of investment properties measured at fair value based on Level 3 are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of the year	**1,181,928**	1,130,000
Fair value change	**(50,909)**	(43,373)
Exchange alignment	**28,240**	95,301
At end of the year	**1,159,259**	1,181,928

Information about fair value measurements based on Level 2 fair value hierarchy:

Description	2022 Fair value HK$'000	2021 Fair value HK$'000	Valuation techniques	Range of significant unobservable inputs Unit rate
Residential unit in HK	**–**	25,100	Market comparison approach	HK$Nil (2021: HK$205,000) per square meter

Information about fair value measurements based on Level 3 fair value hierarchy:

Description	2022 Fair value HK$'000	2021 Fair value HK$'000	Valuation techniques	Range of significant unobservable inputs Daily rental rate	Range of significant unobservable inputs Capitalisation rate
Commercial premises in the PRC	**1,159,259**	1,181,928	Combination of direct comparison approach and income approach	RMB7.6 to RMB10.1 (2021: RMB7.5 to RMB9.9) per square meter	4.5% to 6.25% (2021: 2.75% to 6.25%)

The fair value measurements are positively correlated to the daily rental rate and negatively correlated to the capitalisation rate. Capitalisation rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the capitalisation rate, the lower the fair value. The higher the daily rental rate, the higher the fair value.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Building HK$'000	Construction in progress HK$'000	Hotel property HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Equipment, motor vehicle and others HK$'000	Total HK$'000
Cost								
At 1 April 2020	371,962	–	5,230	512,444	9,576	11,161	40,995	951,368
Additions	–	–	–	–	2,868	–	210	3,078
Acquisition of a subsidiary (note 33)	4,798	–	–	–	202	–	–	5,000
Transfer	–	–	(5,230)	–	5,230	–	–	–
Exchange alignment	–	–	–	40,351	57	773	238	41,419
At 31 March 2021 and 1 April 2021	376,760	–	–	552,795	17,933	11,934	41,443	1,000,865
Additions	399	–	–	–	3,759	317	2,681	7,156
Written off	–	–	–	–	–	(1,659)	–	(1,659)
Transfer (note 16)	–	25,100	–	–	–	–	–	25,100
Exchange alignment	–	–	–	13,720	18	247	76	14,061
At 31 March 2022	377,159	25,100	–	566,515	21,710	10,839	44,200	1,045,523
Accumulated depreciation and impairment								
At 1 April 2020	–	–	–	70,059	5,345	9,919	7,234	92,557
Charge for the year	–	–	–	13,066	1,232	249	806	15,353
Impairment	31,604	–	–	–	6,516	–	–	38,120
Exchange alignment	–	–	–	6,379	57	682	211	7,329
At 31 March 2021 and 1 April 2021	31,604	–	–	89,504	13,150	10,850	8,251	153,359
Charge for the year	–	628	–	13,885	1,616	110	5,447	21,686
Impairment	342	–	–	–	–	–	–	342
Written off	–	–	–	–	–	(933)	–	(933)
Exchange alignment	–	–	–	2,393	18	217	70	2,698
At 31 March 2022	31,946	628	–	105,782	14,784	10,244	13,768	177,152
Carrying amount								
At 31 March 2022	**345,213**	**24,472**	**–**	**460,733**	**6,926**	**595**	**30,432**	**868,371**
At 31 March 2021	345,156	–	–	463,291	4,783	1,084	33,192	847,506

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

Notes:

(a) During the years ended 31 March 2022 and 2021, hotel property of the Group is held under medium-term leases in the PRC.

(b) Freehold land with the carrying amount of approximately HK$152,084,000 (2021: HK$152,473,000) have been pledged to secure bank facilities granted to the Group.

(c) Due to the serious economic impacts under COVID-19 pandemic, the management of the Group concluded there was indication for impairment and conducted impairment assessment, the recoverable amount of freehold land and leasehold improvements has been determined based on fair value less costs of disposal. The recoverable amounts are estimated individually. In the absence of current prices in an active market for similar other fixed assets, the Group considers information by reference to the valuation performed by an independent valuer based on the depreciated replacement cost ("DRC") approach. The DRC approach requires a valuation of the market value of the other fixed assets in its existing use and an estimate of the new replacement cost of the other fixed assets from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation.

(d) Fair value measurements

Information about fair value measurements based on Level 3 fair value hierarchy:

Description	2021 Fair value HK$'000	Valuation techniques	Significant unobservable inputs
Property, plant and equipment in Bolivia	349,939	Depreciated replacement cost	2021: USD450 to USD4,500 per hectare

18. LEASE

(a) Right-of-use assets

	Office premises HK$'000
At 1 April 2020	2,957
Depreciation	(2,087)
At 31 March 2021 and 1 April 2021	870
Addition (note)	1,343
Depreciation	(1,318)
At 31 March 2022	**895**

Note: Amount includes right-of-use assets resulting from new leases entered.

(b) Lease liabilities payable

	2022 HK$'000	2021 HK$'000
— Within one year	**678**	757
— More than one year but not exceeding two years	**235**	–
	913	757

The weighted average incremental borrowing rate applied to lease liabilities is 5.7% (2021: 5%).

For current year, the Group leases an office for its operations. Lease contract is entered into for fixed term of 2 years (2021: 3 years). 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.

During the year ended 31 March 2022, total cash outflow for leases of approximately HK$1,554,000 (2021: HK$2,611,000). Amount includes payments of principal and interest portion of lease liabilities, short-term lease payment and low value assets. These amounts could be presented in operating or financing cash flows.

19. MINING RIGHTS

	HK$'000
Cost	
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	1,227,344
Accumulated amortisation and impairment	
At 1 April 2020, 31 March 2021 and 1 April 2021	1,048,680
Impairment	109,109
At 31 March 2022	1,157,789
Carrying amount	
At 31 March 2022	**69,555**
At 31 March 2021	178,664

The mining rights represent the rights to conduct mining activities in East Nusa Tenggara, Kupang, Indonesia.

The mining rights are amortised using the unit-of-production methods based on the total proven and probable mineral reserves, under the assumption that the mining rights have a finite useful lives of 20 years and would expire on 18 November 2031 with a renewal option at most of ten years, extendable to 5 years at two times respectively, till all proven and probable mineral reserves have been mined. For the years ended 31 March 2022 and 2021, the management considered that commercial production of the mine has not yet commenced, no amortisation were provided during both years.

In light of the serious economic impacts under COVID-19 pandemic and unfavorable impact on the market price of the manganese ore, the management of the Group concluded there was indication for impairment and conducted impairment assessment on mining rights. The directors of the Company compared the recoverable amount and the carrying amount of the mining rights and impairment loss of HK$109,109,000 (2021: Nil) was recognised in the consolidated statement of profit or loss for the year ended 31 March 2022.

The recoverable amount of the mining rights was estimated by an independent valuer, International Valuation Limited. The valuation was performed based on the multi-period excess earning method under the income-approach. The excess earnings were the net profit after deducting all the charges for contributory assets, including fixed assets, working capital and assembled workforce, which were then discounted at an appropriate discount rate to arrive at the fair value of the mining rights. Weighted average cost of capital plus additional premium was adopted as the discount rate for the excess earnings cash flow. There were no changes to the valuation techniques during the year. Key assumptions adopted by management in the valuation are summarised as follows:

	2022	2021
Adopted manganese ore benchmark price (USD/ton) (note (a))	**USD145.32**	USD151.00
Pre-tax discount rate	**19.01%**	18.40%

19. MINING RIGHTS *(Continued)*

Notes:

(a) For the years ended 31 March 2022 and 2021, the adopted manganese ore benchmark price was estimated with reference to South Africa Manganese Ore Index. A premium rate was assumed to the manganese ore benchmark price estimation.

(b) No mining rights have been pledged to secure general banking facilities granted to the Group for both years.

20. INTEREST IN AN ASSOCIATE

	2022 HK$'000
Cost of interest in an associate	**610**

Details of the Group's associate at the end of the reporting period is as follows:

Name of entity	Country of incorporation/ registration	Group Principle place of business	Proportion of ownership interest held by the Group	Proportion of voting rights held by the Group	Principal activity
Shanghai Pengmanganese Mining Co., Ltd. ("Shanghai Pengmanganese")	The PRC	The PRC	12.5%	33.3% (Note)	Geological survey service

Note: The Group is able to exercise significant influence over Shanghai Pengmanganese because it has the power to appoint one out of the three directors of Shanghai Pengmanganese under the articles of association of Shanghai Pengmanganese.

20. INTEREST IN AN ASSOCIATE *(Continued)*

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

Shanghai Pengmanganese	2022 HK$'000
Current asset	4,880

	Year ended 31 March 2022 HK$'000
Revenue	–
Expenses	–*
Loss for the year	–*

* The amount is less than HK$1,000.

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2022 HK$'000
Net assets of Shanghai Pengmanganese	4,880
Proportion of the Group's ownership interest in Shanghai Pengmanganese	12.5%
The Group's share of net assets of Shanghai Pengmanganese	610
Carrying amount of the Group's interest in Shanghai Pengmanganese	610

21. INVENTORIES

	2022	2021
	HK$'000	HK$'000
Consumable goods	**8,237**	6,557

22. BIOLOGICAL ASSETS

Movements of the biological assets are shown below:

	Cows and bulls	**Heifers and calves**	**Soybean**	**Rice**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2020	5,375	1,093	12,807	1,226	20,501
Increase due to acquisition of a subsidiary (note 33)	785	49	–	–	834
Increase due to purchases	929	206	11,656	690	13,481
Increase due to raising/plantation (including feeding cost and others)	964	414	5,352	2,045	8,775
Decrease due to sales/harvest	(239)	(1,818)	(17,147)	(2,817)	(22,021)
Decrease due to deaths	(76)	(91)	–	–	(167)
Transfers	422	(422)	–	–	–
Change in fair value less costs to sell	(578)	1,923	(1,469)	504	380
At 31 March 2021 and 1 April 2021	7,582	1,354	11,199	1,648	21,783
Increase due to purchases	507	–	13,923	1,115	15,545
Increase due to raising/plantation (including feeding cost and others)	1,281	674	6,986	2,288	11,229
Decrease due to sales/harvest	(1,916)	(2,319)	(18,643)	(2,979)	(25,857)
Decrease due to deaths	(90)	(84)	–	–	(174)
Transfers	152	(152)	–	–	–
Change in fair value less costs to sell	(2,202)	2,883	9,811	2,183	12,675
At 31 March 2022	**5,314**	**2,356**	**23,276**	**4,255**	**35,201**

22. BIOLOGICAL ASSETS *(Continued)*

The quantity of biological assets are shown below:

	2022	2021
Cows and bulls	**1,369**	1,898
Heifers and calves	**935**	807
	2,304	2,705
Soybean (in hectares)	**4,266**	4,029
Rice (in hectares)	**780**	593
	5,046	4,622

The Group is exposed to fair value risks arising from changes in price of the biological assets. The Group does not anticipate that the price of biological assets will significantly decline in the foreseeable future and the directors of the Company are of the view that there is no available derivative or other contracts which the Group can enter into manage the risk of a decline in the price of the biological assets.

The Group is exposed to a number of risks related to biological assets and exposed to the following operation risks:

(a) Regulatory and environmental risks

The Group is subject to laws and regulations in the location in which it operates farming of cattle and plantations. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.

(b) Climate, disease and other natural risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections and disease controls and surveys and insurance.

The qualification of the Valuer

The Group's biological assets were independently valued by an external valuer, Campos & Sistemas Avaluos Agropecuarios (the "Valuer"). The Valuer and its professional valuers in charge of this valuation have appropriate qualifications and relevant experiences in various appraisal assignments involving biological assets and agricultural produce. The professional valuers of the Valuer participated in this valuation have appraisal experiences in different kinds of assets such as property assets, industrial assets and biological assets. They have previously participated in the valuation of biological assets and agricultural produce.

22. BIOLOGICAL ASSETS *(Continued)*

Value of cattles

The Group currently has self-operating cattle farm. Cows, bulls, heifers and calves of similar age or in the same stage of life cycle are moved into a curtain-barn. For administration purposes, the housekeeper of the cattle farm would keep proper warehouse records on the number of cows moved into or out of the curtain-barns from time to time throughout the farming period. To facilitate the farming process, a group of cattle within a curtain-barn are sub-divided into certain number of sub-groups of more or less the same size and each of these sub-groups are separated from each other by means of physical barriers.

The Valuer has conducted inspection of the farms to understand, among others, the species of pure breed cattle, cross breeding program being undertaken, parameters in selection and culling of cattle, caring and feeding programs for farming cattle and facilities in the farms. To ascertain the quantity of cattle, the Valuer has checked the inventory records compiled by the finance department by physical count of selected sample groups of cattle. Sample groups (with sample size not less than 25% of total quantity) of cattle in different stages of life cycle have been selected and the following steps have been taken for undertaking physical counting of the selected samples by the Valuer:

- To obtain the warehouse records reflecting the quantities of cattle as at the reporting date;
- To perform physical counting of cattle within the curtain-barns as at the reporting date;
- To obtain the warehouse records in relation to the reduction and addition on the number of cattle of the curtain-barns during the year; and
- To compare and reconcile the results with the stocktaking records prepared by the Group.

In addition, the following principal assumptions have been adopted by the independent external Valuer:

(a) there will be no major change in the existing political, legal and economic conditions in the Bolivia;

(b) save for those proposed changes on taxation policies announced by the Tax Bureau of the Bolivia, there will be no major change in the current taxation law and tax rates as prevailing and that all applicable laws and regulations on taxation will be complied with by the Group;

(c) the biological assets are properly fed with balance diets such that they are gaining weight in accordance under normal growth rate and are receiving appropriate veterinary care;

(d) the availability of finance will not be a constraint on the farming of the biological assets;

(e) the production facilities, systems and the technology utilised by the Group in carrying out its cattle farming operations do not infringe any relevant regulations and law;

(f) the Group has obtained or shall have no impediment to obtain all necessary governmental permits and approvals to carry out its cattle farming operations in the Bolivia;

(g) the biological assets are not subject to any liabilities, interest-bearing loans and encumbrances that would impair their fair value as at the relevant valuation date;

22. BIOLOGICAL ASSETS *(Continued)*

Value of cattles *(Continued)*

(h) the Group will secure and retain competent management, key personnel, marketing and technical staff to carry out and support its cattle farming operations; and

(i) the estimated fair value does not include consideration of any extraordinary financing or income guarantees, special tax considerations or any other atypical benefits which may influence the fair value of the biological assets.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of biological assets:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 March 2022

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Cows and bulls	–	5,314	–	5,314
Heifers and calves	–	2,356	–	2,356
Soybean	–	–	23,276	23,276
Rice	–	–	4,255	4,255
Total biological assets	–	7,670	27,531	35,201

As at 31 March 2021

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Cows and bulls	–	7,582	–	7,582
Heifers and calves	–	1,354	–	1,354
Soybean	–	–	11,199	11,199
Rice	–	–	1,648	1,648
Total biological assets	–	8,936	12,847	21,783

There were no transfer between Level 2 and Level 3 during the current and prior year.

22. BIOLOGICAL ASSETS *(Continued)*

Valuation methodology of biological assets

i. Valuation techniques and assumptions

Type	Fair value hierarchy	Valuation technique and Key input	Significant observable input
Cows and bulls, heifers and calves (note)	Level 2	The fair value of the cows and bulls, heifers and calves are determined with the reference to the market determined prices of items with similar age, weight and gender.	Prevailing market price of calves ranging from USD328.93 to USD403.15 per head (2021: USD236.78 per head) Prevailing market price of heifers ranging from USD486.49 to USD547.37 per head (2021: ranging from USD464.66 to USD710.34) Prevailing market price of cows ranging from USD506.42 to USD520.79 per head (2021: ranging from USD512.79 to USD608.05 per head) Prevailing market price of bulls at USD1,700 per head (2021: ranging from USD790.84 to USD1,125.92)

Note: The category of cows and bulls included little bulls, cows, bulls and registered bulls. Remainings are included in heifers and calves.

The valuation technique for soybean and rice used is the discounted cash flow method under income approach it requires to assess a series of variables, which include the discount rate, soybean and rice yield per hectare, market price of soybean and rice an estimated maturity of soybean and rice, etc. The values of such variables are determined by the independent valuers using information provided by the Group, proprietary and third-party data as well as under some assumptions.

There were no changes to the valuation techniques during the period. Major assumptions adopted for valuation are listed below:

a. The soybean and rice are a perennial crop with a half-year crop cycle and the crop is reaped exactly half year after planting;

b. The soybean and rice experiences linear growth; and

c. The economic life of the soybean and rice is half year.

22. BIOLOGICAL ASSETS *(Continued)*

Valuation methodology of biological assets *(Continued)*

ii. Significant unobservable inputs

The major inputs for the above valuation models are discount rate, soybean and rice yield per hectare, market prices of soybean and rice and estimated maturity of soybean and rice. The values of such inputs are as follows:

1) The discount rate applied for the year ended 31 March 2022 was 6% (2021: 6%).

2) The estimated soybean and rice yield per hectare represents the harvest level of the soybean and rice, the expected yield are 2.2 tons per hectare (2021: 2.1 tons per hectare) and 3.5 tons per hectare (2021: 3.5 tons per hectare) respectively.

3) The market price variables represent the estimated market price per hectare for soybean and rice produced by the Group.

	2022		2021	
	Soybean	**Rice**	Soybean	Rice
Estimated market price (equivalent to approximately)	**USD510 (HK$3,978)**	**USD200 (HK$1,560)**	USD330 (HK$2,574)	USD200 (HK$1,560)

The yield of soybean and rice is affected by the age, species, the climate, location, soil conditions, topography and agricultural infrastructure.

The higher the discount rate, the lower the fair value. The higher the estimated crop yield per hectare, market prices variables and average maturity of soybean and rice, the higher the fair value.

The fair value measurement is based on the above biological assets' highest and best use, which does not differ from their actual use.

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2022 HK$'000	2021 HK$'000
Trade receivables	**4,398**	5,181
Other receivables and deposits	**181,254**	213,068
	185,652	218,249
Less: allowance for ECL, net	**(146,062)**	(150,738)
	39,590	67,511
Prepayments	**11,537**	10,606
	51,127	78,117
Less: non-current portion	**–**	(390)
	51,127	77,727

The Group's trade and other receivables and prepayments are determined in the following currencies:

	2022 HK$'000	2021 HK$'000
Hong Kong dollar	**12,852**	20,449
Renminbi ("RMB")	**30,521**	41,604
Indonesian Rupiah ("IDR")	**315**	315
US dollar ("USD")	**7,439**	15,749
	51,127	78,117

The following is an aging analysis of trade receivables, before allowance for ECL, based on the invoice date:

	2022 HK$'000	2021 HK$'000
0 to 30 days	**4,374**	525
31 to 60 days	**–**	–
61 to 90 days	**–**	2,792
91 to 180 days	**–**	–
Over 180 days	**24**	1,864
	4,398	5,181

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Movement in the allowance for ECL of trade receivables were as follow:

	2022	2021
	HK$'000	HK$'000
At 1 April	**166**	713
Reversal of allowance for ECL, net	**(139)**	(558)
Exchange alignment	**–**	11
At 31 March	**27**	166

Movement in the allowance for ECL of other receivables were as follow:

	12m ECL	**Lifetime ECL (not credit-impaired)**	**Lifetime ECL (credit-impaired)**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2020	–	75,658	17,045	92,703
— Transfers	4,616	(74,685)	70,069	–
— (Reversal of)/allowance for ECL, net	(2,655)	54,655	(1,075)	50,925
Exchange alignment	–	82	6,862	6,944
At 31 March 2021 and 1 April 2021	1,961	55,710	92,901	150,572
— Transfer	–	(55,710)	55,710	–
— Written off	–	–	(14,747)	(14,747)
— Allowance for ECL, net	201	–	8,413	8,614
Exchange alignment	–	–	1,596	1,596
At 31 March 2022	**2,162**	**–**	**143,873**	**146,035**

The average credit period granted to customers is 60 to 90 days (2021: 60 to 90 days). The Group does not hold any other collateral or other credit enhancements over these balances.

Details of impairment assessment are set out in note 39.

The Group's other receivables and prepayments as at 31 March 2022 and 2021, inter alia, the following:

(i) other receivables of approximately HK$131,480,000 (2021: HK$151,679,000) paid for acquisition of several potential water plant projects in the PRC; and

(ii) approximately Nil (2021: HK$390,000) paid for acquisition of land.

24. LOAN RECEIVABLES

	2022 HK$'000	2021 HK$'000
Loan receivables	–	61,006
Less: allowance for ECL, net	–	(19,518)
	–	41,488

During the year ended 31 March 2021, the amount of approximately HK$61,006,000 were secured by collateral providing by customers with fixed repayment terms.

Movement in the allowance for ECL of loan receivables were as follow:

	2022 HK$'000	2021 HK$'000
At 1 April	**19,518**	18,225
(Reversal of)/allowance for ECL, net	**(6,640)**	1,293
Written off	**(12,878)**	–
At 31 March	–	19,518

The impaired individual debtor of loan receivables related to the debtor that was in financial difficulties and management of the Company considered only part of the outstanding balances could be recovered.

Details of impairment assessment are set out in note 39.

25. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Held for trading:		
Listed equity securities — the PRC, at fair value	**667,906**	720,279

25. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Movement in the financial asset at fair value through profit or loss was as follow:

	2022 **HK$'000**	2021 HK$'000
At 1 April	**720,279**	578,384
Net unrealised (loss)/gain arising on change in fair value (note 13)	**(68,883)**	93,116
Exchange alignment	**16,510**	48,779
At 31 March	**667,906**	720,279

Details of the Group's financial asset at fair value through profit or loss are as follows:

At 31 March 2022

Stock Code	**Name of investee company**	**Number of shares held**	**Percentage shareholding held by the Group**	**Investment cost HK$'000 (note (1))**	**Market value as at 31 March 2022 HK$'000 (note (1))**	**Percentage to the Group's net assets as at 31 March 2022**	**Unrealised loss on change in fair value for the year ended 31 March 2022 HK$'000**
600187	**Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina") (note (2))**	**227,312,500**	**13.74%**	**300,486**	**667,906**	**36.17%**	**(68,883)**

At 31 March 2021

Stock Code	Name of investee company	Number of shares held	Percentage shareholding held by the Group	Investment cost HK$'000 (note (1))	Market value as at 31 March 2021 HK$'000 (note (1))	Percentage to the Group's net assets as at 31 March 2021	Unrealised gain on change in fair value for the year ended 31 March 2021 HK$'000
600187	Heilongjiang Interchina (note (2))	227,312,500	13.74%	293,246	720,279	35.76%	93,116

25. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes:

(1) The investment costs and market value as at 31 March 2022 and 31 March 2021 and unrealised gain/(loss) of the investments in the above table have been subject to foreign exchange adjustments and rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them. The fair value of investment for Heilongjiang Interchina is approximately RMB541,004,000 (equivalent to approximately HK$667,906,000) as at 31 March 2022 (2021: approximately RMB597,832,000 (equivalent to approximately HK$720,279,000)). The cost of investment in Heilongjiang Interchina was approximately RMB243,394,000 (equivalent to approximately HK$300,486,000) as at 31 March 2022 (2021: approximately RMB243,394,000 (equivalent to approximately HK$293,246,000)).

(2) Heilongjiang Interchina is principally engaged in sewage water treatment, water supply and the provision of environmental technology services and its issued shares are listed on the Shanghai Stock Exchange. There was no movement in the number of shares held by the Group during the years ended 31 March 2022 and 2021. No dividend was received during the years ended 31 March 2022 and 2021. According to the latest published audited financial statements of Heilongjiang Interchina, it had net asset value of approximately RMB3,329,298,000 (equivalent to approximately HK$4,110,244,000) as at 31 December 2021 (31 December 2020: approximately RMB3,445,691,000 (equivalent to approximately HK$4,151,434,000)). Heilongjiang Interchina recorded revenue of approximately RMB384,499,000 (equivalent to approximately HK$474,690,000) and loss of approximately RMB93,541,000 (equivalent to approximately HK$115,483,000) for the year ended 31 December 2021 (2020: revenue of RMB379,101,000 (equivalent to approximately HK$456,748,000) and profit of approximately RMB27,292,000 (equivalent to approximately HK$32,882,000)).

(3) At 31 March 2022, no financial asset at fair value through profit or loss have been pledged to secure loan facilities granted to the Group (2021: HK$719,289,000).

26. CASH AND CASH EQUIVALENTS

	2022 **HK$'000**	2021 HK$'000
Cash and bank balances	**40,926**	33,413

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 March 2022, cash and cash equivalents denominated in RMB of approximately HK$23,823,000 (2021: HK$25,757,000) are located in PRC. RMB is not freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

27. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

The following is an analysis of trade and other payables and deposits received:

	2022 HK$'000	2021 HK$'000
Trade payables	**11,495**	14,385
Other payables and deposits received	**62,412**	61,205
	73,907	75,590

The Group's trade and other payables and deposit received are determined in the following currencies:

	2022 HK$'000	2021 HK$'000
Hong Kong dollar	**27,292**	27,379
RMB	**35,596**	30,132
IDR	**1,140**	6,052
USD	**9,879**	12,027
	73,907	75,590

The aging analysis of trade payables based on the invoice date is as follows:

	2022 HK$'000	2021 HK$'000
0 to 30 days	**1,702**	2,369
31 to 60 days	**3,142**	3,098
Over 60 days	**6,651**	8,918
	11,495	14,385

27. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED *(Continued)*

The average credit period granted by supplier is 30 to 60 days (2021: 30 to 60 days).

The Group's other payables and deposits received as at 31 March 2022 and 2021, inter alia, the following:

(i) interest payable of approximately HK$5,545,000 (2021: HK$5,274,000);

(ii) deposit of decoration expenses received from Heilongjiang Interchina of approximately HK$6,543,000 (2021: HK$6,386,000);

(iii) amount due to director of the Company of approximately HK$12,494,000 (2021: HK$8,543,000) represents an unsecured, unguaranteed, interest-free and repayable on demand to a director;

(iv) deposit received for hotel acquisition from potential buyer of approximately HK$6,173,000 (2021: Nil); and

(v) rental deposit received from customer approximately HK$5,360,000 (2021: HK$4,881,000).

28. AMOUNT DUE TO A RELATED COMPANY

As at 31 March 2022, the amount due to a related company denominated in RMB represents an unsecured and unguaranteed amount from Shanghai Pengxin (Group) Company Limited ("Shanghai Pengxin"), which is controlled by Mr. Jiang Zhaobai ("Mr. Jiang"), who is a substantial shareholder and the executive director and chairman of the Company. The amounts are repayable on demand except for HK$238,124,000 (2021: HK$202,075,000) are repayable after one year. The borrowing is carried at amortised cost using the effective interest method. The effective interest rate applied was 10.6% (2021: 10.6%) per annum.

On 30 September 2021, Shanghai Pengxin granted a repayment extension on a portion of principal amount of HK$37,037,000 to repay on 31 December 2022, which was repayable on 31 December 2021. On 31 March 2022, Shanghai Pengxin granted another repayment extension on a portion of principal amount of HK$283,591,000 to repay on 31 December 2023, which is repayable on 31 December 2022.

The difference of the principal and the fair value of the borrowing at initial recognition amounting to approximately HK$29,572,000 (2021: HK$43,907,000) was credited as deemed capital contribution from the shareholder in equity.

As at 31 March 2022, the principal amount of amount due to a related company of approximately HK$389,572,000 (2021: HK$703,076,000) is unsecured, unguaranteed, interest-free and repayable on demand from Shanghai Pengxin.

29. BANK AND OTHER BORROWINGS

	2022 HK$'000	2021 HK$'000
Bank borrowings, secured (note (i))	–	6,998
Other borrowings, secured (note (ii))	250,000	17,000
Other borrowings, unsecured (note (ii))	16,000	16,000
Total borrowings	266,000	39,998
Carrying amount repayable:		
Within one year	266,000	36,340
Within a period of more than one year but not exceeding two years	–	1,045
Within a period of more than two years but not exceeding five years	–	2,613
	266,000	39,998
Less:		
Amounts due within one year shown under current liabilities without repayment on demand clause	–	(3,340)
Amounts due within one year shown under current liabilities with repayment on demand clause	(266,000)	(33,000)
Amounts shown under non-current liabilities	–	3,658

Notes:

(i) The bank borrowings are repayable on agreed repayment schedule by installments over a period of 8 years bearing fixed interest rate of 6.0% (2021: 6.0%) per annum and secured by freehold land.

(ii) The other borrowings bear fixed interest rate ranging from 5.25% to 10.00% per annum for the year ended 31 March 2022 (2021: 5.25% to 13.5% per annum).

During the year ended 31 March 2021, the Company had been entered to raise new other borrowings of approximately HK$6,000,000. The other borrowings with carrying amount of approximately HK$17,000,000 are secured by the Group's investment properties.

During the year ended 31 March 2022, the Company had been entered to raise new other borrowings of approximately HK$250,000,000. The other borrowings with carrying amount of approximately HK$250,000,000 are secured by the share of certain subsidiaries of the Company. The other borrowings with carrying amount of approximately HK$16,000,000 is unsecured and repayable on demand.

The Group's borrowings are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
Hong Kong dollar	266,000	33,000
USD	–	6,998
	266,000	39,998

30. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised by the Group and movements thereon:

	Revaluation of investment properties HK$'000	Fair value adjustments arising on acquisition of subsidiaries HK$'000	Total HK$'000
At 1 April 2020	32,499	74,973	107,472
Acquisition of a subsidiary (note 33)	–	1,054	1,054
Credit to the consolidated statement of profit or loss (note 12)	(10,844)	(9,246)	(20,090)
Exchange alignment	2,741	2,332	5,073
At 31 March 2021 and 1 April 2021	24,396	69,113	93,509
Credit to the consolidated statement of profit or loss (note 12)	(12,727)	(1,425)	(14,152)
Exchange alignment	367	870	1,237
At 31 March 2022	**12,036**	**68,558**	**80,594**

Under the Enterprise Income Tax of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the profits earned by the PRC subsidiaries of the Group because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

30. DEFERRED TAX LIABILITIES *(Continued)*

At the end of the reporting period, the Group has unused tax losses of approximately HK$566,958,000 (2021: HK$533,487,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The Group tax losses amounted to approximately HK$121,249,000 (2021: HK$115,863,000) which can be carried forward indefinitely. The unrecognised tax losses with expiry dates as disclosed in the following table.

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
2022	**–**	38,252
2023	**60,707**	60,707
2024	**28,969**	28,969
2025	**100,653**	100,653
2026	**98,917**	98,917
2027	**36,649**	–
	325,895	327,498

31. SHARE CAPITAL

	Number of shares		Nominal value	
	2022	2021	**2022**	2021
			HK$'000	HK$'000
Issued and fully paid ordinary shares:				
At beginning and end of the year	**7,294,369,363**	7,294,369,363	**2,664,298**	2,664,298

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

32. SHARE OPTIONS

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Company adopted a share option scheme pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 12 August 2011 (the "Old Share Option Scheme"). The Old Share Option Scheme became effective for a period of 10 years commencing on 12 August 2011. Under the Old Share Option Scheme, the Board is authorised, at their discretion, invite a wider category of participants as defined in the Company's circular issued on 18 July 2011 (the "Participants"), to take up options to subscribe for fully paid ordinary shares in the Company subject to the terms and conditions stipulated therein. The Old Share Option Scheme was expired on 12 August 2021.

32. SHARE OPTIONS *(Continued)*

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 September 2021, the Company adopted a new share option scheme (the "New Share Option Scheme"). The New Share Option Scheme became effective for a period of 10 years commencing on 3 September 2021. Under the New Share Option Scheme, the board is authorised, at their discretion, invite a wider category of participants as defined in the Company's circular issued on 28 July 2021 (the "Participants"), to take up options to subscribe for fully paid ordinary shares in the Company subject to the terms and conditions stipulated therein.

The subscription price for shares in respect of any options granted under the New Share Option Scheme will be a price determined by the Board, in its absolute discretion, but in any case will not be lower than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant.

The total number of Shares issued and to be issued upon exercise of all options granted and to be granted (including both exercised and outstanding Options) in any 12-month period up to the date of the proposed grant to such participant would exceed 1% of the total number of shares in issue unless the proposed grant has been separately approved by the shareholders in general meeting with the proposed participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

No share option was granted under the share option scheme during the years ended 31 March 2022 and 2021.

At the end of the reporting period, the number of shares in respect of which may be issued upon exercise of share options granted and remain outstanding under the share option scheme was Nil (2021: Nil).

33. ACQUISITION OF A SUBSIDIARY

On 30 September 2020, the Group entered into the sale and purchase agreement with two independent third parties (the "Vendors"), regarding the acquisition of (i) the entire equity interests in Agropecuaria Irricobol S.R.L. ("Irricobol") and (ii) the amount owing by the Irricobol to the Vendors at the consideration of HK$5,070,000, (the "Acquisition"). The Acquisition was completed on 16 October 2020.

Consideration transferred

	HK$'000
Cash	5,070
	5,070

33. ACQUISITION OF A SUBSIDIARY *(Continued)*

Consideration transferred *(Continued)*

Acquisition related costs amounting to HK$60,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative costs" line item in the consolidated statement of profit or loss.

Assets acquired and liabilities recognised at the date of acquisition

	Fair Value HK$'000
Property, plant and equipment	5,000
Other receivables	712
Biological assets	834
Cash and cash equivalents	14
Trade payables and other payables	(404)
Deferred tax liabilities	(1,054)
Net identifiable assets acquired	5,102

Bargain purchase arose in the acquisition of business

Bargain purchase gain amounting to HK$32,000 on acquisition of Irricobol is recognised in profit or loss within the gain on acquisition of a subsidiary in the consolidated statement of profit or loss. The business combination results in a gain bargain purchase because the vendors need to dispose the business in a short time.

Impact of acquisition on the results of the Group

The acquisition did not contributed revenues and incurred net loss of HK$64,000 to the Group for the period from 16 October 2020 to 31 March 2021. If the acquisition had been completed on 1 April 2020, the pro-forma revenue and loss for the year ended 31 March 2021 would have been Nil and HK$140,000 respectively. The Directors consider that these pro-forma numbers represent an approximate measure of the performance of the combined group on an annualised basis and provide a reference point for comparison in future periods.

Net cash outflow on acquisition of Irricobol

	HK$'000
Cash consideration paid	5,070
Less: cash and cash equivalents balances acquired	(14)
	5,056

34. STATEMENT OF FINANCIAL POSITION AND MOVEMENT IN RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment		**290**	809
Right-of-use asset		**895**	870
Interests in subsidiaries		**517,331**	560,989
Interest in an associate		**610**	–
		519,126	562,668
Current assets			
Other receivables and prepayments		**12,482**	19,785
Cash and cash equivalents		**5,924**	711
		18,406	20,496
Total assets		**537,532**	583,164
Equity			
Share capital	31	**2,664,298**	2,664,298
Reserves	34(b)	**(2,714,564)**	(2,675,121)
		(50,266)	(10,823)
Non-current liability			
Lease liabilities		**235**	–
		235	–
Current liabilities			
Trade and other payables and deposits received		**32,644**	28,027
Lease liabilities		**678**	757
Amounts due to subsidiaries		**288,241**	532,203
Other borrowings		**266,000**	33,000
		587,563	593,987
Total liabilities		**587,798**	593,987
Total equity and liabilities		**537,532**	583,164
Net current liabilities		**(569,157)**	(573,491)
Total assets less current liabilities		**(50,031)**	(10,823)
Net liabilities		**(50,266)**	(10,823)

Approved and authorised for issue by the Board of Directors on 29 June 2022 and signed on its behalf by:

Jiang Zhaobai
Director

Lam Cheung Shing, Richard
Director

34. STATEMENT OF FINANCIAL POSITION AND MOVEMENT IN RESERVES OF THE COMPANY *(Continued)*

(b) Movement in reserves of the Company

The changes in the reserves of the Company during the years ended 31 March 2022 and 2021 are as follows:

	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	1,342,477	(4,070,846)	(2,728,369)
Profit for the year	–	53,248	53,248
Total comprehensive income for the year	–	53,248	53,248
At 31 March 2021 and 1 April 2021	1,342,477	(4,017,598)	(2,675,121)
Loss for the year	–	(39,443)	(39,443)
Total comprehensive expenses for the year	–	(39,443)	(39,443)
At 31 March 2022	**1,342,477**	**(4,057,041)**	**(2,714,564)**

35. OPERATING LEASE COMMITMENTS

The Group as lessor

Property rental income earned during the year was approximately HK$31,257,000 (2021: HK$31,918,000). Properties held have committed tenants for one to ten years.

At the end of the reporting period, the Group had contracted with tenants for the following undiscounted lease payments receivable on leases:

	2022 HK$'000	2021 HK$'000
Within one year	**25,841**	26,647
In the second year	**14,240**	17,741
In the third year	**13,242**	11,081
In the fourth year	**12,836**	10,136
In the fifth year	**8,465**	9,077
After fifth year	**3,823**	5,111
	78,447	79,793

36. RETIREMENT BENEFITS SCHEMES

(a) The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates, subject to relevant income levels. Contributions of the Group to the MPF Scheme are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. During the years ended 31 March 2022 and 2021, the Group had no forfeited contributions under the MPF Scheme and the Retirement Benefits Scheme utilised to reduce the existing levels of contributions. As at 31 March 2022 and 2021, there was no forfeited contribution under the MPF Scheme and Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years.

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

(c) Employees employed by the Group outside Hong Kong are covered by the appropriate local retirement benefits schemes pursuant to the local labour rules and regulations.

37. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, during the years ended 31 March 2022 and 2021, the Group had entered into the following material transactions with related parties:

(a) Compensation of key management personnel

Compensation for key management personnel, including amounts paid to the directors of the Company and the senior executives are as follow:

	2022	2021
	HK$'000	HK$'000
Salaries and other short-term benefits	**8,128**	8,028
Retirement benefit scheme contributions	**552**	552
	8,680	8,580

(b) Management fee paid to a related company

Management fee including amounts paid and payable to a related company is as follow:

	2022	2021
	HK$'000	HK$'000
Management fee		
Shanghai Chun Chuan Property Service Company Limited ("Shanghai Chun Chuan") (note)	**2,636**	1,153

Note: Mr. Jiang has beneficial interest in Shanghai Chun Chuan.

(c) Imputed interest on amount due to a related company

Imputed interest recognised on the amount due to a related company is as follow:

	2022	2021
	HK$'000	HK$'000
Shanghai Pengxin (note)	**23,165**	40,416

Note: Mr. Jiang has beneficial interest in Shanghai Pengxin.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below provides details of changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flow were, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities:

	Lease liabilities (note 18) HK$'000	Bank borrowings (note 29) HK$'000	Other borrowings (note 29) HK$'000	Interest payable (note 27) HK$'000	Amount due to a related company (note 28) HK$'000	Total HK$'000
At 31 March 2020	2,954	11,075	669,222	15,091	137,935	836,277
Exchange alignment	–	–	54,163	1,272	11,631	67,066
Interest expenses	98	563	–	65,428	40,416	106,505
Repayment of lease liabilities	(2,295)	–	–	–	–	(2,295)
Interest paid	–	(563)	–	(76,517)	–	(77,080)
Deemed capital contribution from a substantial shareholder	–	–	–	–	(43,907)	(43,907)
New bank and other borrowings raised	–	2,295	6,000	–	–	8,295
Loan from a related company	–	–	–	–	759,076	759,076
Repayment of bank and other borrowings	–	(6,372)	(696,385)	–	–	(702,757)
At 31 March 2021 and 1 April 2021	757	6,998	33,000	5,274	905,151	951,180
Exchange alignment	**–**	**–**	**–**	**271**	**22,779**	**23,050**
Interest expenses	**52**	**315**	**–**	**15,127**	**23,165**	**38,659**
Repayment of lease liabilities	**(1,239)**	**–**	**–**	**–**	**–**	**(1,239)**
Interest paid	**–**	**(315)**	**–**	**(15,127)**	**–**	**(15,442)**
Deemed capital contribution from a substantial shareholder	**–**	**–**	**–**	**–**	**(29,572)**	**(29,572)**
New lease entered	**1,343**	**–**	**–**	**–**	**–**	**1,343**
New other borrowings raised	**–**	**–**	**250,000**	**–**	**–**	**250,000**
Repayment of amount due to a related company	**–**	**–**	**–**	**–**	**(293,827)**	**(293,827)**
Repayment of bank and other borrowings	**–**	**(6,998)**	**(17,000)**	**–**	**–**	**(23,998)**
At 31 March 2022	**913**	**–**	**266,000**	**5,545**	**627,696**	**900,154**

39. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, financial asset at fair value through profit or loss, trade and other payables, bank and other borrowings, amount due to a related company and lease liabilities. Details of these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Categories of financial instruments

	2022 **HK$'000**	2021 HK$'000
Financial assets		
Financial assets at amortised cost	**79,980**	119,292
Financial asset at fair value through profit or loss	**667,906**	720,279
Financial liabilities		
Amortised cost	**966,058**	1,019,541

Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk, which result from both its operating and investing activities. 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. The Group's treasury function operates as a centralised service for managing financial risks and for providing cost efficient funding to the Group.

39. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly in the PRC, Hong Kong and Bolivia, majority of transactions are denominated in RMB, Hong Kong dollars ("HKD") and USD. It results the Group exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars. As HKD is pegged to the USD, management does not expect any significant movements in the respective exchange rate and considers the exposure to be low.

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

Sensitivity analysis

The sensitivity at the end of the reporting period to a reasonably possible change of 5% in the exchange rate of Hong Kong dollars against the RMB, with all other variables held constant, a 5% weakening of RMB against HK$, a positive number below indicates an decrease in post-tax loss and other equity, vice versa. The Group's post-tax loss and the Group's equity would be increased by approximately HK$500 (2021: decreased by HK$55,000).

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities as at 31 March 2022 and 2021 are as follows:

	Assets		Liabilities	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**11**	12	**–**	1,328

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings (see note 29 for details), lease liabilities (see note 18 for details) and fixed-rate loan receivables (see note 24 for details). The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 26 for details) and the Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances from the Group's Hong Kong dollar and USD denominated borrowings. The Group aims at keeping borrowings at fixed rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and ensure they are within reasonable range.

39. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. No sensitivity analysis is presented as the management considers that the exposure of interest rate risk is insignificant.

(iii) Price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. The Group has delegated a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments have been 5% higher/lower, post-tax loss for the Group would be decreased/increased by approximately HK$25,046,000 (2021: HK$27,010,000) as a result of the changes of fair value of financial asset at fair value through profit or loss.

(b) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2022 and 2021 in relation to each class of recognised financial assets is the carrying amount of those assets.

The Group made transactions with counterparties with acceptable credit quality in conformance to the Group treasury policies to minimise credit exposure. Acceptable credit ratings from reputable credit rating agencies and scrutiny of financials for non-rated counterparties are two important criteria in the selection of counterparties. The credit quality of counterparties will be closely monitored over the life of the transactions. The Group reviews its financial counterparties periodically in order to reduce credit risk concentrations relative to the underlying size and credit strength of each counterparty and ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has concentration of credit risk as 98% (2021: 64%) and 100% (2021: 98.7%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

39. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

In addition, the Group performs impairment assessment under ECL model on trade receivables based on provision matrix.

The Group measures loss allowances for trade 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.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Other receivables relating to accounts that are long overdue with significant amounts, known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. The Group recognised the allowance for ECL by assessing the credit risk characteristics of debtor, discount rate and the likelihood of recovery and considering the prevailing economic conditions.

In relation to the other receivables and loan receivables, the Group estimates the ECL, whether the credit risk of other receivables and loan receivables has increased significantly since initial recognition, the Group consider that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). 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. The Group provided impairment based on 12m ECL unless there are significant increase in credit risk of these amounts since initial recognition, in which case the Group recognised lifetime ECL.

Credit risk on cash and cash equivalents is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for cash and cash equivalents by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognised.

39. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2022 and 2021:

As at 31 March 2022	**Expected loss rate %**	**Gross carrying amount HK$'000**	**Allowance for ECL HK$'000**
0 to 30 days	**0.57**	**4,374**	**25**
31 to 60 days	**–**	**–**	**–**
61 to 90 days	**–**	**–**	**–**
91 to 120 days	**–**	**–**	**–**
121 to 180 days	**–**	**–**	**–**
More than 180 days	**8.33**	**24**	**2**
		4,398	**27**

As at 31 March 2021	Expected loss rate %	Gross carrying amount HK$'000	Allowance for ECL HK$'000
0 to 30 days	–	525	–
31 to 60 days	–	–	–
61 to 90 days	0.25	2,792	7
91 to 120 days	–	–	–
121 to 180 days	–	–	–
More than 180 days	8.53	1,864	159
		5,181	166

39. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables as at 31 March 2022 and 2021:

As at 31 March 2022

	Expected loss rate %	Gross carrying amount HK$'000	Allowance for ECL HK$'000
12m ECL	12.5	17,265	2,162
Lifetime ECL (credit-impaired)	88.0	163,453	143,873
		180,718	146,035

As at 31 March 2021

	Expected loss rate %	Gross carrying amount HK$'000	Allowance for ECL HK$'000
12m ECL	7.1	27,552	1,961
Lifetime ECL	68.0	81,928	55,710
Lifetime ECL (credit-impaired)	91.9	101,092	92,901
		210,572	150,572

The following table provides information about the Group's exposure to credit risk and ECL for loan receivables as at 31 March 2022 and 2021:

As at 31 March 2022

	Expected loss rate %	Gross carrying amount HK'$000	Allowance for ECL HK$'000
Lifetime ECL (credit-impaired)	–	–	–

As at 31 March 2021

	Expected loss rate %	Gross carrying amount HK'$000	Allowance for ECL HK$'000
Lifetime ECL (credit-impaired)	32.0	61,006	19,518

39. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(c) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and considering of obtaining banking facilities to support the Group's short, medium and long-term funding and liquidity management requirements. In addition, the management of the Group continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on weighted average effective interest rates) and the earliest date the Group can be required to pay:

	Weighted average effective interest rate %	On demand or less than 1 year HK$'000	Between 1 to 2 years HK$'000	Between 2 to 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
At 31 March 2022						
Trade and other payables	–	71,447	–	–	71,447	71,447
Bank and other borrowings	5.25-10	277,912	–	–	277,912	266,000
Lease liabilities	5.7	712	237	–	949	913
Amount due to a related company	10.6	389,572	283,951	–	673,523	627,696
		739,643	284,188	–	1,023,831	966,056

	Weighted average effective interest rate %	On demand or less than 1 year HK$'000	Between 1 to 2 years HK$'000	Between 2 to 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
At 31 March 2021						
Trade and other payables	–	73,635	–	–	73,635	73,635
Bank and other borrowings	5.25-13.5	36,645	4,103	–	40,748	39,998
Lease liabilities	5.0	765	–	–	765	757
Amount due to a related company	10.6	703,076	240,964	–	944,040	905,151
		814,121	245,067	–	1,059,188	1,019,541

39. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

Bank and other borrowings with a repayment on demand clause are included in the "on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2022, the aggregate carrying amounts of these borrowings amounted to approximately HK$266,000,000 (2021: HK$33,000,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the lenders will exercise their discretionary rights to demand immediate repayment. The directors believe that such borrowings will be repaid within one year (2021: within one year) after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements and the facility letters. At that time, the aggregate principal and interest cash outflows of approximately HK$277,912,000 (2021: HK$35,836,000) will be repaid within one year.

Maturity Analysis — Bank and other borrowings with a repayment on demand clause based on scheduled repayments

	Less than 1 year	Between 1–2 years	Between 2–5 years	Over 5 years	Total undiscounted cash outflows	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2022	**277,912**	**–**	**–**	**–**	**277,912**	**266,000**
31 March 2021	35,836	–	–	–	35,836	33,000

(d) Fair value measurement

HKFRS 7 (Amendment) 'Financial Instruments — Disclosures' requires disclosure of fair value measurements for financial instruments by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

39. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(d) Fair value measurement *(Continued)*

The following table presents the Group's financial assets that are measured at fair value at 31 March 2022 and 2021:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2022				
Financial asset at fair value through profit or loss	**667,906**	**–**	**–**	**667,906**
At 31 March 2021				
Financial asset at fair value through profit or loss	720,279	–	–	720,279

Details of the Group's financial asset that are measured at fair value at 31 March 2022 and 2021 were set out in the note 25 to the consolidated financial statement.

There have been no significant transfers between level 1, 2 and 3 in the reporting period.

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

(e) Capital risk management

The primary objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group's overall strategy remains unchanged from prior year.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of issue new shares or sell assets to reduce debts.

The Group monitors its capital on the basis of the gearing ratio of net debt over total equity. This ratio is calculated as bank and other borrowings, amount due to a related company and lease liabilities less cash and cash equivalent divided by total equity. The Group aims to maintain the gearing ratio at a reasonable level.

39. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(e) Capital risk management *(Continued)*

The gearing ratios at the end of the reporting period are as follows:

	2022 HK$'000	2021 HK$'000
Bank and other borrowings (note 29)	266,000	39,998
Amount due to a related company (note 28)	627,696	905,151
Lease liabilities (note 18)	913	757
Less: Cash and cash equivalents (note 26)	(40,926)	(33,413)
Net debt	853,683	912,493
Total equity	1,846,740	2,014,463
Gearing ratio	46.23%	45.30%

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ registration and operation	Paid-up issued ordinary shares/ registered capital HK$ (unless otherwise stated)	Percentage of ownership interest and voting power held by the Company Directly 2022 %	Directly 2021 %	Indirectly 2022 %	Indirectly 2021 %	Principal activities
國中(天津)水務有限公司 (note i)	PRC	RMB900,000,000	100	100	–	–	Investment holding
上海欣竑投資有限公司 (note ii)	PRC	RMB650,000,000	–	–	100	100	Property investment
Success Flow International Limited	The British Virgin Island (the "BVI")	USD1	100	100	–	–	Investment holding
Long Bao Property Limited (note iii)	Hong Kong	100	–	–	100	100	Investment holding
Action Investments Limited (note iii)	Hong Kong	100	99	99	1	1	Property investment
External Fame Limited (note iii)	BVI	USD1	–	–	100	100	Investment holding
北京龍堡物業管理有限公司 (note i)	PRC	RMB45,000,000	–	–	100	100	Property investment
北京博雅宏遠物業管理有限公司 (note i)	PRC	RMB20,000,000	–	–	100	100	Property investment

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operation	Paid-up issued ordinary shares/ registered capital HK$ (unless otherwise stated)	Percentage of ownership interest and voting power held by the Company Directly 2022 %	Directly 2021 %	Indirectly 2022 %	Indirectly 2021 %	Principal activities
Omnigold Resources Limited (note iii)	BVI	USD1	**–**	–	**100**	100	Property investment
Jet Source Investments Limited	Hong Kong	2	**50**	50	**50**	50	Property investment
Interchina Corporate Services Limited	Hong Kong	10,000	**100**	100	**–**	–	Corporate management
EverChina Resources Holdings Limited	Hong Kong	100	**100**	100	**–**	–	Investment holding
Universe Glory Limited	BVI	USD50,000	**–**	–	**100**	100	Natural resources investment
All Yield Investments Limited	BVI	USD50,000	**–**	–	**100**	100	Natural resources investment
PT. Satwa Lestari Permai	Indonesia	IDR5,000,000,000	**–**	–	**95**	95	Exploration, mining processing and sale of manganese resources
EverChina Hotel Investment Limited	BVI	USD10,000	**100**	100	**–**	–	Investment holding
Loyal Rich International Investment Limited	Hong Kong	10,000	**–**	–	**100**	100	Hotel investment
天富(上海)酒店管理有限公司 (note i)	PRC	RMB2,000,000	**–**	–	**100**	100	Hotel management
Pengxin Agricultural Holdings Company Limited	BVI	USD100	**100**	100	**–**	–	Investment holding
Sociedad Argopecuaria Argotanto S.A.	Bolivia	BOB12,000	**–**	–	**100**	100	Cattle raising and sales of cattle
Empresa Agropecuaria Novagro S.A.	Bolivia	USD1,327,370	**–**	–	**100**	100	Agricultural farming
Agropecuaria Irricobol S.R.L	Bolivia	BOB10,000	**–**	–	**100**	100	Cattle raising and sales of cattle

Notes:

(i) Registered as wholly-owned foreign enterprises under the PRC law.

(ii) Registered as sole shareholder limited liability company under the PRC law.

(iii) The share of certain subsidiaries of the Company are secured.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

The following table lists out the information relating to PT. Satwa Lestari Permai, the only subsidiary of the Group which has material non-controlling interests. The summarised financial information of PT. Satwa Lestari Permai is set out below:

	2022 **HK$'000**	2021 HK$'000
Non-controlling interests percentage	**5%**	5%
Current assets	**353**	392
Non-current assets	**69,555**	179,006
Current liabilities	**(15,001)**	(19,502)
Net assets	**54,907**	159,896
Equity attributable to owners of the Company	**22,255**	121,994
Non-controlling interests	**32,652**	37,902

Details of non-wholly owned subsidiary that has material non-controlling interests

	Year ended 31 March	
	2022 **HK$'000**	2021 HK$'000
Turnover	**–**	–
Loss for the year	**(104,990)**	(725)
Loss and total comprehensive expenses for the year attributable to:		
Owners of the Company	**(99,740)**	(689)
Non-controlling interests	**(5,250)**	(36)
	(104,990)	(725)
Net cash used in operating activities	**(39)**	(28)

The information above is the amount before inter-company eliminations.

41. EVENTS AFTER REPORTING PERIOD

There was no significant event took place subsequent to the end of the reporting period.

42. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 June 2022.

FIVE YEAR FINANCIAL SUMMARY

For the year ended 31 March 2022

RESULTS

	For the year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**149,347**	127,093	137,199	78,064	89,912
Loss before taxation	**(250,886)**	(150,099)	(543,568)	(628,770)	(678,636)
Tax credit/(expense)	**12,250**	15,008	14,457	23,810	(97,237)
Loss for the year	**(238,636)**	(135,091)	(529,111)	(604,960)	(775,873)
Owners of the Company	**(233,386)**	(135,055)	(529,070)	(600,252)	(775,807)
Non-controlling interests	**(5,250)**	(36)	(41)	(4,708)	(66)
Loss for the year	**(238,636)**	(135,091)	(529,111)	(604,960)	(775,873)

ASSETS AND LIABILITIES

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**2,902,087**	3,135,705	2,996,728	3,689,049	4,520,715
Total liabilities	**(1,055,347)**	(1,121,242)	(1,007,181)	(1,104,393)	(1,373,254)
Non-controlling interests	**(32,652)**	(37,902)	(37,938)	(37,979)	(42,687)
Shareholders' funds	**1,814,088**	1,976,561	1,951,609	2,546,677	3,104,774

PARTICULARS OF MAJOR PROPERTIES

Location	Use	Lease term
Investment properties		
Retail portion on basement Level 1, Level 1 to Level 2 and 88 office units from Level 3 to Level 12 And 164 carparking spaces on basement, Level 2 and 3 situation at Interchina Commercial Building 33, Dengshikou Street, Dong Cheng District, Beijing, PRC	Commercial premises for rental	Medium-term lease
14 retail units at Levels 1-3 of Above the Bund Square No. 948 Dongdaming Road, Hongkou District, Shanghai, PRC	Commercial premises for rental	Medium-term lease
Hotel Property		
Level 1-20, 1729 Huangxing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, PRC	Hotel operation	Medium-term lease
B2 & B3, 1737 Huangxing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, PRC	Hotel operation	Medium-term lease
Other Property		
Basement 1, 2 Alley 66 Guoshun Road, Wujiaochang Jiedao, Yangpu District, Shanghai, PRC	Car parking space for rental	Medium-term lease