Reliance Global Holdings Limited

信保環球控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code：723)

Annual Report 2021/22

* *For identification purpose only*

Contents

Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	Board of Directors of the Company
"Company"	Reliance Global Holdings Limited
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$" and "HK cent(s)"	Hong Kong dollars and cent(s)
"R$"	Brazilian Reais
"US$"	United States dollars
"%"	per cent.

The Chinese version of this annual report is a translation of the English version and is for reference only. In case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Wang Jingyu *(Chairlady)*
Mr. Lai Ming Wai *(Chief Executive Officer)*
Ms. Chan Yuk Yee

Independent Non-executive Directors

Mr. Yam Kwong Chun
Mr. Chiang Bun
Mr. Chai Chi Keung

BOARD COMMITTEES

Executive Committee

Ms. Wang Jingyu *(Chairlady)*
Mr. Lai Ming Wai
Ms. Chan Yuk Yee

Audit Committee

Mr. Yam Kwong Chun *(Chairman)*
Mr. Chiang Bun
Mr. Chai Chi Keung

Remuneration Committee

Mr. Chiang Bun *(Chairman)*
Mr. Yam Kwong Chun
Mr. Chai Chi Keung

Nomination Committee

Mr. Chai Chi Keung *(Chairman)*
Mr. Yam Kwong Chun
Mr. Chiang Bun

COMPANY SECRETARY

Ms. Chan Yuk Yee

LEGAL ADVISERS

Kitty So & Tong Solicitors
Reed Smith Richards Butler

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
Bank of Communications (Hong Kong) Limited
Dah Sing Bank, Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2115, 21st Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

AUDITOR

Crowe (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

TRADING OF SHARES

Hong Kong Stock Exchange
(Stock Code: 723)

WEBSITE ADDRESS

www.relianceglobal.com.hk

Chairlady's Statement

On behalf of the Board, I am pleased to report to the shareholders that the Group continued to achieve profitable results for the year ended 31 March 2022 ("FY2022") in spite of the challenging business conditions faced by the Group.

RESULTS

The Group continued to operate in four business segments, namely, forest-related business comprising timber supply chain and sustainable forest management, money lending business and leasing of properties.

For FY2022, the Group's revenue decreased by 10% to HK$761,776,000 (2021: HK$842,631,000) whilst the Group's net profit decreased by 61% to HK$14,983,000 (2021: HK$38,689,000). The decrease in the Group's profit was mainly due to (i) the decrease in profit generated by the Group's timber supply chain operation (the "TSC Operation") primarily owing to the decline in its revenue and the general rise in transportation and freight costs; (ii) the decrease in profit generated by the Group's money lending operation primarily owing to the decline in its revenue and the increase in impairment loss on loan receivables; (iii) the increases in the Group's administrative expenses and finance costs; and (iv) the exchange loss incurred by the Group owing to the depreciation of Euro. In spite of the above, supported by the great efforts of the management, the timber supply chain and money lending businesses continued to register profitable results, which respectively contributed HK$16,831,000 (2021: HK$30,619,000) and HK$14,463,000 (2021: HK$26,466,000) to the Group's profitable results for the year.

The Group's timber supply chain business continued with its strategic plan to build a global network of supply sources in Europe, Oceania and Africa to serve its customers predominantly in China as well as in other countries. Backed by the great efforts of the management teams stationed in Europe, the Group's TSC Operation in Europe continued to register encouraging business development during the year and has so far successfully established three distribution hubs in Slovenia, Romania and Croatia, as well as two wood lumber processing ventures in Romania and one in Croatia including the newly acquired lumber processing plant in Romania as announced by the Company on 2 December 2021.

For FY2022, the Group's TSC Operation generated a revenue of HK$734,873,000 (2021: HK$807,830,000) and a profit of HK$16,831,000 (2021: HK$30,619,000) which showed a decline of 9% and 45% from their respective comparable in the prior year. The decreases in revenue and profit of the TSC Operation were partly due to (i) the prolonged continuation of the COVID-19 pandemic which lowered the level of economic activities in Europe and China and caused delays and disruptions to the usual logistics of the Europe-China shipping route, that resulted in lengthened delivery time and significantly higher transportation and freight costs, and partly due to (ii) the depreciation of Euro primarily as a result of the slowing economic conditions in Europe and the Russia-Ukraine war. For FY2022, the transaction volume of timber and wood products traded by the operation was over 342,000 m^3 (2021: 493,000 m^3), decreased by 31% from last year, and a majority of the transactions were conducted on CFR (Cost & Freight) basis with logistics support provided by the Group. The Group's TSC Operation is led by experienced management teams stationed in Hong Kong and Europe with extensive business network in the industry, with their great efforts, a solid supplier and customer base has been built over the years which contributes a strong recurrent business flow to the Group.

The Group's money lending business generated a revenue of HK$26,491,000 (2021: HK$34,001,000) and an operating profit of HK$14,463,000 (2021: HK$26,466,000) which decreased by 22% and 45% respectively over their comparable in the prior year. The decrease in profit of the business was partly due to the decline in its revenue owing to the reduced size of its loan portfolio, and partly due to the increase in impairment loss on loan receivables for the year by 95% to HK$6,775,000 (2021: HK$3,478,000), which was determined after performing assessment on the current creditworthiness of the borrowers on an individual basis by considering factors including their repayment history and value of collateral provided, if any, and the credit status of the Group's loan portfolio on a collective basis in view of the current economic and market conditions, in particular, the negative impact on the Hong Kong economy owing to the continuation of the COVID-19 pandemic.

PROSPECTS

Since the change of the substantial shareholder of the Company to Champion Alliance Enterprises Limited on 12 October 2017 and the appointment of the new executive directors to the Board of the Company since October 2017, the directors and management team of the Company have used their best endeavour to improve the businesses of the Group. The results are very encouraging and the Group has been profit-making for five consecutive financial years ended 31 March 2022. The scale of the Group's operation, in particular the timber supply chain and money lending businesses, have expanded significantly. It is the mission of the management to continuously explore organic growth and vertical expansion business opportunities, with the aim to further expand the scale of the Group's operations and to create new value to the shareholders.

The Group has continued to opening up new business ventures in Europe in order to diversify and strengthen its timber supply chain business. During FY2022, the Group completed the acquisition of a wood lumber processing plant in Covasna, Romania in order to increase the Group's production capacity of wood lumber in fulfilling the customer orders from China. The TSC Operation will continue with its business expansion plan in setting up more distribution hubs and wood processing ventures in strategic locations in Europe for the purpose of further enlarging its supplier and customer base, as well as expanding its product type and revenue source.

Looking ahead, the launch of vaccination programs in China and Hong Kong and many countries in Europe have paved the way for their economies to fully reactivate. However, the emergence of the new variant virus and the new waves of outbreak in Hong Kong, China and some European countries have made it very difficult to predict the evolution and duration of the COVID-19 pandemic and its potential impact to the Group. Against this backdrop, the Group will continue to adopt a prudent approach in managing its timber supply chain and money lending businesses and be cautious in seizing new business opportunities.

APPRECIATION

The Group has achieved satisfactory results for FY2022 despite the prolonged continuation of the pandemic and the outbreak of the Russia-Ukraine war. Taking this opportunity, I would like to express my sincere gratitude to all shareholders, bankers, business associates, suppliers and customers for their continuing support to the Group, and to my fellow directors and all staff members for their contributions and hard work during the past year.

Wang Jingyu
Chairlady

Hong Kong, 28 June 2022

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2022 ("FY2022"), the Group continued to operate in four business segments, namely, forest-related business comprising timber supply chain and sustainable forest management, money lending business and leasing of properties.

For FY2022, the Group's revenue decreased by 10% to HK$761,776,000 (2021: HK$842,631,000) whilst the Group's net profit decreased by 61% to HK$14,983,000 (2021: HK$38,689,000). The decrease in the Group's profit was mainly due to (i) the decrease in profit generated by the Group's timber supply chain operation (the "TSC Operation") primarily owing to the decline in its revenue and the general rise in transportation and freight costs; (ii) the decrease in profit generated by the Group's money lending operation primarily owing to the decline in its revenue and the increase in impairment loss on loan receivables; (iii) the increases in the Group's administrative expenses and finance costs; and (iv) the exchange loss incurred by the Group owing to the depreciation of Euro. In spite of the above, supported by the great efforts of the management, the timber supply chain and money lending businesses continued to register profitable results, which respectively contributed HK$16,831,000 (2021: HK$30,619,000) and HK$14,463,000 (2021: HK$26,466,000) to the Group's profitable results for the year.

Forest-related Business

Timber Supply Chain

The Group's timber supply chain business continued with its strategic plan to build a global network of supply sources in Europe, Oceania and Africa to serve its customers predominantly in China as well as in other countries. Backed by the great efforts of the management teams stationed in Europe, the Group's TSC Operation in Europe continued to register encouraging business development during the year and has so far successfully established three distribution hubs in Slovenia, Romania and Croatia, as well as two wood lumber processing ventures in Romania and one in Croatia including the newly acquired lumber processing plant in Romania as announced by the Company on 2 December 2021.

For FY2022, the Group's TSC Operation generated a revenue of HK$734,873,000 (2021: HK$807,830,000) and a profit of HK$16,831,000 (2021: HK$30,619,000) which showed a decline of 9% and 45% from their respective comparable in the prior year. The decreases in revenue and profit of the TSC Operation were partly due to (i) the prolonged continuation of the COVID-19 pandemic which lowered the level of economic activities in Europe and China and caused delays and disruptions to the usual logistics of the Europe-China shipping route, that resulted in lengthened delivery time and significantly higher transportation and freight costs, and partly due to (ii) the depreciation of Euro primarily as a result of the slowing economic conditions in Europe and the Russia-Ukraine war. For FY2022, the transaction volume of timber and wood products traded by the operation was over 342,000 m^3 (2021: 493,000 m^3), decreased by 31% from last year, and a majority of the transactions were conducted on CFR (Cost & Freight) basis with logistics support provided by the Group. The Group's TSC Operation is led by experienced management teams stationed in Hong Kong and Europe with extensive business network in the industry, with their great efforts, a solid supplier and customer base has been built over the years which contributes a strong recurrent business flow to the Group.

The TSC Operation is currently running two lines of business: the Conventional Business Model (the "CBM") and the Enhanced Business Model (the "EBM"):

CBM

Geographically, the CBM essentially represents the existing business of the TSC Operation other than its operation in Europe. Currently under the CBM, the operation principally performs a wholesaler role which sources mainly tropical domain hardwood timber from suppliers/forest owners in the Republic of the Congo and Papua New Guinea and sells or distributes to customers predominately in China and other countries, and being fully responsible for all the logistics of sea transport which usually involves the chartering of dry bulk vessels.

For FY2022, the CBM running under the TSC Operation generated a revenue of HK$511,739,000 (2021: HK$551,002,000) and a profit of HK$12,424,000 (2021: HK$13,242,000), representing over 232,000 m^3 (2021: 274,000 m^3) of hardwood logs traded. The respective 7%, 6% and 15% declines in the revenue, profit and volume of logs traded under the CBM was to a certain extent due to the slowdown of economic growth in China and the tightened regulatory regime of its property sector.

EBM

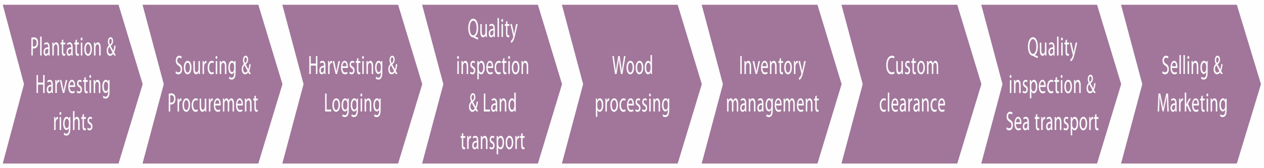
The EBM principally represents the business activities of the TSC Operation in Europe (the "European Operation"). The EBM is essentially a vertically-integrated timber supply chain operation which has coverage on every value-added works and services of a typical timber supply chain, including plantation & harvesting right, sourcing & procurement, timber harvesting & logging, quality inspection & land/sea transport, wood processing, inventory management, custom clearance, selling & marketing and after-sales services. The TSC Operation is currently running the EBM via its three distribution hubs in Slovenia, Romania and Croatia and its three wood processing ventures in Romania and Croatia, including the newly acquired lumber processing plant referred to in the Company's announcement dated 2 December 2021.

For FY2022, the EBM running under the TSC Operation generated a revenue of HK$223,134,000 (2021: HK$256,828,000) and a profit of HK$4,407,000 (2021: HK$17,377,000), representing over 110,000 m^3 (2021: 219,000 m^3) of logs and wood products traded. The EBM recorded a 13% decrease in revenue with a 50% decrease in volume traded as there was a change in trade mix during the year where more processed wood products with higher sale value and profit margin were sold, whilst the 75% decline in profit was the combined effect of (i) the decrease in its revenue primarily due to the drop in demand from its customers in China, which in turn to a certain extent due to the slowdown of economic growth in China and the tightened regulatory regime of its property sector; (ii) the general rise in transportation and freight costs resulting from the shortage of containers due to delays and disruptions to the usual logistics of the Europe-China shipping route, which in turn due to the prolonged continuation of the COVID-19 pandemic, the transportation and freight costs accounted for about 30% of the costs of sales of the European Operation, when compared to the prior financial year, such costs rose by about 25% on average per cubic meter of logs and wood products shipped, which significantly reduced the profit margin of the EBM for FY2022; and (iii) the net exchange loss of HK$5,100,000 incurred by the Group largely owing to the depreciation of Euro, primarily as a result of the slowing economic conditions in Europe and the Russia-Ukraine war.

The newly acquired lumber processing plant in Covasna, Romania

Wood lumber produced by the Group's timber processing venture

The following flowchart depicts the typical operation flow of a timber supply chain business:



Plantation & Harvesting rights: forest plantation, harvesting rights management, trees are harvested according to an agreed harvesting plan which is essential for sustainable and responsible forest management.

Sourcing & Procurement: market analysis on demand of timber and wood products is performed and purchase will be made at the best price available after negotiation with suppliers.

Harvesting & Logging: on-site selection of forest area to be harvested, formulate harvesting plan, arrangement of manpower, machinery and equipment for logging activities.

Quality inspection & Land transport: after on-site quality inspection, timber and wood products will be transported to log yard via rails and/or trucks.

Wood processing: deliver timber to processing plant for processing into wood products, production and quality control management.

Inventory management: maintain inventories in the distribution hubs and processing plants to readily meet the orders from customers and regularly advise the sales team in respect of availability of inventories.

Custom clearance: prepare documents to facilitate export and assist customers in importing cargoes in the buyers' country.

Quality inspection & Sea transport: after quality inspection, timber and wood products will be transported to customers via vessels or containers.

Selling & Marketing: timber and wood products are sold to customers in China and other countries, after-sales services will be provided to ensure customer satisfaction.

Distribution hubs in Slovenia, Romania and Croatia

The TSC Operation has established its distribution hubs in Maribor in Slovenia, Oituz in Romania and Ravna Gora in Croatia. The operation currently sources temperate domain softwood and hardwood timber (including spruce logs, pine logs, oak logs and beech logs) and wood products (including beech lumber and ash lumber) from timber suppliers/forest owners in countries including Germany, Czech Republic, Romania, Croatia, Slovenia, Italy, Austria, Poland, Slovakia, Hungary and Serbia and sells or distributes to customers predominately in China and other countries with logistics support providing by the operation, which usually involves land transport via rails and trucks and sea transport via containers.

Wood processing ventures in Romania

The TSC Operation has established a wood processing venture in Oituz in Romania and has entered into a harvesting right agreement with a Finnish leading forest management group for conducting timber logging in its forest interest in Oituz for a term of four years from January 2020. The operation has engaged local logging teams to conduct the logging activities and a wood processing plant for producing lumber. The wood harvested by the logging teams, together with wood purchased from other forest owners (depending on the ordered quantity of sales orders on hand, the operation may purchase wood from other forest owners in order to fulfill the sales orders in case that the wood harvested by the logging teams is not sufficient to fulfill the orders), are used as inputs to the processing plant engaged to produce wood lumber. At times when customers' sales orders exceed the production capacity of the processing plant engaged by the Group, the operation may purchase lumber from other local suppliers in order to fulfill the customers' orders. The lumber produced or purchased are then stored and kept as inventories until sold and delivered to customers under logistic arrangements providing by the operation.

As announced by the Company on 2 December 2021, the Group entered into an agreement to acquire a lumber processing plant in Covasna, Romania in order to expand its production capacity for wood lumber as well as to continue with its business expansion plan in the timber supply chain business, the acquisition was completed in January 2022. The lumber processing plant is fully operational and has a designed production capacity of up to 8,000 m^3 of wood lumber per annum. The Group has fully integrated the operation of this newly acquired plant with its EBM and the plant has contributed revenue to the Group since January 2022.

Wood processing venture in Croatia

The TSC Operation has established another lumber processing venture in Croatia in January 2021. The operation entered into a service agreement with a wood processing plant in Croatia for a term of three years to produce beech and ash lumber in order to take advantage of the abundant local supply of beech and ash timber.

As the European Operation captures the additional monetary benefits through providing many value-added works and services in a typical timber supply chain, the gross profit margin of the EBM is higher than that of the CBM. The establishment of the distribution hubs in Slovenia, Romania and Croatia and the timber processing ventures in Romania and Croatia have significantly enhanced the competitive advantages of the Group's timber supply chain business, and effectively expanded and diversified the operation's customer base, revenue source, product type and market coverage. European timber logs and wood products are of high demand in China because of their high quality and wide usage. At 31 March 2022, the TSC Operation kept inventories amounting to HK$59,324,000 (2021: HK$41,148,000) in order to serve its customers in an efficient and effective manner. The diversity of the Group's timber supply chain business in terms of customer base, supply source and product type substantially enhances the Group's strength and resilience to weather market challenges, and forms a solid base for its further development and growth.

The European Operation is effectively 51% owned by the Group and 49% owned by the partner of the business venture.

Sustainable Forest Management

Since the Group suspended its harvesting operations in the State of Acre, Brazil owing to the unfavourable business environment in 2012, the Group had continued to explore the optimal way to enhance the income stream from its forest assets. However, due to the unstable economic environment in Brazil and in view of the possibility of facing similar extortion threats from local parties in Brazil as the Group had experienced in the past, operating the forest assets through own harvesting was considered to be unfavourable to the Group. As a result, the Board decided to change the operational model of the Group's forest assets to licensing of harvesting rights in June 2014 and since then, the Group had granted harvesting rights to licensees for its forest assets in Brazil and had received licensing income in return. Nevertheless, this mode of operation had been incurring losses since the financial year ended 31 March 2020 as the licensing income received was decreasing, and such decrease was in turn owing to harvesting rights of reducing area of the forest assets were granted under commercially acceptable terms over the past years. In view of the unfavourable financial performance of the Group's forest assets in Brazil, during FY2022, the management decided to dispose of the forest assets at a consideration of HK$2,300,000 and a gain on disposal of HK$924,000 was recognised. Accordingly, for FY2022, before the disposal of the forest assets, the operation recognised income from licensing of harvesting rights amounted to HK$412,000 (2021: HK$800,000), decreased by 49% when compared with the prior year, and incurred a loss of HK$366,000 (2021: HK$599,000). As mentioned above, the decrease of the licensing income was mainly due to the decrease in forest areas on which harvesting rights were granted before the disposal of the forest assets took place.

Notwithstanding the disposal of the forest assets in Brazil, the Group continues to seize investment opportunities in forest assets in Europe for the development of its sustainable forest management business.

Management Discussion and Analysis

Money Lending Business

The Group's money lending business is conducted through Reliance Credit Limited ("Reliance Credit") and Reliance Capital Finance Limited ("Reliance Capital"), both are wholly-owned subsidiaries of the Company, and are licensed to conduct money lending activities under the Money Lenders Ordinance. The Group aims to make loans that could be covered by sufficient collaterals, preferably commercial and residential properties in Hong Kong, and to borrowers with good credit history. The Group has a stable source of loan deals through referrals from its marketing agents, cooperation with property agents and participation in co-lending activities, as well as through advertisements in traditional and digital media.

For FY2022, the Group's money lending business generated a revenue of HK$26,491,000 (2021: HK$34,001,000) and an operating profit of HK$14,463,000 (2021: HK$26,466,000) which decreased by 22% and 45% respectively over their comparable in the prior year. The decrease in profit of the business was partly due to the decline in its revenue, which in turn was a result of the reduced size of the Group's loan portfolio owing to the cautious approach of the management in granting new loans in view of the prevailing economic conditions in Hong Kong; and partly due to the increase in impairment loss on loan receivables by 95% to HK$6,775,000 (2021: HK$3,478,000), which was determined after performing assessment on the current creditworthiness of the borrowers on an individual basis by considering factors including their repayment history and value of collateral provided, if any, and the credit status of the Group's loan portfolio on a collective basis in view of the current economic and market conditions, in particular, the negative impact on the Hong Kong economy owing to the continuation of the COVID-19 pandemic.

During FY2022, the Group granted new loans in an aggregate principal amount of HK$55,000,000 at interest rates ranging from 8.5% to 13% per annum and tenor from 12 months to 18 months. At 31 March 2022, the Group's portfolio was constituted by 23 loans (2021: 28 loans and finance lease) with carrying amount totalling HK$182,563,000 (2021: HK$283,904,000) (net of impairment loss on loan receivables of HK$11,783,000 (2021: HK$5,141,000)), with two loans being reclassified as repossessed assets with carrying amount totalling HK$10,054,000 after the Group took possession of the collateral assets. Details of the loan portfolio are as follows:

Type of loan	Approximate weighting to the carrying amount of the Group's loan portfolio	Interest rate per annum	Original maturity	Remarks
First mortgage loans	84%	8.5%-14.5%	Within three years	Loans were secured by properties located in Hong Kong
Second mortgage loans	4%	12%-18%	Within two years	Loans were secured by properties located in Hong Kong
Corporate loans	12%	9%-12.5%	Within one year	Loans were granted to listed companies in Hong Kong or were secured by collaterals
Total	100%			

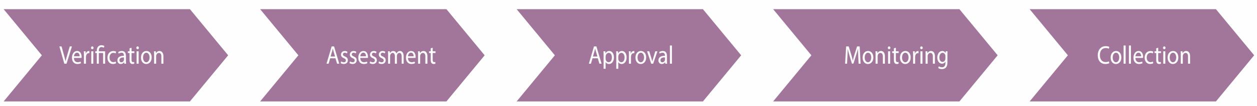
The Group's loan portfolio was well spread with an average loan size of around HK$8.7 million, credit healthy as 97% of the portfolio was secured by collaterals, and earning a good return with weighted average interest rate amounting to approximately 11%. At 31 March 2022, the loan made to the largest borrower and the five largest borrowers accounted for 11% and 42% of the Group's loan portfolio (on a net of impairment allowance basis).

Management Discussion and Analysis

Before granting loans to potential borrowers, the Group performs credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit assessment process encompasses detailed assessment on the credit history and financial background of the potential borrowers, as well as the value and nature of the collaterals to be pledged. The credit limits of loans successfully granted to the borrowers are reviewed by the management regularly as part of the ongoing loan monitoring process.

Risk management is an integral part of the success of the money lending business. The Group has clear credit policies, guidelines, controls and procedures in place which cover every aspect of the operation from information verification, credit assessment, loan approval, loan monitoring to collection. The operation has clear authorisation and approval hierarchy and is led and managed by a team of qualified and experienced personnel. The management team is able to deliver expedite credit approval process to customers without compromising the commercial benefits of lending decisions made.

The following flowchart depicts the typical operational procedures in processing a loan application:



Verification: documents and information provided by the loan applicant will be verified by the delegated loan officer and where appropriate, legal and credit search on the loan applicant will be conducted.

Assessment: credit assessment on the loan applicant will be performed by the delegated loan officer and reviewed by the supervising officer, by making reference to the financial background and credit history of the applicant, and value of the collateral provided (if any), where appropriate, the credit assessment on the applicant will be further reviewed by the responsible director.

Approval: if the loan application is approved, the delegated loan officer will arrange preparation and signing of the loan documentations and the supervising officer will ensure their proper execution, including drawdown of the loan proceeds by the applicant.

Monitoring: there will be continuous monitoring on loan repayments from individual borrower by the loan officer and regular review if there are material changes of the borrower's repayment ability by the supervising officer, where appropriate, impairment allowance on individual loan will be made if there is deterioration of credit quality of the loan with approval from the responsible director.

Collection: will make calls and send reminders to individual borrower for overdue loan repayment and when there is a default of loan repayment, will take appropriate enforcement action, including legal action, to recover the loan.

The Group has a system in place to closely monitor the recoverability of its loan portfolio, its credit monitoring measures include regular collateral reviews against market information and regular communication with the borrowers of their financial position, through which the Group will be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for recovery of a loan at the earliest time. If circumstances require, the Group will commence legal actions against the borrowers for recovery of the overdue loans and taking possession of the collaterals pledged.

The Group performs impairment assessment on loan receivables under the expected credit losses ("ECL") model. The measurement of ECL is a function of the probability of default, the loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default (i.e. the magnitude of the loss after accounting for value of the collateral if there is a default). The assessment of probability of default and loss given default is based on historical data and forward-looking information, whilst the valuation of the properties and assets pledged to the Group as collaterals are performed by independent professional valuer engaged by the Group at each reporting date for the purpose of determining ECL. In accordance with the Group's loan impairment policy, the amount of ECL is updated at each reporting date to reflect the changes in credit risk on loan receivables since initial recognition. For FY2022, the net impairment allowance recognised primarily represented the credit risk involved in collectability of certain default and non-default loans determined under the Group's loan impairment policy, with reference to factors including the credit history and financial conditions of the borrowers, the aging of the overdue balances, the realisation value of the collaterals pledged to the Group, and forward-looking information including the future macro-economic conditions affecting the borrowers (the negative impact of the COVID-19 pandemic on the state of the economy in Hong Kong had also been considered).

In assessing ECL, the loan receivables have been assessed with reference to the latest analysis on credit rating of the loans on individual and collective basis. The Group's loan portfolio mainly comprised mortgage loans, and the loan to value ratio for each of the mortgaged properties has been under regular review. At 31 March 2022, the loan to value ratios of all mortgaged properties were within the safety margin. For corporate loans, the credit rating of the loans were analysed with reference to the borrowers' creditworthiness and credit history, including their financial positions, previous records of default in payment, value of collaterals pledged and prevailing market conditions. For FY2022, a net impairment loss on loan receivables of HK$6,642,000 (2021: HK$3,161,000) was recognised with the balance of the impairment allowance increased by 129% or HK$6,642,000 to HK$11,783,000 (2021: HK$5,141,000) at 31 March 2022. The net impairment loss comprised a sum of HK$6,775,000 being impairment allowance on loan receivables for the year and a reversal of impairment loss of HK$133,000, which were determined in accordance with the Group's impairment policy. Further details of the credit risk and impairment assessment on the loan receivables are contained in notes 20 and 37 to the consolidated financial statements.

In January 2020, the Company successfully issued interest bearing notes totalling HK$50,000,000 to investors for funding the development of the money lending business. The notes are secured by a debenture over the assets of a money lending subsidiary of the Company which effectively represents securitisation of its loan portfolio. This financing arrangement strategically paves the way for the Group to raise further funding from the capital market in Hong Kong for developing its money lending business.

Leasing of Properties

The Group was not holding any investment property during FY2022. The Group has been seeking acquisition opportunities of investment properties with good yield and/or high appreciation potential. However, as the conditions of the property market in Hong Kong have been unstable during the past years, the management has acted prudently in evaluating potential acquisition opportunities. The Group's present business strategy is to allocate its financial resources to the money lending and timber supply chain businesses which generate higher and better yields.

OVERALL RESULTS

The Group continued to report profitable results for FY2022 by achieving a profit attributable to owners of the Company of HK$12,758,000 (2021: HK$33,080,000), basic earnings per share of HK0.14 cent (2021: HK0.36 cent), and a total comprehensive income attributable to owners of the Company of HK$11,916,000 (2021: HK$33,095,000). The Group's administrative expenses increased by 49% to HK$34,809,000 (2021: HK$23,363,000) was mainly a result of the increase in staff costs of HK$3,855,000 and legal and professional fees incurred of HK$3,862,000 in relation to the resumption of trading of the Company's shares on the Stock Exchange, and the net exchange loss of HK$5,100,000 incurred by the Group largely due to the depreciation of Euro during the year.

FINANCIAL REVIEW

In order to cope with the Group's expanding scale of operation and continuous business development, on 26 March 2018, Champion Alliance Enterprises Limited ("Champion Alliance"), a substantial shareholder of the Company, granted to the Company a loan facility to the extent of HK$200,000,000 (the "Loan Facility") to meet its working capital requirements. The Loan Facility is unsecured and interest-free and has been mainly applied to the Group's money lending and timber supply chain businesses to facilitate their significant business developments. At 31 March 2022, the outstanding amount under the Loan Facility was HK$47,000,000 (2021: HK$155,000,000).

For the purpose of financing the operation of the timber supply chain business, the Group has also obtained from well-established banks in Hong Kong bills discounting facilities of US$200,000,000 and HK$100,000,000 (the "Bills Discounting Facilities"). The Bills Discounting Facilities obtained have substantially strengthened the Group's financial flexibility in conducting its timber supply chain business. At 31 March 2022, the advances drawn under the Bills Discounting Facilities amounted to HK$26,808,000 (2021: HK$62,396,000).

In January 2020, the Company entered into a placing agreement with a placing agent, on a best effort basis, to procure placees to subscribe for notes with an aggregate principal amount of up to HK$300,000,000, carrying interest at 7.125% per annum, and maturing on the third anniversary of the issue date for each tranche of the notes (the "Three-Year Notes") issued. A debenture incorporating a first floating charge over all the undertakings, property and assets of Reliance Credit, one of the Group's money lending subsidiaries, has been issued in favour of a security trustee as trustee for the noteholders. The first tranche of the Three-Year Notes which amounted to HK$50,000,000 has been issued in January 2020. Owing to the continuation of the COVID-19 pandemic, the placing exercise has been deferred. Accordingly, on 22 June 2022, the Company and the placing agent entered into an extension letter to further extend the closing date (i.e. the last day of the placing period) under the placing agreement to 30 June 2023.

In addition, in March 2021, the Group successfully solicited a Revolving Loan Facility of up to HK$70,000,000 from a reputable finance company to replenish its working capital for the continuous expansion of its money lending business. The loan facility was entered into in May 2021 with Reliance Capital, the other money lending subsidiary of the Group, as the borrower and the Company as the guarantor. The loan(s) drawdown under the facility would be secured by sub-mortgage the property collaterals obtained by Reliance Capital from granting first mortgage loans. Reliance Capital made its first drawdown of approximately HK$59,739,000 in June 2021 by sub-mortgage the property collaterals obtained under two first mortgage loans. At 31 March 2022, all outstanding loans drawn under the Revolving Loan Facility were settled as the related first mortgage loans were fully repaid during the year. The Revolving Loan Facility is subject to annual review by the lender and Reliance Capital is in negotiation with the lender for terms of the facility renewal.

The increase in the Group's finance costs to HK$7,655,000 for the year (2021: HK$5,393,000) was partly a result that interests amounting to HK$3,140,000 (2021: HK$1,724,000), increased by 82%, were paid for advances drawn on bill receivables discounted with full recourse; and partly a result that interests amounting to HK$902,000 (2021: nil) were paid for revolving loans drawn under the Revolving Loan Facility.

Liquidity and Financial Resources

For FY2022, the Group financed its businesses mainly by cash generated from operations, the Bills Discounting Facilities provided by banks, the Loan Facility from Champion Alliance, the first tranche of the Three-Year Notes issued, the Revolving Loan Facility from a reputable finance company and the shareholders' funds.

At 31 March 2022, the Group had current assets of HK$350,359,000 (2021: HK$482,030,000) and cash and cash equivalents of HK$70,713,000 (2021: HK$109,198,000). The Group's current ratio, calculated based on current assets over current liabilities of HK$159,235,000 (2021: HK$247,542,000), was at a strong ratio of about 2.2 (2021: 1.9).

At 31 March 2022, the Group's borrowings comprised the first tranche of the Three-Year Notes of HK$50,000,000 (2021: HK$50,000,000) and bank borrowings of HK$26,808,000 (2021: HK$62,396,000), which represented the advances for bill receivables discounted to banks with full recourse to the Group. The bank borrowings bore interests at floating rates, secured by the relevant bill receivables and were repayable within one year.

The Group's gearing ratio expressed as a percentage of total borrowings of HK$76,808,000 (2021: HK$112,396,000) over the equity attributable to owners of the Company of HK$244,749,000 (2021: HK$231,012,000), decreased to 31% at 31 March 2022 (2021: 49%) that was mainly due to the increase in the Group's reserves as a result of the profit earned during the year and the decrease in bank borrowings as at the year end date.

At 31 March 2022, the equity attributable to owners of the Company increased by 6% or HK$13,737,000 to HK$244,749,000 (2021: HK$231,012,000). The increase was mainly due to the profits earned by the Group's timber supply chain and money lending businesses.

With the amount of liquid assets on hand, the Bills Discounting Facilities from banks, the Loan Facility from Champion Alliance, and the proceeds from issuance of the first tranche of the Three-Year Notes, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirement and continuous business development.

Charge on Assets

A debenture incorporating a first floating charge over all the undertakings, property and assets of Reliance Credit, a wholly-owned subsidiary of the Company engaging in money lending business, has been issued in favour of a security trustee as trustee for the noteholders in relation to the Three-Year Notes. On 15 January 2020, the first tranche of the Three-Year Notes amounted to HK$50,000,000 has been issued.

At 31 March 2022, bill receivables of HK$26,808,000 (2021: HK$62,396,000) were pledged to banks to secure advances drawn on the bill receivables.

Contingent Liabilities

At 31 March 2022, the Group had no significant contingent liability (2021: the litigation set out in note 40 to the consolidated financial statements).

Litigation

At 31 March 2022, there was no litigation claim against the Group (2021: there was a claim of approximately HK$1,775,000 (approximately R$1,291,000) against the Group which had been included in other payables, details of the litigation are set out in note 40 to the consolidated financial statements).

Foreign Exchange Risk

The Group mainly operates in Hong Kong, Europe and China. During FY2022, the revenue, costs and expenses of the Group's operations were mainly denominated in Hong Kong dollar, United States dollar, Euro, Romanian Leu, Croatian Kuna and Renminbi.

The Group maintains a prudent strategy in its foreign currency risk management, where possible, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding foreign currency liabilities, and foreign currency revenues versus the corresponding foreign currency expenditures. The Group is not subject to foreign exchange risk of United States dollar as it is pegged with Hong Kong dollar, the Group is nevertheless exposed to potential foreign exchange risk as a result of fluctuations of Euro, Romanian Leu, Croatian Kuna and Renminbi. In addition, some of the Group's assets are located in Europe and denominated in Euro, Romanian Leu and Croatian Kuna while the Group's reporting currency is in Hong Kong dollar, this also exposes the Group to potential foreign exchange risk upon translation of these assets on each reporting date.

During FY2022, the Group incurred net exchange loss of HK$5,100,000 largely due to the depreciation of Euro primarily as a result of the slowing economic conditions in Europe and the Russia-Ukraine war. As for Romanian Leu, Croatian Kuna and Renminbi, the Group's exposure to their exchange rate fluctuations were not significant as their weightings to the Group's total transaction volume, assets and liabilities were low. For the Group's assets in Europe, any foreign exchange gains or losses due to translation of the carrying value of these assets to the Group's reporting currency on the reporting dates are unrealised and non-cash in nature, accordingly, the Group has not entered into any arrangements or financial instruments for the purpose of hedging against these potential foreign exchange risks. The Group is aware of the continual depreciation of Euro and will closely monitor its foreign currency exposure and undertake appropriate hedging measures should significant exposure arise.

HUMAN RESOURCES AND REMUNERATION POLICY

At 31 March 2022, the Group had 79 employees (including directors) (2021: 51) stationed in Hong Kong, Europe and China. During FY2022, the total remuneration paid by the Group to its employees (including directors) increased by 32% to HK$16,005,000 (2021: HK$12,150,000) and was mainly a result of the increase in headcount of the Group's European Operation. The Group rewards its employees (including directors) according to prevailing market terms, individual competence, experience and performance, and requirements under applicable labour laws where the Group's operations are located. In addition to the provision of paid holidays, annual bonus, provident fund scheme, medical insurance, subsidised training programme, employees (including directors) may also be entitled to discretionary performance bonus.

PRINCIPAL RISK AND UNCERTAINTIES

The Group is principally engaged in the business of forest-related business comprising timber supply chain and sustainable forest management, money lending and leasing of properties. The financial position, operations, businesses and prospects of the Group and its individual business segment are affected by the following significant risk and uncertainty factors:

Business Risk

The global economic conditions and the state of international financial and investment markets, including the economy, financial and investment markets of Hong Kong, Mainland China and Europe, of which the Group has no control, have significant influences on the business and financial performance of the Group. The management policy to mitigate this risk is to diversify the Group's businesses and to diversify its investments (where possible) within the same business.

Market Risk

The Group's money lending business and timber supply chain business are operating in a competitive environment that exert pressure on the revenue and profitability of these businesses. The management policy to mitigate this risk is to continue to put effort in enlarging the market share and enhancing the market competitiveness of these businesses by various means.

Natural Risk

The ability to harvest wood and the growth of trees in forests may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as floods, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of trees available for harvesting, or otherwise impede the logging operations or the growth of trees in forests, which in turn may have an adverse effect on the Group's forest-related business.

Financial Risk

The Group is exposed to financial risks relating to credit risk, liquidity risk, foreign currency risk and interest rate risk in its ordinary course of business. For further details of such risks and the relevant management policies, please refer to note 37 to the consolidated financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the businesses and operations of the Group. During FY2022, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During FY2022, there were no significant dispute between the Group and its employees, customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group encourages environmental protection and adopts measures to promote environmental awareness of its employees. The Group implements green office practices by encouraging employees to make use of e-statements or scanning copies, adopt double-sided printing and copying and set up recycle boxes for reducing and disposing of waste. The Group also reduces green-house gas emissions by switching off idle lightings and other office equipment after normal working hours. When developing the Group’s businesses, in particular the forest-related business, the Group strictly complies with the applicable local laws, rules and regulations in relation to environmental protection. The Group regularly reviews its environmental practices for further improvements. Further details on the Group’s environmental policies and performance are set out in the “Environmental, Social and Governance Report” on pages 42 to 69 of this annual report.

Biographical Details of Directors and Senior Management

The biographical details of Directors and senior management are set out below:

EXECUTIVE DIRECTORS

Ms. Wang Jingyu, *Chairlady*

Aged 42, joined the Company as Executive Director in October 2017 and was appointed the Chairlady of the Board in March 2018. Ms. Wang is also the Chairlady of the Executive Committee and a director of various subsidiaries of the Company. Ms. Wang holds a Bachelor's degree in Economics specialised in international finance from the Southwestern University of Finance and Economics in the People's Republic of China (the "PRC"). She has extensive experience in corporate management and investments. Ms. Wang is deemed to be a substantial shareholder of the Company through her interests in Champion Alliance Enterprises Limited, a substantial shareholder of the Company, as disclosed in the section headed "Interests and Short Positions of Shareholders Discloseable under the SFO" in the "Report of the Directors".

Mr. Lai Ming Wai, *Chief Executive Officer*

Aged 62, joined the Company as Executive Director and the Chief Executive Officer in March 2018. Mr. Lai is also a member of the Executive Committee and a director of various subsidiaries of the Company. Mr. Lai holds a Bachelor of Social Sciences degree from The University of Hong Kong. Mr. Lai was a senior executive of Bank of America and was primarily responsible for developing and managing the business of the bank in the southern region of the PRC. He has extensive experience in the banking and finance industry.

Ms. Chan Yuk Yee, *Company Secretary*

Aged 54, joined the Group as a consultant in October 2017 and was appointed as Executive Director and the Company Secretary of the Company in November 2017 and February 2019 respectively. Ms. Chan is also a member of the Executive Committee and a director of various subsidiaries of the Company. Ms. Chan holds a Master of Business Law degree from Monash University in Australia and is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom. She has extensive experience in corporate administration and company secretarial practice.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yam Kwong Chun

Aged 57, joined the Company as Independent Non-executive Director in December 2017 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Yam holds a Bachelor of Commerce degree and a Master of Business Administration degree, both from University of Melbourne in Australia. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a certified practising accountant of the CPA Australia. Mr. Yam had worked for Deloitte Touche Tohmatsu, an international accounting firm and as finance executive for a number of group of companies operating in Hong Kong, the PRC, the United States of America and other overseas countries. Mr. Yam is also an independent non-executive director of PT International Development Corporation Limited (stock code: 372), a company listed on the Main Board of the Stock Exchange. He has extensive experience in auditing, accounting and financial management.

Mr. Chiang Bun

Aged 52, joined the Company as Independent Non-executive Director in December 2017 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Chiang holds a Bachelor of Social Sciences degree from The University of Hong Kong and a LL.B. from Peking University. Mr. Chiang has held senior roles in various international banks and financial institutions, primarily responsible for structured debt and/or equity financing. He has extensive experience in the banking and finance industry.

Mr. Chai Chi Keung

Aged 59, joined the Company as Independent Non-executive Director in January 2018 and is the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. Mr. Chai holds a Master of Business degree from the Victoria University of Technology in Australia. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, certified practising accountant of the CPA Australia, an associate of The Chartered Institute of Management Accountants in the United Kingdom, an associate and a certified tax adviser of The Taxation Institute of Hong Kong and an ordinary member of the Hong Kong Securities and Investment Institute. Mr. Chai has extensive experience in auditing, taxation, accounting and corporate finance.

SENIOR MANAGEMENT

Mr. Hii Soon Teck, *Director of Procurement and Marketing of the Group's Timber Supply Chain Operation*

Aged 55, joined the Group as Director of Procurement and Marketing of the Group's Timber Supply Chain Operation in May 2019. He has over 30 years of experience in timber business. Mr. Hii had worked in Nissho Iwai Corporation (which subsequently merged with Nichimen and changed its name to Sojitz Corporation in 2004) for nine years, where he was in charge of the sourcing and exporting of timber logs, plywood and veneer to Japan, Korea and the PRC. Mr. Hii later worked as a commission-based trader who solicited customers for major logging companies that had forest assets in South East Asia, Africa, and South America. He has rich knowledge in worldwide timber logging business and has extensive business networks in timber markets in Vietnam, India and the PRC.

Mr. Zhu Guanglin, *Chief Executive Officer and Sales Director of the Group's Timber Supply Chain Operation in Europe (the "European Operation")*

Aged 49, joined the Group in November 2019 as Chief Executive Officer and Sales Director of the European Operation and is a director of various subsidiaries of the Company. He has vast experience in timber business and has been in the industry for over 15 years. Mr. Zhu holds a Master of Science degree in Business Administration from Budapest University of Economic Sciences and Public Administration (now known as Corvinus University of Budapest) in Hungary. Mr. Zhu is specialised in international trading as well as the logistics and wholesaling of European wood products in the PRC. He was the chairman of China Croatian Timber Exchange Association of the Croatian Wood Cluster until the end of 2019. Mr. Zhu is responsible for overseeing the procurement activities of the European Operation as well as its sales and marketing activities.

Ms. Tao Yajuan, *Deputy Chief Executive Officer and Head of Marketing of the European Operation*

Aged 40, joined the Group in November 2019 as Deputy Chief Executive Officer and Head of Marketing of the European Operation and is a director of various subsidiaries of the Company. Ms. Tao holds a Master of Science degree in Philosophy and Public Policy from the London School of Economics and Political Science in the United Kingdom. She gained more than 10 years of experience handling public relation matters when worked for a prominent US company engaging in packaging business and also gained experience in brand building when worked for several top tier property construction companies in China. She has developed excellent business connections with media companies in China and has extensive project management experience with strong execution capabilities. Ms. Tao is currently responsible for the marketing and brand building activities of the European Operation in the international timber market.

Report of the Directors

The Directors are pleased to present their report and the audited consolidated financial statements of the Company for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are investment holding and provision of management services. The principal activities of its principal subsidiaries are set out in note 43 to the consolidated financial statements.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the review of the Group's businesses, the principal risks and uncertainties the Group facing, particulars of important events affecting the Group that have occurred since the end of the financial year, an indication of likely future developments in the Group's businesses, key relationships with employees, customers and suppliers and compliance with the relevant laws and regulations, can be found in the "Chairlady's Statement" and "Management Discussion and Analysis" sections set out on pages 4 to 20 of this annual report and the "Corporate Governance Report" set out on pages 32 to 41 of this annual report. These discussions form part of this directors' report. In addition, discussions on the Group's environmental policies and performances are contained in the "Environmental, Social and Governance Report" on pages 42 to 69 of this annual report.

RESULTS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 76 to 77.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 162. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of movement in property, plant and equipment and intangible assets of the Group during the year are set out in notes 15 and 17 to the consolidated financial statements, respectively.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the applicable laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

During the year ended 31 March 2022, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities except that 46,126,666 ordinary shares of the Company, being shares returned to the Group, were disposed of by a subsidiary of the Company. Pursuant to the settlement of an acquisition agreement in relation to a group of companies during the year ended 31 March 2013, resulted from the failure of the vendor in meeting the net profit guarantee, 46,666,666 ordinary shares of the Company (after adjustments for share consolidation and capital reorganisation conducted in previous years) (the "Returned Ordinary Shares") were returned to the Group awaiting disposal with proceeds to be returned to the Group. During the year, 46,126,666 Returned Ordinary Shares were disposed of on the Stock Exchange for a consideration of approximately HK$962,000.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 42 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2022, share premium of HK$69,728,000 (2021: HK$67,546,000) which forms part of the Company's reserves is distributable in the form of fully paid bonus shares, and contributed surplus of HK$2,938,375,000 (2021: HK$2,938,375,000) is distributable in certain circumstances. The Company had no other reserve available for distribution as computed in accordance with the Companies Act 1981 of Bermuda.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

During the year, revenue from the Group's five largest customers accounted for approximately 69% of the total revenue for the year and revenue from the largest customer accounted for approximately 22%. Purchases from the Group's five largest suppliers accounted for approximately 63% of the total purchases for the year and purchases from the largest supplier accounted for approximately 31%.

None of the directors or any of their close associates or any shareholders (which, to the best knowledge of the directors of the Company, own more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest customers or suppliers during the year.

DIRECTORS

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

Executive Directors:
Ms. Wang Jingyu
Mr. Lai Ming Wai
Ms. Chan Yuk Yee

Independent Non-executive Directors:
Mr. Yam Kwong Chun
Mr. Chiang Bun
Mr. Chai Chi Keung

In accordance with Bye-law 87(2) of the Company's Bye-laws, Ms. Wang Jingyu and Mr. Lai Ming Wai will retire by rotation at the forthcoming annual general meeting of the Company (the "2022 AGM") and, being eligible, offer themselves for re-election in the 2022 AGM.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, subject to the statutes, the directors for the time being of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or otherwise in relation thereto except through their own wilful negligence or default, fraud and dishonesty. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and other officers of the Company during the year.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the 2022 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the directors' remuneration are set out in note 10 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for the material related party transactions disclosed in note 41 to the consolidated financial statements, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or an entity connected with a director has or had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2022, the interests and short positions of the directors and chief executive 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 SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

Long Position in the Shares:

Name of Director	Capacity and nature of interest	Number of Shares held	Approximate percentage of the Company's issued Shares
Wang Jingyu ("Ms. Wang")	Interest of controlled corporation	2,444,359,944 *(Note 2)*	26.82%

Notes:

1. The approximate percentage of the Company's issued Shares was calculated on the basis of 9,112,745,318 Shares in issue at 31 March 2022.

2. These interests were held by Champion Alliance Enterprises Limited ("Champion Alliance"), which was a wholly-owned subsidiary of Elite Prosperous Enterprises Limited ("Elite Prosperous") which in turn was wholly owned by Ms. Wang. Ms. Wang was also the sole director of Champion Alliance and Elite Prosperous. Accordingly, Ms. Wang was deemed to be interested in 2,444,359,944 Shares under the SFO.

Save as disclosed above, at 31 March 2022, none of the directors or chief executive of the Company had registered an interest or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

SHARE OPTION SCHEME

At 31 March 2022, the Company and its subsidiaries had no share option scheme.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 31 March 2022, the following interests of more than 5% of the issued Shares were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long Positions in the Shares:

Name of Shareholders	Capacity and nature of interest	Number of Shares held	Approximate percentage of the Company's issued Shares
Ms. Wang	Interest of controlled corporation	2,444,359,944 *(Note 2)*	26.82%
Elite Prosperous	Interest of controlled corporation	2,444,359,944 *(Note 2)*	26.82%
Champion Alliance	Beneficial owner	2,444,359,944 *(Note 2)*	26.82%

Notes:

1. The approximate percentage of the Company's issued Shares was calculated on the basis of 9,112,745,318 Shares in issue at 31 March 2022.

2. These interests were held by Champion Alliance, which was a wholly-owned subsidiary of Elite Prosperous which in turn was wholly owned by Ms. Wang. Ms. Wang was also the sole director of Champion Alliance and Elite Prosperous. Accordingly, Ms. Wang and Elite Prosperous were deemed to be interested in 2,444,359,944 Shares under the SFO.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the Shares and underlying Shares at 31 March 2022 as required pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

The material related party transactions disclosed in note 41 to the consolidated financial statements fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, experience, performance and prevailing market terms. Other employee benefits include paid holidays, annual bonus, provident fund scheme, medical insurance, subsidised training programme as well as discretionary performance bonus.

EQUITY-LINKED AGREEMENTS

Save for the outstanding convertible preferred shares disclosed in note 30 to the consolidated financial statements, no equity-linked agreements were entered into by the Group, or existed during the year.

MANAGEMENT CONTRACTS

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

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 March 2022 have been reviewed by the Audit Committee and duly approved by the Board under the recommendation of the Audit Committee.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2022 have been audited by Crowe (HK) CPA Limited.

A resolution will be proposed at the 2022 AGM to re-appoint Crowe (HK) CPA Limited as the auditor of the Company.

On behalf of the Board

Wang Jingyu
Chairlady

Hong Kong, 28 June 2022

Corporate Governance Report

The Company has recognised the importance of transparency and accountability, and believes that the Shareholders can benefit from good corporate governance. The Company aims to achieve good standard of corporate governance.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2022 except for the following deviation:

Code Provision E.1.2 *(renumbered as Code Provision F.2.2 since 1 January 2022)*

Under Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Ms. Wang Jingyu, the Chairlady of the Board, was unable to attend the annual general meeting of the Company held on 28 September 2021 (the "2021 AGM") due to her other business engagement. However, Mr. Lai Ming Wai, the Chief Executive Officer and Executive Director of the Company, took the chair of the 2021 AGM in accordance with Bye-law 63 of the Bye-laws of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2022.

BOARD OF DIRECTORS

The Board formulates the overall strategy of the Group, monitors its financial performance and maintains effective oversight over the management. The Board members are fully committed to their roles and have acted in good faith to maximise the shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. The Board has delegated the Executive Committee with authority and responsibility for handling the management functions and operations of the day-to-day business of the Group, while reserving certain key matters for the approval by the Board.

The Board met regularly throughout the year to discuss the overall strategy as well as the operation and financial performance of the Group. The directors are kept informed on timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. The directors can, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the directors to assist the relevant directors to discharge their duties.

At 28 June 2022, the date of this annual report, the Board comprises six directors, three of which are Executive Directors, namely Ms. Wang Jingyu (Chairlady), Mr. Lai Ming Wai (Chief Executive Officer (the "CEO")) and Ms. Chan Yuk Yee and three are Independent Non-executive Directors, namely Mr. Yam Kwong Chun, Mr. Chiang Bun and Mr. Chai Chi Keung. The directors are considered to have a balance of skill, experience and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive directors are independent in accordance with the independence guidelines set out in the Listing Rules. Biographical details of the directors are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 21 to 23 of this annual report.

Save for Ms. Wang Jingyu is a substantial shareholder of the Company and also an Executive Director and the Chairlady of the Board, there is no financial, business, family or other material/relevant relationship between the substantial shareholders of the Company and other members of the Board.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his/her first appointment in order to enable him/her to have an appropriate understanding of the businesses and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the directors. Continuing briefing and professional development for directors are arranged where necessary.

The directors have participated in continuous professional development by attending seminars, in-house briefings or reading materials on the related areas to develop and refresh their knowledge and skills. During the year ended 31 March 2022, all the directors have complied with Code Provision A.6.5 (renumbered as Code Provision C.1.4 since 1 January 2022) of the CG Code and have provided the Company with their respective training records pursuant to the CG Code.

During the year ended 31 March 2022, four regular Board meetings and the 2021 AGM were held and the attendance of each director is set out below:

	Number of attendance	
	Board meetings	**2021 AGM**
Executive Directors		
Ms. Wang Jingyu	4/4	0/1
Mr. Lai Ming Wai	4/4	1/1
Ms. Chan Yuk Yee	4/4	1/1
Independent Non-executive Directors		
Mr. Yam Kwong Chun	4/4	1/1
Mr. Chiang Bun	4/4	1/1
Mr. Chai Chi Keung	4/4	1/1

CHAIRPERSON AND CHIEF EXECUTIVE

The Group adopts a dual leadership structure in which the role of the Chairlady of the Board is separated from that of the CEO. The Chairlady is responsible for overseeing all Board functions, while the executive directors and senior management are under the leadership of the CEO to oversee the day-to-day operations of the Group and implement the strategies and policies approved by the Board.

The position of the Chairlady of the Board is currently held by Ms. Wang Jingyu and the position of the CEO is currently held by Mr. Lai Ming Wai.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the Independent Non-executive Directors is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the Independent Non-executive Directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's Bye-laws.

EXECUTIVE COMMITTEE

At 28 June 2022, the date of this annual report, the Executive Committee comprises three Executive Directors, namely Ms. Wang Jingyu, Mr. Lai Ming Wai and Ms. Chan Yuk Yee. Ms. Wang Jingyu is the Chairlady of the Executive Committee. The full terms of reference of the Executive Committee are available on the Company's website.

The Executive Committee is delegated with the power and authority from the Board to oversee the day-to-day operations of the Group and handle such other matters as delegated by the Board from time to time. The Executive Committee will meet as and when necessary to discuss the affairs of the Group.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference that is in compliance with the CG Code. At 28 June 2022, the date of this annual report, the Remuneration Committee comprises three Independent Non-executive Directors, namely Mr. Chiang Bun, Mr. Yam Kwong Chun and Mr. Chai Chi Keung. Mr. Chiang Bun is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for formulating the remuneration policy, reviewing and recommending to the Board the annual remuneration policy and the remuneration of the directors. The overriding objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-caliber team which is essential to the success of the Group. The full terms of reference of the Remuneration Committee are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met one time during the year ended 31 March 2022 to review and make recommendations to the Board on the remuneration packages and the discretionary bonus for directors and senior management. The attendance of each member is set out below:

Members	Number of attendance
Mr. Chiang Bun	1/1
Mr. Yam Kwong Chun	1/1
Mr. Chai Chi Keung	1/1

Details of the directors' remuneration are set out in note 10 to the consolidated financial statements. Pursuant to Code Provision B.1.5 (renumbered to Code Provision E.1.5 since 1 January 2022) of the CG Code, the details of the annual remuneration of other members of the senior management by bands during the year are set out below:

Remuneration bands	Number of individuals
Nil to HK$500,000	1
HK$500,001 to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	1

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference that is in compliance with the CG Code. At 28 June 2022, the date of this annual report, the Nomination Committee comprises three Independent Non-executive Directors, namely Mr. Chai Chi Keung, Mr. Yam Kwong Chun and Mr. Chiang Bun. Mr. Chai Chi Keung is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for identifying potential directors and making recommendations to the Board on the appointment or re-appointment of directors of the Company. Potential new directors are selected on the basis of their qualifications, skills and experience that he/she could add value to the management through his/her contributions in the relevant strategic business areas. The full terms of reference of the Nomination Committee are available on the Company's website and the Stock Exchange's website.

The Nomination Committee met one time during the year ended 31 March 2022 to review the board diversity policy (the "Board Diversity Policy") and the nomination policy (the "Nomination Policy") of the Company, the independence of independent non-executive directors, and the structure, size and composition of the Board; and to make recommendation to the Board on the re-election of directors. The attendance of each member is set out below:

Members	**Number of attendance**
Mr. Chai Chi Keung	1/1
Mr. Yam Kwong Chun	1/1
Mr. Chiang Bun	1/1

Board Diversity Policy

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance and adopted the Board Diversity Policy. The Board Diversity Policy sets out that in determining the optimum composition of the Board, differences in skills, regional and industry experience, background, race, gender and other qualities of directors shall be considered. All Board appointments are made on merits, in the context of skills and experience the Board as a whole requires, with due regard to the benefits of diversity on the Board, and the Nomination Committee shall review and assess the Board composition and its effectiveness on an annual basis. When there is a vacancy on Board, the Nomination Committee will recommend suitable candidates for appointment to the Board on merits, based on the terms of reference of the Nomination Committee, with due regard to the Company's own circumstances.

Nomination Policy

The Board has adopted the Nomination Policy setting out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment and (ii) the Shareholders for election as a director of the Company. According to the Nomination Policy, in assessing the suitability of a proposed candidate, the Board shall take into account, among other things, the following factors: (i) qualifications, experience, skills and knowledge relevant to the businesses of the Group; (ii) commitment in respect of available time and relevant interest; (iii) diversity perspectives set out in the Board Diversity Policy; (iv) in case of independent non-executive directors, regulatory requirement for appointment of independent non-executive directors and the independence criteria set out in the Listing Rules; and (v) any other factors that the Board considers appropriate.

For filling a casual vacancy or as an addition to the existing Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. On making recommendation, the Nomination Committee may submit to the Board for consideration a proposal comprising, inter alia, the personal profile of the proposed candidate, which contains at least the candidate's information required to be disclosed under Rule 13.51 of the Listing Rules. The Board shall be vested with power to make the final decision on all matters relating to the recommendation of candidates (i) for appointment; and (ii) for standing for election at a general meeting as a director of the Company.

The Nomination Committee will review the Board Diversity Policy and the Nomination Policy from time to time to ensure that the policies will be implemented effectively.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference that is in compliance with the CG Code. At 28 June 2022, the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Yam Kwong Chun, Mr. Chiang Bun and Mr. Chai Chi Keung, who among themselves possess a wealth of management experience in the accounting profession and commercial fields. Mr. Yam Kwong Chun is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for reviewing the financial statements of the Company, reviewing the risk management and internal control systems of the Group and meeting with the auditor of the Company for audit matters. Any findings and recommendations of the Audit Committee will be submitted to the Board for consideration.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee. It is also authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary. The full terms of reference of the Audit Committee are available on the Company's website and the Stock Exchange's website.

The Audit Committee met two times during the year ended 31 March 2022 and the attendance of each member is set out below:

Members	**Number of attendance**
Mr. Yam Kwong Chun	2/2
Mr. Chiang Bun	2/2
Mr. Chai Chi Keung	2/2

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

1. reviewed and discussed the audited consolidated financial statements of the Company for the year ended 31 March 2021 and recommended the same to the Board for approval;

2. reviewed and discussed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2021 and recommended the same to the Board for approval;

3. reviewed and discussed with the management and the auditor of the Company the accounting policies and practices which may have a significant impact on the consolidated financial statements of the Company and the scope of the audit;

4. reviewed report from the auditor of the Company regarding their audit on the Company's consolidated financial statements for the year ended 31 March 2021;

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

6. reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor.

Corporate Governance Function

The Board has delegated the corporate governance duties to the Audit Committee. The main corporate governance duties of the Audit Committee are (i) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board; (ii) to review and monitor the training and continuing professional development of directors and senior management; (iii) to review and monitor the Group's policies and practices on compliance with all relevant legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to the employees and directors of the Group; and (v) to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 March 2022 is set out in the "Independent Auditor's Report" on pages 70 to 75 of this annual report.

For the year ended 31 March 2022, remuneration payable to the Company's auditor, Crowe (HK) CPA Limited, for the provision of audit services amounted HK$1,450,000. During the year, HK$300,000 was paid as remuneration to Crowe (HK) CPA Limited for the provision of non-audit related services.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of the Company's annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 March 2022, which give a true and fair review of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended, and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibilities for maintaining sound and effective risk management and internal control and reviewing their effectiveness to safeguard the shareholders' interests and the Group's assets at least annually. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss. The review covers all material controls, including financial, operational and compliance controls of the selected key operations of the Group.

Effective risk management is essential in the long-term growth and sustainability of the Group's businesses. The Board monitors the risk management and internal control systems on an ongoing basis, and determines the nature and extent of the risk (including environmental, social and governance ("ESG") risk) it is willing to take in achieving the strategic objectives. During the year, the Company has taken risk management as a core part of its business activities and operations. The Company is taking steps to build a comprehensive risk management system that is aligned with the strategies and operations of the Company by standardising its risk management procedures, adopting qualitative and quantitative measures to identify, evaluate and mitigate the identified risks (including ESG risks).

The process used to identify, evaluate and manage the significant risks (including ESG risks) of the Group is embedded in the Group's normal business operations. Organisational structure is well established with clearly defined authorities and responsibilities, and the Group has developed various risk management and internal control policies and procedures for each business unit to follow. Business units are responsible for identifying, assessing and monitoring risks (including ESG risks) associated with their respective units regularly. The results of the assessment are reported to the management which subsequently assesses the likelihood of risk occurrence, provides remedial plan and monitors the progress of rectification with the assistance of the head of the business units. The results of the assessment and effectiveness of the Group's risk management and internal control systems have been reported to the Audit Committee.

In connection with the controls on compliance aspect, guidelines are provided to the directors, officers, management and relevant staff in handling and disseminating sensitive and confidential inside information with due care. Only personnel at appropriate level can get reach of the sensitive and confidential inside information.

Owing to the size of the Group and consideration for cost effectiveness, the Company has engaged Roma Risk Advisory Limited ("Roma"), an independent professional firm to conduct annual review on the risk management and internal control systems to identify and evaluate significant risks (including ESG risks) of the Group's business operations. The Board believes that the involvement of an independent professional firm could enhance the objectivity and transparency of the evaluation process.

For the year ended 31 March 2022, the Group has engaged Roma to provide annual risk management and internal controls assessment services to assist the Board and the Audit Committee to identify and evaluate significant risks (including ESG risks) of the Group's business operations. Roma has reviewed the relevant policies and procedures of the Group, conducted collaborative interviews and document inspection, and performed walkthrough tests and samples testing procedures and presented to the Board and the Audit Committee the reports on enterprise risk management and internal control (the "ERM and IC Reports") which contained certain findings and relevant recommendations and suggestions for improvement. The Board and the Audit Committee have reviewed and discussed the findings and recommendations with the management. In order to manage risks (including ESG risks) effectively and control risks within acceptable levels, the management will continue to monitor the identified risks (including ESG risks) and the respective control measures, and arrange adequate resources for the effective control measures undertaken. The ERM and IC Reports have been endorsed by the Audit Committee and the management is required to establish remedial plans and take actions to rectify those internal control deficiencies identified (which are all at low risk level) according to their respective risk level and priorities. Subsequent review will be performed by Roma to monitor the implementation of those agreed recommendations and to report the results of the follow-up review to the Audit Committee.

The Board has also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function as well as those relating to the issuer's ESG performance and reporting. Based on the ERM and IC Reports, the Board is not aware of any significant internal control and risk management weaknesses or inconsistencies with the Group's risk management policies, and considers the existing internal control and risk management systems effective and adequate for the year ended 31 March 2022. The Company has complied with the relevant code provisions of the CG Code relating to risk management and internal control.

COMPANY SECRETARY

Ms. Chan Yuk Yee has been appointed as the Company Secretary of the Company since 28 February 2019. She has taken no less than 15 hours of the relevant professional training during the year ended 31 March 2022. The biographical details of Ms. Chan Yuk Yee are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 21 to 23 of this annual report.

SHAREHOLDER RIGHTS

Procedures for Shareholders to Convene a Special General Meeting

Shareholders can submit a requisition to convene a special general meeting pursuant to the Companies Act 1981 of Bermuda (the "Companies Act"), shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must:

- state the purposes of the special general meeting;

- be signed by all the requisitionists (may consist of one or several documents in like form each signed by one or more requisitionists); and

- be deposited at the Company's office in Hong Kong for the attention of the Company Secretary.

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

Procedures for Shareholders to Put Forward Proposals at General Meetings

Pursuant to the Companies Act, any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or not less than one hundred shareholders, can request the Company in writing to:

(a) give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) circulate to shareholders of the Company entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary at the Company's principal place of business in Hong Kong at Room 2115, 21st Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meetings, the annual and interim reports, notices, announcements and circulars and the Company's website at www.relianceglobal.com.hk.

A printed copy of the Bye-laws has been published on the websites of the Company and the Stock Exchange. There had been no changes in the Company's constitutional documents during the year ended 31 March 2022.

DIVIDEND POLICY

According to the dividend policy adopted by the Company, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors: (i) the actual and expected financial performance of the Group; (ii) the retained earnings and distributable reserves of the Group; (iii) the expected working capital requirements and future expansion plans of the Group; (iv) the liquidity position of the Group; and (v) any other factors that the Board deems appropriate. The declaration and payment of dividends by the Company shall be determined at the sole and absolute discretion of the Board and is also subject to compliance with all applicable laws and regulations including the laws of Bermuda and the Company's Bye-laws.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued Shares is held by the public at 22 July 2022, being the latest practicable date before printing of this annual report.

Environmental, Social and Governance Report

OVERVIEW

The Board is pleased to present this Environmental, Social and Governance ("ESG") Report ("ESG Report") of the Group which summarises the efforts and achievements made by the Group in corporate responsibility and sustainable development. The Board is responsible for the Group's ESG strategy and reporting, evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. In order to determine the ESG reporting scope, the key management personnel have discussed internally and identified the environmental, social and operating items, and assessed their importance to the stakeholders and the Group.

INTRODUCTION

The Group is principally engaged in four business segments, namely, forest-related business comprising timber supply chain and sustainable forest management, money lending business and leasing of properties. This ESG Report summarises the initiatives, plans and performance of material ESG aspects of the Group as well as demonstrates the Group's commitment to sustainability.

ABOUT THE GROUP

Forest-related Business

Timber Supply Chain

The Group is engaged in timber supply chain business and has built a global network of supply sources to procure timber from suppliers/forest owners in Europe, Oceania and Africa to serve its customers predominantly in China and other countries. The Group provides value-added works and services of a typical timber supply chain, including plantation & harvesting right, sourcing & procurement, timber harvesting & logging, quality inspection & land/sea transport, wood processing, inventory management, custom clearance, selling & marketing and after-sales services. At the time of preparing this ESG Report, the timber supply chain operation of the Group (the "TSC Operation") comprises distribution hubs in Slovenia, Romania and Croatia as well as timber processing ventures in Romania and Croatia.

The Group is in compliance in material respects with the relevant environmental laws and regulations in the respective jurisdictions when performing the above-mentioned value-added works and services, whilst certain value-added works and services are outsourced and performed by third parties. In respect of one of the Group's wood processing ventures in Romania, the Group has engaged local logging teams to conduct logging activities and a wood processing plant for the production of lumber. In respect of the wood processing venture in Croatia, the Group has also engaged a wood processing plant to conduct processing and other services on wood supplied for the production of lumber. In respect of the land and sea transport of logs and wood products selling by the TSC Operation, the Group's logistic team arranges delivery of logs and wood products to the customers via third-party trucking companies, railway companies and/or shipping companies as appropriate. Since the Group does not have direct operational control over these outsourcing activities, the environmental key performance indicators ("KPIs") of these activities are thus not included in this ESG Report. Nevertheless, as far as the Group understands, the operations of these third-party service providers are in compliance in material respects with the relevant environmental laws and regulations in the respective jurisdictions.

Sustainable Forest Management

Before the Group disposed of its forest assets in Brazil in October 2021, the Group had licensed the harvesting rights of its forest assets in Brazil to certain external operators for licensing income and these operators were directly responsible for the harvesting operations. The Group did not have direct operational control over their activities and the environmental KPIs of the harvesting operations were thus not included in this ESG Report. Nevertheless, as far as the Group understands, the operations of these external operators were in compliance in material respects with the relevant environmental laws and regulations in Brazil.

Money Lending Business

The money lending business is one of the principal businesses of the Group and its operation is primarily office-based. The Group provides loan products including mortgage loans, corporate loans, personal loans and finance leases and with an emphasis on the provision of mortgage loans.

MESSAGE FROM THE BOARD

As a responsible enterprise for social development, the Group has always maintained a balance between business development and social responsibility by integrating the concept of sustainable development into its day-to-day business operations and major commercial decisions. The Group not only acts responsibly for social and economic development of the community, but also strives to improve the community's environmental sustainability and prosperity.

The Board has always attached great attention to sustainable development and is committed to creating long-term values and a sustainable future for the society by taking into account and balancing the interests of major stakeholders. To enhance the Group's commitment to corporate social responsibility and to improve the Group's stakeholders' understanding on the Group's ESG performance, the Group has actively responded to their environmental concerns including carbon neutrality, energy conservation and waste reduction, and promoted the concept of sustainable development by setting ESG-related targets on greenhouse gas ("GHG") emissions, waste management and energy management.

THE ESG GOVERNANCE STRUCTURE

The Board has the overall responsibility for the development of the Group's ESG strategies and reporting. The Board (i) formulates and reviews the Group's strategic objectives for sustainable development; (ii) leads and encourages each department to improve its mindsets and operation initiatives from the perspective of sustainability; (iii) identifies and manages ESG risks; and (iv) coordinates and standardises the collection of ESG related data and information. These measures help to identify the proper order of priority as to the Group's ESG-related issues, and also help to drive the ESG governance efforts of the Company's management as well as to improve the quality of ESG information disclosure.

Environmental, Social and Governance Report

The Board is committed to participating in the formulation and implementation of the Group's sustainable development management policies and strategies, monitoring the Group's ESG performance, and ensuring that ESG principles and values are effectively integrated into the Group's decision-making process. In order to ensure the effective implementation of the ESG management system and measures, the Board pays regular attention to ESG-related matters and ensures appropriate management approaches and risk management mechanisms are in place. The Board also annually reviews and approves ESG-related internal policies, strategies, priorities, objectives and the ESG reports, including progress towards ESG-related goals and targets, and to ensure that the Group can manage corresponding business risks and opportunities.

The Board has assigned personnel to systematically identify and manage ESG issues. The said personnel are responsible for collecting and analysing relevant ESG data, monitoring and evaluating the Group's ESG performance, following up and reviewing the progress of the Group's ESG-related goals and targets, ensuring the compliance with ESG-related laws and regulations, assisting in materiality assessments, and preparing the ESG reports. In order to enhance the overall ESG performance of the Group, the said personnel periodically report to the Board for the evaluation and subsequent implementation or revision of the Group's ESG strategies, ensuring the effectiveness of risk management and internal monitoring mechanisms, and making recommendations for improvement when necessary.

REPORTING SCOPE

The management of the Group established the ESG reporting scope based on the materiality principle after taking into account the Group's core businesses and main revenue source. This ESG Report covers all the Group's core business activities including the lumber processing plant in Romania which was newly acquired by the Group in January 2022, but excluding the sustainable forest management operation in Brazil which was disposed of in October 2021. The KPIs for the ESG-related matters are gathered from all activities that are under the Group's direct operational control. The KPIs are shown in this ESG Report and are supplemented by explanatory notes to establish benchmarks. The Group will expand the scope of its ESG disclosures when and where appropriate.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix 27 to the Listing Rules.

Information relating to the Group's corporate governance practices can be found in the "Corporate Governance Report" on pages 32 to 41 of this annual report.

REPORTING PERIOD

This ESG report specifies the ESG activities, challenges and measures undertaken by the Group during the year ended 31 March 2022 ("FY2022") together with the comparative data for the year ended 31 March 2021 ("FY2021") where appropriate.

REPORTING PRINCIPLES

The Group has applied the following reporting principles as set out in the ESG Reporting Guide for preparation of the ESG Report:

Materiality: Assessment was conducted to diagnose materiality of the ESG issues during FY2022, thereby adopting the material issues as the focus for preparation of the ESG Report. The materiality of ESG issues was reviewed and confirmed by the Board and senior management. Please refer to the sections below headed "Stakeholder Engagement" and "Materiality Assessment" for further details.

Quantitative: This ESG Report is prepared in accordance with the ESG Reporting Guide and discloses KPIs in a quantitative manner. Information regarding the standards, methodologies, assumptions and/or calculation methods, and sources of key conversion factors used for determining KPIs, is stated wherever appropriate.

Balance: The ESG Report provides an unbiased picture of the Group's ESG-related matters by avoiding selection, omissions, or presentation formats that may inappropriately influence a decision or judgment by a reader.

Consistency: Except for the change in reporting scope, the statistical methodologies adopted in this year ESG Report are substantially consistent with those of the last year report for the purpose of meaningful comparison. If there are any changes that may affect the comparison with the last year report, the Group will make explanatory notes to the corresponding section accordingly.

The Group has established internal controls and a formal review process to ensure that any information presented in this ESG Report is as accurate and reliable as possible. This ESG Report has been approved by the Board.

STAKEHOLDER ENGAGEMENT

To continue with the Group's sustainable development efforts, the Group has engaged its key stakeholders to identify sustainability topics and potential risks by the way of engagement sessions including routine meetings and annual general meetings. Key stakeholders include but are not limited to government and other regulatory authorities, shareholders and investors, employees, customers, suppliers, media and the public.

Environmental, Social and Governance Report

Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods as shown below:

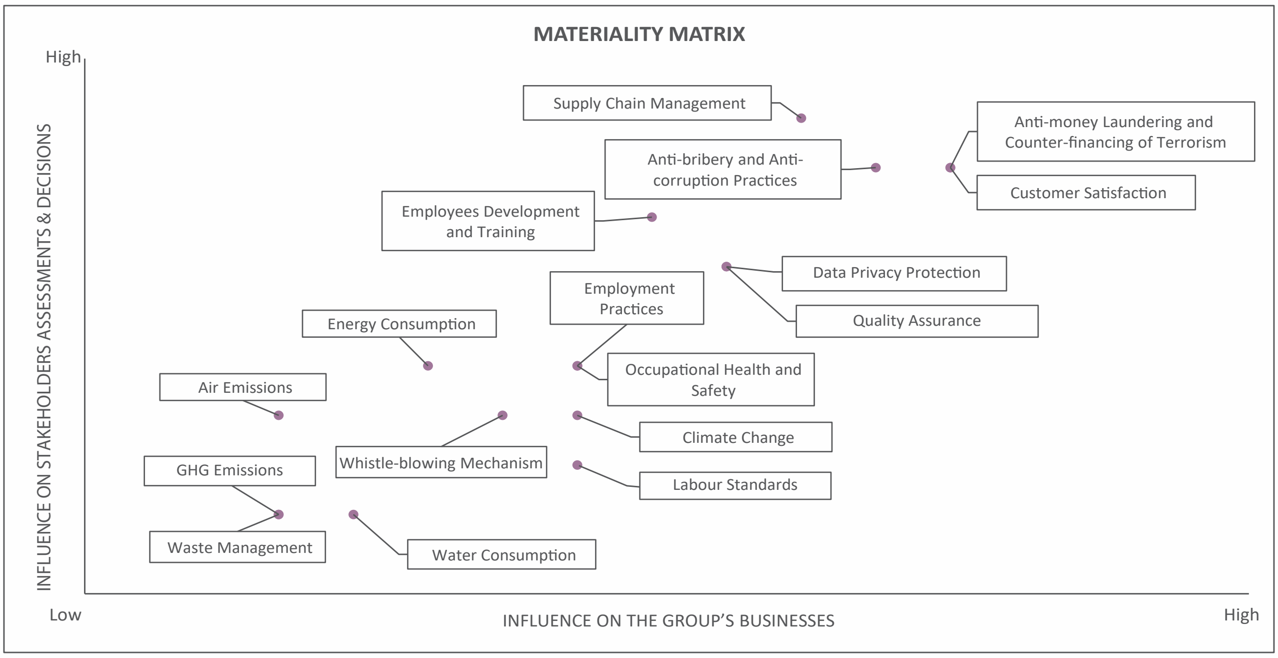
Stakeholders	Communication channels	Expectations	Management responses
Government and other regulatory authorities	• Written or electronic correspondences • Visits and inspections	• Legal compliance • Fulfill tax obligation • Stability in business operations • Joint effort in combating COVID-19	• Uphold integrity and compliance in operations • Ensure on-time tax payment • Follow the government's COVID-19 prevention measures and guidelines to prevent the spread of COVID-19
Shareholders and investors	• General meetings and other shareholders' meetings • Financial reports • Announcements and circulars • Company website	• Sustainable profitability • Return on investment • Business compliance • Operating risks management	• Ensure transparency and efficient communications through different communication channels
Employees	• Training activities, seminars and briefing • Email and suggestion boxes • Regular meetings • Performance evaluation	• Remuneration, compensation and medical benefits • Health and safety • Career development • Joint effort in combating COVID-19	• Regularly review current employment policies and provision of training activities • Hold team-building events to boost employee morale • Regularly review on remuneration package • Provide epidemic prevention materials
Customers	• Customer service hotline and email • Face-to-face meetings	• Customer satisfaction • High-quality products/ services	• Ensure the provision of high-quality products and services • Ensure contractual obligations are fulfilled
Suppliers	• Site visits • Business meetings and discussion	• Fair and open procurement • On-time payment • Sustainable relationship	• Perform supplier selection with due care • Ensure contractual obligations are fulfilled
Media and the public	• ESG reports • Company website • Reports and announcements	• Transparent ESG issues and financial disclosure • Legal compliance • Corporate governance compliance • Joint effort in combating COVID-19	• Ensure effective communication via various communication channels • Follow the government's COVID-19 prevention measures and guidelines to prevent the spread of COVID-19

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through various effective communication channels. In the long run, the stakeholders' contribution will aid the Group in identifying and improving potentially overlooked ESG issues and maintaining the success of the Group's businesses in challenging markets.

MATERIALITY ASSESSMENT

The Board and employees responsible for key functions of the Group have participated in the preparation of this ESG Report. They have assisted in reviewing the operations, identified the key ESG issues and assessed their importance to the Group's businesses and stakeholders. In alignment with the Group's vision on sustainability, the Group's businesses will continue to be operated with high ethical standards with the aim to provide sustainable returns to stakeholders.

A summary of the Group's material ESG issues according to their relative importance is as follows:



The Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the contents disclosed in this ESG Report are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. Stakeholders can provide valuable advice in respect of this ESG Report or the Group's performances in sustainable development by writing to Room 2115, 21st Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong or by email to info@relianceglobal.com.hk.

A. ENVIRONMENTAL

Environmental protection and sustainable development rely on concerted and continuous efforts from all industries and society. In addition to ensuring the compliance of the relevant laws and regulations in Hong Kong, Slovenia, Romania and Croatia, the Group has formulated related environmental policies to minimise its adverse environmental impacts and promote sustainability within the Group's businesses. The Group continuously improves its existing policies and constantly integrates the principles of emission reduction and resource efficiency into the Group's environmental management approaches by implementing measures that promote energy efficiency, waste reduction, and other green initiatives.

During FY2022, the Group was not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group including but not limited to the Air Pollution Control Ordinance, the Waste Disposal Ordinance and the Water Pollution Control Ordinance of Hong Kong, the Environmental Protection Act of Slovenia, the Law no. 137/1995 on the Environmental Protection of Romania and the Environmental Protection Act of Croatia.

A1. Emissions

Air Emissions

Air emissions were mainly generated by the use of the Company's vehicles. Measures on controlling air emissions will be described in the section below headed "GHG Emissions" under this ESG aspect.

Air emissions were also generated from the machineries, trucks, wagons and marine vessels during the process of harvesting and transportation of timber and wood products in the daily operations of the TSC Operation, however, since the Group outsourced these activities to the third parties and did not have direct operational control over their activities, the relevant air emissions data was not included in this ESG Report. Nevertheless, as far as the Group understands, the air emissions generated by the process of harvesting and transportation conducted by the third parties were in material respects complied with the relevant environmental laws and regulations in the respective jurisdictions.

Owing to the expansion of the scale of the TSC Operation in FY2022, the air emissions of the Group generally increased.

Summary of air emissions of the Group:

Indicator	Unit	FY2022	FY2021	Percentage change
Nitrogen oxides	kilogram ("kg")	73.71	52.16	41.32%
Sulphur oxides	kg	0.25	0.21	19.05%
Particulate matter	kg	5.19	4.68	10.90%

GHG Emissions

The principal GHG emissions of the Group was generated from diesel and petrol consumed by vehicles as well as liquefied petroleum gas ("LPG") consumed by forklifts used in the lumber processing plants (Scope 1), electricity consumed for daily operation (Scope 2) and paper waste disposal (Scope 3).

Being committed to reducing the GHG emissions, the Group has set a target to reduce its GHG emissions intensity (tCO_2e/HK$ million revenue) by 3% by the end of the financial year ending 31 March 2025 ("FY2025"), using FY2022 as the baseline year[1]. In achieving the target, the Group has adopted measures aiming to raise the awareness of the employees on the importance of reducing GHG emissions in the Group's day-to-day operations. In addition, the Group has obtained the certifications which demonstrate its commitment to sustainable forest management, including the Forest Stewardship Council ("FSC") endorsement and the Programme for the Endorsement of Forest Certification ("PEFC"), which endorse the Group as an environmental responsible supplier for timber and wood products sourcing from Europe. FSC and PEFC certifications represent an endorsement that the timber or wood products are originated from forests under sustainability management.

Scope 1 – Direct GHG Emissions

The Group has adopted the following measures to reduce the direct GHG emissions from diesel and petrol consumed by vehicles and LPG consumed by forklifts in its day-to-day operations:

- Plan routes ahead of time to avoid route repetition and optimise fuel consumption;
- Regularly maintain vehicles to ensure optimal engine performance and fuel use;
- Switch off the vehicle engine when not in use; and
- Switch off the forklift engine when idle.

Scope 2 – Energy Indirect GHG Emissions

Electricity consumption accounted for the largest percentage of GHG emissions within the Group. The Group has implemented measures to reduce energy consumption which are set out in the section below headed "Energy Consumption" under aspect A2.

Scope 3 – Other Indirect GHG Emissions

Other indirect GHG emissions of the Group include methane gas generation at landfill due to disposal of office paper. The measures implemented to reduce paper waste disposal are set out in the section below headed "Waste Management" under this aspect.

During FY2022, there was no business air travel taken by the Group's personnel mainly due to the travel restrictions imposed by many countries brought by the COVID-19 pandemic. Nevertheless, the Group recognises that air travels generate a large amount of GHG emissions, and air travel is therefore only arranged when deemed necessary. Tele-conferences and web conferences are always the Group's preferred communication channels.

GHG emissions were also generated from machineries, trucks, wagons and marine vessels during the process of harvesting and transportation of timber and wood products in the daily operations of the TSC Operation, however, since the Group outsourced these activities to third parties and did not have direct operational control over their activities, the relevant GHG emissions data was not included in this ESG Report.

Owing to the expansion of scale of the TSC Operation and the establishment and acquisition of wood processing ventures in Croatia and Romania, the Group's total GHG emissions increased to 142.76 tCO_2e in FY2022.

Summary of GHG emissions of the Group:

Indicator[2]	Unit[3]	FY2022 Factory-based[4]	FY2022 Office-based	FY2022 Total	FY2021 Office-based	Percentage change
Scope 1 – Direct GHG emissions						
• Diesel consumption	tCO_2e	11.46	14.69	26.15	35.53	-26.40%
• Petrol consumption	tCO_2e	14.84	–	14.84	–	N/A
• LPG consumption	tCO_2e	28.70	–	28.70	–	N/A
Scope 2 – Energy indirect GHG emissions						
• Electricity consumption	tCO_2e	62.40	7.20	69.60	8.18	750.86%
Scope 3 – Other indirect GHG emissions						
• Paper disposal	tCO_2e	0.36	3.11	3.47	1.20	189.17%
• Business air travel	tCO_2e	–	–	–	0.20	N/A
Total GHG emissions	**tCO_2e**	**117.76**	**25.00**	**142.76**	**45.11**	**216.47%**
Total GHG emissions intensity	**tCO_2e/ HK$ million revenue[5]**			**0.19**	**0.05**	**280.00%**
	tCO_2e/ employee[6]			**1.81**	**0.88**	**105.68%**

Notes:

1. The scope of the ESG targets presented in this ESG Report is limited to those business activities that already existed in the baseline year (i.e. FY2022).

2. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the "Sustainability Report 2021" published by HK Electric Investments, the "Greenhouse Gas Emission Intensity of Electricity Generation in Europe 2020" published by the European Environment Agency. In calculating the GHG emissions for FY2022, some of the emission factors applied are updated in accordance with the aforesaid referencing publications.

3. tCO_2e is defined as tonne of carbon dioxide equivalent.

4. Data of GHG emissions resulting from the commencement of the factory-based operations at the wood processing plant in Romania, which was newly acquired by the Group in January 2022, are disclosed from FY2022 onwards.

5. For FY2022, the Group recorded a revenue of HK$761,776,000 (2021: HK$842,631,000). This data is also used for calculating other intensity data.

6. At 31 March 2022, the Group had a total of 79 employees (including directors) (2021: 51). This data is also used for calculating other intensity data.

Sewage Discharges into Water and Land

Owing to the Group's business nature, the discharges into land and water were insignificant.

Waste Management

Hazardous Waste Management

Owing to the Group's business nature, it did not generate a significant amount of hazardous waste during its daily operations. Nevertheless, the Group has established guidelines to govern the management and disposal of hazardous wastes. In case there is any hazardous waste produced, the Group would engage a qualified chemical waste collector to handle such waste and comply with the relevant environmental rules and regulations.

Non-hazardous Waste Management

The principal non-hazardous waste of the Group were leftover wood such as wood chips and sawdust generated from the operations of the wood processing plants, and used office paper from its office-based operations. The Group did not note a disproportional amount of waste generated, to minimise the environmental impacts of wastes generated from the Group's business operations, the Group has set a target to reduce 3% of its non-hazardous waste intensity (kg/HK$ million revenue) by FY2025, using FY2022 as the baseline year[1]. To achieve this target, the Group continues to place great effort in raising the awareness of its employees on the importance of reducing waste production, and has included the following environmentally friendly initiatives to enhance its environmental performance.

For the logging and wood processing activities of the TSC Operation, the Group has assigned responsible personnel to monitor the logging and lumber production activities, in particular the sawmill cutting work, to ensure a high yield output and a low scrap level. The Group encourages the local logging teams and the wood processing plants to minimise scrap level and try to maximise the use of the leftover wood by ways including recycling scrap wood as wooden boxes for packaging, or turning them into bio-fuel. During FY2022, approximately 100% of the leftover wood is resold, recycled for packaging, or used as biofuel.

In respect of managing office paper waste, the Group has adopted the following waste reduction measures:

- Recycle office paper for any other possible use such as small items packaging;
- Reuse single-sided waste paper where possible;
- Print electronic correspondences only when necessary; and
- Procure paper with FSC Recycled Label.

Owing to the expansion of scale of the TSC Operation and the establishment and acquisition of wood processing ventures in Croatia and Romania, the Group's total non-hazardous waste disposal increased to 723.49 kg in FY2022.

Summary of major non-hazardous waste of the Group:

Indicator	Unit	FY2022 Factory-based	FY2022 Office-based	FY2022 Total	FY2021 Office-based	Percentage change
Office paper	kg	74.84	648.65	723.49	249.48	190.00%
Total non-hazardous waste	**kg**	**74.84**	**648.65**	**723.49**	**249.48**	**190.00%**
Total non-hazardous waste intensity	**kg/HK$ million revenue**			**0.95**	**0.30**	**216.67%**
	kg/employee			**9.16**	**4.89**	**87.32%**

A2. Use of Resources

The Group realises the scarcity of finite natural resources and has therefore taken the initiative to implement guidelines to better govern the use of resources and minimise the environmental impact arising from its business operations. Measures on reducing production waste and office paper waste have been mentioned in the preceding section headed "Waste Management" under aspect A1.

Energy Consumption

The Group strives to reduce energy consumption by setting an energy saving target to reduce 3% of its energy consumption intensity (kilowatt hour ("kWh")/HK$ million revenue) by FY2025, using FY2022 as the baseline year[1]. To achieve this target and raise employees' awareness in respect of energy conservation, the Group has adopted the following energy-saving measures:

- Pre-set air-conditioning temperature at 24 to 26 degrees Celsius in the offices;
- Switch off all idle electrical appliances and unnecessary lighting upon leaving the premises;
- Post eye-catching reminders near light switches and electrical appliances as a reminder to employees; and
- Purchase equipment with higher energy efficiency for the replacement of old equipment.

Additionally, the Group has adopted measures to promote the awareness of energy conservation among its employees from time to time.

Owing to the expansion of scale of the TSC Operation and the establishment and acquisition of wood processing ventures in Croatia and Romania, the Group's total energy consumption increased to 504,174.23 kWh in FY2022.

Summary of energy consumption of the Group:

Indicator	Unit[8]	FY2022 Factory-based	FY2022 Office-based	FY2022 Total	FY2021 Office-based	Percentage change
Direct energy consumption						
• Diesel	kWh	46,398.52	59,436.13	105,834.65	142,756.54	-25.86%
• Petrol[7]	kWh	54,077.78	–	54,077.78	–	N/A
• LPG[7]	kWh	124,168.47	–	124,168.47	–	N/A
Indirect energy consumption						
• Electricity	kWh	208,333.33	11,760.00	220,093.33	9,600.00[9]	2,192.64%
Total energy consumption	**kWh**	**432,978.10**	**71,196.13**	**504,174.23**	**152,356.54**	**230.92%**
Total energy consumption intensity	**kWh/HK$ million revenue**			**661.84**	**180.81**	**266.04%**
	kWh/ employee			**6,381.95**	**2,987.38**	**113.63%**

Notes:

7. Data of energy consumption resulting from the commencement of the factory-based operations at the wood processing plant in Romania, which was newly acquired by the Group in January 2022, are disclosed from FY2022 onwards.

8. The method of unit conversion of energy consumption data is formulated based on the "Energy Statistics Manual" issued by the International Energy Agency.

9. The data in FY2021 did not include the electricity consumption of the Group's office in Croatia since the electricity cost was included in the rent of the office premises in Croatia.

Water Consumption

The Group strives to promote water saving by aiming to maintain its water consumption intensity (m^3/HK$ million revenue) in future years at the same level as FY2022. The Group has been actively advocating for water conservation, encouraging all employees to develop a habit of saving water, and guiding employees to use water reasonably. Going forward, to promote water conservation, the Group is committed to displaying posters or other promotional materials in prominent locations at its operation sites and office premises. Apart from that, the Group also regularly inspects water taps to prevent leakage and will report to the building management any irregularities where necessary. Through the implementation of the said water-saving measures, it is aimed that the employees' awareness of water conservation will be further increased.

Summary of water consumption of the Group:

Indicator[10]	Unit	FY2022
Total water consumption	**m^3**	**15,420.00**
Total water consumption intensity	**m^3/HK$ million revenue**	**20.24**
	m^3/employee	**195.19**

Note:

10. The data of water consumption mainly comprises the data of the lumber processing plant in Romania, which was newly acquired by the Group in January 2022. The water consumption data of the Group's other processing plants in Romania and Croatia are not available since their water usage is on the account of the plant owners, as the processing plants effectively act as subcontractors to the Group in producing wood products. The water consumption data of the Group's offices are also not available since their water usage is on the account of the respective building management companies and are covered by the building management fees. Comparative data is not available as insignificant amount of water was consumed in FY2021.

Owing to the Group's business nature, the Group did not encounter any problem in sourcing water that was "fit for purpose".

Use of Packaging Materials

Packaging materials such as plastic bands are used in the TSC Operation. The Group advocates the adoption of simple packaging and is dedicated to recycling the plastic bands used.

Summary of packaging materials consumption of the Group:

Indicator[11]	Unit	FY2022
Plastic band	kg	2,100
Total packaging materials consumption	**kg**	**2,100**
Total packaging materials consumption intensity	**kg/HK$ million revenue**	**2.76**

Note:

11. The data of packaging materials consumption mainly comprises the data of the lumber processing plant in Romania, which was newly acquired by the Group in January 2022. The packaging materials consumption data of the Group's other processing plants in Romania and Croatia are not available since their usage of packaging materials are on the account of the plant owners, as the processing plants effectively act as subcontractors to the Group in producing wood products. Comparative data is not available as insignificant amount of packaging materials were used in FY2021.

A3. The Environment and Natural Resources

The Group understands that its forest-related business operations are closely connected to the natural environment, so it has been striving to supply low GHG emissions, green and quality products which comply with international industry standards. The Group aims to reduce its negative impact to the environment by improving its operational efficiency and efficacy, as well as implementing green operational measures where possible. The Group also remains conscious of the existing and potential environmental impacts and regularly assesses the environmental risks of its business model, adopts preventive measures for environmental protection and ensures compliance with the relevant environmental laws and regulations.

During FY2022, as the Group had outsourced the logging activities in Romania to local logging teams and did not have direct operation control on their logging activities, the impact and KPIs on the environment and natural resources brought by the said activities were not included in this ESG Report. Nevertheless, as far as the Group understands, the logging activities conducted by the outsourced logging teams in Romania were in material respects complied with the local environmental laws and regulations.

Sustainable Forest Management

The Group recognises the importance of preserving forests and pursuing sustainable logging practices. The Group expects the forest owners/suppliers that supply timber logs and wood products to the Group and the outsourced logging teams to fully comply with the relevant local environmental laws and regulations. In respect of the logging activities in Romania, the Group works under the agreed harvesting plan with the forest owner/manager which involves the onsite selection of forest harvesting areas that depend on tree height, tree diameter, tree species, etc., and procuring the logging team engaged to conduct logging activities as well as the subsequent forest sustainability management work in compliance with the local environmental laws and regulations. In addition, the Group is actively developing a set of guidelines to ensure that forest owners/suppliers are supplying the Group with timber logs and wood products from responsibly and sustainably managed forests.

Integration of Sustainability in Operation

In order to optimise the production processes of wood products, the Group's senior management supervises and regularly reviews every step of the production process including sawing, edging, steaming, air drying, sorting and packing with an aim to improve its efficiency and efficacy. The management also keeps an eye on reducing consumption of water, electricity, fuel and other resources, and limits or stops using polluting supplies. Additionally, the Group regularly reviews its internal policy, improves its environmental initiatives and upgrades its equipment to effectively reduce its carbon footprint.

Production of Quality Products

The Group understands that apart from quality, customers are becoming more concerned about environmental protection and are inclined to purchase and use eco-friendly products. The Group supplies FSC certified and PEFC certified timber or wood products to customers, and endorsing the timber or wood products supplied are from forests under sustainability management. The Group also requires members of the procurement team to be familiar with the timber market conditions in Europe and the compliance requirements of FSC and PEFC.

Indoor Air Quality

Indoor air quality was regularly monitored and measured. During FY2022, the indoor air quality of the Group's premises was satisfactory. To improve indoor air quality, air purifying equipment was placed on the premises and air conditioning systems were cleaned periodically. These measures filtered out pollutants, contaminants and dust particles and resulted in maintaining indoor air quality at a satisfactory level.

A4. Climate Change

The Group recognises the importance of identification of significant climate-related issues and mitigation of the related risks, therefore, the Group is committed to managing the potential climate-related risks which may impact the Group's business activities. The Group has established relevant policies to identify and mitigate different risks including climate-related risks. During FY2022, the Group conducted a climate change assessment to identify and mitigate the potential risks that may arise from its business operations. These risks mainly stemmed from the following dimensions:

Physical Risks

Increasing frequency and severity of extreme weather events, such as typhoons, blizzard, floods and heat waves, may cause injuries to employees when they are at work or in commute and disrupt the Group's operations. Extreme weather conditions may even cause casualties and thus the Group may bear the corresponding legal and financial responsibilities. If the casualties are handled improperly, the Group's reputation will also be damaged. Extreme weather events might also impair the quality of timber and reduce the efficiency of harvesting and transportation processes.

In order to better manage the physical risks mentioned above, the Group has developed business contingency plans, including personnel allocation arrangements, emergency response arrangements, and business restoration sequences to minimise the influence of the risks on the Group's business operations. The Group also encourages third-party partners to protect their employees' rights and interests in logging, wood processing and transportation processes when facing extreme weather conditions. In addition, the Group has purchased insurance for its employees and communicated with its employees about the contingency work arrangement under bad weather conditions, and ensured employees have sufficient protection, compensation and assistance when extreme weather events occur.

Transition Risks

Forests absorb carbon dioxide from the atmosphere and store it in different repositories such as vegetation and soil, and are thus the largest carbon pools in terrestrial ecosystems. On the other hand, deforestation causes more carbon dioxide building up in the atmosphere, which traps heat in the lower atmosphere and drives global warming. As deforestation plays a critical role in climate change, at the 26th United Nations Climate Change Conference of the Parties, world leaders pledged to end deforestation by 2030. This reflects their determination to support tree planting activities and reduce cutting down activities, and so keeping a stable and healthy forest inventory. From a business perspective, deforestation means fewer investments in the forestry industry are expected, and approval for commercial logging concessions will be tightened.

In response to this risk that might inevitably affect the Group's development of its forest-related business, the Group continues to pay close attention to the trends in government policies and environmental laws and regulations in different jurisdictions on the forestry industry, and operates its business in a way that strictly adheres to the principle of sustainable forest management and complies with the local environmental laws and regulations. In the long run, the Group endeavours to operate its forest-related business in an efficient and effective manner which maximises output and minimises wood waste. The Group is also committed to maintaining its FSC and PEFC certifications and thereby assuring the public that it acknowledges its responsibility on sustainable forest management.

B. SOCIAL

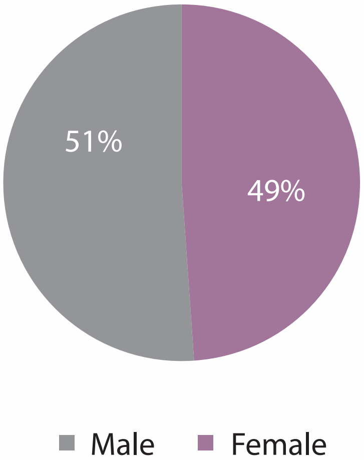
B1. Employment

The Group recognises that its continuing success is dependent on employees' talents and their dedications. Employment policies are formally documented in the Group's Human Resources Policy and Internal Control Manual, covering recruitment, compensation, remuneration, diversity and equal opportunities, etc. The Group is aware of its responsibilities towards its employees. To recruit talents, and to ensure retention and care for the emotional and physical well-being of its employees, the Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against employers of the similar industry. At 31 March 2022, the Group had a total of 79 (2021: 51) full-time employees (including directors).

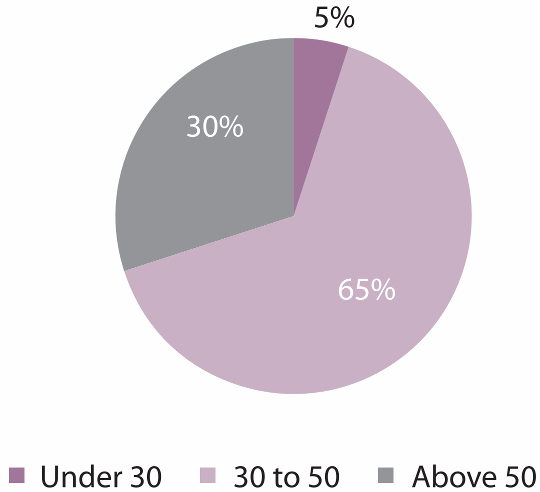
The breakdown of employees according to gender, age distribution, employee category and geographical region are as follows:

Indicator	FY2022	FY2021	Percentage change
By Gender			
Male	40	27	48.15%
Female	39	24	62.50%
By Age Distribution			
Under 30	4	3	33.33%
30 to 50	51	35	45.71%
Above 50	24	13	84.62%
By Employee Category			
Management	10	11	-9.09%
General Staff	69	40	72.50%
By Geographical Region			
Hong Kong (including staff stationed in China)	27	25	8.00%
Brazil	–	5	N/A
Europe	52	21	147.62%

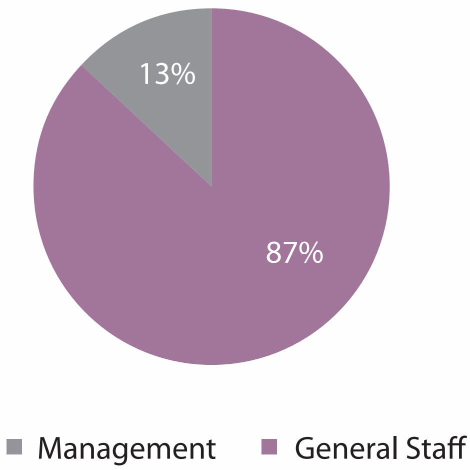
Employee by Gender



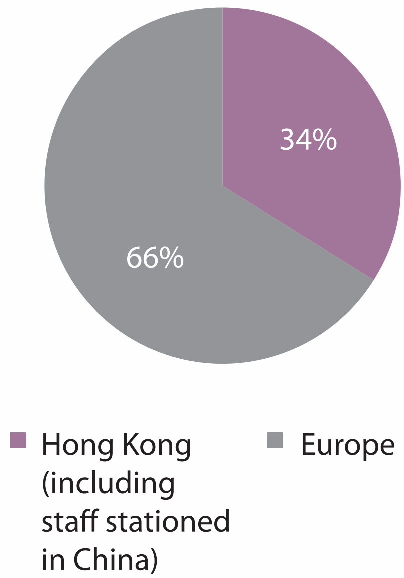
Employee by Age Distribution



Employee by Employee Category



Employee by Geographical Region



During FY2022, there were 13 (2021: 13) employees leaving the Group, with the overall employee turnover rate being about 16.46%[12] (2021: 25.49%). The breakdown of employee turnover according to gender, age distribution and geographical region are as follows:

Indicator	FY2022 Number of employee turnover	FY2022 Turnover rate[13]	FY2021 Number of employee turnover	FY2021 Turnover rate
By Gender				
Male	10	25.00%	7	25.93%
Female	3	7.69%	6	25.00%
By Age Distribution				
Under 30	–	–	–	–
30 to 50	12	23.53%	13	37.14%
Above 50	1	4.17%	–	–
By Geographical Region				
Hong Kong	1	3.70%	–	–
Brazil	5	N/A	–	–
Europe	7	13.46%	13	61.90%

Notes:

12. The overall turnover rate is calculated by dividing the number of employees leaving employment during FY2022 by the number of existing employees at 31 March 2022.

13. The turnover rate by category is calculated by dividing the number of employees in the specified category leaving employment during FY2022 by the number of existing employees in the specified category at 31 March 2022.

During FY2022, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance, Race Discrimination Ordinance and Minimum Wage Ordinance of Hong Kong, the Employment Relationships Act, Employment Act and Protection Against Discrimination Act of Slovenia, the Labour Code of Romania and the Labour Act of Croatia.

Recruitment, Diversity and Equal Opportunities

Sustainable growth of the Group relies on a non-discriminatory recruitment process and diversity of talents. The Group's employees are recruited via a robust, transparent and fair recruitment process based solely on their experience and competence, and without regard to their age, ethnicity, origin, gender, marital status, sexual orientation and religion. The recruitment process is stated in the Group's Human Resources Policy and Internal Control Manual.

The Group believes that all employees should have the right to work in an environment free of discrimination, harassment and vilification and is committed to creating and maintaining an inclusive and harmonious workplace culture. The Group does not tolerate any aforementioned behaviours in the workplace in any form.

Benefits and Welfare

In addition to the entitlement of leave stipulated in employment laws in the respective jurisdictions, the Group provides other leave to its employees including compassionate leave, compensation leave, etc. Save for the aforementioned entitlement to leave, the employees are also entitled to benefits including group medical insurance scheme, business trip travel insurance scheme, discretionary performance bonus, education subsidies, etc.

Promotion and Performance Review

Employees' salary are reviewed annually with reference to the result of their performance review. Employees are promoted on the basis of their performance and the extent to which they demonstrate the attributes required for the higher grade. The Group also gives preference to internal promotion to reward loyalty and continuous effort of employees.

Working Hours and Rest Periods

Official working hours and rest periods are clearly stated in the Group's Human Resources Policy and employees' contract of employment in accordance with the local employment laws.

Compensation and Dismissal

The Group compensates employees in accordance with statutory requirements of the respective jurisdictions, which covers employees who sustain personal injury by accident or disease arising out of and in the course of employment. Unreasonable dismissal under any circumstances is strictly prohibited, dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group.

B2. Health and Safety

During FY2022, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance of Hong Kong, the Health and Safety at Work Act of Slovenia, the Law no. 319/2006 on health and safety at work of Romania and the Safety and Health Protection at the Workplace Act of Croatia. During FY2022, there were no lost days due to injury. In addition, there were no work-related fatalities occurred in each of the past three years, including FY2022.

Provision of Safe Working Environment

The Group attaches great importance to providing employees with a safe and healthy working environment. Although health and safety measures that are applicable to an office-based business operations are limited, the Group is nevertheless committed to safeguarding the well-being of employees. The Group provides ergonomic chairs for its office employees to help alleviate potential discomfort and backache. Portable fire extinguishers are placed in the offices and are within easy reach, fire exits are free from obstruction and first aid boxes are placed around the premises. For the Group's factory-based operations, employees are required to use protection equipment at all times to avoid accidents. All employees are well-trained with safety knowledge in the areas they engage in. In addition, the Group regularly carries out routine inspection and maintenance of equipment in the factory to avoid mechanical breakdown which may cause accidents.

Response to COVID-19 Pandemic

The Group recognises the potential impact of the continuity of the COVID-19 pandemic on its employees. The Group has issued reminders to its employees to remind them of the importance of practicing and maintaining good personal hygiene. In case of unwellness, employees are required to consult doctor for medical advice and stay home. The Group also reduces face-to-face meetings by using tele or web conferencing to reinforce social distancing. If employees are returning from other countries, they are required to undergo quarantine according to the government's regulations. In Hong Kong, the Group requires employees to check their temperature before entering the Group's premises and wear a facial mask when appropriate. In addition, vaccination leaves are granted to employees who need to take the COVID-19 vaccination. The Group has also provided various supportive measures to employees which include providing epidemic prevention materials and rapid antigen test kit to employees, and facilitating "work from home" arrangement.

B3. Development and Training

Provision of Training Opportunities

Training and continuous development are indispensable to the Group's employees to better adapt to the ever-changing trend of the industry. The Group encourages a continuous learning atmosphere for career development and thus provides both in-house training and subsidy for employees' continuing professional development activities. Furthermore, the Group encourages employees to attend personal off-the-job training sessions to enhance their job skills and increase their competitiveness against others in the industry. The Group holds firm belief that providing its employees with adequate training opportunities and room for continuous development lay a solid foundation for the Group's continuing success.

As a financial services provider, apart from ensuring a stringent anti-corruption and anti-money laundering policy framework is well established, the Group places emphasis on providing adequate training and encourages its employees to participate in external seminars on such areas.

During FY2022, the overall percentage of employees trained was approximately 96.20%[14] (2021: 100.00%) and all the Group's employees had received an average of approximately 4.66[15] (2021: 7.61) hours of training and development. The breakdown of the average training hours completed per employee and the percentage of employees trained by gender and employee category are shown as follows:

Indicator	Unit	Percentage of employees trained[16] FY2022	FY2021
By Gender			
Male	%	97.50	100.00
Female	%	94.87	100.00
By Employee Category			
Management	%	100.00	100.00
General Staff	%	95.65	100.00

Notes:

14. The percentage of trained employees is calculated by dividing the total number of trained employees who took part in training during FY2022 by the total number of employees at 31 March 2022.

15. The average training hours per employee is calculated by dividing the total number of training hours of employees during FY2022 by the total number of employees at 31 March 2022.

16. The percentage of employees trained by category is calculated by dividing the number of trained employees in the specified category who took part in training during FY2022 by the number of employees in the specified category at 31 March 2022.

Indicator	Unit	Average training hours completed per employee[17] FY2022	FY2021
By Gender			
Male	Hours	4.80	7.07
Female	Hours	4.51	8.21
By Employee Category			
Management	Hours	14.70	16.27
General Staff	Hours	3.20	5.23

Note:

17. The average training hours by category is calculated by dividing the total number of training hours of employees in the specified category during FY2022 by the number of employees in the specified category at 31 March 2022.

Indicator	Unit	Breakdown of employees trained[18] FY2022	FY2021
By Gender			
Male	%	51.32	52.94
Female	%	48.68	47.06
By Employee Category			
Management	%	13.16	21.57
General Staff	%	86.84	78.43

Note:

18. The breakdown of trained employees by category is calculated by dividing the number of trained employees in the specified category during FY2022 by the total number of trained employees during FY2022.

B4. Labour Standards

Prevention of Child and Forced Labour

As a responsible corporation operating in the money lending and forest-related businesses, the Group is firmly against the employment of child and forced labour. The Group guarantees that no employee will be made to work against his/her will or be coerced to work, and the recruitment of child labour is also strictly prohibited. All employees recruited by the Group are above 18 years old and are subject to satisfactory reference checks. Personal data are collected and original supporting documents are required to be presented during the recruitment process to assist the human resources department to verify the candidates' personal data and select the most suitable candidates. A detailed background and reference check will also be conducted on potential hires.

Any incident of child labour or forced labour, when discovered, shall be investigated and reported to the government authorities promptly in accordance with applicable laws. Furthermore, the Group shall immediately terminate the employment contract and impose due punishment on the erring employee.

During FY2022, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong, the Employment Relationships Act of Slovenia, the Labour Code of Romania and the Labour Act of Croatia.

B5. Supply Chain Management

To maintain the current high standards of the supply chain management, attention will be placed to ensure suppliers not only meeting the mutually agreed quantity and quality of products and services, but they must also have considered their environmental and social impacts. The Group has a well-managed procurement system and strict supplier selection process, including qualification authentication, production examinations as well as supply history assessment to ensure the supplier's commitment to product liability and quality. All suppliers are carefully evaluated under the standardised procurement procedures, and they are regularly monitored and evaluated in a fair manner.

The number of suppliers of the TSC Operation by geographical region is as follows:

By Geographical Region	FY2022	FY2021
Romania	56	19
Croatia	21	9
Hungary	9	1
Austria	6	4
Papua New Guinea	5	4
Slovenia	5	15
Czech Republic	4	7
Slovakia	4	2
Others	6	8
Total	**116**	**69**

Procurement Process

The Group has established a policy relating to its supply chain management, which detailed the requirement of performing a "Know Your Supplier" check and other confirming procedures before engaging new suppliers. The Group considers factors including suppliers' reputation, prevailing market price and delivery time when making purchases with the suppliers. In addition, the purchases of supplies are determined after having considered the current inventories level, expected customer demands, projected sales trends and market outlook.

In order to ensure the stability of the supply chain, where possible, the Group strives not to over-rely on a particular supplier by maintaining more than one supplier for each type of product or service required. The Group monitors and annually evaluates the performance of its suppliers to ensure their compliance with legal requirements, quality and performance standards. The Group conducts regular follow-up evaluations on suppliers and will suspend the cooperation with them if they have failed to meet the policy of the Group, or have committed any irregularities that do not meet the contractual requirements, or the products they supplied did not meet the production requirements. The Group will not make purchases from the underperforming suppliers until circumstances have been improved, and in such ways a supply of high-quality products and services can be ensured.

Environmental and Social Risk Management of the Supply Chain

The Group puts forward requirements for suppliers on environmental and social risk control. Aside from the conventional consideration factors such as product quality and timely delivery, suppliers which put an emphasis on environmental protection or have clear guidelines to protect labour rights are prioritised during the procurement process.

Since the raw material for the Group's production is mainly timber, the Group recognises the importance of the potential risks of the Group's raw material supply chain in relation to forest resources. The Group also requires products and raw materials used by the suppliers shall meet the environmental protection requirements set out in national and local laws and regulations as well as industrial standards, and encourages the usage of clean production process and equipment. In order to produce environmental-preferable products and services, the Group actively seeks suppliers who may provide environmental-friendly products and services and gives priority to sourcing equipment that has a lower environmental impact or is more energy efficient. For suppliers who are likely to cause or have caused serious harm to the environment or significant environmental pollution, the Group will terminate the contract with those suppliers. The Group will regularly monitor the effectiveness of the above supply chain management practices so as to minimise potential environmental risks along the supply chain.

Apart from environmental risks, the Group also takes measures to examine whether its major suppliers/contractors are in compliance with the relevant laws and regulations and other required standards for health, safety, forced labour and child labour.

B6. Product Responsibility

The Group recognises the importance of product quality and corporate reputation and is committed to continuously improving its products and services. The Group maintains communication with its customers to ensure the understanding and meeting of customer needs and expectations. The Group also actively monitors the quality of its products and services through internal controls.

During FY2022, the Group was not aware of any non-compliance with the laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to the Group's products and services as well as methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong, the Personal Data Protection Act of Slovenia, the Law no. 245/2004 on the General Safety of Products of Romania and the General Product Safety Act of Croatia.

Quality Assurance

TSC Operation

The Group has implemented a strict quality control system to monitor purchase, inventory management, processing, and transportation of timber logs and wood products.

Timber logs and wood products purchased by the Group undergo on-site quality checking before they are loaded on trains or trucks for land transport to log yards of the distribution hubs or sometimes directly to ports. The supervisors of the log yards perform quality checks on the cargos again upon unloading by referencing to the grade, diameter and length of the timber logs and size and quality of the wood products. The cargoes are then stored in the warehouse at the log yards. There are measures in place to maintain the quality of timber logs and wood products including temperature and moisture control. There are also controlling measures in ensuring the safe custody of the inventories.

For timber logs transported to the manufacturing plant engaged for processing the timber into lumber, quality check is performed upon unloading to ensure the timber logs are not damaged during transportation.

The Group's logistic teams arrange transport on a daily basis from forests or supplier sites to log yards or ports in accordance with the procurement plan with reference to trucks and/or rails schedule, as well as forecast weather conditions and local transportation rules to ensure road safety in different weather conditions.

Once potentially unsafe products are identified, product recall procedure would kick-start to stop the further distribution and sale of the product to the market. The cause, extent and result of the recall would be recorded and reported to the senior management. During FY2022, the Group did not receive any reported recalls due to safety and health reasons nor complaints regarding the Group's products and services.

Money Lending Business

The Group ensures that its employees are familiar with the guideline on requirements for advertisements of money lending business. The guideline stipulates that advertisement, whether in textual, audio or visual form, must contain the relevant money lender's telephone hotline for handling complaints and a clearly-stated risk warning statement. The said risk warning statement must also be clearly audible in the audio part of the advertisement.

Data Privacy Protection

The Group is committed to protecting the legitimate rights and interests of its customers. Unauthorised access and dissemination of customers' sensitive information is strictly prohibited unless the employees are under the legal obligation to do so. The Group's Information Technology ("IT") Policy provides guidelines on preventing data leakage and holds the IT department responsible for ensuring that the anti-virus protection for all computer and network connection is adequate. Confidential information such as sensitive financial data should be encrypted with a password. Only authorised personnel are permitted to access the clients' information database and they are entitled to access the information only on a need-to-know basis. The existing privacy and security policies are reviewed on a regular basis and will be updated whenever applicable laws and regulations are revised.

Intellectual Property Rights

The Group refrains from using any illegal software or products. As a responsible and ethical corporation, the Group is in full support of the use of legal software and products that have obtained licenses or those that have been certified by the relevant authorities.

Customer Satisfaction

The timber logs and wood products offered by the Group are usually sold to customers in China and other countries. The Group's sales team maintains regular communications with the existing and potential customers to understand their individual requirements. In addition, the Group has a team of sourcing and procurement expertise to work with the forest owners/suppliers directly, and regularly communicates with the sales team to understand the customers' requirements. The sourcing and procurement team performs research and analysis on the supply and demand of different types of timber and wood products based on market intelligence, news, published data, etc. The sourcing and procurement team then identifies and sources forest owners/suppliers who can supply the timber and wood products at the best available price. Furthermore, the Group provides after-sales services to ensure that customers are 100% satisfied with the timber logs, wood products and logistic services the Group provides.

Feedbacks and complaints from the Group's customers are highly valued as they are of vital importance to the sustainable development of the Group. Procedures for handling feedbacks are well established, should the Group receive any complaints, the Group will strive to act in a timely manner to resolve the issue with effective corrective actions. In addition, valid complaints of significant weight will be discussed and reviewed by the management during regular meetings to prevent re-occurrence. During FY2022, the Group had not received any form of complaints from its customers in respect of products or services provided.

Advertising and Labelling

During FY2022, the Group did not have any business dealings that had significant advertising and labelling issues.

B7. Anti-corruption

A solid corporate governance structure is crucial to the Group's sustainable growth. The Group emphatically asserts its zero-tolerance stance in relation to any kind of corruption, bribery, forgery, extortion, conspiracy, embezzlement and collusion cases that not only violate applicable laws and regulations but also severely tarnish the business integrity and reputation of the Group.

During FY2022, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Money Lenders Ordinance, the SFO, the Prevention of Bribery Ordinance of Hong Kong, the Integrity and Prevention of Corruption Act of Slovenia, the Law no. 135/2010 on the Criminal Procedure Code of Romania and the Act on the Responsibility of Legal Persons for Criminal Offences of Croatia. During FY2022, there were no cases regarding corrupt practices brought against the Group or its employees.

Anti-money Laundering and Counter-financing of Terrorism

As a financial services provider, the Group is particularly sensitive to the signs of money laundering and other financial crimes. Apart from complying with local laws and guidelines promulgated by the regulatory authorities, the Group recognises its responsibility in protecting the integrity of the financial system. The Group has formulated an Anti-money Laundering and Counter-terrorist Financing Policy to ensure that its employees are familiar with their responsibilities in combating criminal activities. Guidelines are also in place in the same policy to safeguard the interests of the Group, such as background evaluation procedure and customer due diligence requirements in relation to loan assessment and approval process.

Anti-bribery and Anti-corruption Practices

To prevent the occurrence of corrupt practices in the Group's business operations, the Group has formulated a Code of Conduct and Discipline Policy in relation to accepting business courtesies, gifts or hospitality and has specified the consequences of accepting or soliciting for such benefits. Bribery, fraud and corruption in any form or in relation to any parties are all strictly prohibited.

To enhance employees' awareness of anti-bribery and anti-corruption practices, the Group provides training on ethical conduct and anti-corruption to all employees and directors. The Group's directors and employees regularly receive anti-corruption training to enhance their knowledge of anti-corruption legislation and global trend as well as the necessary procedures and skills to handle ethical dilemmas at the workplace. During FY2022, a total of 6 directors and 9 employees of the Group received anti-corruption training and total anti-corruption training hours were 12 and 18 respectively.

Whistle-blowing Mechanism

The Group has established a reporting and investigative procedure to encourage its employees to report fraudulent activities. The Group endeavours to protect the whistle-blower from common concerns such as victimisation and potential retaliation. The employee reporting in good faith under this procedure shall be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

B8. Community Investment

The Group recognises the importance of making a positive impact on the community and realises the importance of giving back to the members of the society. Therefore, the Group has formulated relevant policies to encourage its employees to engage in community services and voluntary activities in order to give back to the less-abled and financially challenged members of the public. The Group shall extend its scope of financial contributions to benefit the financially disadvantaged in the future.

Owing to the COVID-19 pandemic and the social distancing measures, the Group has temporarily suspended the organisation and participation of charitable and voluntary activities in FY2022. Going forward, the Group will expand its efforts in charity work to cater for the needs of the communities in which the Group has operations, and make contributions to the communities, particularly in the area of environmental conservation.

Independent Auditor's Report

Crowe

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RELIANCE GLOBAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Reliance Global Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 76 to 161, which comprise the consolidated statement of financial position at 31 March 2022, 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 at 31 March 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current 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 matter	How our audit addressed the key audit matter
Provision for expected credit losses ("ECL") and impairment assessment of loan receivables and interest receivables	
We identified the ECL assessment and impairment assessment on loan receivables and interest receivables as a key audit matter due to management judgement was required in making an assessment of the adequacy of the ECL assessment and impairment provision for loan receivables and interest receivables rising from the money lending business. The carrying amount of the loan receivables and interest receivables at 31 March 2022 amounted to approximately HK$182,563,000 and HK$11,737,000 respectively. In determining the impairment provision of loan receivables and interest receivables, the recoverability of the loan receivables and interest receivables was assessed by the management taking into account the credit quality and likelihood of collection.	Our procedures in relation to management's impairment assessment of the loan receivables and interest receivables included: – Understanding the Group's policy on granting loans to its borrowers and the Group's credit and impairment assessments including the related credit control and loan monitoring process; – Challenging the management's basis and judgement in determining credit loss allowance at 31 March 2022, including the identification of credit impaired loan receivables and interest receivables, estimated loss rates applied to each borrower and collaterals pledged to the Group; – Evaluating the management's assessment of the internal credit rating of the borrowers by reference to the past due status, past collection history, subsequent settlement information and financial condition of the borrowers; – Testing the mathematical accuracy of the impairment allowance calculation and settlement records on a sample basis; – Evaluating the expected cash shortfalls estimated by the management by checking the expected cash flows from the realisation of collaterals against publicly available information;

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses ("ECL") and impairment assessment of loan receivables and interest receivables (continued)	
ECL for loan receivables and interest receivables are based on management's estimate of 12-month ECL to be incurred, which is estimated by taking into account the credit loss experience, aging of overdue amounts, customers' repayment history and customers' financial position, all of which involve a significant degree of management judgement.	– Assessing the reasonableness of forward-looking information used by the Group; – Obtaining and reviewing the assessment prepared by the external professional valuer engaged by the management, with the assistance of our valuation specialists; and – Assessing the qualifications, experience and expertise of the external professional valuer engaged by the management and considered its objectivity and independence.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, 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.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.

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

- 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 June 2022

Alvin Yeung Sik Hung
Practising Certificate Number: P05206

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	7	**761,776**	842,631
Cost of sales		**(697,601)**	(767,270)
Other income	8	**1,263**	1,345
Other gains	8	**2,845**	–
Administrative expenses		**(34,809)**	(23,363)
Other operating expenses	9(c)	**(8,259)**	(3,308)
Profit from operations		**25,215**	50,035
Finance income		**86**	325
Finance costs		**(7,655)**	(5,393)
Net finance costs	9(a)	**(7,569)**	(5,068)
Profit before taxation	9	**17,646**	44,967
Income tax expense	12(a)	**(2,663)**	(6,278)
Profit for the year		**14,983**	38,689
Attributable to:			
Owners of the Company		**12,758**	33,080
Non-controlling interests		**2,225**	5,609
		14,983	38,689
Earnings per share	14		
– Basic		**HK0.14 cent**	HK0.36 cent
– Diluted		**HK0.14 cent**	HK0.36 cent

The notes on pages 83 to 161 form 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*
Profit for the year	**14,983**	38,689
Other comprehensive (expense)/income for the year:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations, net	**(1,713)**	164
Total comprehensive income for the year	**13,270**	38,853
Total comprehensive income attributable to:		
Owners of the Company	**11,916**	33,095
Non-controlling interests	**1,354**	5,758
	13,270	38,853

The notes on pages 83 to 161 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	15	**22,167**	841
Right-of-use assets	16	**1,435**	2,057
Intangible assets	17	**174**	4,796
Loan receivables	20	**34,059**	46,690
		57,835	54,384
Current assets			
Inventories	18	**59,324**	41,148
Trade and other receivables	19	**59,514**	94,470
Loan receivables	20	**148,504**	234,002
Finance lease receivables	21	**–**	3,212
Repossessed assets	22	**10,054**	–
Tax recoverable		**2,250**	–
Cash and cash equivalents	23	**70,713**	109,198
		350,359	482,030
Current liabilities			
Trade and other payables	24	**34,124**	25,666
Bank and other borrowings	25	**26,808**	62,396
Notes payable	26	**50,000**	–
Lease liabilities	27	**1,303**	1,933
Provision for taxation		**–**	2,547
Amounts received from a shareholder	28	**47,000**	155,000
		159,235	247,542
Net current assets		**191,124**	234,488
Total assets less current liabilities		**248,959**	288,872
Non-current liabilities			
Notes payable	26	**–**	50,000
Lease liabilities	27	**–**	164
Deferred tax liabilities	29	**651**	1,571
		651	51,735
Net assets		**248,308**	237,137

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Capital and reserves			
Share capital	30	**122,886**	125,068
Reserves	31	**121,863**	105,944
Total equity attributable to owners of the Company		**244,749**	231,012
Non-controlling interests		**3,559**	6,125
Total equity		**248,308**	237,137

Approved and authorised for issue by the Board of Directors on 28 June 2022 and are signed on its behalf by:

Wang Jingyu
Director

Lai Ming Wai
Director

The notes on pages 83 to 161 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

		Attributable to owners of the Company										
	Notes	Share capital *HK$'000*	Share premium *HK$'000*	Shares held by the Company for settlement of acquisition consideration *HK$'000*	Contributed surplus *HK$'000*	Distributable reserve *HK$'000*	Capital redemption reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2020		125,068	67,546	(114,579)	2,885,431	2,288	8,000	(64,777)	(2,711,060)	197,917	759	198,676
Profit for the year		–	–	–	–	–	–	–	33,080	33,080	5,609	38,689
Exchange differences on translation of foreign operations, net		–	–	–	–	–	–	15	–	15	149	164
Total other comprehensive income		–	–	–	–	–	–	15	–	15	149	164
Total comprehensive income for the year		–	–	–	–	–	–	15	33,080	33,095	5,758	38,853
Transfer to reserve	*31(iii)*	–	–	–	–	3	–	–	(3)	–	–	–
Dividend paid to non-controlling shareholder		–	–	–	–	–	–	–	–	–	(392)	(392)
At 31 March 2021		125,068	67,546	(114,579)	2,885,431	2,291	8,000	(64,762)	(2,677,983)	231,012	6,125	237,137
At 1 April 2021		**125,068**	**67,546**	**(114,579)**	**2,885,431**	**2,291**	**8,000**	**(64,762)**	**(2,677,983)**	**231,012**	**6,125**	**237,137**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,758**	**12,758**	**2,225**	**14,983**
Exchange differences on translation of foreign operations, net		**–**	**–**	**–**	**–**	**–**	**–**	**(842)**	**–**	**(842)**	**(871)**	**(1,713)**
Total other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**(842)**	**–**	**(842)**	**(871)**	**(1,713)**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(842)**	**12,758**	**11,916**	**1,354**	**13,270**
Conversion of convertible preferred shares	*30(iii)*	**(2,182)**	**2,182**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Disposal of shares	*31(vi)*	**–**	**–**	**114,579**	**–**	**–**	**–**	**–**	**(113,617)**	**962**	**–**	**962**
Transfer to reserve	*31(iii)*	**–**	**–**	**–**	**–**	**7**	**–**	**–**	**(7)**	**–**	**–**	**–**
Disposal of subsidiaries	*35*	**–**	**–**	**–**	**–**	**–**	**–**	**859**	**–**	**859**	**–**	**859**
Release of translation reserve upon shareholder's liquidation of a foreign subsidiary	*31(v)*	**–**	**–**	**–**	**–**	**–**	**–**	**63,896**	**(63,896)**	**–**	**–**	**–**
Dividend paid to non-controlling shareholder		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,920)**	**(3,920)**
At 31 March 2022		**122,886**	**69,728**	**–**	**2,885,431**	**2,298**	**8,000**	**(849)**	**(2,842,745)**	**244,749**	**3,559**	**248,308**

The notes on pages 83 to 161 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Profit before taxation		**17,646**	44,967
Adjustments for:			
Finance costs	9(a)	**7,655**	5,393
Finance income	9(a)	**(86)**	(325)
Impairment loss on trade receivables	9(c)	**–**	646
Impairment loss on loan receivables	9(c)	**6,775**	3,478
Impairment loss on interest receivables	9(c)	**226**	–
Reversal of impairment loss on loan receivables	9(c)	**(133)**	(317)
Trade receivable written off	9(c)	**1,322**	–
Depreciation of property, plant and equipment	9(c)	**914**	229
Depreciation of right-of-use assets	9(c)	**1,970**	1,762
Loss/(gain) on disposal of property, plant and equipment	9(c)	**69**	(499)
Gain on bargain purchase	34(a)	**(1,921)**	–
Gain on disposal of subsidiaries	35	**(924)**	–
Operating cash flows before changes in working capital		**33,513**	55,334
Increase in inventories		**(17,908)**	(7,751)
Decrease in trade and other receivables		**32,045**	11,104
Decrease in loan receivables		**83,270**	23,037
Decrease in finance lease receivables		**3,212**	2,323
Increase/(decrease) in trade and other payables		**10,139**	(19,462)
Cash generated from operations		**144,271**	64,585
Income tax paid			
– Hong Kong Profits Tax paid		**(7,209)**	(5,388)
– Overseas tax refund/(paid)		**516**	(965)
Net cash generated from operating activities		**137,578**	58,232
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(1,166)**	(260)
Proceeds from disposal of property, plant and equipment		**–**	827
Acquisition of subsidiaries, net of cash acquired	34	**(19,222)**	(80)
Net proceeds from disposal of subsidiaries	35	**2,066**	–
Interest received	9(a)	**86**	325
Net cash (used in)/generated from investing activities		**(18,236)**	812

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Cash flows from financing activities			
Proceeds from other borrowings		**59,739**	–
Repayment of other borrowings		**(59,739)**	–
Proceeds from bank advances on bill receivables discounted with full recourse		**588,421**	595,958
Repayment of bank advances on bill receivables discounted with full recourse		**(624,009)**	(600,559)
Decrease in amounts received from a shareholder		**(108,000)**	(35,000)
Interest paid	*9(a)*	**(7,604)**	(5,286)
Capital element of lease rentals paid		**(2,142)**	(1,864)
Interest element of lease rentals paid	*9(a)*	**(51)**	(107)
Proceeds from disposal of shares held by the Company for settlement of acquisition consideration	*31(vi)*	**962**	–
Dividend paid to non-controlling shareholder		**(3,920)**	(392)
Net cash used in financing activities		**(156,343)**	(47,250)
Net (decrease)/increase in cash and cash equivalents		**(37,001)**	11,794
Cash and cash equivalents at the beginning of the year		**109,198**	96,981
Effect of foreign exchange rate changes		**(1,484)**	423
Cash and cash equivalents at the end of the year		**70,713**	109,198

The notes on pages 83 to 161 form part of these consolidated financial statements.

1. CORPORATE INFORMATION

Reliance Global Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is Room 2115, 21st Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries of the Company comprise money lending business conducted pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), forest-related business comprising sustainable forest management and timber supply chain, and leasing of properties.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as the "Group") are disclosed below.

The IASB has issued certain amendments to IFRSs which are first effective for the current accounting period of the Group. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2022 comprise the financial statements of the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional currency and the Group's presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation of the financial statements (continued)

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by the management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5.

(b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries and non-controlling interests (continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company. 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. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses (please refer to note 3(i)(ii)).

(c) 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 *Conceptual Framework for Financial Reporting*.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Business combinations (continued)

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 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 IFRS 2 "Share-based Payment" at the acquisition date;

- assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 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 IFRS 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed at acquisition date. If, after re-assessment, the net amount 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 present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Business combinations (continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that does not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (that is, the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(d) Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Goodwill (continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an 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 the 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.

(e) Acquisition of a subsidiary not constituting a business

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

(f) Property, plant and equipment

The following items of property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses (please refer to note 3(i)(ii)):

– buildings, furniture and fixtures, machinery, engineering and other equipment, and motor vehicles; and

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest.

Freehold land is not depreciated and is measured at cost less subsequent accumulated impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	not more than 50 years after the date of completion
Furniture and fixtures	5–10 years
Machinery, engineering and other equipment	5–10 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets (other than goodwill)

Intangible assets, other than goodwill, identified on business combinations are capitalised based on their fair values.

Intangible assets acquired by the Group are stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 3(i)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Money lenders licence will not be amortised until its useful life is determined to be finite, but subject to impairment test annually.

Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Harvesting rights have indefinite useful life. Harvesting rights are stated at cost less any accumulated impairment losses. These rights give the Group rights to logging trees in the allocated concession forests in designated areas in the Northwest of Brazil, the State of Acre, Amazon Region.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a lease term of 12 months or less ("short-term lease(s)") and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

(i) As a lessee (continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset is recognised when a lease is capitalised and initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (please refer to notes 3(f) and 3(i)(ii)), except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value; and

– right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at cost in accordance with note 3(f).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the lease modification.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities separately in the consolidated statement of financial position.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income receivable from investment properties is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payment receivable.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 3(h)(i), then the Group classifies the sub-lease as an operating lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments, loan receivables, finance lease receivables and interest receivables

The Group recognises impairment loss for expected credit losses ("ECL") on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables);

– loan receivables;

– finance lease receivables; and

– interest receivables.

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all expected cash shortfalls (that is, the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

– loan receivables, finance lease receivables and interest receivables: discount rate used in the measurement of the receivables.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, loan receivables, finance lease receivables and interest receivables (continued)

Measurement of ECL (continued)

ECL are measured on either of the following bases:

– 12-month ECL: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Impairment loss for trade and other receivables are always measured at an amount equal to lifetime ECL. ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments including loan receivables, finance lease receivables and interest receivables, the Group recognises impairment loss equal to 12-month ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the impairment loss is measured at an amount equal to lifetime ECL.

The measurement of ECL is a function of the probability of default, loss given default (that is, 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, loan receivables, finance lease receivables and interest receivables (continued)

Measurement of ECL (continued)

Where ECL are measured on a collective basis, the financial instruments are grouped on the basis below:

– nature of financial instruments;

– 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.

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) 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); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, loan receivables, finance lease receivables and interest receivables (continued)

Significant increases in credit risk (continued)

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

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECL are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment loss or a reversal of impairment loss in profit or loss. The Group recognises an impairment loss or a reversal of impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through an impairment allowance account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, loan receivables, finance lease receivables and interest receivables (continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 3(s)(ii) 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 the amortised cost (that is, the gross carrying amount less impairment allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, loan receivable, finance lease receivable or interest receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(ii) Impairment of non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– right-of-use assets;

– intangible assets; and

– interests in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (that is, a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(ii) Impairment of non-current assets (continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS 34, "Interim Financial Reporting", in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (as set out in notes 3(i)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises 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 the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an impairment allowance for credit losses (please refer to note 3(i)(i)).

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (as described in note 3(u)).

(m) Preferred share capital

Preferred share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preferred share capital classified as equity are recognised as distributions within equity.

Preferred share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 3(l) and accordingly dividends thereon are recognised on an accruals basis in profit or loss as part of finance costs.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 3(i)(i).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement schemes

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement schemes and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) The Group operates a Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. The Group's subsidiaries which operate in Brazil, Slovenia, Romania and Croatia are required to participate in a central pension scheme (the "Central Pension Schemes") operated by the local municipal government for its employees in Brazil, Slovenia, Romania and Croatia. The subsidiaries are required to contribute a percentage of their payroll costs to the Central Pension Schemes. The contributions under these defined contribution retirement schemes are charged to profit or loss as they become payable in accordance with the rules of the Central Pension Schemes. The Group's contributions to the MPF Scheme and the Central Pension Schemes vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the MPF Scheme and the Central Pension Schemes. The assets of the schemes are held separately from those of the Group under the control of trustees.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Provisions, contingent liabilities and onerous contracts (continued)

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(iii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 3(r)(i). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 3(r)(i).

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue and other income (continued)

(i) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products.

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (that is, gross carrying amount net of impairment allowance) of the asset (see note 3(i)(i)).

(iii) Revenue from licensing of harvesting rights

Revenue from licensing of harvesting rights is recognised on a straight-line basis over the term of the relevant lease.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items of statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange fluctuation reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies (continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation 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.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in profit or loss in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(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 Group or an entity related to the Group.

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

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

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

Close members of the family 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Board of Directors of the Company (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(x) Shares held by the Company for settlement of acquisition consideration

The Company issued shares and held them on behalf of the vendor for the settlement of acquisition consideration payable to the vendor in future years upon meeting the net profit guarantee by the vendor in connection with the acquisition of Originate Tech Global Investments Limited and its subsidiaries during the year ended 31 March 2012. The shares, valued at HK$0.414 per share (before the share consolidation which became effective on 2 October 2013), including any directly attributable incremental costs, are presented as "Shares held by the Company for settlement of acquisition consideration" and deducted from total equity. As a result of the failure to meet the net profit guarantee by the vendor, these shares were held by the Company awaiting disposal by the Company. Proceeds recovered from the disposal of these shares would be returned to the Company.

(y) Repossessed assets

There are two types of repossessed assets:

(i) In situation where the Group takes ownership and control of the collateral assets in the recovery of credit-impaired loan and interest receivables through court proceedings and releases the obligations of the borrower, the repossessed assets are classified as non-current assets held for sale when they meet the definition of non-current assets held for sale and the recognition criteria under IFRS 5. Non-current assets held for sale are measured at the lower of fair value less costs of disposal and the carrying amount. The related loan and interest receivables together with the impairment allowances are derecognised from the consolidated statement of financial position upon the recognition of the repossessed assets.

(ii) In situation where the Group obtains rights to rent or sell of the underlying collateral assets in the recovery of credit-impaired loan and interest receivables through court proceedings but does not obtain ownership and control of the underlying collateral assets, the repossessed assets represent the credit-impaired loan and interest receivables that are not derecognised and continue to be measured at amortised cost less provision for impairment under IFRS 9.

4. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to IFRSs issued by the IASB to these consolidated financial statements for the current accounting period:

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

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 3, the management is 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 associated 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.

Key sources of estimation uncertainty

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(a) Impairment assessment of loan receivables and interest receivables

The management regularly reviews the impairment assessment and evaluates the ECL of the loan receivables and interest receivables. Appropriate impairment allowance is recognised in profit or loss.

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 at the reporting date with the one at the date of initial recognition. In making this assessment, the loan receivables and interest receivables are assessed individually by the management of the Group, based on the financial background, financial condition and historical settlement records, including past due dates and default rates, of each borrower and reasonable and supportable forward-looking information such as macroeconomic data (for example, respective industry projected growth rates for certain borrowers) that is available without undue cost or effort.

Each borrower is assigned a risk grading under internal credit ratings to calculate the ECL, taking into consideration of the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the amount and timing of cash flows that are expected from the foreclosure on the collaterals (if any) less the costs of obtaining and selling the collaterals. At every reporting date, the financial background, financial condition and historical settlement records of each borrower are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about ECL and the Group's loan receivables and interest receivables are disclosed in notes 37, 20 and 19 respectively.

(b) Income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that are initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical location. In a manner consistent with the way in which information is reported internally to the Board of Directors for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

- Money lending: money lending business conducted pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

- Forest-related business:

  (i) Sustainable forest management: sustainable forest management of and investment in natural forests, licensing of harvesting rights, timber and wood processing, trading and sales of forestry and timber products.

  (ii) Timber supply chain: sales of timber and wood products including processed timber products.

- Leasing of properties: leasing of premises to generate rental income and to gain from the appreciation in property values.

Segment results represent the profit/loss from each segment without allocation of gain on bargain purchase, gain on disposal of subsidiaries, corporate income, corporate expenses and finance costs.

Segment assets include all non-current assets and current assets attributable to an individual reportable segment with the exception of right-of-use assets and certain corporate assets.

All liabilities are allocated to reportable segments other than lease liabilities, deferred tax liabilities, amounts received from a shareholder and certain corporate liabilities.

6. SEGMENT INFORMATION (continued)

Segment revenue, results, assets and liabilities

An analysis of the Group's reportable segments is reported below:

For the year ended 31 March 2022

		Forest-related business			
	Money lending HK$'000	Sustainable forest management HK$'000	Timber supply chain HK$'000	Leasing of properties HK$'000	Total HK$'000
Segment revenue					
Revenue from external customers	26,491	412	734,873	–	761,776
Results					
Segment results	14,463	(366)	16,831	–	30,928
Gain on bargain purchase					1,921
Gain on disposal of subsidiaries					924
Unallocated corporate income					10
Unallocated corporate expenses					(8,482)
Finance costs					(7,655)
Profit before taxation					17,646
Other segment information					
Capital expenditure	–	–	(22,897)	–	(22,897)
Depreciation of property, plant and equipment	–	(16)	(796)	–	(812)
Interest income	3	12	60	–	75
At 31 March 2022					
Segment assets	226,409	–	172,579	–	398,988
Unallocated:					
– Right-of-use assets					1,435
– Corporate assets					7,771
					408,194
Segment liabilities	49,457	–	56,633	–	106,090
Unallocated:					
– Lease liabilities					1,303
– Deferred tax liabilities					651
– Amounts received from a shareholder					47,000
– Corporate liabilities					4,842
					159,886

6. SEGMENT INFORMATION (continued)

Segment revenue, results, assets and liabilities (continued)

For the year ended 31 March 2021

	Money lending HK$'000	Forest-related business: Sustainable forest management HK$'000	Forest-related business: Timber supply chain HK$'000	Leasing of properties HK$'000	Total HK$'000
Segment revenue					
Revenue from external customers	34,001	800	807,830	–	842,631
Results					
Segment results	26,466	(599)	30,619	–	56,486
Unallocated corporate income					356
Unallocated corporate expenses					(6,482)
Finance costs					(5,393)
Profit before taxation					44,967
Other segment information					
Capital expenditure	–	–	(260)	–	(260)
Depreciation of property, plant and equipment	–	(30)	(97)	–	(127)
Interest income	1	1	96	–	98
At 31 March 2021					
Segment assets	309,342	4,960	186,750	–	501,052
Unallocated:					
– Right-of-use assets					2,057
– Corporate assets					33,305
					536,414
Segment liabilities	50,267	2,705	84,366	–	137,338
Unallocated:					
– Lease liabilities					2,097
– Deferred tax liabilities					1,571
– Amounts received from a shareholder					155,000
– Corporate liabilities					3,271
					299,277

6. SEGMENT INFORMATION (continued)

Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical locations of customers refer to the locations at which the customers reside. The geographical locations of property, plant and equipment and right-of-use assets are based on the physical locations of the assets under consideration. In the case of intangible assets, the allocation is based on the location of the operation to which they are allocated.

	Revenue from external customers		Non-current assets	
	Year ended 31 March		At 31 March	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China ("PRC")	**718,131**	800,055	**–**	–
Hong Kong	**26,491**	34,001	**35,913**	49,337
Asia (other than Hong Kong and the PRC)	**–**	1,918	**–**	–
Europe	**16,742**	5,857	**21,922**	425
South America	**412**	800	**–**	4,622
	761,776	842,631	**57,835**	54,384

Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2022	2021
	HK$'000	*HK$'000*
Customer A – revenue from timber supply chain	**160,253**	173,131
Customer B – revenue from timber supply chain	**166,912**	88,679
Customer C – revenue from timber supply chain	**101,298**	–*

* *No revenue was contributed from this customer for the relevant year.*

7. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2022	2021
	HK$'000	*HK$'000*
Sales from timber supply chain business	**734,873**	807,830
Interest income from money lending business	**26,426**	33,786
Arrangement fee income from money lending business	**65**	215
Income from licensing of harvesting rights	**412**	800
	761,776	842,631

Note:

Revenue is recognised at a point in time except for interest income from money lending business and income from licensing of harvesting rights which fall outside the scope of IFRS 15.

8. OTHER INCOME AND OTHER GAINS

	2022	2021
	HK$'000	*HK$'000*
Other income		
Government subsidies *(note)*	**–**	864
Sales of residual products	**792**	207
Sundry income	**471**	274
	1,263	1,345
Other gains		
Gain on bargain purchase *(note 34(a))*	**1,921**	–
Gain on disposal of subsidiaries *(note 35)*	**924**	–
	2,845	–

Note:

The amount represented cash subsidies received from The Government of the HKSAR under the Anti-Epidemic Fund for the purpose of relieving financial burdens of the businesses operating in Hong Kong.

9. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging/(crediting):

		2022 HK$'000	2021 HK$'000
(a)	**Net finance costs**		
	Finance income:		
	Interest income from bank deposits	**(86)**	(325)
	Finance costs:		
	Interest on lease liabilities	**51**	107
	Interest on advances drawn on bill receivables discounted with full recourse	**3,140**	1,724
	Interest on notes payable	**3,562**	3,562
	Interest on other borrowings	**902**	–
		7,655	5,393
		7,569	5,068
(b)	**Staff costs (including directors' emoluments)**		
	Salaries, wages and other benefits	**15,388**	11,712
	Contributions to retirement benefits scheme	**617**	438
		16,005	12,150
(c)	**Other items**		
	Cost of inventories *(note 18)*	**598,280**	679,064
	Depreciation of property, plant and equipment *(note 15)*	**914**	229
	Depreciation of right-of-use assets *(note 16)*	**1,970**	1,762
	Lease payments not included in the measurement of lease liabilities *(note 16)*	**744**	934
	Net exchange loss/(gain)	**5,100**	(2,215)
	Loss/(gain) on disposal of property, plant and equipment*	**69**	(499)
	Impairment losses under ECL model		
	– Trade receivables *(note 19)**	**–**	646
	– Loan receivables *(note 20)**	**6,775**	3,478
	– Interest receivables *(note 19)**	**226**	–
	Reversal of impairment loss on loan receivables under ECL model *(note 20)**	**(133)**	(317)
	Trade receivable written off *(note 37(a))**	**1,322**	–
		8,259	3,308
	Auditor's remuneration		
	– Audit services	**1,450**	1,421
	– Other services	**300**	300
		1,750	1,721

* These items are included in "Other operating expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the chief executive's emoluments are as follows:

	2022				
	Fees	Salaries and other benefits	Discretionary bonus	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Ms. Wang Jingyu	–	260	–	13	273
Mr. Lai Ming Wai	–	1,040	100	57	1,197
Ms. Chan Yuk Yee	–	1,040	100	57	1,197
	–	2,340	200	127	2,667
Independent Non-executive Directors					
Mr. Yam Kwong Chun	120	–	–	–	120
Mr. Chiang Bun	120	–	–	–	120
Mr. Chai Chi Keung	120	–	–	–	120
	360	–	–	–	360
	360	2,340	200	127	3,027

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

	2021				
	Fees	Salaries and other benefits	Discretionary bonus	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Ms. Wang Jingyu	–	260	–	13	273
Mr. Lai Ming Wai	–	1,040	–	52	1,092
Ms. Chan Yuk Yee	–	1,040	–	52	1,092
	–	2,340	–	117	2,457
Independent Non-executive Directors					
Mr. Yam Kwong Chun	120	–	–	–	120
Mr. Chiang Bun	120	–	–	–	120
Mr. Chai Chi Keung	120	–	–	–	120
	360	–	–	–	360
	360	2,340	–	117	2,817

Mr. Lai Ming Wai performed the function of the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive for the year.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Group. The emoluments of the independent non-executive directors shown above were mainly for their services as directors of the Company.

There was no arrangement under which a director had waived or agreed to waive any remuneration.

During the years ended 31 March 2022 and 2021, no emolument was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals during the year included two (2021: two) directors and details of their emoluments are set out in note 10 above, the aggregate emoluments of the remaining three (2021: three) individuals are as follows:

	2022	2021
	HK$'000	*HK$'000*
Salaries and other emoluments	**2,311**	2,287
Discretionary bonus	**138**	–
Retirement scheme contributions	**198**	274
	2,647	2,561

The emoluments of the three (2021: three) highest paid individuals (other than the directors) are within the following bands:

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

During the years ended 31 March 2022 and 2021, no emolument was paid by the Group to such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

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

	2022	2021
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current tax	**3,275**	5,505
– underprovision/(overprovision) in prior year	**58**	(23)
	3,333	5,482
Slovenia corporate income tax		
– current tax	**11**	669
– overprovision in prior year	**(704)**	–
	(693)	669
Romania corporate income tax		
– current tax	**31**	127
Croatia corporate income tax		
– current tax	**28**	–
Deferred tax *(note 29)*	**(36)**	–
	2,663	6,278

For the year ended 31 March 2022, the provision for Hong Kong Profits Tax is calculated at a flat rate of 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK$2,000,000 of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%. Such basis had been applied for the calculation of the provision for Hong Kong Profits Tax for this subsidiary for the year ended 31 March 2021.

Slovenia corporate income tax is charged at 19% on the estimated assessable profits arising in Slovenia for the years ended 31 March 2022 and 2021.

Romania corporate income tax is charged at 16% on the estimated assessable profits arising in Romania for the years ended 31 March 2022 and 2021.

Croatia corporate income tax is charged at 18% (2021: 18%) on the estimated assessable profits arising in Croatia for the year ended 31 March 2022 (2021: no assessable profits).

Brazil income tax is charged at 34% (2021: 34%) on the estimated assessable profits arising in Brazil. Brazil income tax has not been provided for the years ended 31 March 2022 and 2021 as there was no assessable profit.

12. INCOME TAX EXPENSE (continued)

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2022	2021
	HK$'000	*HK$'000*
Profit before taxation	**17,646**	44,967
Notional tax on profit before taxation, calculated at the rates applicable to the countries concerned	**2,669**	7,276
Tax effect of non-taxable income	**(1,851)**	(1,217)
Tax effect of non-deductible expenses	**1,677**	738
Tax effect of unused tax losses not recognised	**798**	201
Tax effect of temporary differences not recognised	**16**	13
Utilisation of previously unrecognised tax losses	**–**	(710)
Overprovision in prior year	**(646)**	(23)
Income tax expense	**2,663**	6,278

13. DIVIDEND

The directors of the Company do not recommend the payment or declaration of any dividend for the year ended 31 March 2022 (2021: nil).

14. EARNINGS PER SHARE

(a) The calculation of basic and diluted earnings per share is based on the profit attributable to owners of the Company and the reconciliation of the weighted average number of shares as shown in note 14(b) below:

	2022	2021
	HK$'000	*HK$'000*
Profit		
Profit for the purpose of calculating basic and diluted earnings per share	**12,758**	33,080

(b) **Weighted average number of shares**

	2022	2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**9,107,224**	9,105,710
Effect of dilutive potential ordinary shares arising from conversion of convertible preferred shares	**99,247**	106,283
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**9,206,471**	9,211,993

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Buildings HK$'000	Furniture and fixtures HK$'000	Machinery, engineering and other equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 April 2020	311	–	927	2,407	2,060	5,705
Additions	–	–	260	–	–	260
Disposals	(328)	–	–	–	–	(328)
Exchange realignment	17	–	6	3	(1)	25
At 31 March 2021 and 1 April 2021	–	–	1,193	2,410	2,059	5,662
Additions	–	–	51	–	1,115	1,166
Acquisition of a subsidiary *(note 34(a))*	2,927	13,056	408	4,979	361	21,731
Disposals	–	–	(33)	(46)	–	(79)
Disposal of subsidiaries *(note 35)*	–	–	–	(2,364)	(1,905)	(4,269)
Exchange realignment	(65)	(291)	(23)	(111)	(43)	(533)
At 31 March 2022	**2,862**	**12,765**	**1,596**	**4,868**	**1,587**	**23,678**
Accumulated depreciation and impairment losses						
At 1 April 2020	–	–	457	2,363	1,774	4,594
Charge for the year	–	–	163	1	65	229
Exchange realignment	–	–	1	–	(3)	(2)
At 31 March 2021 and 1 April 2021	–	–	621	2,364	1,836	4,821
Charge for the year	–	158	201	409	146	914
Disposals	–	–	(8)	(2)	–	(10)
Disposal of subsidiaries *(note 35)*	–	–	–	(2,364)	(1,820)	(4,184)
Exchange realignment	–	(6)	(7)	(16)	(1)	(30)
At 31 March 2022	**–**	**152**	**807**	**391**	**161**	**1,511**
Carrying amounts						
At 31 March 2022	**2,862**	**12,613**	**789**	**4,477**	**1,426**	**22,167**
At 31 March 2021	–	–	572	46	223	841

16. RIGHT-OF-USE ASSETS

	Leased property *HK$'000*
Carrying amount	
At 31 March 2022	**1,435**
At 31 March 2021	2,057
Depreciation	
Provided for the year ended 31 March 2022 (2021: HK$1,762,000)	**1,970**
Expense relating to short-term leases and leases of low-value assets (2021: HK$934,000)	**744**

During the year, addition to right-of-use assets of HK$1,348,000 (2021: nil) was related to the capitalised lease payments payable under a new tenancy agreement.

Details of the maturity analysis of lease liabilities are set out in note 27.

17. INTANGIBLE ASSETS

	Money lenders licences HK$'000	Harvesting rights HK$'000	Total HK$'000
Cost			
At 1 April 2020	94	59,778	59,872
Acquisition of subsidiaries *(note 34(b))*	80	–	80
Exchange realignment	–	(4,798)	(4,798)
At 31 March 2021 and 1 April 2021	174	54,980	55,154
Disposal of subsidiaries *(note 35)*	–	(60,387)	(60,387)
Exchange realignment	–	5,407	5,407
At 31 March 2022	**174**	**–**	**174**
Accumulated impairment loss			
At 1 April 2020	–	54,753	54,753
Exchange realignment	–	(4,395)	(4,395)
At 31 March 2021 and 1 April 2021	–	50,358	50,358
Disposal of subsidiaries *(note 35)*	–	(55,376)	(55,376)
Exchange realignment	–	5,018	5,018
At 31 March 2022	**–**	**–**	**–**
Carrying amounts			
At 31 March 2022	**174**	**–**	**174**
At 31 March 2021	174	4,622	4,796

Notes:

(i) The Group acquired the money lenders licences through the acquisition of companies now known as Reliance Credit Limited ("Reliance Credit") and Reliance Capital Finance Limited ("Reliance Capital") (see note 34(b)), during the years ended 31 March 2015 and 31 March 2021 respectively. At 31 March 2022 and 2021, the management considered the recoverable amount of the money lenders licence(s) approximated to their carrying amount(s) and no impairment was provided for the years ended 31 March 2022 and 2021.

17. INTANGIBLE ASSETS (continued)

Notes: (continued)

(ii) The Group's forest assets, acquired through the business combination of Amplewell Holdings Limited and its subsidiaries during the year ended 31 March 2010, are located in the Northwest of Brazil, the State of Acre, Amazon Region (the "Brazil Forest"). The Brazil Forest was initially recognised as freehold land and biological assets at acquisition. The total area of the Brazil Forest is approximately 44,500 hectares. Under the environmental laws in Brazil, approximately 20% or 8,939 hectares of the Brazil Forest area is the permanent preservation area and therefore is restricted from logging. Approximately 80% of the remaining area is designated as the sustainable forest management area and the balance is the permissible clear cut area that has no restriction on felling under the environmental laws of Brazil. In the sustainable forest management area, minimum impact logging techniques are used and forests are managed in a sustainable manner which means that the harvesting rate is below the overall natural growth of the forest. The main objective in the sustainable forest management program is to ensure the substance of the forests be preserved. The maximum logging rate allowed under the relevant regulations governing sustainable forest management is 30 m^3 per hectare, on average, over a 25 to 30 year harvesting cycle.

Since the Group suspended its harvesting operations in the State of Acre, Brazil owing to the unfavourable business environment in 2012, the Group had continued to explore the optimal way to enhance the income stream from its forest assets. However, due to the unstable economic environment in Brazil and in view of the possibility of facing similar extortion threats from local parties in Brazil as the Group had experienced in the past, operating the forest assets through own harvesting was considered to be unfavourable to the Group.

The Board of Directors decided to change the operation model of the Group's forest assets from own harvesting to licensing of harvesting rights in June 2014 and since then, the Group had been actively looking for potential tenants for its forest assets. With the continuous efforts of the Group to procure potential and quality tenants, up to 31 March 2021, the Group had accumulatively granted harvesting rights for over 50% of the 44,500 hectares of forest assets and had also demonstrated the feasibility of the Group's business plan of licensing the harvesting rights of its forest assets.

In view of the change in operation model of the Group's forest assets from own harvesting to licensing of harvesting rights to independent third parties, which was the most feasible business plan in light of the then prevailing circumstances, during the year ended 31 March 2017, the Group considered it was appropriate to classify its forest assets as intangible assets representing harvesting rights, instead of classified them as biological assets and freehold land.

In assessing the recoverable amount of the Group's forest assets at 31 March 2021, the Group had engaged Greater China Appraisal Limited ("Greater China"), an independent professional valuer, to conduct a valuation on the forest assets using the income approach.

17. INTANGIBLE ASSETS (continued)

Notes: (continued)

(ii) (Continued)

The income approach was adopted by Greater China in valuing the Group's forest assets mainly because (i) the business model of the forest assets had been transformed from own harvesting to licensing of harvesting rights, and the Company's management considered the model was feasible and determined to operate the licensing of harvesting rights business, accordingly, it was reasonable that the fair value of the forest assets should be determined by their ability to generate a stream of economic benefits in future; and (ii) the economic benefit streams of the forest assets could be identified based on contracts signed or under negotiation and there was a reasonable future projection based on such information.

Under the income approach, the discounted cash flow ("DCF") methodology was used in determining the fair value of the forest assets, which required a number of assumptions and forecasts, including revenue forecast, operating expenses forecast and capital expenditure forecast. DCF methodology requires an explicit forecast of the future economic benefit streams over a reasonably foreseeable short-term period and an estimate of a long-term benefit stream that is stable and sustainable. Accordingly, the value of the intangible assets was estimated based on (i) the discounted cash flow on the future economic benefit streams of the forest assets for the five years ending 31 March 2026 with forecast licensing income based on signed contracts and contracts expected to be concluded, and forecast operating expenses and capital expenditure based on budgets; (ii) the discount rate of 14.34%, which was determined based on the weighted average cost of capital method with reference to the cost of equity of 17.63% and cost of debt of 4.78%; and (iii) a discount for lack of marketability of 25%.

Based on management's assessment and by reference to the valuation performed by Greater China, the management considered the recoverable amount of the forest assets exceeded its carrying amount at 31 March 2021 and no impairment loss was recognised during the year ended 31 March 2021 accordingly.

During the year ended 31 March 2022, the Group had disposed of the forest assets through the disposal of subsidiaries, details of which are set out in note 35.

18. INVENTORIES

At the end of each reporting period, inventories in the consolidated statement of financial position comprise the followings:

	2022	2021
	HK$'000	*HK$'000*
Work-in-progress	**5,037**	–
Timber logs and processed lumber	**54,287**	41,148
	59,324	41,148

An analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2022	2021
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**598,280**	679,064

19. TRADE AND OTHER RECEIVABLES

	Notes	2022 HK$'000	2021 HK$'000
Trade receivables		**1,624**	5,904
Less: impairment allowance	*37(a)*	**–**	(1,562)
	(i)	**1,624**	4,342
Interest receivables		**11,963**	8,468
Less: impairment allowance	*37(a)*	**(226)**	–
		11,737	8,468
Bill receivables	*(ii)*	**29,015**	67,416
Other receivables		**3,263**	2,898
Amounts due from non-controlling interests	*41(b)(ii)*	**–**	161
Financial assets at amortised costs		**45,639**	83,285
Trade and logging deposits	*(iii)*	**11,565**	8,910
Other deposits and prepayments		**2,310**	2,275
		59,514	94,470

Notes:

(i) Trade receivables

An aging analysis of the Group's trade receivables as of the end of the reporting period, based on the invoice date, and net of impairment allowance, is as follows:

	2022 HK$'000	2021 HK$'000
0 to 30 days	**904**	55
31 to 90 days	**250**	193
91 to 180 days	**470**	2,532
Over 180 days	**–**	1,562
	1,624	4,342

19. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(i) Trade receivables (continued)

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance and cash on delivery are normally required. Invoices are normally payable between 30 and 120 days after issuance. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

Further details on the Group's credit policy and credit risk arising from trade receivables and interest receivables are set out in note 37(a).

(ii) Bill receivables

At 31 March 2022, included in bill receivables of HK$29,015,000 (2021: HK$67,416,000), bill receivables of HK$26,808,000 (2021: HK$62,396,000) were discounted to banks with full recourse with a maturity period of less than 180 days (2021: less than 90 days). The Group recognised the full amount of the discounted proceeds as liabilities as set out in note 25(i).

The following were the Group's financial assets at 31 March 2022 and 31 March 2021 that were transferred to banks by discounting these receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as a secured borrowing. These financial assets were carried at amortised cost.

	2022	2021
	HK$'000	*HK$'000*
Carrying amount of the transferred assets	**26,808**	62,396
Carrying amount of the associated liabilities	**(26,808)**	(62,396)
	–	–

(iii) Trade and logging deposits

At 31 March 2022, trade and logging deposits of HK$11,565,000 (2021: HK$8,910,000) were prepaid in relation to the Group's timber supply chain business.

20. LOAN RECEIVABLES

	2022 HK$'000	2021 HK$'000
Fixed-rate loan receivables	**194,346**	285,833
Less: impairment allowance *(note 37(a))*	**(11,783)**	(5,141)
	182,563	280,692
Analysed as:		
Current portion	**148,504**	234,002
Non-current portion	**34,059**	46,690
	182,563	280,692
Analysed as:		
Secured	**177,077**	250,388
Unsecured	**5,486**	30,304
	182,563	280,692

All loans were denominated in Hong Kong dollars. At 31 March 2022, the loan receivables carried interest rates ranging from 8.5% to 18% per annum (2021: 8.75% to 18% per annum).

Before granting loans to potential borrowers, the Group performs internal credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability, current creditworthiness, aging analysis of account and past collection history of each borrower as well as the value of collateral provided, under the Group's credit risk rating system.

In determining the recoverability of loan receivables on a collective basis, the Group considers any change in the credit quality of the loan receivables from the date the credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

20. LOAN RECEIVABLES (continued)

At 31 March 2022, loan receivables with an aggregate carrying amount of HK$177,077,000 (2021: HK$250,388,000) were secured by collaterals provided by the borrowers. At the end of the reporting period, loan receivables with aggregate carrying amount of HK$157,562,000 (2021: HK$258,625,000) were not past due.

At the end of each reporting period, the Group's loan receivables were individually and collectively assessed for impairment. An impairment allowance of HK$11,783,000 had been provided at 31 March 2022 (2021: HK$5,141,000).

21. FINANCE LEASE RECEIVABLES

	Minimum lease payments		**Present value of minimum lease payments**	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise:				
Within one year	–	3,437	–	3,212
	–	3,437	–	3,212
Less: unearned finance income	–	(225)	–	–
	–	3,212	–	3,212
Analysed as:				
Current assets			–	3,212
Non-current assets			–	–
			–	3,212

The Group's finance lease receivables were denominated in Hong Kong dollars. At 31 March 2021, the effective interest rate of the finance lease receivables was 11% per annum.

At 31 March 2021, all finance lease receivables were neither past due nor impaired. Finance lease receivables were secured by a leased asset. There was no guaranteed residual value of the leased asset and no contingent rent arrangement that needed to be recognised for the year ended 31 March 2021.

22. REPOSSESSED ASSETS

The nature and carrying value of the repossessed assets held are summarised as follows:

	2022	2021
	HK$'000	*HK$'000*
Repossessed assets – residential properties	**10,054**	–

Repossessed assets represent the underlying collateral assets which the Group has the rights to rent or sell, and were possessed by the Group through recovery of credit-impaired loan and interest receivables through court proceedings. They are carried at amortised cost and are subject to the ECL model. No impairment allowance had been provided on these assets at 31 March 2022.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Group comprised bank balances and cash held by the Group of HK$70,713,000 (2021: HK$109,198,000). The carrying amounts of these assets approximated to their fair values.

24. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables *(note)*	**20,359**	13,654
Other payables and accruals	**5,692**	6,549
Receipt in advance	**7,035**	5,463
Amounts due to non-controlling interests *(note 41(b)(ii))*	**1,038**	–
	34,124	25,666

Note:

An aging analysis of the Group's trade payables as of the end of the reporting period, based on the invoice date, is as follows:

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**19,986**	13,468
31 to 90 days	**121**	64
91 to 180 days	**252**	122
	20,359	13,654

The average credit period is within 30 days for both years.

25. BANK AND OTHER BORROWINGS

	Notes	2022 HK$'000	2021 HK$'000
Advances drawn on bill receivables discounted with full recourse	(i)	**26,808**	62,396
Other borrowings	(ii)	**–**	–
		26,808	62,396

Notes:

(i) Advances drawn on bill receivables discounted with full recourse

The amount represented the Group's borrowings secured by the bill receivables discounted to banks with full recourse (note 19(ii)), the amount was repayable within one year and carried interest at the banks' lending rate plus certain basis points.

The analysis of the carrying amount of bank borrowings is as follows:

	2022 HK$'000	2021 HK$'000
The carrying amount of bank borrowings that contain a repayable on demand clause (classified under current liabilities)		
Within one year	**26,808**	62,396
Less: amounts shown under current liabilities	**(26,808)**	(62,396)
Amounts shown under non-current liabilities	**–**	–

All of the banking facilities are subject to fulfillment of covenants. If the Group is in breach of the covenants, the drawn down facilities will become repayable on demand. In addition, certain of the Group's bank borrowings contain covenants which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with the covenants of the banking facilities and does not consider it is probable that the banks will exercise their discretion to demand repayment so long as the Group continues to meet the requirements. At 31 March 2022, none of the covenants relating to the drawn down facilities had been breached (2021: nil).

All of the bank borrowings are carried at amortised cost.

25. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(ii) Other borrowings

In May 2021, the Group entered into a revolving loan facility (the "Revolving Loan Facility") of up to HK$70,000,000 with a finance company which carrying interest at the finance company's best lending rate or cost of fund plus certain basis points. During the year, the Group had made a drawdown of approximately HK$59,739,000, which was secured by (i) the pledge of properties mortgaged to a subsidiary of the Company for the loan granted to its customers and (ii) a corporate guarantee in favour of the finance company granted by the Company. At 31 March 2022, all outstanding balances were settled and the unutilised amount of the Revolving Loan Facility amounted to HK$70,000,000 (2021: nil).

26. NOTES PAYABLE

On 2 January 2020, the Company entered into a placing agreement (the "Placing Agreement") with an independent placing agent, pursuant to which the Company agreed to place through the placing agent, on a best effort basis, to independent third parties the three-year secured notes with an aggregate principal amount of up to HK$300,000,000 which carry interest at 7.125% per annum.

On 15 January 2020, the Company completed the issue of the first tranche notes of an aggregate principal amount of HK$50,000,000 that will be due on 16 January 2023. The notes payable are secured by a debenture which incorporating a first floating charge over all the undertakings, property and assets of a subsidiary of the Company engaging in money lending business in favour of a security trustee as trustee for and on behalf of the noteholders.

Owing to the continuation of the COVID-19 pandemic, the placing exercise has been deferred as agreed between the Company and the placing agent. Accordingly, on 22 June 2022, the Company and the placing agent entered into an extension letter to further extend the closing date (that is, the last day of the placing period) under the Placing Agreement from 30 June 2022 to 30 June 2023. Save for the extension of the closing date, all the terms and conditions of the Placing Agreement remain the same.

27. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at 31 March 2022:

	2022	2021
	HK$'000	*HK$'000*
Within one year	**1,303**	1,933
After one year but within two years	**–**	164
	1,303	2,097

28. AMOUNTS RECEIVED FROM A SHAREHOLDER

The amounts received from a shareholder, Champion Alliance Enterprises Limited ("Champion Alliance"), which were accounted for as a loan from a shareholder, are unsecured, interest-free and repayable at the end of the twelve-month period from the date of the loan facility agreement. Under the agreement, the loan facility is extendable for another twelve-month period and subsequent twelve month period(s), or on such other date at the request of the Company and agreed by the shareholder in writing. The funds received from Champion Alliance have been applied as working capital of the Group to support its business development. Champion Alliance has undertaken not to demand for repayment of the amounts due to it (which are unsecured and interest-free) until the Group is financially viable to do so.

29. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movement during the year is as follows:

	Intangible assets *HK$'000*	Property, plant and equipment *HK$'000*	Total *HK$'000*
At 1 April 2020	1,708	–	1,708
Exchange realignment	(137)	–	(137)
At 31 March 2021 and 1 April 2021	1,571	–	1,571
Acquisition of a subsidiary *(note 34(a))*	–	701	701
Disposal of subsidiaries *(note 35)*	(1,704)	–	(1,704)
Credited to profit or loss *(note 12)*	–	(36)	(36)
Exchange realignment	133	(14)	119
At 31 March 2022	**–**	**651**	**651**

At 31 March 2022, the Group had unused tax losses of approximately HK$68,530,000 (2021: HK$66,058,000, which included an amount of HK$65,460,000 arising from the acquisition of a subsidiary during the year ended 31 March 2021), the tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax asset has not been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

30. SHARE CAPITAL

	Notes	Number of ordinary shares of HK$0.01 per share (note (i)) '000	HK$'000	Number of convertible preferred shares of HK$0.01 per share (note (ii)) '000	HK$'000	Total HK$'000
Authorised:						
At 1 April 2020, 31 March 2021, 1 April 2021 and **31 March 2022**		**30,000,000**	**300,000**	**27,534,000**	**275,340**	**575,340**
Issued and fully paid:						
At 1 April 2020, 31 March 2021 and 1 April 2021		9,105,710	91,057	3,401,055	34,011	125,068
Conversion of convertible preferred shares	*(iii)*	7,035	70	(225,146)	(2,252)	(2,182)
At 31 March 2022		**9,112,745**	**91,127**	**3,175,909**	**31,759**	**122,886**

Notes:

(i) Ordinary shares

The owners 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.

(ii) Convertible preferred shares

The non-voting convertible preferred shares (the "Convertible Preferred Share(s)") can be converted into ordinary shares of the Company at any time after issue. The Convertible Preferred Shares shall at all times rank equally among themselves, upon exercise of the conversion right attaching to the Convertible Preferred Shares, the ordinary shares issued pursuant to the conversion shall rank pari passu with all other ordinary shares of the Company then in issue with respect to the right to any dividends or distributions declared.

The following are the other major terms of the Convertible Preferred Shares:

In the event of liquidation, dissolution or winding up, or merger, or reorganisation that will result in any distribution of assets of the Company to the existing shareholders of the Company, the holders of the Convertible Preferred Shares will receive an amount equal to 100% of the face value of the Convertible Preferred Shares. In addition, the ranking of the Convertible Preferred Shares is higher than ordinary shares, but lower than creditors in the case of liquidation.

30. SHARE CAPITAL (continued)

Notes: (continued)

(ii) Convertible preferred shares (continued)

The holder of each Convertible Preferred Shares shall not have any voting rights save where the Company proposes to pass a resolution to vary the rights attached to the Convertible Preferred Shares or for the winding up or dissolution of the Company. The Convertible Preferred Shares are non-redeemable and are not listed on any stock exchange.

Each Convertible Preferred Share shall be convertible at the option of the holders at any time after issue, provided that (i) any conversion of the Convertible Preferred Shares shall not result in the aggregate voting rights in the Company held by the relevant holder of the Convertible Preferred Shares who exercises the conversion rights and parties acting in concert with it exceeding 29.9%, or such other percentage as may then be the maximum percentage (to one decimal place) of issued shares of the Company it could then acquire without being required to make a mandatory general offer for the shares of the Company under the Hong Kong Code on Takeovers and Mergers or (ii) any conversion of the Convertible Preferred Shares shall not result in the public float of the shares falling below the minimum requirements of the Listing Rules.

(iii) During the year ended 31 March 2022, an aggregate of 7,035,815 ordinary shares of HK$0.01 each of the Company were issued upon conversion of 225,146,092 Convertible Preferred Shares of HK$0.01 each, pursuant to which approximately HK$70,000 was credited to share capital and the balance of approximately HK$2,182,000 was credited to share premium account.

31. RESERVES

Nature and purposes of the reserves

(i) Share premium

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981 (as amended). The share premium account of the Company is distributable to owners of the Company in the form of fully paid bonus shares.

(ii) Contributed surplus

The contributed surplus of the Company mainly represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to a reorganisation of the Group in June 1991, over the nominal value of the Company’s shares issued in exchange thereof, and the effect of the Company’s capital reorganisation during the year ended 31 March 2014. Under the Bermuda Companies Act 1981 (as amended), the contributed surplus is distributable to shareholders in certain circumstances.

31. RESERVES (continued)

Nature and purposes of the reserves (continued)

(iii) Distributable reserve

Pursuant to a special resolution passed on 15 July 2003, the share premium account of the Company was reduced by an amount of HK$103,948,000 to nil, of which a sum of HK$98,953,000 was applied towards the elimination of the accumulated losses of the Company at 31 March 2003, with the remaining balance of HK$4,995,000 being credited to the distributable reserve of the Company. The reduction of the share premium account was effective on 6 October 2003. During the year ended 31 March 2007, expenses relating to a rights issue exercise of HK$2,779,000 was debited to the distributable reserve of the Company.

Pursuant to applicable Slovenian laws, the Group's subsidiary in Slovenia is required to appropriate not less than 5% of its profit after tax to its statutory reserve until such reserve reaches 10% or a higher percentage (as specified by laws) of the subsidiary's share capital. Up to 31 March 2022, the Group's subsidiary in Slovenia had appropriated a sum of HK$72,000 (2021: HK$72,000) to its statutory reserve.

Pursuant to applicable Romanian laws, each of the Group's subsidiaries in Romania is required to appropriate not less than 5% of its profit after tax to its statutory reserve until such reserve reaches 20% or a higher percentage (as specified by laws) of the subsidiary's share capital. Up to 31 March 2022, the Group's subsidiaries in Romania had appropriated a total sum of HK$10,000 (2021: HK$3,000) to their statutory reserve.

(iv) Capital redemption reserve

The capital redemption reserve represents the amount paid by which the Company's issued share capital has been diminished upon the cancellation of shares repurchased.

(v) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. During the year, a foreign subsidiary was liquidated by its shareholder, the corresponding exchange fluctuation reserve of approximately HK$63,896,000 was debited to the accumulated losses.

31. RESERVES (continued)

Nature and purposes of the reserves (continued)

(vi) Shares held by the Company for settlement of acquisition consideration

The Company issued shares for the acquisition of Originate Tech Global Investment Limited ("Originate Tech") during the year ended 31 March 2012. Pursuant to the settlement between the Company and the vendor in relation to the acquisition of interests in Originate Tech during the year ended 31 March 2013, resulted from the failure of the vendor in meeting the net profit guarantee, 46,666,666 ordinary shares of the Company (after adjustments for share consolidation and capital reorganisation conducted in previous years) (the "Returned Ordinary Shares") were returned to the Group awaiting disposal with proceeds to be returned to the Group. During the year ended 31 March 2019, 540,000 Returned Ordinary Shares, valued at HK$2.484 (the adjusted issue price) per share, amounting to approximately HK$1,341,000, were disposed of at a cash consideration of approximately HK$10,000 and a loss of approximately HK$1,331,000 was debited to the accumulated losses. During the year ended 31 March 2022, 46,126,666 Returned Ordinary Shares, valued at HK$2.484 (the adjusted issue price) per share, amounting to approximately HK$114,579,000, were disposed of at a cash consideration of approximately HK$962,000 and a loss of approximately HK$113,617,000 was debited to the accumulated losses. At the end of the reporting period, all Returned Ordinary Shares were disposed of.

32. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The capital structure of the Group consists of debt, which includes the bank and other borrowings, notes payable and amounts received from a shareholder, and equity attributable to owners of the Company, comprising issued share capital and reserves.

During the year ended 31 March 2022, the Group's strategy in managing capital structure remains unchanged from the prior year.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amounts received from a shareholder HK$'000	Bank and other borrowings HK$'000	Notes payable HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2020	190,000	66,997	50,000	3,961	310,958
Changes from financing cash flows:					
Proceeds from bank advances on bill receivables discounted with full recourse	–	595,958	–	–	595,958
Repayment of bank advances on bill receivables discounted with full recourse	–	(600,559)	–	–	(600,559)
Decrease in amounts received from a shareholder	(35,000)	–	–	–	(35,000)
Capital element of lease rentals paid	–	–	–	(1,864)	(1,864)
Interest element of lease rentals paid	–	–	–	(107)	(107)
	(35,000)	(4,601)	–	(1,971)	(41,572)
Other changes:					
Interest on lease liabilities	–	–	–	107	107
	–	–	–	107	107
At 31 March 2021 and 1 April 2021	155,000	62,396	50,000	2,097	269,493
Changes from financing cash flows:					
Proceeds from other borrowings	–	59,739	–	–	59,739
Repayment of other borrowings	–	(59,739)	–	–	(59,739)
Proceeds from bank advances on bill receivables discounted with full recourse	–	588,421	–	–	588,421
Repayment of bank advances on bill receivables discounted with full recourse	–	(624,009)	–	–	(624,009)
Decrease in amounts received from a shareholder	(108,000)	–	–	–	(108,000)
Capital element of lease rentals paid	–	–	–	(2,142)	(2,142)
Interest element of lease rentals paid	–	–	–	(51)	(51)
	(108,000)	(35,588)	–	(2,193)	(145,781)
Other changes:					
Increase in lease liabilities from entering into new lease during the year	–	–	–	1,348	1,348
Interest on lease liabilities	–	–	–	51	51
	–	–	–	1,399	1,399
At 31 March 2022	**47,000**	**26,808**	**50,000**	**1,303**	**125,111**

34. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of a subsidiary – business combination

On 17 January 2022, the Group completed the acquisition of the entire equity interests in JWC ROMWOOD S.R.L. ("JWC") (now known as "WLG Woodlands Production S.R.L."), a company incorporated in Romania whose principal activity is the production of wood lumber. The consideration for the acquisition was Euro ("EUR") 2,286,000 (equivalent to approximately HK$20,873,000), which was determined primarily based on the financial position of JWC at the date of acquisition. The fair value of the identifiable assets and liabilities of JWC at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment *(note 15)*	**21,731**
Inventories	**268**
Trade and other receivables	**611**
Cash and cash equivalents	**1,651**
Trade and other payables	**(766)**
Deferred tax liabilities *(note 29)*	**(701)**
Net assets acquired	**22,794**
Gain on bargain purchase *(note 8)*	**(1,921)**
Purchase consideration settled in cash	**20,873**

No significant acquisition-related costs were incurred.

The gain on bargain purchase represents the shortfall of the purchase price paid by the Group for the acquisition of the entire equity interests in JWC compared to the net assets of JWC. As the utilisation rate of the lumber processing plant owned by JWC was low and it was difficult for its former shareholder to obtain any reasonable return from its investment in JWC, the purchase price offered by the Group for the acquisition of JWC was considered acceptable by its former shareholder as the offer presented an immediate opportunity for it to realise its investment. The Group expected the lumber processing plant of JWC could turn from loss to profit-making in the future by increasing its utilisation rate through leveraging on the Group's extensive business network as well as the good industry knowledge of its sourcing team and marketing team in Europe.

34. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of a subsidiary – business combination (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of JWC is as follows:

	HK$'000
Purchase consideration settled in cash	**(20,873)**
Less: cash and cash equivalents acquired	**1,651**
Net cash outflow on acquisition	**(19,222)**

From the date of acquisition to 31 March 2022, JWC had contributed revenue of approximately HK$1,077,000 to the Group's revenue and recorded loss after taxation of approximately HK$250,000.

Had the acquisition of JWC been completed on 1 April 2021, the Group's revenue and profit for the year would have been approximately HK$767,930,000 and HK$12,407,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of the Group's revenue and results that would have been recorded had the acquisition been completed on 1 April 2021, nor is it intended to be a projection of future results.

(b) Acquisition of subsidiaries – acquisition of money lenders licence

On 14 August 2020, the Group acquired the entire equity interests in Victory Rich Limited which held a wholly-owned subsidiary now known as Reliance Capital, being a company incorporated in Hong Kong whose principal activity is money lending business conducted pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), and with its identifiable assets comprised mainly the money lenders licence. The acquisition was recognised as an acquisition of assets, rather than a business combination, given that substantially all of the fair value of the gross assets is concentrated in a group of similar identifiable assets (i.e. the money lenders licence). The consideration of the acquisition was HK$80,000, which was determined based on the fair value of the money lenders licence at the date of acquisition.

35. DISPOSAL OF SUBSIDIARIES

On 5 October 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire shareholding interest in, and the shareholder's loan to, a former wholly-owned subsidiary of the Company, Amplewell Holdings Limited (together with its wholly-owned subsidiary Universal Timber Resources do Brasil Ltda ("UTRB"), the "Disposed Group"), at a cash consideration of HK$2,300,000. The major assets of the Disposed Group were intangible assets representing the harvesting rights of forest assets located in Brazil. The disposal was completed on 5 October 2021 and the gain on disposal of subsidiaries amounted to HK$924,000.

The net assets of the Disposed Group at the date of disposal were as follows:

	HK$'000
Property, plant and equipment *(note 15)*	**85**
Intangible assets *(note 17)*	**5,011**
Prepayments and other receivables	**137**
Cash and cash equivalents	**234**
Accruals and other payables	**(2,447)**
Provision for taxation	**(799)**
Deferred tax liabilities *(note 29)*	**(1,704)**
	517
Cash consideration received	**2,300**
Release of translation reserve	**(859)**
Net assets disposed of	**(517)**
Gain on disposal of subsidiaries *(note 8)*	**924**
Net cash inflow arising on disposal of subsidiaries:	
Cash consideration received	**2,300**
Less: cash and cash equivalents disposed of	**(234)**
Net cash inflow on disposal	**2,066**

36. CATEGORIES OF FINANCIAL INSTRUMENTS

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets at amortised cost	**308,969**	476,387
Financial liabilities		
Amortised cost	**(112,235)**	(140,159)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk and ECL assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to trade receivables, loan receivables, finance lease receivables and interest receivables. Credit risks associated with loan receivables, finance lease receivables and interest receivables are mitigated by the security over collaterals and/or guarantees. The Group does not hold any collateral or other credit enhancements to cover the credit risks associated with other financial assets whose carrying amounts best represent the maximum exposure to credit risk.

Trade receivables

At 31 March 2022, the Group had moderate concentration of credit risk on trade receivables as 64% (2021: 94%) of the total trade receivables was due from two customers of the Group's timber supply chain business (2021: two customers of the Group's timber supply chain business).

For trade receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 and 120 days from the date of billing.

In addition, the Group performs impairment assessment under the ECL model upon application of IFRS 9 on trade balances individually. The management performs periodic evaluations on customer to ensure the Group's exposure to bad debts is not significant. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

Loan and interest receivables

At 31 March 2022, the Group had no significant concentration of credit risk on loan and interest receivables, as 43% (2021: 44%) of the total loan and interest receivables was due from the five largest borrowers. The largest borrower of the Group by itself accounted for approximately 12% (2021: 20%) of the Group's loan and interest receivables. Nevertheless, the whole amount is considered recoverable given there are sufficient collaterals to cover the entire balance.

The Group has a policy for assessing the impairment on loan and interest receivables on an individual basis. The assessment includes evaluation of collectability, current creditworthiness, aging analysis of account and past collection history of each borrower as well as the value of collateral provided, under the Group's credit risk rating system.

In determining the recoverability of the loan and interest receivables on a collective basis, the Group considers any change in the credit quality of the loan and interest receivables from the date the credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

The carrying amount of the loan receivables and interest receivables amounted to HK$182,563,000 (2021: HK$280,692,000) and HK$11,737,000 (2021: HK$8,468,000) respectively at the end of the reporting period. The Group considered the secured loans of HK$177,077,000 (2021: HK$250,388,000) and the corresponding interest receivables (after impairment allowances) are recoverable given the fair values of the collaterals are sufficient to cover the secured loans and interest receivables on an individual basis. As for the unsecured loans of HK$5,486,000 (2021: HK$30,304,000) (after impairment allowances), the Group considered the amounts are recoverable as the loans were borrowed by borrowers with good credit history in general. Impairment allowances on outstanding loan and interest receivables are determined by an evaluation of financial background, as well as financial condition of the borrower and the anticipated receipts for that individual loan, at the end of the reporting period.

The directors of the Company are responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment allowances are made for irrecoverable amounts. In view of the above, the directors of the Company consider that the Group's credit risk is significantly reduced.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

Finance lease receivables

For finance lease receivables, the credit risk was low at 31 March 2021 because the balances were not past due and the counterparties had pledged the leased assets to the Group which reduced the Group's exposure when the lessee defaulted. The amount of ECL was immaterial based on the estimated loss rates.

Other financial assets measured at amortised cost

The credit risk of other financial assets is managed through an internal process. The Group closely monitors the outstanding amounts of other financial assets at amortised costs and identifies any credit risk in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider the Group's credit risk is significantly reduced.

ECL assessment

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

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Performing	The counterparty has a low to moderate risk of default and its credit risk has not increased significantly since initial recognition.	Lifetime ECL (not credit-impaired)	12-month ("12m") ECL
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or externally.	Lifetime ECL (not credit-impaired)	Lifetime ECL (not credit-impaired)
Non-performing	There is evidence indicating that the asset is credit impaired.	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

ECL assessment (continued)

The table below set out the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2022 HK$'000	2021 HK$'000
Trade receivables *(note (i))*	*19*	Performing	Lifetime ECL (not credit-impaired)	**1,624**	2,780
		Non-performing	Lifetime ECL (credit-impaired)	**–**	3,124
Loan receivables *(note (ii))*	*20*	Performing	12m ECL	**157,987**	278,828
		Underperforming	Lifetime ECL (not credit-impaired)	**19,804**	–
		Non-performing	Lifetime ECL (credit-impaired)	**16,555**	7,005
Finance lease receivables *(note (ii))*	*21*	Performing	12m ECL	**–**	3,212
Other financial assets *(note (iii))*	*19*	Performing	Lifetime ECL (not credit-impaired)	**40,701**	78,943
		Underperforming	Lifetime ECL (not credit-impaired)	**3,314**	–
		Non-performing	Lifetime ECL (credit-impaired)	**226**	–
Cash and cash equivalents *(note (iv))*	*23*	N/A	12m ECL	**70,713**	109,198

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

ECL assessment (continued)

Notes:

(i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the impairment allowance on lifetime ECL basis. During the year, a write-off of trade receivable with a gross carrying amount of HK$2,884,000 (2021: nil) resulted in a decrease in impairment allowance of HK$1,562,000 (2021: nil).

(ii) As part of the Group's credit risk management, the Group applies internal credit rating for its borrowers. The ECL rates are estimated based on the credit rating, past and current default record and current past due exposure of the borrowers, the average loss rate for not credit-impaired borrowers and credit-impaired borrowers are ranging from 1.8% to 3.4% (2021: 0.4% to 10.3%) and from 65% to 100% (2021: 50%) respectively.

The impairment allowance for borrowers are assessed individually and determined by reference to the independent professional valuer's assessment in accordance with IFRS 9 by adopting its independently selected parameters which take into consideration of credit rating profile similar to the respective borrowers, the historical market default records and forward-looking information. At 31 March 2022, loan receivables of HK$25,001,000 were past due (2021: HK$22,067,000) and impairment loss of HK$6,775,000 was recognised for the year ended 31 March 2022 (2021: HK$3,478,000). At 31 March 2021, all finance lease receivables were neither past due nor impaired.

(iii) For the purposes of internal credit risk management, the Group uses historical past due experience, forward-looking information as well as the value of collateral provided to assess whether credit risk has increased significantly since initial recognition. At 31 March 2022, other financial assets of gross amount of HK$5,351,000 were past due (2021: HK$1,131,000) and impairment loss of HK$226,000 was recognised for the year ended 31 March 2022 (2021: nil). The ECL rate of credit-impaired other financial assets is 100% (2021: nil).

(iv) Cash and cash equivalents mainly represent the cash placed with financial institutions in Hong Kong. Financial institutions in Hong Kong are governed by Hong Kong Monetary Authority. In view of the stable bank system in Hong Kong, the ECL is expected to be very minimal and close to zero.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

ECL assessment (continued)

The following table shows reconciliation of impairment allowances that have been recognised for trade receivables, loan receivables and interest receivables:

	Trade receivables		Loan receivables		Interest receivables
	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	12m ECL HK$'000	Lifetime ECL (credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000
At 1 April 2020	916	–	1,980	–	–
Transfer	(916)	916	(1,051)	1,051	–
Reversal of impairment loss	–	–	(317)	–	–
Impairment losses	–	646	913	2,565	–
At 31 March 2021 and 1 April 2021	–	1,562	1,525	3,616	–
Transfer	–	–	(967)	967	–
Reversal of impairment loss	–	–	(133)	–	–
Impairment losses	–	–	–	6,775	226
Uncollectible receivables written off	–	(1,562)	–	–	–
At 31 March 2022	**–**	**–**	**425**	**11,358**	**226**

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to parent company's board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding to meet its liquidity requirements in the short and longer term.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

	2022					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total contractual undiscounted cash flow**	**Carrying amount**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Trade and other payables	**34,124**	**–**	**–**	**–**	**34,124**	**34,124**
Bank and other borrowings	**26,808**	**–**	**–**	**–**	**26,808**	**26,808**
Lease liabilities	**1,333**	**–**	**–**	**–**	**1,333**	**1,303**
Amounts received from a shareholder	**47,000**	**–**	**–**	**–**	**47,000**	**47,000**
Notes payable	**52,821**	**–**	**–**	**–**	**52,821**	**50,000**
	162,086	**–**	**–**	**–**	**162,086**	**159,235**

	2021					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	25,666	–	–	–	25,666	25,666
Bank borrowings	62,396	–	–	–	62,396	62,396
Lease liabilities	1,970	164	–	–	2,134	2,097
Amounts received from a shareholder	155,000	–	–	–	155,000	155,000
Notes payable	3,563	52,820	–	–	56,383	50,000
	248,595	52,984	–	–	301,579	295,159

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Foreign currency risk

The Group mainly operates in Hong Kong, Europe and China. During the year ended 31 March 2022, the revenue, costs and expenses of the Group's operations were mainly denominated in Hong Kong dollar, United States dollar, Euro, Romanian Leu ("Lei"), Croatian Kuna ("Kuna") and Renminbi. The Group maintains a prudent strategy in its foreign currency risk management, where possible, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding foreign currency liabilities, and foreign currency revenues versus the corresponding foreign currency expenditures. The Group is not subject to foreign currency risk of United States dollar as it is pegged with Hong Kong dollar, the Group is nevertheless exposed to potential foreign currency risk as a result of fluctuations of Euro, Romanian Leu, Croatian Kuna and Renminbi. The Group had experienced exposure to exchange rate depreciation of Euro during the year primarily as a result of the slowing economic conditions in Europe and the Russia-Ukraine war. The Group is aware of the continual depreciation of Euro and will closely monitor its foreign currency exposure and undertake appropriate hedging measures should significant exposure arise. The Group had insignificant foreign currency exposure to fluctuations of Romanian Leu, Croatian Kuna and Renminbi as their weightings to the Group's total transaction volume, assets and liabilities were low.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk

The Group's interest rate risk arises primarily from financial liabilities issued at variable rates and fixed rates that expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not expect any changes on interest rate which might materially affect the Group's result of operations. During the year, the Group had not entered into any interest rate swap contracts.

The Group's interest rate profile is set out below:

(i) Interest rate profile

	2022		2021	
	Range of interest rate		Range of interest rate	
	%	***HK$'000***	%	*HK$'000*
Fixed rate receivables:				
Loan receivables	**8.5% - 18%**	**182,563**	8.75% - 18%	280,692
Finance lease receivables	**N/A**	**–**	11%	3,212
		182,563		283,904
Fixed rate borrowings:				
Lease liabilities	**6.5%**	**(1,303)**	3.625%	(2,097)
Notes payable	**7.125%**	**(50,000)**	7.125%	(50,000)
		(51,303)		(52,097)
Variable rate borrowings:				
Advances drawn on bill receivables discounted with full recourse	**0.15% - 4.13%**	**(26,808)**	0.1% - 4.26%	(62,396)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 March 2022, it is estimated that a general increase/decrease of 1% in interest rate, with all other variables held constant, would have decrease/increase the Group's profit for the year by approximately HK$268,000 (2021: HK$624,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The sensitivity analysis above has been determined based on the exposure to interest rates for the bank borrowings 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. The 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis was performed on the same basis for the prior year.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 March 2022 and 2021.

38. PLEDGE OF ASSETS

A debenture incorporating a first floating charge over all the undertakings, property and assets of a wholly-owned subsidiary of the Company engaging in money lending business has been issued in favour of a security trustee as trustee for the noteholders in relation to the three-year secured notes as disclosed in note 26. Up to 31 March 2022, the first tranche of the three-year secured notes amounted to HK$50,000,000 has been issued (2021: HK$50,000,000).

At 31 March 2022, bill receivables of HK$26,808,000 (2021: HK$62,396,000) were pledged to banks to secure advances drawn on the bill receivables.

39. CONTINGENT LIABILITIES

At 31 March 2022, the Group had no significant contingent liability (2021: the litigation set out in note 40 below).

40. LITIGATION

On 30 May 2010, UTRB, a former wholly-owned subsidiary of the Company, entered into a service agreement ("Service Agreement") with F Um Terraplanagem ("Terraplanagem"). Under the Service Agreement, Terraplanagem would carry out earthwork service in a hydropower plant in Rondonia, Brazil for a service fee of R$892,500. After signing the Service Agreement, Terraplanagem did not provide any earthwork service and UTRB had to hire another company to complete the earthworks. However, in the land search of the freehold land of UTRB, it was revealed that Terraplanagem submitted a claim to a court against UTRB to pay for the alleged outstanding service fee of approximately R$1,291,000 and filed a precautionary injunction to prevent UTRB of selling certain area of its freehold land. Such injunction was awarded by the court during the year ended 31 March 2015. Witness hearings were held in May 2016 and in March 2017, the court had served notices to both Terraplanagem and UTRB to present their final arguments. In May 2017, the court awarded Terraplanagem's claim in full (the "Court Decision"). In June 2017, UTRB filed petition to the court presenting its arguments on the ruling by the court, however, the petition was rejected by the court. In late July 2017, UTRB filed an appeal against the Court Decision with the High Court. In late September 2019, the High Court ruled the case, ratifying the Court Decision (the "High Court Decision"). Subsequently, UTRB filed an appeal against the High Court Decision with the Court of Final Appeal and was awaiting the outcome of the appeal. The claim of approximately R$1,291,000 (approximately HK$1,775,000) had been included in other payables at 31 March 2021. At 31 March 2022, the Group had no ongoing litigation as UTRB was disposed of during the year as set out in note 35.

41. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year.

(a) Key management personnel remuneration

The key management personnel of the Group included the directors as disclosed in note 10. Details of key management personnel remuneration are summarised below:

	2022	2021
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**4,754**	5,766
Post-employment benefits	**310**	507
	5,064	6,273

(b) Outstanding balances with related parties

(i) Details of the amounts received from a shareholder is disclosed in note 28.

(ii) The amounts due from/(to) non-controlling interests disclosed in notes 19 and 24 are unsecured, interest-free and repayable on demand.

42. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

	2022 HK$'000	2021 HK$'000
Non-current assets		
Interests in subsidiaries	–	–
Amounts due from subsidiaries	305,800	418,451
	305,800	418,451
Current assets		
Prepayments and other receivables	639	979
Tax recoverable	648	1,287
Amounts due from subsidiaries	12,246	–
Cash and cash equivalents	636	75
	14,169	2,341
Current liabilities		
Accruals and other payables	3,788	4,074
Amounts due to subsidiaries	7,040	19,611
Notes payable *(note 26)*	50,000	–
Amounts received from a shareholder *(note 28)*	47,000	155,000
	107,828	178,685
Net current liabilities	(93,659)	(176,344)
Total assets less current liabilities	212,141	242,107
Non-current liabilities		
Notes payable *(note 26)*	–	50,000
Net assets	212,141	192,107
Capital and reserves		
Share capital	122,886	125,068
Reserves *(note)*	89,255	67,039
Total equity	212,141	192,107

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

Note:

	Share premium *HK$'000*	Shares held by the Company for settlement of acquisition consideration *HK$'000*	Contributed surplus *HK$'000*	Distributable reserve *HK$'000*	Capital redemption reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2020	67,546	(114,579)	2,938,375	2,216	8,000	(2,846,558)	55,000
Profit for the year	–	–	–	–	–	12,039	12,039
At 31 March 2021	67,546	(114,579)	2,938,375	2,216	8,000	(2,834,519)	67,039
At 1 April 2021	**67,546**	**(114,579)**	**2,938,375**	**2,216**	**8,000**	**(2,834,519)**	**67,039**
Conversion of Convertible Preferred Shares *(note 30(iii))*	**2,182**	**–**	**–**	**–**	**–**	**–**	**2,182**
Disposal of shares *(note 31(vi))*	**–**	**114,579**	**–**	**–**	**–**	**(113,617)**	**962**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**19,072**	**19,072**
At 31 March 2022	**69,728**	**–**	**2,938,375**	**2,216**	**8,000**	**(2,929,064)**	**89,255**

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Name	Place of incorporation/ registration and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
Reliance Credit	Hong Kong	HK$1	100%	–	100%	Money lending business
Reliance Capital	Hong Kong	HK$2	100%	–	100%	Money lending business
Sustainable Assets Management Limited	Hong Kong	HK$1	100%	–	100%	Provision of management services
Trans Resources International Limited	Hong Kong	HK$1	100%	–	100%	Timber supply chain
Woodlands Global Limited	Hong Kong	HK$100	51%	–	51%	Timber supply chain
Woodlands Europe d.o.o.	Slovenia	EUR10,000	51%	–	100%	Timber supply chain
Woodlands Industrial S.R.L.	Romania	226,000 Lei	51%	–	100%	Timber supply chain
WLG Woodlands Production S.R.L.	Romania	23,537,200 Lei	51%	–	100%	Timber supply chain
Woodlands Croatia d.o.o.	Croatia	20,000 Kuna	51%	–	100%	Timber supply chain

Note:

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

44. POSSIBLE IMPACT OF AMENDMENTS AND NEW STANDARD ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2022

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard which are not yet effective for the year ended 31 March 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

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

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

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after a date to be determined

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

Five-Year Financial Summary

RESULTS

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**761,776**	842,631	619,241	589,114	25,920
Profit before taxation	**17,646**	44,967	35,570	26,826	21,660
Income tax (expense)/credit	**(2,663)**	(6,278)	(1,009)	(454)	205
Profit for the year	**14,983**	38,689	34,561	26,372	21,865
Attributable to:					
Owners of the Company	**12,758**	33,080	33,709	26,372	21,865
Non-controlling interests	**2,225**	5,609	852	–	–
	14,983	38,689	34,561	26,372	21,865

ASSETS AND LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 March				
	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**408,194**	536,414	559,072	470,977	190,461
Total liabilities	**(159,886)**	(299,277)	(360,396)	(306,061)	(52,193)
Net assets	**248,308**	237,137	198,676	164,916	138,268
Total equity attributable to owners of the Company	**244,749**	231,012	197,917	164,930	138,282
Non-controlling interests	**3,559**	6,125	759	(14)	(14)
Total equity	**248,308**	237,137	198,676	164,916	138,268