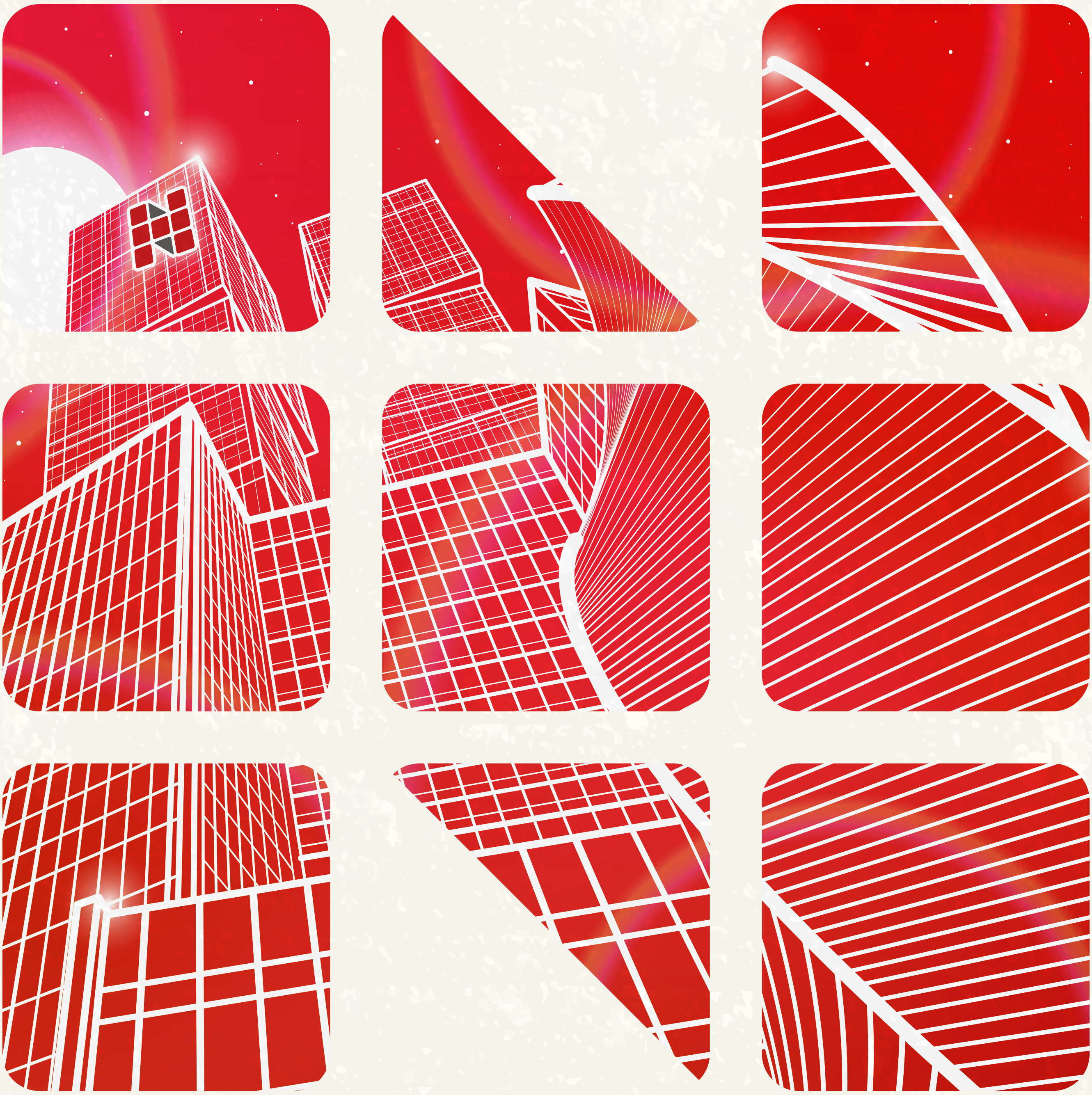
敏捷控股
NIMBLE HOLDINGS

NIMBLE HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 186)



2022/23

ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tan Bingzhao
Mr. Deng Xiangping
Mr. Yan Guohao
Ms. Liang Minling

Independent Non-Executive Directors

Dr. Lin Jinying
Dr. Lu Zhenghua
Dr. Ye Hengqing

AUDIT COMMITTEE

Dr. Lu Zhenghua *(Chairman)*
Dr. Lin Jinying
Dr. Ye Hengqing

REMUNERATION COMMITTEE

Dr. Lin Jinying *(Chairman)*
Dr. Lu Zhenghua
Dr. Ye Hengqing

NOMINATION COMMITTEE

Mr. Tan Bingzhao *(Chairman)*
Dr. Lin Jinying
Dr. Ye Hengqing

COMPANY SECRETARY

Mr. Hui Chun Yip

ASSISTANT COMPANY SECRETARY

Ms. Linda Longworth
International Managers Bermuda Ltd.

LEGAL ADVISORS

Stephenson Harwood
Johnnie Yam, Jackie Lee & Co.

AUDITOR

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

REGISTERED OFFICE

Wessex House, 5th Floor
45 Reid Street
Hamilton HM 12, Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat C01, 32/F, TML Tower
3 Hoi Shing Road, Tsuen Wan
New Territories
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

186

COMPANY'S WEBSITE

www.nimbleholding.com

Dear shareholders,

I am pleased to present the results of Nimble Holdings Company Limited (the "Company") and its subsidiaries (together as the "Group") for the year ended 31 March 2023 (the "Year").

The Group recorded a steady growth in revenue, with HK$579 million for the Year, representing an increase of approximately HK$156 million as compared to the revenue of HK$423 million for the year ended 31 March 2022 (the "Corresponding Year"), and a year-on-year increase of approximately 37%. The increase in revenue was mainly derived from PRC property development business. As certain projects are still in the pre-sale stage, the increase in recognized sales revenue of the property development business has not yet offset the selling expenses and administrative expenses, as well as the impact of the impairment on properties under development of a project. Therefore, the Group recorded a loss attributable to the owners of the Company of HK$87 million for the Year, representing a decrease of 10% as compared to the loss attributable to the owners of the Company of HK$97 million for the Corresponding Year.

PRC PROPERTY DEVELOPMENT BUSINESS

Since investing in the Hunan Ningxiang project in 2019, the Group has a total of eight parcels of land for its property development business in China, among which, the two parcels of land in Gongyi City, Henan Province, are developed under one project, therefore, the Group has a total of seven projects under construction during the Year. During the Year, the construction of all projects continued to advance, and all projects have entered into the pre-sale stage, and will continue to generate cash flow in the future. In 2022, China's real estate market experienced serious liquidity risks, and coupled with the impact of the COVID-19 pandemic, the whole industry entered into a stage of profound adjustments. Under such circumstances, China adopted a gradually easing regulation and control policy on the real estate market. In particular, the "16 Measures of Financial Support for Real Estate" were introduced in the fourth quarter to fully support the stable and healthy development of the real estate market from three aspects: maintaining a stable and orderly real estate financing, actively providing financial services for "guaranteed property delivery" and actively cooperating with the distressed real estate companies to deal with risks. The Group responded to changes in the market environment in a positive manner and made appropriate adjustments to the development plan and sales plan. During the Year, the Group achieved total attributable contracted sales of approximately RMB1.73 billion, with the total attributable contracted sales area of approximately 201,900 square meters, and the average sales price of approximately RMB8,600 per square meter. Contracted sales brought the Group a sound sales performance and stable cash flow, enabling steady development of the Group's various projects during the Year.

The Group actively responded to the government's requirement of "guaranteeing property delivery and protecting people's livelihood" and has taken up full responsibility on property delivery. In addition to Ningxiang project, certain units of the Yangjiang project were delivered for the first time during the Year. Both projects were delivered on time with high quality, and provided high-quality property services for property owners, resulting in an increase of the Group's revenue from PRC property development business from HK$195 million for the Corresponding Year to HK$393 million for the Year, and an increase of the delivered area from approximately 36,900 square meters for the Corresponding Year to approximately 70,300 square meters for the Year. Due to the increase in revenue, the loss of PRC property development segment results decreased to HK$33 million during the Year. Moreover, the Group has recognised impairment loss of HK$94 million in respect of its properties under development of a project due to the relatively volatile market conditions of the property development project.

PRC HOUSEHOLD APPLIANCES BUSINESS/USA DISTRIBUTION OF HOUSEWARE PRODUCTS AND AUDIO PRODUCTS BUSINESS

During the Year, impacted by the real estate market adjustments in China and the COVID-19 pandemic, the revenue from PRC household appliances business decreased from HK$164 million for the Corresponding Year to HK$131 million for the Year. With the concerted efforts of the team and the active and effective measures adopted to reduce and control operating costs, the segment results of PRC household appliances business recorded a profit of HK$10 million, which was comparable with that of the Corresponding Year.

Revenue from Emerson's USA distribution of houseware products and audio products business, decreased from HK$64 million for the Corresponding Year to HK$55 million for the Year, resulting from the decline in demand for some audio products. Meanwhile, Emerson also controlled its selling and administrative expenses, reducing the final segment results loss to HK$18 million.

FUTURE OUTLOOK

Since the fourth quarter of 2022, China has successively introduced support policies for real estate industry, which will help to further stabilize the expectations of home buyers and the confidence of the real estate market, and promote the return of the industry to a positive and healthy development. Looking into the future, the Group will continue to base itself on the property development business, focus on the development of existing projects, strengthen lean management, accelerate sales proceeds collection, and go all out to complete annual sales and various operating targets to ensure safe operating cash flow and achieve stable and high-quality sustainable development and create greater value for shareholders. As the market situation continues to change, the Group also evaluates its projects from time to time, and makes planning adjustments for projects that have been affected by market factors and have caused deterioration in operating conditions, including completing the sale of the Ningbo project in May 2023. At the same time, it will also pay close attention to the changes in the land market with a cautious attitude, invest in suitable and high-quality projects in a timely manner to supplement the Group's land reserves, and lay the foundation for sustainable and stable development.

Lastly, I would like to express my sincere gratitude to the board (the "Board") of directors (the "Director(s)") of the Company, the management and all staff for their contribution and dedication over the last year with the aim of maximising the return for the Company and the shareholders. I would also like to take this opportunity to thank our shareholders, customers and business partners for their full trust and support.

Tan Bingzhao
Chairman

30 June 2023

BUSINESS REVIEW

The Group recorded a revenue of HK$579 million for the Year as compared to HK$423 million for the Corresponding Year, representing an increase of approximately 37%. The increase in revenue was mainly due to the increase in sales revenue of property development business in the Year. During the Year, according to the construction plan, certain phases of the Ningxiang and Yangjiang projects have been completed and property units were delivered to the ultimate customers. Revenue from recognised sales of property development which amounted to HK$393 million was recorded in the Consolidated Statement of Profit or Loss of the Group for the Year. Due to the unfavourable conditions in the real estate industry in the PRC, progresses of some construction work have slowed down. The needs of household appliances, wires and cables were therefore reduced. Revenue generated from the trading of household appliances, wires and cables in the PRC decreased from HK$164 million for the Corresponding Year to HK$131 million for the Year, representing a decrease of approximately 20%. Emerson also recorded a decrease in revenue from HK$64 million for the Corresponding Year to HK$55 million for the Year, representing a drop of approximately 14%. Sales of audio products of Emerson recorded decreases, driven by the decrease in demand for clock radios during the Year. The Group recorded an audited loss attributable to the owners of the Company (the "Owners") of HK$87 million for the Year, which was reduced by approximately 10% when comparing to the audited loss attributable to the Owners of HK$97 million for the Corresponding Year. Comparing to the Corresponding Year, the major changes in the Consolidated Statement of Profit or Loss items were (i) increase in revenue from property development resulting in the increased overall gross profit of the Group; (ii) tighter control in administrative expenses incurred by the Group; (iii) no loss attributable to the Owners from the discontinued operations; and (iv) the impairment loss recognised in respect of properties under development incurred during the Year, which offsets the positive effect brought about by (i) to (iii) above.

As at 31 March 2023, the principal business activities of the Group included PRC property development business, Emerson's operation and the PRC household appliances business.

PRC property development business

During the Year, completed property units of Ningxiang and Yangjiang projects were delivered to the ultimate customers, and a total of HK$393 million has been recorded as revenue from recognised sales of property development. Since the remaining 5 projects were still under development and only pre-sales have taken place during the Year, selling and administrative expenses were incurred with no corresponding revenues recognised.

By combining the revenue generated from and costs incurred by Ningxiang and Yangjiang projects and the expenses incurred by the other 5 projects, the PRC property development business contributed a segment loss of HK$33 million to the Group during the Year, which improved from the segment loss of HK$52 million incurred during the Corresponding Year, due to the first-time recognition of revenue from Yangjiang project. During the Year, in view of the real estate market downturn of Nanning city, an impairment loss of HK$94 million (Nil for the Corresponding Year) was recognised in respect of the properties under development of the Nanning project.

BUSINESS REVIEW (continued)

PRC property development business (continued)

Contracted sales

All 7 projects under development have been in pre-sales during the Year. The Group's attributable contracted sales during the Year were approximately RMB1,728 million with approximately 201,900 sq.m. sold and the average selling price was approximately RMB8,600 per sq.m., whereas the Group's attributable contracted sales during the Corresponding Year were approximately RMB1,923 million with approximately 222,050 sq.m. sold and the average selling price was approximately RMB8,700 per sq.m. The contracted sales for the two years are summarised as follows:

	Approximate attributable total value Year ended 31 March		Approximate attributable saleable area sold Year ended 31 March	
Name of the project	**2023 (RMB million)**	2022 (RMB million)	**2023 (sq.m.)**	2022 (sq.m.)
Ningxiang Minjie Ziyun Fu# (寧鄉敏捷紫雲府)	**28**	99	**5,900**	20,000
Gongyi Minjie Jinxiu Yuanzhu# (鞏義敏捷錦綉源築)	**251**	360	**35,100**	47,000
Yangjiang Minjie Dongyue Fu# (陽江敏捷東樾府)	**247**	329	**43,300**	56,000
Guangxi Nanning Minjie Huayu Jinxiu Jiangchen# (廣西南寧敏捷華宇錦綉江辰)	**9**	1	**700**	50
Shantou Minjie Jinglong Wan# (汕頭敏捷璟瓏灣)	**661**	852	**59,000**	71,000
Yongzhou Minjie Jinyue Fu# (永州敏捷金玥府)	**214**	134	**42,100**	21,000
Ningbo Yunyue Xingzhu Huayuan# (寧波雲玥星著花園)	**318**	148	**15,800**	7,000
Total	**1,728**	1,923	**201,900**	222,050

For identification purposes only

BUSINESS REVIEW (continued)

PRC property development business (continued)

Projects under development

Projects under development amounted to approximately 1,068,900 sq.m. of attributable gross floor area ("GFA") as at 31 March 2023 (2022: approximately 1,081,500 sq.m.), details of which are set out below:

Location	Approximate attributable GFA		Approximate attributable saleable area	
	31 March 2023 (sq.m.)	31 March 2022 (sq.m.)	**31 March 2023 (sq.m.)**	31 March 2022 (sq.m.)
Ningxiang, Hunan	**31,800**	98,000	**26,200**	82,700
Gongyi, Henan	**185,100**	185,100	**154,600**	152,800
Yangjiang, Guangdong	**155,600**	103,000	**129,600**	87,500
Ningbo, Zhejiang	**100,200**	100,200	**74,800**	74,800
Nanning, Guangxi	**115,000**	114,000	**93,200**	92,500
Shantou, Guangdong	**319,100**	319,100	**266,600**	267,700
Yongzhou, Hunan	**162,100**	162,100	**140,700**	140,700
Total	**1,068,900**	1,081,500	**885,700**	898,700

Properties held for sale

During the Year, properties with a saleable area of approximately 108,900 sq.m. from Ningxiang and Yangjiang projects have been certified as completed. Including the unsold completed properties brought forward from last year of approximately 5,900 sq.m., total saleable area of approximately 114,800 sq.m. of properties held for sale was available for the Year. As approximately 70,300 sq.m. in saleable area has been recognized as sales of property development during the Year, the remaining properties held for sale as recorded in the consolidated statement of financial position as at 31 March 2023 were approximately 44,500 sq.m. in saleable area.

Land bank

As at 31 March 2023, the Group's attributable land bank was approximately 72,400 sq.m. and approximately 55,400 sq.m. in GFA and saleable area respectively (2022: approximately 168,300 sq.m. and approximately 135,700 sq.m. respectively), distributed across 3 cities and regions. Details are as below:

Location	Approximate attributable GFA		Approximate attributable saleable area	
	31 March 2023 (sq.m.)	31 March 2022 (sq.m.)	**31 March 2023 (sq.m.)**	31 March 2022 (sq.m.)
Gongyi, Henan	**3,100**	3,100	**–**	–
Yangjiang, Guangdong	**–**	95,900	**–**	80,300
Yongzhou, Hunan	**69,300**	69,300	**55,400**	55,400
Total	**72,400**	168,300	**55,400**	135,700

BUSINESS REVIEW (continued)

Emerson operations business

Emerson, a 72.4% owned subsidiary, whose shares are listed on the NYSE in the USA, generated revenue of HK$55 million for the Year as compared to HK$64 million for the Corresponding Year, representing a decrease of approximately 14%. The decrease in revenue was mainly resulting from the decreased consumer demand for clock radios. During the Year, Emerson continued to take active steps to streamline its operations and reduce and control its operating costs. The segment loss of Emerson for the Year was reduced to HK$18 million as compared to the segment loss of HK$28 million for the Corresponding Year.

PRC household appliances business

Since the unfavourable operating environment of the real estate industry continued to prevail in the PRC during the Year, trading of household appliances, wires and cables in the PRC recorded a revenue of HK$131 million for the Year, as compared to HK$164 million for the Corresponding Year, representing a decrease of approximately 20%. The decrease in revenue was mainly due to the sluggish status of construction work and therefore, demand for wires and cables reduced during the Year. Although the revenue dropped during the Year, with the effort of cost control measures implemented by the management, the operation has generated a segment profit of HK$10 million for the Year as compared to the segment profit of HK$11 million for the Corresponding Year.

BUSINESS PROSPECTS

Since the fourth quarter of 2022, the PRC has successively introduced supportive policies for the real estate industry, which will help further stabilize the expectations of home buyers and the confidence of the real estate market, and promote the return of the industry to healthy development. Looking into the future, the Group will continue to base itself on the property development business, focus on the development of existing projects, strengthen lean management, accelerate sales proceeds collection, and complete annual sales and various operating targets to ensure safe cash flow and achieve stable and high-quality sustainable development. As the market situation continues to change, the Group also evaluates its projects from time to time, and makes planning adjustments for individual projects that have been affected by market factors and have caused deterioration in operating conditions, including completing the 2023 Disposal in May 2023. At the same time, the Group will pay close attention to the changes in the land market with a cautious attitude, invest in suitable and high-quality projects in a timely manner to supplement the Group’s land reserves, and lay the foundation for sustainable and stable development.

With respect to the PRC household appliances business, the Group expects to maintain a stable development as the real estate market in the PRC gradually recovers and the impact of the COVID-19 pandemic subsides completely. The sales team will continue to solicit new customers to increase the revenue and the management will continue to impose various cost control measures in order to reduce the operating costs.

With regard to the operation of Emerson, the Group expects to continue with its expansion of the existing and new distribution channels and to develop and promote new products with retailers in the USA. The Group also expects that the current and proposed USA tariffs on categories of products that the Company imports from the PRC, and the PRC’s retaliatory tariffs on certain goods imported from the USA, as well as modifications to international trade policy, will continue to affect its product costs going forward. The Group will continue to monitor the trade and political environment and work to mitigate the possible effects of tariffs with its suppliers as well as its customers through pricing and sourcing strategies.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 31 March 2023 was approximately 1.26 as compared to approximately 1.72 as at 31 March 2022. The decrease in the current ratio was mainly attributable to (i) the decrease in properties under development and (ii) the increase in contract liabilities from the Group's PRC property development business during the Year.

During the Year, the Group's working capital requirements were mainly financed by internal resources and external borrowings as the Group continued to generate cash from its Emerson operations business, PRC household appliances business and PRC property development business.

As at 31 March 2023, the Group had cash and bank balances of HK$1,698 million (as at 31 March 2022: HK$1,589 million). Excluding restricted bank deposits of HK$1,365 million (as at 31 March 2022: HK$1,130 million), the cash and bank balances amounted to HK$333 million (as at 31 March 2022: HK$459 million), of which HK$130 million, HK$6 million and HK$197 million (as at 31 March 2022: HK$255 million, HK$4 million and HK$200 million) were denominated in RMB, HK$ and US$, respectively.

As at 31 March 2023, the Group had outstanding interest-bearing bank loans of HK$551 million (as at 31 March 2022: HK$1,241 million), of which loans amounted to HK$551 million (as at 31 March 2022: HK$464 million) were repayable on demand or within one year. As at 31 March 2022, loans amounted to HK$49 million were repayable in the second year, and the remaining loans amount of HK$728 million were repayable in the third to fifth years. All the bank loans were pledged by properties under development of the Group and guaranteed by related parties (as at 31 March 2022: pledged by properties under development and shares of a former subsidiary of the Group, and guaranteed by related parties and a former non-controlling interests). The effective interest rate of the bank borrowings as at 31 March 2023 were ranging from approximately 4.2% to 4.4% (31 March 2022: approximately 4.2% to 7.5%). All the borrowings were in RMB and at floating interest rate bench-marked to rates published by the People's Bank of China. During the Year, the Group considered the RMB interest rate environment relatively stable and with the Group's borrowings substantially in RMB that matched income and assets predominantly in RMB, the Group did not consider it necessary to hedge its interest rate exposure.

GEARING RATIO

As at 31 March 2023, the Group's gearing ratio, expressed as net interest-bearing borrowings (including bank loans and amount due to related parties) over total equity, was approximately 1.54 times (as at 31 March 2022: approximately 5.85 times).

CHARGES ON GROUP ASSETS

As at 31 March 2023, properties under development with aggregate carrying amount of HK$1,130 million were pledged to secure bank borrowing facilities for the Group (as at 31 March 2022: HK$2,772 million).

TREASURY POLICIES

The Group's revenues are mainly in US dollars and RMB. Since the Hong Kong dollars is linked with the US dollars, the Group is not exposed to significant currency risks in transactions settled in US dollars. However, for transactions settled in RMB, the Group will be exposed to foreign currency risks. The Group offsets the corresponding risks mainly through natural hedging and has not participated in any speculative trading of derivative financial instruments, but will carefully consider whether to conduct currency swaps at an appropriate time to hedge against corresponding risks. The Group will closely monitor and manage its foreign currency exposure and make use of appropriate measures when required.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 19 January 2023, Guangzhou Ruihua Property Development Company Limited* (an indirect wholly-owned subsidiary of the Company) ("GZ Ruihua", 廣州市瑞華物業發展有限公司) and Guangzhou Minjun Real Estate Co., Limited* ("GZ Minjun", 廣州敏駿房地產有限公司) entered into a sale and purchase agreement, pursuant to which GZ Ruihua, as the vendor, conditionally agreed to sell, and GZ Minjun, as the purchaser, conditionally agreed to purchase, the entire share capital of Ningbo Ruizhi Real Estate Development Company Limited* (an indirect wholly-owned subsidiary of the Company) ("Ningbo Ruizhi", 寧波市瑞智房地產開發有限公司), at a consideration of RMB10,000,000 (the "2023 Disposal"). On 23 May 2023, the 2023 Disposal was completed. Details of the 2023 Disposal are set out in the circular of the Company dated 2 May 2023.

During the Corresponding Year, Unijoy Group was disposed of and transferred to Sino Capital Resources Limited, an entity wholly-owned by Mr. Ho Wing On Christopher (a director of Grande N.A.K.S. Ltd, a wholly-owned subsidiary of the Company), at a consideration of HK$60,000,000. The disposal was completed on 15 June 2021 and a disposal gain was recorded in the Consolidated Statement of Profit or Loss for the Corresponding Year.

Except for the above, the Group had no material acquisition or disposal of subsidiaries nor affiliated companies for the Year.

MATERIAL EVENTS AFTER THE YEAR

Other than those disclosed in this report and the 2023 Disposal, there were no other significant events occurred up to the date of this report.

SIGNIFICANT INVESTMENT

The Group did not make any new significant investment during the Year.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets for the coming 12 months from the date of this report.

* *For identification purpose only*

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 31 March 2023 was 130 (as at 31 March 2022: 150). The Group remunerates its employees mainly based on industry practice, individual performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as to an individual's performance in the relevant financial year. Other benefits include medical and retirement schemes.

CONTINGENT LIABILITIES

Except for the cases set out below, the Group did not have significant contingent liabilities as of 31 March 2023 and up to the date of this report.

Guarantees

The Group had provided guarantees of approximately HK$1,919 million as at 31 March 2023 (as at 31 March 2022: HK$1,045 million) to banks in favour of the purchasers of property units in relation to the Group's properties under development and completed properties sold, up to an amount of 80% of the purchase price of the individual property units, in respect of the mortgage loans provided by the banks to such purchasers. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers prior to the releases of the guarantees, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees start from the respective dates of grant of the mortgage loans.

In the opinion of the Directors, the total fair value of the financial guarantee contracts of the Group is insignificant at initial recognition. The Directors also consider the possibility of default by the parties involved to be remote and in case of default in payments, the net realisable value of the related properties would be able to cover the outstanding principal together with the accrued interest and penalties. Accordingly, no value has been recognised in the consolidated statement of financial position as at 31 March 2023 and 2022.

LEGAL CASES

(a) The Company

In an order made by the High Court of the Hong Kong Special Administrative Region (the "High Court") on 9 May 2016 in respect of case HCCW 177/2011, the Company is required to:

(i) indemnify and keep indemnified the former provisional liquidators in the event that the funds paid into the court are insufficient to meet the taxed fees and expenses of the former provisional liquidators; and

(ii) indemnify and keep indemnified Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited in respect of the costs of the defence of proceedings HCA 92/2014 ("the Action"), subject to the final determination of the Action. HCA 92/2014 is a legal case filed in January 2014 in the High Court by Sino Bright Enterprises Co., Ltd., and HCA 1152/2017 is a legal case filed in May 2017 in the High Court by the Company (which was later consolidated with HCA 92/2014), against Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited for alleged misrepresentation and the case is ongoing.

As at the date of this report, the Company has received no such requests for the related fees, costs and expenses.

The Directors are of the view that no provision is necessary for any of the matters described above, after having considered their respective merits.

(b) Emerson Radio Corp.

On 19 April 2022, the US District Court for the District of Delaware (the "Court") granted a judgment in favour of Emerson in its trademark infringement lawsuit against air conditioning and heating products provider Emerson Quiet Kool Co. Ltd. and wholesaler Home Easy Ltd. (the "Defendants"). Among other things, the Court issued an injunction and directed the US Patent and Trademark Office to cancel the Defendants' existing and proposed "Emerson Quiet Kool" trademarks and prohibits Defendants from registering or applying to register the same mark or any other mark or name containing the word "Emerson" going forward. The Court also awarded US$6.5 million to Emerson. As at 31 March 2023, the Defendants have conditionally made payments of US$4.1 million to Emerson, in connection with ongoing negotiations among the parties, which has been reduced by approximately US$0.8 million of legal fees incurred during the Year. The judgement is presently on appeal to the US Court of Appeals for the Third Circuit. There is no guarantee that Emerson will be able to collect the entire court award or that a negotiated resolution regarding these matters will ever be agreed among the parties or, if agreed, how soon the parties will be able to do so.

CAPITAL COMMITMENTS

As at 31 March 2023, the Group had contracted, but not provided for, capital expenditure commitments of HK$1,632 million (as at 31 March 2022: HK$2,453 million) in respect of properties under development.

EXECUTIVE DIRECTORS

Mr. Tan Bingzhao

Mr. Tan Bingzhao ("Mr. Tan"), aged 59, has been appointed as an executive Director, the chairman of the Board and the chief executive officer of the Company with effect from 2 December 2017. Mr. Tan is also the chairman of the Nomination Committee of the Company. He serves as a director of certain subsidiaries of the Company since January 2018. He is currently the honourary chairman and was the president of Guangzhou Nimble Investment Limited# ("Guangzhou Nimble", 廣州市敏捷投資有限公司) from 2004 to 2014. Guangzhou Nimble is a company established in the PRC in 2004 and principally engaged in property development and investment holding. Mr. Tan possesses extensive experience in property development and investment in the PRC as well as corporate management. Mr. Tan graduated from Guangdong Open University (previously known as "Guangdong Radio and TV University"#) in 1987, specialising in industrial building and civil construction.

Mr. Deng Xiangping

Mr. Deng Xiangping ("Mr. Deng"), aged 59, has been appointed as an executive Director of the Company with effect from 2 December 2017. He serves as a director of certain subsidiaries of the Company since January 2018. He was the assistant to the president of Guangzhou Nimble. He possesses extensive experience in real estate development and construction industries. Mr. Deng graduated from Guangzhou Institute of Technology (previously known as "Guangzhou Workers Amateur University"#) in 1989, specialising in economic management. Mr. Deng completed the advanced financial management program organised by School of Business Sun Yat-Sen University in 2006.

Mr. Yan Guohao

Mr. Yan Guohao ("Mr. Yan"), aged 37, has been appointed as an executive Director of the Company with effect from 31 March 2023. He joined the Group in March 2021 and has been appointed as the deputy general manager of Guangzhou Nimble Household Appliances Trading Ltd# (廣州敏捷家電貿易有限公司), a wholly-owned subsidiary of the Company in the PRC and Swift Up Limited, a wholly-owned subsidiary of the Company in Hong Kong, since August 2022 and February 2023 respectively. He was the executive assistant of the chief executive officer of Guangzhou Nimble before March 2021. He has extensive experience in real estate development industry. He graduated from South China Agricultural University# (華南農業大學) in 2011, majoring in civil engineering management.

Ms. Liang Minling

Ms. Liang Minling ("Ms. Liang"), aged 44, has been appointed as an executive Director of the Company with effect from 31 March 2023. She was a finance manager of Guangzhou Jinxiu Dadi Real Estate Company Limited# (廣州錦繡大地房地產有限公司) up to December 2010. She then joined Guangzhou Nimble to act as the deputy financial controller up to June 2014. She was a senior consultant in real estate and finance of Vigers Appraisal and Consulting Limited until February 2023. Ms. Liang has extensive experience in real estate development industry and finance and accounting field. She graduated from Guangzhou Radio and Television University# (廣州市廣播電視大學) in 2003, majoring in accounting. She also obtained a bachelor degree from Southwestern University of Finance and Economics# (西南財經大學) in 2016, majoring in accounting.

For identification purposes only

BIOGRAPHIES OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lin Jinying

Dr. Lin Jinying ("Dr. Lin"), aged 60, has been appointed as an independent non-executive Director with effect from 2 December 2017. She is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company. She is currently Dean of the School of Medicine and Health of Guangzhou Donghua Vocational College. Dr. Lin obtained her bachelor's degree in chemistry from South China Normal University in 1984 and her postgraduate diploma in food engineering in Jiangnan University (previously known as "Wuxi Institute of Light Industry"#) in 1987. She received her doctorate degree in food engineering from South China University of Technology ("SCUT") in 2010.

Dr. Lu Zhenghua

Dr. Lu Zhenghua ("Dr. Lu"), aged 60, has been appointed as an independent non-executive Director with effect from 2 December 2017. She is also the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. She is currently an associate professor of School of Business Administration of SCUT, engaging in educational work in accounting and finance. Dr. Lu obtained a bachelor's degree in accounting from Jiangxi University of Finance and Economics in 1986 and a master's degree in economics from Jinan University in 1998. She received a doctorate degree in business administration from Macau University of Science and Technology in 2008. Dr. Lu is currently a non-practising member of the Chinese Institute of Certified Public Accountants.

Dr. Lu has served as an independent director of Guangzhou Hi-target Navigation Tech Co., Ltd. (廣州中海達衛星導航技術股份有限公司) (a company listed on the Growth Enterprise Market of the Shenzhen Stock Exchange, stock code: 300177) since May 2021; an independent director of Guangzhou Tech-Long Packaging Machinery Co., Ltd. (廣州達意隆包裝機械股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002209) since December 2022; an independent director of Wens Foodstuff Group Co., Ltd. (溫氏食品集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300498) since December 2021; an independent director of Guangzhou Baiyun International Airport Co., Ltd. (廣州白雲國際機場股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600004) since February 2023.

Dr. Lu served as a director of Guangdong Dazhi Environmental Protection Technology Co., Ltd. (廣東達志環保科技股份有限公司) (a company listed on the Growth Enterprise Market of the Shenzhen Stock Exchange, stock code: 300530) from August 2014 to August 2017; an independent non-executive director of Guangdong Yueyun Transportation Company Limited (廣東粵運交通股份有限公司) (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 3399) from June 2012 to August 2022; an independent director of Super-Dragon Engineering Plastic Co., Ltd. (廣州市聚賽龍工程塑料股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 301131) from February 2016 to May 2022.

Dr. Ye Hengqing

Dr. Ye Hengqing ("Dr. Ye"), aged 51, has been appointed as an independent non-executive Director with effect from 2 December 2017. He is also a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He is currently a professor of Department of Logistics and Maritime studies in the Faculty of Business of The Hong Kong Polytechnic University. Prior to joining The Hong Kong Polytechnic University, Dr. Ye taught at the NUS Business School of National University of Singapore. Dr. Ye obtained a bachelor's degree and master's degree in applied mathematics from SCUT in 1993 and 1996 respectively. He received his doctorate degree in industrial engineering and engineering management from the Hong Kong University of Science and Technology in 2000.

The Directors of the Company are pleased to present the report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the principal activities of the major subsidiaries are set out in Note 42 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Year, an indication of likely future development in the Group's business, and a discussion on the Company's environmental policies and performance, can be found in the "Chairman's Statement" section on pages 3 to 4 and the "Management's Discussion and Analysis" section on pages 5 to 12, the "Corporate Governance Report" section on pages 24 to 38, the "Environmental, Social and Governance Report" section on pages 39 to 54 and Note 6 to the consolidated financial statements on pages 87 to 94 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability whose shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The Group has compliance procedures in place to ensure adherence to applicable laws and regulations which have a significant impact on the Group. During the Year, so far as the Company is aware, the Group has complied with the relevant laws and regulations which have a significant impact on the Group in all material aspects, including, the Companies Act 1981 of Bermuda, the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

SEGMENT INFORMATION

Details of revenue and segmented information are set out in Notes 7 and 8 to the consolidated financial statements respectively.

GROUP LOSS

The Group's loss for the Year and the state of the Company's and the Group's financial affairs at that date are set out in the consolidated financial statements on pages 60 to 139 of this annual report.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the Year (Corresponding Year: Nil). No interim dividend was declared for the Year.

DONATIONS

During the Year, the Group made charitable donations of approximately HK$103,000 (Corresponding Year: Nil).

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group during the Year and the Corresponding Year, or subsisted as at 31 March 2023 or as at 31 March 2022.

BANK AND OTHER BORROWINGS

Particulars of borrowings of the Group as at the balance sheet date are set out in Notes 30 and 31 to the consolidated financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 140 of this annual report.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

SUBSIDIARIES

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

SHARE CAPITAL

Details of movement in the share capital of the Company during the Year are set out in Note 32 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2023 and 31 March 2022, the Company did not maintain any reserve available for distribution to shareholders, calculated under the provisions of the Companies Act 1981 of Bermuda.

The Company's share premium account may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's largest customer and five largest customers accounted for approximately 13% and 22%, respectively, of the Group's total revenue for the Year.

Purchases from the Group's largest supplier and five largest suppliers accounted for approximately 32% and 83%, respectively, of the Group's total purchases for the Year.

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

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were as follows:

Executive Directors

Mr. Tan Bingzhao
Mr. Deng Xiangping
Mr. Yan Guohao (appointed on 31 March 2023)
Ms. Liang Minling (appointed on 31 March 2023)

Independent Non-Executive Directors

Dr. Lin Jinying
Dr. Lu Zhenghua
Dr. Ye Hengqing

The Company has received confirmations from the independent non-executive Directors of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all the independent non-executive Directors as independent.

In accordance with Bye-law 84(1) of the Company's Bye-laws (the "Bye-laws"), Mr. Yan Guohao, Ms. Liang Minling and Dr. Lu Zhenghua will retire by rotation at forthcoming annual general meeting of the Company (the "AGM") and, being eligible, have offered themselves for re-election at the AGM.

The Nomination Committee of the Company (the "NC"), after reviewing the composition of the Board, the qualifications, skill and experience, time commitment and contributions of the retiring Directors with reference to the Company's board diversity policy and corporate strategy, has recommended to the Board on the re-election of Mr. Yan Guohao, Ms. Liang Minling and Dr. Lu Zhenghua as Directors at the forthcoming AGM. The Board accepted the recommendation from the NC and proposes re-election of Mr. Yan Guohao, Ms. Liang Minling and Dr. Lu Zhenghua as Directors at the forthcoming AGM.

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

Biographies of the Directors are set out on pages 13 to 14 of this annual report.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 13 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENTS OR CONTRACTS

Save as disclosed on pages 21 to 22 of this annual report and Note 37 to the consolidated financial statements, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party at any time during the Year or as at the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this annual report, none of the Directors was interested in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

SERVICE CONTRACT OF DIRECTORS

Mr. Tan and Mr. Deng Xiangping have entered into employment contracts with a subsidiary of the Company on 1 February 2021 for a fixed term of three years commencing from 2 December 2020 as Directors and subject to re-election.

Mr. Yan Guohao and Ms. Liang Minling have entered into employment contracts with a subsidiary of the Company on 21 February 2023 and 31 March 2023, respectively, for a fixed term of three years commencing from 31 March 2023 as Directors and subject to re-election.

All the existing independent non-executive Directors have entered into letters of appointment with the Company on 1 February 2021 for a fixed term of three years commencing from 2 December 2020 as independent non-executive Directors and subject to re-election.

None of the above-mentioned employment contracts and letters of appointment are determinable within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

During the Year, no contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2023, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

		Number of shares held in the Company				Approximate percentage of total issued share capital
Name of Director	**Nature of interests**	**Corporate interests**	*Note*	**Other interests**	*Note*	
Mr. Tan	Long position	3,616,712,779	(ii)	439,180,000	(iii)	73.85%

Notes:

(i) As at 31 March 2023, the total number of issued shares of the Company was 5,492,232,889.

(ii) The 3,616,712,779 shares in which Mr. Tan is deemed to hold interests under the SFO are the shares held by Wealth Warrior Global Limited ("Wealth Warrior"), which is wholly owned by Mr. Tan.

(iii) The 439,180,000 shares are owned by Merchant Link Holdings Limited and Rise Vision Global Limited, each of which holds 219,590,000 shares and they are indirectly wholly owned by a discretionary trust. Mr. Tan is a director of both Merchant Link Holdings Limited and Rise Vision Global Limited and is the settlor and a beneficiary of the discretionary trust. In this respect, Mr. Tan is deemed to hold interests of these shares under the SFO.

Save as disclosed above, none of the Directors or chief executive of the Company had, or were deemed to hold, any interests or short positions in any shares, underlying shares and debentures of the Company or any of 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 as at 31 March 2023.

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 arrangement to enable the Directors, their spouse or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, nor were any such rights exercised by them.

INDEMNITY OF DIRECTORS

The Company has taken out and maintained Directors' liability insurance throughout the Year, which provides appropriate cover for legal actions brought against the Directors. The level of coverage is reviewed annually.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2023, so far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of substantial shareholder	Capacity	Number of issued ordinary shares of HK$0.01 each in the Company held	Approximate percentage of the issued share capital
Wealth Warrior	Beneficial owner	3,616,712,779 (L)	65.85%
Sino Bright Enterprises Co., Ltd. ("Sino Bright")	Beneficial owner and person having a security interest in shares	1,023,463,423 (L) *(Note 1)*	18.63%
LEHD Pte. Ltd. ("LEHD")	Trustee	1,428,769,939 (L) *(Notes 1, 2)*	26.01%
Airwave Capital Limited ("Airwave")	Interest of controlled corporation	405,306,516 (L) *(Note 3)*	7.38%
Barrican Investments Corporation ("Barrican")	Beneficial owner and interest of controlled corporation	405,306,516 (L) *(Notes 2, 4)*	7.38%
Splendid Brilliance (PTC) Limited ("Splendid Brilliance")	Trustee	439,180,000 (L) *(Note 5)*	8.00%
He Guichai	Interest of controlled corporation	439,180,000 (L) *(Note 5)*	8.00%

* The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such shares.

Notes:

(1) Sino Bright, as beneficial owner, owns 23,463,423 shares representing approximately 0.42% of the total issued share capital of the Company. Sino Bright is deemed to be interested in 1,000,000,000 shares pursuant to the legal charge under the share mortgage dated 26 September 2017 in favour of Sino Bright (as mortgagee) granted by Wealth Warrior (as mortgagor) as security for the deferred consideration under the sale and purchase agreement dated 22 September 2017 between Sino Bright (as vendor) and Wealth Warrior (as purchaser).

(2) LEHD is deemed to have interests in 1,428,769,939 shares as the trustee to the discretionary trust which owns the entire issued share capital of The Ho Family Trust Limited ("The Ho Family Trust"). The Ho Family Trust is deemed to be interested in the shares held by Barrican, McVitie Capital Limited ("McVitie") and Sino Bright, which are wholly owned subsidiaries of The Ho Family Trust and directly own 335,260,845 shares, 70,045,671 shares and 1,023,463,423 shares, respectively.

(3) Barrican is a wholly owned subsidiary of Airwave and owns 100% interests in McVitie. Accordingly, Airwave is deemed to be interested in the shares held by Barrican and McVitie.

(4) McVitie is a wholly owned subsidiary of Barrican. Accordingly, Barrican is deemed to be interested in the shares held by McVitie.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

Notes: (continued)

(5) Splendid Brilliance, being a party acting in concert with Wealth Warrior, is deemed to have interests in 439,180,000 shares as the trustee to the discretionary trust which indirectly owns the entire issued share capital of Merchant Link Holdings Limited and Rise Vision Global Limited, each of which holds 219,590,000 shares. Mr. Tan is a director of both Merchant Link Holdings Limited and Rise Vision Global Limited and is the settlor and a beneficiary of the discretionary trust. Ms. He Guichai is the sole director and sole shareholder of Splendid Brilliance.

Save as disclosed above, as at 31 March 2023, none of the Directors nor chief executive of the Company was aware of any other person (other than the Directors or chief executive of the Company) or corporation who had an interest or short position in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

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

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

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS

During the Year, the Corresponding Year and up to the date of this report, the Group conducted the following transaction which constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

On 19 January 2023, GZ Ruihua and GZ Minjun entered into a sale and purchase agreement, pursuant to which GZ Ruihua, as the vendor, conditionally agreed to sell, and GZ Minjun, as the purchaser, conditionally agreed to purchase, the entire share capital of Ningbo Ruizhi, at a consideration of RMB10,000,000 (the "2023 Disposal").

As at the date of the sale and purchase agreement, GZ Minjun was a majority-controlled company of Mr. Tan Huichuan, a family member of Mr. Tan under Rule 14A.12(2)(a) of the Listing Rules, and Mr. Tan is the Chairman, an executive Director and a controlling shareholder of the Company. Therefore, GZ Minjun is a connected person of the Company pursuant to Chapter 14A of the Listing Rules by virtue of being an associate of Mr. Tan, a connected person of the Company. Accordingly, the 2023 Disposal also constitutes a connected transaction for the Company and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A special general meeting was convened by the Company on 23 May 2023, at which the 2023 Disposal and the transaction contemplated thereunder were duly passed as an ordinary resolution of the Company by the independent Shareholders.

CONNECTED TRANSACTIONS (continued)

Since the completion date, Ningbo Ruizhi has ceased to be a subsidiary of the Company.

On 7 April 2021, the Company, Grande N.A.K.S. Ltd and Unijoy Limited (both wholly-owned subsidiaries of the Company), and Sino Capital Resources Limited entered into a sale and purchase agreement, pursuant to which, Grande N.A.K.S. Ltd, as the vendor, conditionally agreed to sell and Sino Capital Resources Limited, as the purchaser, conditionally agreed to purchase the entire issued share capital of Unijoy Limited, at a consideration of HK$60 million (the "2021 Disposal").

The consideration was subject to adjustment. After completion, the consolidated net asset value of Unijoy Group as at completion of the 2021 Disposal was to be assessed. Should the amount of consolidated net asset value of Unijoy Group as at 31 December 2020 be less than the amount of the consolidated net asset value of Unijoy Group as at completion, the consideration shall be increased by such difference in amounts accordingly. The consideration would not be decreased if the amount of consolidated net asset value of Unijoy Group as at 31 December 2020 is higher than the amount of the consolidated net asset value of Unijoy Group as at completion. Finally, by referring to the consolidated management accounts of Unijoy Group as at the Completion Date, no adjustment had to be made on the original consideration.

As at the date of the sale and purchase agreement, Mr. Ho Wing On, Christopher ("Mr. Ho") was the sole director of the Grande N.A.K.S. Ltd and the sole beneficial owner of Sino Capital Resources Limited. Accordingly, Sino Capital Resources Limited is a connected person of the Company pursuant to Chapter 14A of the Listing Rules by virtue of being an associate of Mr. Ho, a connected person of the Company and the Disposal and the transaction contemplated thereunder therefore constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but all of them are less than 75%, the 2021 Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. As such, the 2021 Disposal is subject to the reporting, announcement and shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

A special general meeting was convened by the Company on 9 June 2021, at which the 2021 Disposal and the transaction contemplated thereunder were duly passed as an ordinary resolution of the Company by the independent Shareholders.

Since the completion date, Unijoy Limited has ceased to be a subsidiary of the Company.

The Company has complied with the disclosure requirements in accordance with Chapter 14A, and details of the 2023 Disposal are set out in the announcements of the Company dated 19 January 2023, 21 April 2023, 23 May 2023 and the circular dated 2 May 2023.

Other related party transactions

During the Year, the Group also had certain related party transactions, details of which are disclosed in Note 37 to the consolidated financial statements. These transactions either did not fall under the definition of connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules, or are connected transaction or continuing connected transactions, but are subject to exemptions under Chapter 14A of the Listing Rules and thus are fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, during the Year and up to the date of this report, the Company had maintained the sufficient public float as required under the Listing Rules.

TAX RELIEF AND EXEMPTION

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

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters, including the review of the Group's audited consolidated financial statements for the Year.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 24 to 38 of this annual report.

EVENTS AFTER BALANCE SHEET DATE

Details of significant events that occurred after balance sheet date are set out in Note 41 to the consolidated financial statements.

INDEPENDENT AUDITOR

The consolidated financial statements for the Year have been audited by ZHONGHUI ANDA CPA Limited who will retire and, being eligible, offer themselves for re-appointment as auditor at the forthcoming AGM of the Company.

On behalf of the Board

Tan Bingzhao
Chairman

Hong Kong
30 June 2023

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the Year.

CORPORATE GOVERNANCE CODE

The Company's code on corporate governance practices was adopted by reference to the code provisions of the Corporate Governance Code (the "Code") as set out in Part 2 of Appendix 14 to the Listing Rules.

The Board confirmed that the Company had complied with all principles and code provisions in the Code during the Year, except for the codes provisions of the Code as noted hereunder.

Code Provision C.2.1

Mr. Tan has been acting as the chairman of the Board (the "Chairman") and the Chief Executive Officer ("CEO") of the Company since his appointment as a Director on 2 December 2017, which according to code provision C.2.1, the roles of these two positions should be separate and should not be performed by the same individual.

The Board has considered that the non-segregation would not result in concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. The CEO is responsible for the day-to-day management of the Group's business. Their respective roles and responsibilities are set out in writing and have been approved by the Board. As mentioned above, the roles of the Chairman and the CEO have been performed by Mr. Tan. However, if the Board does find a suitable candidate for the position of CEO, the above roles will be separately discharged by different persons at that time.

BOARD COMPOSITION

The key principles of good governance require the Company to have an effective Board which is collectively responsible for its success, setting the Company's values and enhancing the shareholders' value. Non-executive Directors have particular responsibility to oversee the Company's development, scrutinise its management performance, and advise on critical business issues.

The Company has a balanced Board of executive and non-executive Directors so that no individual or small group can dominate its decision-making process. The overall management of the Company's business is vested in the Board and the Directors are collectively responsible for promoting the success of the Company. The Board determines and monitors the Company strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Group, while the management is responsible for the day-to-day operations of the Group under the leadership of the Board. During the Year, the management has supplied the Board with adequate information, in a timely manner, to enable it to make informed decisions.

To help the Board discharge its duties and make decisions on particular aspects of the Company's affairs, Board committees, including Remuneration Committee ("RC"), NC, and Audit Committee ("AC"), have been established under the Company's Bye-laws. The Board has delegated to these Board committees various responsibilities set out in their respective terms of references, which are published on the websites of the Company and the Stock Exchange. Further details about these Board committees are discussed in the later part of this report.

The management has powers and authorities delegated by the Board and exercises such powers and authorities by the Board from time to time. The delegation arrangements are reviewed periodically to ensure that they remain appropriate to the Company's needs. The management assumes full accountability to the Board for the operation of the Group. There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board has given clear directions to the management that certain matters must be reserved to the Board, including the followings:

– Publication of final and interim results of the Company

– Dividend distribution or other distribution

– Major issues of treasury policy, accounting policy and remuneration policy

– Review on risk management and internal control systems

– Corporate governance functions

– Changes to major group structure or board composition requiring notification by announcement

– Notifiable transaction and non-exempted connected transaction/continuing connected transaction

– Capital restructuring

– Financial assistance to the Directors

BOARD COMPOSITION (continued)

During the Year and as at the date of this report, the Board has seven members composed as follows:

Executive Directors

Mr. Tan Bingzhao
Mr. Deng Xiangping
Mr. Yan Guohao (appointed on 31 March 2023)
Ms. Liang Minling (appointed on 31 March 2023)

Independent Non-Executive Directors

Dr. Lin Jinying
Dr. Lu Zhenghua
Dr. Ye Hengqing

The biographical details of the Directors are set out on pages 13 to 14 of this annual report.

During the Year, the Company was in compliance with the requirement of Rule 3.10 and Rule 3.10A of the Listing Rules, the Company has appointed, at least, three independent non-executive Directors representing more than one-third of the Board, of which one holds professional accounting qualifications. The Company received a confirmation from each of the independent non-executive Directors confirming independence under Rule 3.13 of the Listing Rules. The NC is of the view that all independent non-executive Directors are independent under the requirements of the Listing Rules.

During the Year, Mr. Tan, the Chairman, has led the Board and ensured that the Board worked effectively and that all-important matters were discussed in a timely manner. Mr. Tan also worked as the CEO of the Company and was responsible for the day-to-day management, administration and operations of the Group during the Year. The Board has considered that the non-segregation would not result in concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

Save as disclosed in this annual report, each Director does not have any financial, business, family or other material/relevant relationships with any Directors, senior management or substantial or controlling shareholders of the Company as defined in the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors is engaged on a service contract and each of the non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years. The appointment may be terminated by not less than three months' written notice.

In accordance with code provision B.2.2 and the Company's Bye-laws, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment, and any new Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Bye-laws. The NC is responsible for reviewing the board composition, monitoring the appointment/re-appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Each newly appointed Director receives a comprehensive induction covering business operations, policies and procedures of the Company as well as the statutory obligations of being a director to ensure that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and other relevant regulatory requirements.

Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company arranges a wide range of professional development courses relating to the Listing Rules, the Hong Kong Companies Ordinance and corporate governance practices organised by professional bodies and institutions for the Directors continuously in order that they can continuously update and further improve their relevant knowledge and skills in compliance with code provision C.1.4.

The existing Directors have already attended a comprehensive induction training conducted by our corporate lawyer upon their initial appointment in December 2017. No separate training course was arranged since their appointment up to the end of the Year. However, materials received from the Stock Exchange or corporate lawyer in relation to the duties of directors have been forwarded to the Directors for their information during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made to all Directors and each of them has confirmed that they have complied with the Model Code during the Year.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees of the Company (other than Directors) who are likely to be in possession of inside information of the Company.

There is no incident of non-compliance with the Employees Written Guidelines by the employees that should be brought to the attention of shareholders.

DIRECTORS AND OFFICERS INSURANCE

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Group.

BOARD MEETINGS

Board Practices and Conduct of Meetings

The Board meets at least four times a year with at least 14 days' notices and additional meetings with reasonable notices are held as and when the Board considers appropriate. Other than regular meetings, the Chairman meets with the independent non-executive Directors without the presence of executive Directors pursuant to code provision C.2.7, to facilitate an open discussion among the independent non-executive Directors on issues relating to the Group. Agenda and accompanying meeting materials are sent to all Directors at least three days in advance of each regular board meeting. Directors may participate in meetings in person, by phone or by other communication means.

The company secretary records all matters considered by the Directors, decisions reached and any concerns raised at the meetings. Draft and final versions of the minutes are sent to all Directors for their comments and records respectively within a reasonable time. Also, Directors may approve various matters by way of passing written resolutions.

Directors may seek independent professional advice in appropriate circumstances at the Company's expense.

BOARD MEETINGS (continued)

Board Practices and Conduct of Meetings (continued)

Five meetings of the Board were held during the Year and the attendance records of the members of the Board are set out below:

Name of Directors	Number of meetings attended/eligible to attend
Mr. Tan Bingzhao	5/5
Mr. Deng Xiangping	5/5
Dr. Lin Jinying	5/5
Dr. Lu Zhenghua	5/5
Dr. Ye Hengqing	5/5
Mr. Yan Guohao (appointed on 31 March 2023)	N/A
Ms. Liang Minling (appointed on 31 March 2023)	N/A

Moreover, there were an AGM held during the Year, the attendance records of the members of the Board are set out below:

	Number of meetings attended/eligible to attend
Name of Directors	Annual General Meeting
Mr. Tan Bingzhao	1/1
Mr. Deng Xiangping	1/1
Dr. Lin Jinying	1/1
Dr. Lu Zhenghua	1/1
Dr. Ye Hengqing	1/1
Mr. Yan Guohao (appointed on 31 March 2023)	N/A
Ms. Liang Minling (appointed on 31 March 2023)	N/A

BOARD COMMITTEES

The Board has established three Board committees, namely, the NC, the RC, and the AC. All committees have respective terms of references clearly defining their powers and responsibilities delegated by the Board. All committees should report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.

Nomination Committee

Currently, the NC is chaired by Mr. Tan and comprises two additional members, namely Dr. Lin and Dr. Ye. All of them were appointed as members of the NC with effect from 2 December 2017. The majority of the NC comprises of independent non-executive Directors.

The NC is responsible for (a) reviewing and monitoring the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) assessing the independence of independent non-executive Directors annually, bearing in mind the circumstances set out in Rule 3.13 of the Listing Rules; (d) making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors, in particular the Chairman and CEO; (e) deciding whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular where the Director concerned has multiple board representations. Where possible, the NC shall formulate internal guidelines that can address the competing time commitments that are faced when Directors serve on multiple boards; (f) deciding on how the Board's performance may be evaluated and proposing objective performance criteria; (g) to review the diversity of Board members periodically which can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience; and (h) to assist the Board in the development and review of the Board's diversity policy (the "Board Diversity Policy") and directors' nomination policy (the "Nomination Policy"), as appropriate; and review the measurable objectives for the implementation of the Board Diversity Policy and monitor progress towards the achievement of such. Such performance criteria, that allow comparison with its industry peers, should be approved by the Board and address how the Board has enhanced long term shareholders' value.

During the Year, an NC meeting with the attendance of all NC members was held to review and agree the appointment of Mr. Yan Guohao and Ms. Liang Minling as executive Directors of the Company. An NC meeting with the attendance of all NC members were held before the publication of this report to consider the retirement and re-election of Directors and the issues relating to the NC.

BOARD COMMITTEES (continued)

Remuneration Committee

Currently, the RC is chaired by Dr. Lin and comprises two additional members, namely Dr. Lu and Dr. Ye. All of them were appointed as members of the RC with effect from 2 December 2017. All members of the RC are independent non-executive Directors.

The major duties of the RC include (a) assessing, reviewing and making recommendations, once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the Directors of the Board and the senior management of the Company; (b) making recommendations to the Board in relation to all consultancy agreements and service contracts, or any variations, renewals or modifications thereof, entered into between the Company and the Directors of the Board or any associate company of any of them; (c) considering what details of the Directors' and senior management's remuneration/benefits should be reported in addition to those required by law in the Company's annual report and accounts and how those details should be presented; (d) making recommendations to the Board on the Company's policy and structure for all Directors' (including non-executive Directors and independent non-executive Directors) and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, and placing recommendations before the Board concerning the total remuneration and/or benefits granted to the Directors from time to time; (e) determining the remuneration packages of individual executive Directors and senior management, or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights, and compensation payments (including any compensation payable for loss or termination of their office or appointment); (f) making recommendations to the Board on the remuneration of non-executive Directors; (g) reviewing and approving compensation payable to the executive Directors and senior management or any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (h) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (i) ensuring that no Director or any of his associates is involved in deciding his own remuneration; (j) catering for the Company to be in a position to offer and maintain competitive and attractive overall benefits to recruit and maintain high quality personnel at the Board level; and (k) conforming to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or applicable laws.

The remuneration paid to the senior management by the Board during the Year is disclosed in Note 13 to the consolidated financial statements.

During the Year, a RC meeting with the attendance of all RC members was held to review the remuneration package of the senior management and issues relating to the RC. The members of RC considered the remuneration package of the senior management reasonable.

As the Company does not have any share schemes under Chapter 17 of the Listing Rules, there were no matters relating to share schemes under Chapter 17 of the Listing Rules for the RC to review nor approve during the year ended 31 March 2023.

BOARD COMMITTEES (continued)

Audit Committee

Currently, the AC is chaired by Dr. Lu and comprises two additional members, namely Dr. Lin and Dr. Ye. All of them were appointed as members of the AC with effect from 2 December 2017, in accordance with Rule 3.21. All members of the AC are independent non-executive Directors.

The primary duties of the AC include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the internal auditor or external auditor before their submission to the Board, including:

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from audit;

  (iv) the going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

  (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting.

- To review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of the external auditor.

- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

- To discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.

- To review the adequacy and effectiveness of the Company's financial reporting system, internal control and risk management systems and associated procedures.

Moore Stephens CPA Limited resigned as external auditor of the Company and the Company has appointed ZHONGHUI ANDA CPA Limited as the external auditor of the Company, both with effect from 21 April 2023.

During the Year, two AC meetings were held with the attendance of all AC members to review the audited consolidated financial statements for the Corresponding Year and the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 with recommendation to the Board for approval. Furthermore, the AC has approved the annual audit and non-audit services fees for the Year, and recommended the re-appointment of ZHONGHUI ANDA CPA Limited as the external auditor of the Company to the Board for approval and subsequently to be considered and, if thought fit, approved by the Shareholders at the forthcoming AGM.

BOARD COMMITTEES (continued)

Audit Committee (continued)

During the Year, the external auditor was invited to the AC meetings without the presence of executive Directors to discuss with the AC issues in relation to the audit and financial reporting matters. The annual results of the Company for the Year have been reviewed by the AC. There is no disagreement between the Board and the AC in respect of the re-appointment of the external auditor.

BOARD DIVERSITY

The Board has adopted the Board Diversity Policy which sets out the approach to achieve a diverse Board in order to enhance performance quality. "Diversity" would be considered from various aspects, including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, etc. Board appointments are based on meritocracy and candidates will be assessed against objective criteria, having due regard for the benefits of diversity. The NC monitors the implementation of the Board Diversity Policy, and for the purpose of ensuring its effectiveness, will further review the Board Diversity Policy and recommend any revisions to the Board for consideration and approval, when necessary.

As at 31 March 2023, the Board had three female members. The Board targets to maintain at least the current level of female representation at all times. The Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. In considering the Board's succession, the NC would engage independent professional search firm(s) to help identify potential candidates suitably qualified to join the Board as and when appropriate. The Board considered that the Company's Board Diversity Policy was consistently implemented.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; other factors relating to the Company's business model and its specific needs will also be considered in the course of the selection of candidates. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board as well as having regard to the benefit of diversity of the Board.

Gender Ratio in the Workforce

From the Group's perspective, as at 31 March 2023, the male-to-female ratio of the Group's employee (including senior management) is approximately 50%:50%, reflecting a gender equality principle generally adhered by the Group. The Group is determined to maintain gender diversity and equality in terms of the whole workforce and expects the above is achievable with suitable effort in promoting the gender diversity culture, which the Group has been advocating for so. Further details on the information on the Group's employees are disclosed in the Group's Environmental, Social and Governance Report.

NOMINATION POLICY

The Board has adopted the Nomination Policy setting out the principles guiding the NC to identify and evaluate a candidate for nomination to the Board for appointment or to the Shareholders for election as a Director.

The Nomination Policy includes certain factors, by reference to which the NC considers nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the Board Diversity Policy, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules where the candidate is proposed to be appointed as an independent non-executive Director.

The Nomination Policy further specifies the nomination procedures that the NC (a) will adopt appropriate measures to identify and evaluate a candidate; (b) may consider a candidate recommended or offered for nomination by a Shareholder; and (c) will, upon the recommendation, submit the candidate's personal profile to the Board for consideration.

The Nomination Policy is reviewed periodically to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the Year which give a true and fair view of the state of affairs of the Company and the Group, and the Group's loss and cash flow in accordance with Hong Kong Financial Reporting Standards, the Hong Kong Companies Ordinance and the Listing Rules. In preparing financial statements for the Year, the Directors have selected suitable accounting policies and applied them consistently. The Directors also made judgements and estimates that are prudent and reasonable and prepared the financial statements on a going concern basis.

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

The management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information and position of the Company put to the Board for approval. During the Year, the management provided all members of the Board with quarterly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

ACCOUNTABILITY AND AUDIT (continued)

Internal Control and Risk Management

During the Year, the Company has followed the rules and regulations as stated in the internal control manual to perform internal control and risk management. The Board is overall responsible for evaluating and determining the nature and extent of the risks that it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company has established and maintained appropriate and effective risk management and internal control systems. Such systems are designed to manage rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and the Company's assets and reviewing the effectiveness of such system on an annual basis, including any changes in the nature and extent of sign to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions. The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group.

The Company has established risk management procedures to address and handle significant risks associated with the businesses of the Group. The management would identify the risks associated with the businesses of the Group by considering both internal and external factors and events which include political, economic, technological, environmental, social and interpersonal. Each of the risks is assessed and prioritised based on its relevant impacts and occurrence opportunities. The relevant risk management strategy would be applied to each type of risks according to the assessment results. Key risk management strategies are summarised as follows:

- Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risk;

- Risk avoidance: change business progress or objective so as to avoid the risk;

- Risk sharing and diversification: diversify the effect of the risk or allocate to different location or product or market;

- Risk transfer: transfer ownership and liability to a third party.

Further, to establish an effective risk management framework, the Board should be satisfied that adequate controls and procedures are in place in respect of the following functions:

- approving a group definition for different types of risk (e.g. operational risk);

- identifying, understanding and assessing different types of risk inherent in the Group's business activities or major investments;

- laying down the risk management strategies;

- approving a risk management framework consistent with the Company's business strategies and risk appetite;

ACCOUNTABILITY AND AUDIT (continued)

Internal Control and Risk Management (continued)

– determining that the risk management framework is properly implemented and maintained;

– reviewing the risk management framework periodically to ensure that it remains adequate and appropriate under the prevailing business environment; determining that there are clear reporting lines and responsibilities for the risk management function;

– maintaining continued awareness of any changes in the Company's risk profile; and

– approving the provision of adequate resources for risk management purposes.

The Company has a policy on insider trading which is fully disclosed in its internal control manual and the Company carries out regular reviews on the effectiveness of this policy, to ensure that it can meet and deal with the dynamic and ever-changing business environment.

Since the operations of the Group are relatively simple, no internal audit department has been set up within the Group. McMillan Woods Corporate Service Limited ("McMillan Woods") has been appointed to carry out the internal audit function for the Group, excluding Emerson as it has been governed by the laws and regulations of the New York Stock Exchange and Securities and Exchange Commission of the USA. McMillan Woods has reviewed and evaluated the risk management and internal control process of the Group for the Year. The review has covered all material controls, including financial, operational and compliance controls and risk management functions. They have identified the risk factors in their internal audit report addressed to the AC. After reviewing as such the AC has nothing to bring to the attention of the Board and the Shareholders. The management considers the risk management and internal control systems are effective and adequate. McMillan Woods will perform the internal audit for the Group annually on a three-year contract, subject to renewal by the AC.

Company Secretary

The company secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. The company secretary is responsible for advising the Board on compliance and corporate governance matters to ensure the effective conduct of meetings and proper procedures to be in place and followed. During the Year, the company secretary has taken no less than 15 hours of relevant professional training.

External Auditor and Auditor's remuneration

Moore Stephens CPA Limited resigned as the external auditor of the Company with effect from 21 April 2023 and on the same day, the Company appointed ZHONGHUI ANDA CPA Limited as the new external auditor to fill the casual vacancy to hold office until the conclusion of the next annual general meeting of the Company. During the Year, an amount of nil and approximately HK$0.5 million were paid or payable to the Company's former auditor, Moore Stephens CPA Limited, for their audit and non-audit services respectively.

The financial statements have been audited by ZHONGHUI ANDA CPA Limited who will be subject to re-appointment as the auditor of the Company at the forthcoming AGM. The audit and non-audit fees during the Year were approximately HK$1 million and nil respectively.

Constitutional Documents

There has been no changes in the Bye-laws during the Year.

INVESTOR RELATIONS

The Directors recognise the importance of long-term support from the shareholders of the Company. The Board highly respects the shareholders' rights to express their views and appreciates their suggestions to the Company.

The Group's investor relations activities include:

– the holding of an AGM on 26 August 2022, which provides an opportunity for the shareholders to communicate directly with, and raise questions to, the Board;

– the publication of announcements, interim reports, annual reports and/or circulars on a timely basis via the Company's and the Stock Exchange's websites; and

– the availability of the latest information of the Group on the Company's website.

The Company reviewed the Group's shareholders and investor engagement and communication activities conducted during the Year and was satisfied with the implementation and effectiveness of the shareholders' communication policies of the Group.

SHAREHOLDER RIGHTS

Procedures for Shareholders to Convene a General Meeting

Shareholders shall have the right to request the Board to convene a special general meeting of the Company. Pursuant to Bye-law 58 of the Bye-laws, 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, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Shareholders may at any time send their enquiries to the Board, addressed to the Company Secretarial Department with contact details set out below:

Office address:	Flat C01, 32/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong
Telephone:	(852) 3950 4600
Facsimile:	(852) 2469 8806
E-mail:	enquiries@nimbleholding.com

Procedures for Shareholders to Put Forward a Proposal at a General Meeting

Shareholders holding not less than one-twentieth of the total voting rights of all shareholders having a right to vote at the general meeting or not less than 100 Shareholders can, at their own expenses, submit a written request stating a resolution to be moved at the AGM or a statement of not more than 1,000 words with respect to a matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request or statement should be signed by the relevant Shareholders and deposited at the Company's registered office in Bermuda and principal place of business in Hong Kong for the attention of the company secretary of the Company, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the Shareholders, provided that the profit of the Company shall be enough for both self-development and returns to the Shareholders.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall take into account, inter alia, the Company's current and future operations and earnings, business development strategies, financial position, capital requirements and surplus, contractual restrictions, the applicable laws and regulations, and other factors that the Board deems relevant.

The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and modify the Dividend Policy at any time as it deems fit and necessary.

CORPORATE GOVERNANCE FUNCTIONS

The Board recognizes that corporate governance should be the collective responsibility of Directors and their corporate governance duties include those set out in code provision A.2.1:

(a) to develop, review and implement the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of the Directors and the senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the Code and disclosure in the corporate governance report.

During the Year and up to the date of this report, the Board reviewed and performed the above-mentioned corporate governance functions.

INTRODUCTION

The Group hereby presents its Environmental, Social and Governance ("ESG") Report (this "ESG Report") for the Year, to provide an annual update over the Group's performance in regard to the ESG aspects in a transparent and an open manner.

This ESG Report is included as a part of this annual report and supplements information disclosed elsewhere in this annual report.

OUR PHILOSOPHY IN ESG

Corporate social responsibilities are embedded in our corporate culture, forming an integral part of our business strategies. The Group is committed to cultivating its responsible corporate citizenship and integrating ESG concerns into the business operations for the purposes of aligning the interest and benefits of our stakeholders, society at large and environment as a whole as well as for the long-term development of the Group.

REPORTING SCOPE

This ESG Report summarises the performance of the Group in respect of corporate social responsibility, covering its principal operating activities. During the Year, the Group's principal operating activities were composed of the distribution of houseware products and audio products; trading of household appliances in the PRC; and property development in the PRC.

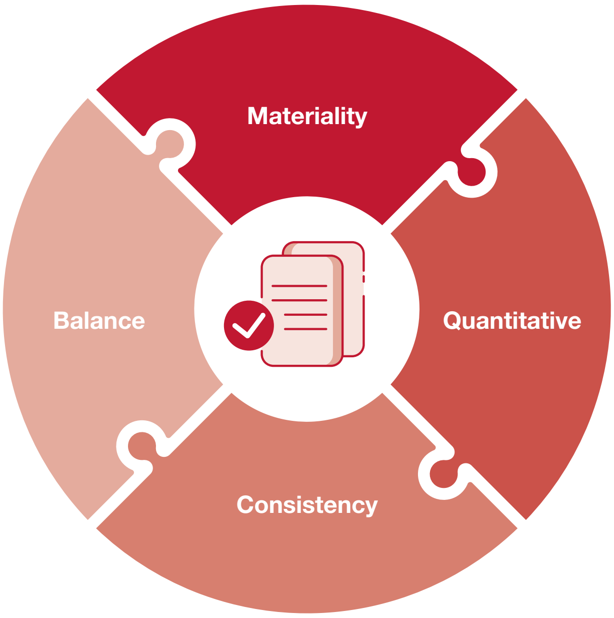
REPORTING STANDARDS

This ESG Report is prepared in accordance with Appendix 27 to the Listing Rules, the "Environmental, Social and Governance Reporting Guide" (the "ESG Guide"), and the "comply or explain" provisions therein.

The Board is responsible for the ESG strategy and reporting, evaluating and determining the ESG-related risks as well as ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Group has engaged in business functions to identify relevant ESG issues and to assess their materiality to our businesses as well as to our stakeholders, through reviewing the Group's operations and holding internal discussions. The management has provided a confirmation to the Board on the effectiveness of our ESG risk management and internal control systems for the Year.

REPORTING STANDARDS (continued)

The Board prepares, compiles and determines the presentation of the content of this ESG Report based on the four reporting principles of materiality, quantitative, balance and consistency of the Listing Rules to ensure true, accurate and meaningful information to be delivered to the readers. This ESG Report outlines the Group's sustainability initiatives and selected key performance indicator(s) ("KPI(s)") that are material to the Group and our stakeholders on the ESG issues for the Year.



Four Reporting Principles

Materiality	The Board gives consideration to the ESG issues significantly important to the operation, investors and stakeholders of the Group, in determining the ESG issues to be reported.
Quantitative	All departments and business lines of the Group use appropriate tools to record the relevant ESG KPIs on a recurring and continuing basis and Hong Kong management of the Group is further responsible for the supervision of gathering and preparation of all the relevant information in this ESG Report in compliance with the ESG Guide.
Balance	The Group reports the relevant data and contents on an objective and a fair basis, without biasing the content of this ESG Report to any factors.
Consistency	Consistent data statistics and conversion methods are adopted by the Group and the relevant data of the ensuing years will be disclosed in the subsequent ESG report, so as for the stakeholders to grasp and compare the ESG performance of the Group.

STAKEHOLDER ENGAGEMENT

Our approach to stakeholder engagement is to ensure that the stakeholders' perspectives over and expectations of the Group are fully grasped, in order to properly define and continuously improve our sustainability strategies.

Considerations are given to the interests of all stakeholders so as to beef up our tie with them and respond to their needs and expectations in our day to day operations. During the Year, our stakeholders included employees, investors and shareholders, suppliers, contractors and business partners, government, customers as well as community and general public.

STAKEHOLDER ENGAGEMENT (continued)

Categories of stakeholders	Engagement channels of stakeholders
Employees	• Internal communications within the Group intranet • Staff activities and interviews • Staff training and evaluation • Performance review
Investors and Shareholders	• Annual and interim reports • AGM and special general meetings • Press releases, announcements and circulars • The Group's website • Road-shows, investor relations conferences
Suppliers, Contractors and Business Partners	• Business meetings • Industry forums and seminars • Supplier audits and evaluations • The Group's website
Government	• Press releases, announcements and circulars • Public consulting • Site investigation
Customers	• Customer service hotline • Sales and promotion • The Group's website • Customer satisfaction surveys
Community and General Public	• Charity and social investment • Environmental responsibilities • The Group's website

MATERIALITY ASSESSMENT

Under the disclosure requirements set out in the ESG Guide and based on the business features and operation of the Group, the Group has identified a total of 18 issues which are considered to have impacts on the environment and the society in the course of our operations for the Year. In future, we will focus more on the discussion of relevant issues by giving full consideration to opinions from all stakeholders, communicating with them constantly and practically enhancing our long-term development strategies in order to deal with the matters concerned by our stakeholders in an effective manner.

Below is the list of issues relevant to the sustainable development of the Group for the Year.

ESG aspects			No.	ESG issues
A. Environmental	Aspect A1:	Emissions	1	Emissions of air pollutants
			2	Greenhouse gas ("GHG") emissions
			3	Waste management
	Aspect A2:	Use of Resources	4	Energy consumption
			5	Water consumption
	Aspect A3:	Environmental and Natural Resources	6	Management of risks associated with environmental and natural resources
	Aspect A4:	Climate Change	7	Management of risks associated with climate change
B. Social	Aspect B1:	Employment	8	Equal opportunity and employee benefits
	Aspect B2:	Occupational Health and Safety	9	Occupational health and safety
	Aspect B3:	Development and Training	10	Employees development and training
	Aspect B4:	Labour Standards	11	Prevention of child labour and forced labour
	Aspect B5:	Supply Chain Management	12	Selection and evaluation of suppliers and contractors
			13	Control and management on environmental and social risks along the supply chain
	Aspect B6:	Product Responsibility	14	Product quality and safety
			15	Customer data privacy and data security
			16	Product responsibility
	Aspect B7:	Anti-corruption	17	Anti-corruption
	Aspect B8:	Community Investment	18	Community investment

A. ENVIRONMENTAL

A1. Emissions

The Board is dedicated to formulating and implementing various environmental policies in all aspects pertaining to the operating activities of the Group, in order to pinpoint and minimize the impacts on the environment which arise from these operating activities. These environmental policies include but not limited to:

– Observing relevant laws and regulations and aiming to comply with all requirements;

– Monitoring and taking appropriate measures to reduce air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes;

– Making efficient use of resources, including energy, water and other raw materials;

– Minimising the impact of the Group's activities on the environment and natural resources; and

– Engaging our staff, customers, suppliers and contractors to promote environmentally sustainable business practices and constantly re-assessing our process to minimise environmental impact.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

Air Pollutants Emission

During the Year, the Group was principally engaged in the distribution of houseware products; trading of household appliances in the PRC; and property development in the PRC. During the Year, the Group's business activities, other than property development in the PRC, bore relatively low impact on air pollutants emission, GHG emission and waste generation because these operating activities were predominately office-based.

The principal source of emissions arising out of the Group's property development operation in the PRC was petrol and diesel consumed by vehicles. In response, the Group has actively taken the following measures to control air emissions.

– Encourage the use of public transport;

– Optimise the operation procedure to improve the laden ratio of motor vehicles and lower the vacancy rate;

– Conduct electronic meeting rather than physical meeting to reduce travelling; and

– Perform quarterly or yearly maintenance on vehicles to ensure optimal engine performance and fuel use to reduce fuel consumption in an effective manner, thereby reducing carbon emissions and air emission.

During the Year, the Group was in compliance with all relevant environment laws and regulations in all material aspects and was not aware of any non-compliance.

Furthermore, for mitigation of the environmental impacts and protection of employees' health, proper air emission control has a pivotal role to play. For our whole operating activities, responsible practices are persistently encouraged to be adopted to dwindle air pollutants emission. Moreover, the Group conducts various monitoring procedures to ensure that all operating activities are carried on in strict compliance with the relevant national laws and regulations.

The air pollutant emission data for the Year and the Corresponding Year are summarised as follows:

Air Pollutants	**Unit**	**2023**	**2022**
Sulfur dioxide	kilograms	**1,687**	1,079
Nitrogen oxides	kilograms	**1,251**	964
Particulate matter	kilograms	**1**	1

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

Greenhouse Gas Emission

The Group recognizes the risks posed by climate change to its businesses and therefore is dedicated to mitigating its repercussion. During the Year, the principal sources of GHG emissions of the Group were generated from direct GHG emissions from petrol consumed by vehicles and diesel consumed by backup generators (Scope I) and energy indirect GHG emissions from purchased electricity (Scope II) in the course of the Group's business operations.

In response, apart from the measures mentioned in the sections headed "Air Pollutants Emission" and "Energy Management", various management systems for the use of vehicles have been put in place. In future, the Group will keep track of the development of climate change and our business activities, thereby formulating and implementing sustainable and environmental friendly GHG-reduction strategies.

The GHG emission data for the Year and Corresponding Year are summarised as follows:

GHG Emission	Unit	2023	2022
CO_2-e (Scope I and Scope II)	tonnes	**4,147**	4,119

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

Waste Management

The Group recognizes the significance of waste reduction. Waste management measures have been in place to mitigate the amount of waste produced in the course of the operating activities of the Group and its impact on the environment. We also take a proactive attitude to strictly monitor, properly handle and reduce the hazardous waste generated from our business as a way to lower the waste generation as well as the risks of accidental spill and leakage. During the Year, the hazardous waste produced in the course of our business operation was immaterial and was handled in accordance with the relevant laws and regulations. Reference will be made to relevant professional guidelines for management and disposal of hazardous wastes, in case there is any hazardous waste generated. For example, engagement of qualified chemical waste collectors to handle these hazardous waste.

As for non-hazardous waste, the waste predominately involves office paper, bottles and food waste generated in the course of our operations. The Group takes initiative to reduce the waste amount by implementing following different measures:

– encourage our employees to participate in waste separation and place recycling containers in our offices to collect recyclable materials;

– reduce the use of disposable items;

– encourage the usage of e-documents for both internal and external communication;

– in case there is any non-recyclable non-hazardous waste generated, it will be handled and disposed of properly.

Regardless of the types of waste, the Group closely monitors and reviews our performance in waste management and is amendable to any waste prevention suggestions to reduce the waste generation. In future, we will continue to aim at strengthening our recycling practices and reducing waste generation for promotion of environmental sustainability.

The hazardous waste and non-hazardous waste generated by the Group for the Year and Corresponding Year are summarised as follows:

Waste	Unit	2023	2022
Non-hazardous waste	tonnes	**2.64**	1.82
Hazardous waste	tonnes	**0.05**	0.05

A. ENVIRONMENTAL (continued)

A2. Use of Resources

Energy Management

The Group has advocated the concept of energy saving and emission reduction into the entire process of its development and operation. To pursue our environmental commitment, we implement various initiatives throughout our operations to achieve the objective of energy consumption reduction by reducing electricity consumption, specifically including:

– install efficient lighting system in the office area, encourage employees to conserve electricity by switching off idle lighting, air conditioning and other energy-consuming equipment;

– control the air-conditioners to a temperature that is recommended by the relevant governmental authority;

– encourage paperless office to reduce paper consumption.

By actively monitoring and managing the use of resources, we aim to reduce our operating costs as well as our carbon footprint and natural resources consumption.

The energy consumption for the Year and the Corresponding Year are summarised as follows:

Energy Consumption	Unit	2023	2022
Direct Energy Consumption			
Fuel Consumption – Gasoline and Diesel	litres	**17,000**	16,600
Indirect Energy Consumption			
Electricity purchased	GJ	**15,528**	14,652
Energy intensity	GJ per staff	**119**	98

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

Water Consumption

Water is another important natural resource. Hence, a series of water conservation measures have been in place to reduce water consumption in our operations. The measures include:

– practising water conservation by promoting the water-conserving philosophy through posting slogans;

– encouraging the reutilization of waste water as the use of reclaimed water enables less consumption of tap water, so as to eventually alleviate the environmental pollution due to waste water disposal;

– conducting regular checks and maintenance of water pipes to prevent leakage and identify opportunities for reducing water consumption.

The water consumption data for the Year and the Corresponding Year are summarised as follows:

Water Resources	**Unit**	**2023**	**2022**
Total water consumption	tonnes	**225,578**	228,957
Water consumption intensity	tonnes per staff	**1,735**	1,526

During the Year, the Group did not encounter any issue in sourcing water that is unfit for purpose.

A3. The Environment and Natural Resources

Although most of the core businesses of the Group have remote impacts on the environment and natural resources, as an ongoing commitment to good corporate citizenship, the Group recognises the responsibility in minimising the negative environmental impact of our business operations, in order to achieve a sustainable development for generating long term values to our stakeholders and the community as a whole.

We regularly assess the environmental risks of our businesses, and review our environmental policies from time to time, to implement appropriate eco-friendly measures and practices to enhance environmental sustainability, reduce operating risks as well as ensure compliance with relevant laws and regulations.

A4. Climate Change

The Group recognizes that climate change, especially extreme weather conditions, such as extreme temperature, rainstorm, typhoon, etc., may have potential impact on business operations, including threatening the safety of employees and causing property damage, etc.

Therefore, the Group monitors the risk of extreme climate change at any time, carries out equipment maintenance, formulates an extreme climate warning mechanism as well as emergency plan, and regularly conducts emergency drills to avoid the occurrence of the above risks.

B. SOCIAL

B1. Employment

Employees are our valuable assets, driving continued business success. The Group strives to attract and retain talent and reconciles economical imperatives with well-beings, aiming at reinforcing satisfaction, loyalty and commitment of human capital. We have developed a written group company handbook to govern the recruitment, promotion, dismissal, compensation, discipline, working hours, leave and other benefits of our employees, in accordance with the relevant laws and regulations.

The level of compensation of our employees is reviewed annually on a performance basis with reference to the market standard. A wide range of benefits including comprehensive medical and life insurance, and retirement schemes are also provided to employees.

The Group respects cultural and individual diversity. We believe that no one should be treated less favourably on his/her personal characteristics (i.e. gender, pregnancy, marital status, disability, family status, and race, etc.). Opportunities for employment, training and career development are equally open to all qualified employees.

As at 31 March 2023, the Group employed a total of 130 employees (2022: 150), the breakdowns of which are as follows:

		As at 31 March	
Indicators		**2023**	**2022**
Number of employees		**130**	150
By gender:	Male	**65**	74
	Female	**65**	76
By types of employment:	Permanent	**126**	146
	Contract/ Other Staff	**4**	4
By age group:	66–75	**1**	2
	56–65	**13**	10
	46–55	**11**	15
	36–45	**27**	23
	26–35	**62**	89
	18–25	**16**	11
By geographical region:	PRC	**97**	118
	Hong Kong	**23**	20
	Overseas	**10**	12

During the Year, the Group's employee turnover rate was 29.3%. The details are as follows:

	By gender		By age group			By region	
	Male	**Female**	**Below 35**	**35–55**	**Above 55**	**PRC**	**Other regions**
Employee turnover rate*	24%	34%	36%	21%	0%	36%	0%

* Employee turnover rate = Number of departed employees during the year/(number of employees at the beginning of the year + new recruits during the year)*100%

There were no non-compliance cases noted in relation to the relevant employment laws and regulations for the Year.

B. SOCIAL (continued)

B2. Occupational Health and Safety

We are committed to providing and maintaining a safe, healthy, and hygienic workplace for all employees, and all other persons likely to be affected by our operations and activities.

Health and safety standards are given prime consideration in our operations, and regulatory compliance is strongly supported. Employees at every level are committed to, and accountable for, the delivery of the safety initiatives contained in the group company handbook, with a view to maintaining a vigorous and injury-free culture. Appropriate measures are taken to continuously improve the safety and health aspects in the workplace. Electrical installations are checked by a licensed vendor annually to ensure they are working safely. A fire drill is conducted annually to enable employees to evacuate safely.

Besides, since the COVID-19 pandemic continued to prevail during the Year, various contingency plans have been set up to set out health procedures that our employees across different business locations should undertake to maintain business continuity of the Group.

The Group did not record any accidents that resulted in death or serious injury, and there were no non-compliance cases noted in relation to the relevant health and safety laws and regulations during the Year. The total number of lost working days caused by work-related injuries was zero during the Year.

B3. Development and Training

We acknowledge the importance of training for the development of our employees. We encourage and support our employees in personal and professional training, through sponsoring training programs, seminars, conferences, peer learning and on-the-job coaching, as well as reimbursement for external training courses to enhance their competencies in performing their job effectively and efficiently. We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

Staff stationed in Hong Kong attended external training courses amounting to 135 hours in total for the Year and the Corresponding Year. Among which, profession-related training was the main focus for general staff and administration-related training for management, with all staff of Hong Kong company participating in varying degrees.

B. SOCIAL (continued)

B4. Labour Standards

We prohibit any child and forced labour in any of our operations and services. The Group has in place a well-established recruitment process to review the background information of job candidates, and also conducts monitoring on a regular basis. Any breach or suspected breach will be investigated and followed up in a timely manner. Labour who is forced to work by means of physical punishment, abuse, involuntary servitude, peonage or trafficking is strictly forbidden. A child who is below the age as set by the local labour law should not be employed. We also avoid engaging vendors of administrative supplies and services and contractors that are known to employ children or forced labour in their operations.

There were no non-compliance cases noted in relation to the labour standards laws and regulations during the Year.

B5. Supply Chain Management

Supply chain management is an indispensable part of enterprise business, and sustainable supply chain is the guarantee of the Group to provide quality products in a continuous manner. Therefore, we encourage suppliers and contractors to maintain a high standard of business ethics and conduct, with satisfactory environmental and social performance. During the selection and evaluation processes of suppliers and contractors for our business activities, we adopt a fair basis with defined assessment criteria to ensure that only qualified suppliers and contractors are engaged with no conflict of interest. As of the end of the current reporting period, the Group had a total of 160 suppliers, of which 135 were located in the PRC and 25 were located in Hong Kong.

To support sustainability, we apply strict environmental, social and ethical criteria to the suppliers and contractors of our businesses and we place basic standards on suppliers and contractors with basic principles as below:

- Operating as an equal opportunity employer and recognising the right to collective bargaining as well as minimum and prevailing wages and benefits;

- Maintaining probity and accountability standards;

- Minimising discrimination against small and medium-sized enterprises or local vendors;

- Providing a healthy and safe working environment, not employing forced or child labour, and refraining from harassment or abuse of employees; and

- Supporting sustainable development, acting responsibly with regard to the environment, observing environmental criteria to conserve resources, minimising the negative environmental effects of the production, application and disposal of products, and reducing the use of hazardous products as much as possible.

In the assessment process, we communicate with suppliers and contractors on their environmental and social responsibilities. The environmental friendliness of suppliers' and contractors' practices and products are examined. Selected suppliers' and contractors' performance is monitored through on-site assessments, quality reviews of products and customer feedback. Areas that do not adhere to the standards are evaluated with the suppliers and contractors to identify opportunities to improve their current environmental and social practices.

B. SOCIAL (continued)

B6. Product Responsibility

The Company's goal is to maximise shareholders' value in the medium to long term. We believe that ESG factors have an influence on the overall performance of individual companies, in both positive and negative ways. Hence, in the process of creating returns, ESG is integrated into not only our operations but also the selection process of our suppliers and contractors for long term value creation. As a responsible distributor and property developer, we aim to incorporate ESG aspects in our analysis and selection decisions, and continue to monitor the ESG performance of our suppliers and contractors, and encourage them to make improvements on ESG issues. The Group closely monitors the development projects at every stage to ensure that project development, construction process and product quality are in compliance with Construction Law of the PRC and other applicable laws and regulations, and requires contractors to immediately resolve any defects or non-compliance incidences, where necessary. The Group has also established property acceptance procedures to ensure that the properties are ready for delivery to our customers in pursuant to the sales agreements.

During the Year, there was no non-compliance issues relating to health and safety, advertising, labelling and privacy matters relating to services provided by the Group and there are no reported cases of non-compliance of Construction Law of the PRC and other applicable law and regulations, recall of properties on significant complaints from customers.

Intellectual Property

The Group attaches great importance to the protection of intellectual property and has applied for trademarks for its brands, and applies for renewal in a timely manner for avoidance of illegitimate use of its self-owned intellectual property. Meanwhile, the Group also respects the intellectual property rights of others. During the reporting period, the Group did not receive any incidents or complaints of violation of customers' privacy and intellectual property rights.

Data Privacy

We ensure strict compliance with the statutory requirements to fully adhere to and meet a high standard of security and confidentiality of personal data privacy protection. We highly respect personal data privacy and are firmly committed to preserving the data protection principles as follows:

– We only collect personal data that we believe to be relevant and required to conduct our business;

– We will use personal data only for the purposes for which the data is collected or for directly related purposes unless consent with a new purpose is obtained;

– We will not transfer or disclose personal data to any entity that is not a member of the Group without consent unless it is required by law or it was previously notified; and

– We maintain appropriate security systems and measures designed to prevent unauthorised access to personal data.

There were no non-compliance cases noted in relation to our supplier selection process and data privacy during the Year.

B. SOCIAL (continued)

B7. Anti-corruption

We aim to maintain the highest standard of openness, uprightness and accountability and all our staff are expected to observe the highest standard of ethical, personal and professional conduct. We do not tolerate corruption, bribery, extortion, money laundering and other fraudulent activities in connection with any of our business operations.

In addition to the code of conduct on anti-bribery and anti-corruption mentioned in the group company handbook, we have issued relevant whistle-blowing procedures in setting up a private communication channel on reporting suspicious or fraudulent actions to the Company's management directly. All reported cases will be investigated in a timely and confidential manner and confirmed cases will further be reported to the AC to ensure that appropriate remedial actions are to be taken. The Company has also adopted an internal control manual with an annual review in order to set up guidelines and standards for staff's behaviours and activities. All employees are required to fully comply and familiarize themselves with these guidelines and standards at all times and, in case of any breach, will be subject to internal disciplinary action. Ongoing review of the effectiveness of the internal control systems as well as relevant publicity and trainings are conducted on a regular basis to prevent the occurrence of corruption activities.

There were no non-compliance cases noted in relation to either corruption and/or the relevant laws and regulations during the Year.

B8. Community Investment

As a corporate citizen, we promote social contributions throughout members of the Group to the local communities in which we operate. We place great emphasis on cultivating social responsibility awareness amongst our staff and encourage them to better serve our communities at work and during their personal time.

The Group has actively fulfilled its corporate social responsibilities by making donations to EFG Bank Hong Kong Young Athletes Foundation, the Charity Association of Yangdong District, Yangjiang City, the Red Cross Society of Yangdong District and other organizations during the reporting period. We will try to maximise our social investment as much as possible in order to create a more favourable environment for our communities and our businesses.

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF NIMBLE HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Nimble Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 139, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which states that as at 31 March 2023, the Group's aggregate current portion of interest-bearing bank loans and amounts due to related parties amounted to approximately HK$1,863 million in total while its cash and cash equivalents amounted to approximately HK$1,698 million. These conditions, along with the other conditions and the current situation as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matters described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS (continued)

Assessment of net realisable value of properties under development and completed properties held for sale

Refer to Note 23 to the consolidated financial statements

The Group tested the amount of properties under development and completed properties held for sale for impairment. This impairment test is significant to our audit because the balance of properties under development and completed properties held for sale of approximately HK$5,777 million and HK$197 million respectively as at 31 March 2023 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

– Evaluating the management's valuation assessment and the external valuation reports prepared by independent property valuer and on which the management's assessment of the net realisable value of properties under development and completed properties held for sale was based;

– Assessing the competence, capabilities and objectivity of the external valuer performing the valuation;

– Assessing the reasonableness of the selling prices which were estimated based on the prevailing market conditions and comparing the estimated selling prices to the recent market transactions, such as the Group's selling prices of the pre-sale units in the development project or the prevailing market prices of the comparable properties with similar size, usage and location;

– Evaluating the reasonableness of the estimated future costs to completion for properties under development and reconciling the estimated costs to completion to the budgets approved by management and examining, on a sample basis, the signed construction contracts; and

– Conducting site visits to properties under development for sale, and discussing with management the progress of each property development project and the development budgets reflected in the latest forecasts for each property development project.

We consider that the Group's impairment test for properties under development and completed properties held for sale are supported by the available evidence.

KEY AUDIT MATTERS (continued)

Revenue recognition for property development projects ("PDP")

Refer to Note 8 to the consolidated financial statements

Revenue arising from sales of property units in PDP accounted for approximately 68% of the Group's revenue for the year ended 31 March 2023.

Such revenue is recognised at a point in time basis when all of the following criteria have been met:

- The sale and purchase agreement has been signed;
- The related deposit has been received and the arrangements for the settlement of the remaining proceeds have been confirmed; and
- The property is accepted by the customer, or deemed as accepted according to the sale and purchase agreement, whichever is earlier.

We identified the recognition of revenue for PDP property units as a key audit matter because of its significance to the Group and because small errors in recognition of revenue for each PDP, in aggregate, could have a material impact on the Group's profit for the year.

Our audit procedures included, among others:

- Evaluating the design, implementation and operating effectiveness of key internal controls over the recording of revenue for PDP property units;
- Inspecting the terms of the standard sale and purchase agreements for sales of PDP property units to assess the Group's revenue recognition policies for sales of PDP property units, with reference to the requirements of the prevailing accounting standards;
- Inspecting, on a sample basis for sales of PDP property units recognised during the year, documents which evidenced that the properties were accepted by the customer, or deemed as accepted and assessing whether the related revenue has been recognised in accordance with the Group's revenue recognition accounting policies; and
- Inspecting, on a sample basis, documents which evidenced that the properties were accepted by the customers, or deemed as accepted, before and after the end of the financial period to assess whether the related revenue has been recognised in the appropriate financial period.

We consider that the Group's revenue recognition for PDP is supported by the available evidence.

OTHER INFORMATION

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

RESPONSIBILITIES OF 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre

This description forms part of our auditor’s report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Sze Lin Tang
Audit Engagement Director
Practising Certificate Number P03614

Hong Kong, 30 June 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Notes	**2023 HK$ million**	2022 HK$ million
CONTINUING OPERATIONS			
Revenue	8	**579**	423
Cost of sales		**(503)**	(353)
Gross profit		**76**	70
Other income, gains or losses	9	**(63)**	5
Selling and distribution costs		**(56)**	(50)
Administrative expenses		**(90)**	(114)
Finance costs	10	**–***	–*
Loss before taxation	11	**(133)**	(89)
Income tax expenses	12	**(13)**	(9)
Loss for the year from continuing operations		**(146)**	(98)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	36	**–**	(7)
Loss for the year		**(146)**	(105)
Loss for the year attributable to:			
Owners of the Company			
– From continuing operations		**(87)**	(90)
– From discontinued operations		**–**	(7)
		(87)	(97)
Non-controlling interests			
– From continuing operations		**(59)**	(8)
– From discontinued operations		**–**	–*
		(59)	(8)
		(146)	(105)
Loss per share	15	**HK cents**	HK cents
From continuing and discontinued operations			
Basic and diluted		**(1.58)**	(1.77)
From continuing operations			
Basic and diluted		**(1.58)**	(1.64)

* The amount is less than HK$1 million.

For the year ended 31 March 2023

	2023 HK$ million	2022 HK$ million
Loss for the year	**(146)**	(105)
Other comprehensive (expenses)/income, net of tax		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of overseas/PRC subsidiaries	**(14)**	10
Items that were reclassified to profit or loss:		
Exchange differences reclassified to profit or loss upon derecognition of a subsidiary/disposal of subsidiaries	**(1)**	1
Other comprehensive (expenses)/income for the year	**(15)**	11
Total comprehensive expenses for the year	**(161)**	(94)
Total comprehensive expenses for the year attributable to:		
Owners of the Company		
– From continuing operations	**(97)**	(82)
– From discontinued operations	**–**	(7)
	(97)	(89)
Non-controlling interests		
– From continuing operations	**(64)**	(5)
– From discontinued operations	**–**	–*
	(64)	(5)
	(161)	(94)

* The amount is less than HK$1 million.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	**2023 HK$ million**	2022 HK$ million
Non-current assets			
Plant and equipment	16	**15**	3
Right-of-use assets	17	**3**	4
Deferred income tax assets	18	**1**	2
Brands and trademarks	19	**–**	–
Goodwill	19	**–**	–
Investment in a joint venture	20	**–**	–
Other assets	21	**1**	1
		20	10
Current assets			
Inventories	22	**30**	18
Properties under development	23	**5,777**	7,413
Completed properties held for sale	23	**197**	18
Accounts receivable	24	**60**	55
Prepayments, deposits and other receivables	25	**214**	180
Cash and bank balances	26	**1,698**	1,589
		7,976	9,273
Current liabilities			
Accounts payable	27	**870**	820
Contract liabilities	28	**3,336**	2,305
Accrued liabilities and other payables	29	**245**	81
Amounts due to related parties	30	**1,312**	1,729
Interest-bearing bank loans	31	**551**	464
Lease liabilities	17	**2**	2
Tax liabilities		**12**	4
		6,328	5,405
Net current assets		**1,648**	3,868

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	**2023 HK$ million**	2022 HK$ million
Non-current liabilities			
Amounts due to related parties	30	**1,413**	2,364
Amount due to a former non-controlling interests	30	**–**	319
Interest-bearing bank loans	31	**–**	777
Lease liabilities	17	**1**	1
Tax liabilities		**9**	13
		1,423	3,474
NET ASSETS		**245**	404
CAPITAL AND RESERVES			
Share capital	32	**55**	55
Share premium	32	**386**	386
Reserves	32	**(253)**	(156)
Equity attributable to the owners of the Company		**188**	285
Non-controlling interests		**57**	119
TOTAL EQUITY		**245**	404

The consolidated financial statements on pages 60 to 139 were approved and authorised for issue by the Board of Directors on 30 June 2023 and are signed on its behalf by:

Tan Bingzhao
Director

Yan Guohao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Share capital HK$ million	Share premium HK$ million	Contributed reserve* (note 32) HK$ million	Statutory reserves* (note 32) HK$ million	Exchange fluctuation reserve/ (deficits)* (note 32) HK$ million	Other reserve* (note 32) HK$ million	Accumulated deficits* HK$ million	Equity attributable to the owners of the Company HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
At 1 April 2022	**55**	**386**	**193**	**3**	**9**	**22**	**(383)**	**285**	**119**	**404**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(87)**	**(87)**	**(59)**	**(146)**
Other comprehensive expenses for the year:										
– Exchange differences arising on translation of financial statements of overseas/PRC subsidiaries	**-**	**-**	**-**	**-**	**(9)**	**-**	**-**	**(9)**	**(5)**	**(14)**
– Exchange differences reclassified to profit or loss upon derecognition of a subsidiary	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**(1)**	**-**	**(1)**
Total comprehensive expenses for the year	**-**	**-**	**-**	**-**	**(10)**	**-**	**(87)**	**(97)**	**(64)**	**(161)**
Derecognition of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**
Appropriation to statutory surplus reserves	**-**	**-**	**-**	**1**	**-**	**-**	**(1)**	**-**	**-**	**-**
At 31 March 2023	**55**	**386**	**193**	**4**	**(1)**	**22**	**(471)**	**188**	**57**	**245**
At 1 April 2021	55	386	193	2	1	22	(285)	374	124	498
Loss for the year	–	–	–	–	–	–	(97)	(97)	(8)	(105)
Other comprehensive income for the year:										
– Exchange differences arising on translation of financial statements of overseas/PRC subsidiaries	–	–	–	–	7	–	–	7	3	10
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries	–	–	–	–	1	–	–	1	–	1
Total comprehensive (expenses)/ income for the year	–	–	–	–	8	–	(97)	(89)	(5)	(94)
Appropriation to statutory reserve	–	–	–	1	–	–	(1)	–	–	–
At 31 March 2022	55	386	193	3	9	22	(383)	285	119	404

* These accounts comprise the deficits of approximately HK$253 million (2022: HK$156 million) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	2023 HK$ million	2022 HK$ million
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation from		
– continuing operations	**(133)**	(89)
– discontinued operation	**–**	(5)
	(133)	(94)
Adjustments for:		
Government grants	**–**	(2)
Interest income	**(20)**	(4)
Depreciation of plant and equipment	**23**	2
Depreciation of right-of-use assets	**3**	2
(Reversal of expected credit losses ("ECL"))/ ECL on accounts receivable	**(4)**	1
Impairment loss recognised in respect of properties under development	**94**	–
Gain on derecognition of a subsidiary/disposal of subsidiaries	**(5)**	(5)
Operating cash flows before working capital changes	**(42)**	(100)
Change in completed properties held for sale	**(180)**	(18)
Change in properties under development	**(235)**	(1,150)
Change in inventories	**(12)**	1
Change in accounts receivable	**(5)**	17
Change in prepayments, deposits and other receivables	**(50)**	(102)
Change in accounts payable	**234**	(843)
Change in contract liabilities	**1,490**	2,012
Change in accrued liabilities and other payables	**173**	71
Cash generated from/(used in) operations	**1,373**	(112)
Income tax paid	**(54)**	(50)
Net cash generated from/(used in) operating activities	**1,319**	(162)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire plant and equipment	**(35)**	(4)
Net cash (outflows)/inflows from the derecognition of a subsidiary/disposal of subsidiaries	**(19)**	32
Decrease in short-term deposits with original maturities more than three months but less than one year	**–**	195
Interest received	**20**	4
Placement of restricted bank deposits	**(320)**	(1,027)
Net cash used in investing activities	**(354)**	(800)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	2023 HK$ million	2022 HK$ million
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	**(3)**	(3)
Advances from amounts due to related parties	**2,859**	2,204
Advances from amount due to a former non-controlling interests	**7**	78
Advances from interest-bearing bank loans	**107**	1,234
Repayments to amounts due to related parties	**(3,536)**	(1,925)
Repayments to amount due to a former non-controlling interests	**–**	(283)
Repayments of bank loans and interest	**(507)**	(49)
Net cash (used in)/generated from financing activities	**(1,073)**	1,256
Net (decrease)/increase in cash and cash equivalents	**(108)**	294
Cash and cash equivalents at beginning of year	**459**	160
Effect of foreign exchange rate changes, net	**(18)**	5
Cash and cash equivalents at end of year	**333**	459
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances		
– Continuing operations	**333**	459
– Discontinued operations	**–**	–
	333	459

1. GENERAL INFORMATION

Nimble Holdings Company Limited (the "Company") was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the Companies Law of Bermuda. The address of its registered office is Wessex House, 5th Floor, 45 Reid Street, Hamilton HM12, Bermuda. The principal place of business is Flat C01, 32nd Floor, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. The shares of the Company (the "Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the directors of the Company (the "Directors"), the Company's immediate holding company is Wealth Warrior Global Limited (the "Wealth Warrior"), a company incorporated in the British Virgin Islands (the "BVI"). The beneficial owner and sole director of Wealth Warrior is Mr. Tan Bingzhao ("Mr. Tan"). As such, the ultimate controlling shareholder of the Company is Mr. Tan, who is the chairman of the board of directors and an executive director of the Company.

The Company is an investment holding company. The principal activities of the Company's major subsidiaries are property development in the People's Republic of China (the "PRC"), distribution of houseware products and audio products in the United States of America (the "USA"), the trading of household appliances in the PRC, and provision of information technology ("IT") services in the PRC.

The consolidated financial statements are presented in Hong Kong Dollar ("HK$"), the functional currency of the Company, and all values are rounded to the nearest million ("HK$ million") unless otherwise stated.

2. GOING CONCERN BASIS

The consolidated financial statements have been prepared on a going concern basis. As at 31 March 2023, the following events and conditions existed which may cast significant doubt on the ability of the Company and its subsidiaries (together the "Group") to continue as a going concern:

(i) the Group incurred losses from its continuing operations in recent years, including losses of approximately HK$146 million and HK$98 million for the year ended 31 March 2023 (the "Year") and the year ended 31 March 2022 (the "Corresponding Year") respectively;

(ii) the Group's net current assets of approximately HK$1,648 million as at 31 March 2023 included approximately HK$5,777 million of properties under development for sale, approximately HK$3,373 million of which are not expected to be realised within one year after 31 March 2023;

(iii) the Group relied upon its related parties to provide fundings for its operations, with amounts due to related parties amounting to approximately HK$2,725 million as at 31 March 2023; and

(iv) the current market conditions of the property market in which the Group operates are volatile, in particular for the property development operations of the Group, which will potentially adversely affect the future operations of the Group.

2. GOING CONCERN BASIS (continued)

The applicability of the going concern basis to the consolidated financial statements is dependent upon the Group being able to continue to operate as a going concern, which in turn depends upon the continued availability to the Group of adequate financings and the Group being able to attain profitable operations and generate positive operating cash flows in future. In particular, in view of the reliance of the Group on the financing provided by its related parties as at 31 March 2023, the Directors have performed assessments on the financial capabilities of these related parties to provide the financial support to the Group and concluded that the related parties will not withdraw their financing facilities to the Group and request the repayment of loans due from the Group before the respective maturity dates based on the following:

(i) Advances from related parties amounting to approximately HK$1,524 million as at 31 March 2023 will be repaid within 3 years from the respective agreement dates as stipulated in the loan agreements using proceeds expected to be received by the Group from its pre-sales of the properties being developed for sale.

(ii) No indication of, or request or demand for, repayment of the amounts due to the related parties have been received by the Group.

(iii) Subsequent to the end of reporting period, the related parties have confirmed to the Group that they will not request for repayment of amounts owed by the Group until the Group is able to do so without impairing its liquidity and financial position.

The Directors also have given careful considerations to the future liquidity needs and financial performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken by the Group to mitigate its liquidity pressure and to improve its financial position which include, but are not limited to, the followings:

(i) The Group has six property development projects held by subsidiaries and one project held by a joint venture as of 31 March 2023. The Group has launched the pre-sales of its properties under development for all projects and deposits amounting to approximately HK$3,335 million have been received therefrom as at 31 March 2023 (2022: HK$2,305 million) as set out in note 28. The Group expects to continuously generate cash inflows via the pre-sales activities and sales of completed properties for sale in the next twelve months subsequent to the end of the reporting period.

(ii) To provide funds required as working capital for its various property development projects in the PRC, the Group has successfully obtained two property development project bank loans with outstanding amount of approximately HK$551 million as of 31 March 2023, these bank loans are secured by certain properties under development with an aggregate carrying amount of HK$1,130 million. In the opinion of the Directors, the remaining property development projects of the Group, with aggregate carrying amount of approximately HK$4,844 million as of 31 March 2023, are unpledged as of the date of approval of these consolidated financial statements, and are available for use as security to be provided to the banks if further banking facilities are required in the foreseeable future.

2. GOING CONCERN BASIS (continued)

(iii) The management of the Group has considered relevant facts and circumstances, and prepared a projected cash flow for the property development operation in the next twelve months. The Directors are of the opinion that the Group will have sufficient working capital to operate within the next twelve months.

(iv) The Directors closely monitors the financing activities of the Group, and ensures that all borrowings complied with the terms of the loans. If there are potential breach of loans covenants, the Directors will negotiate with banks to obtain waiver or/and to revise the covenants of the loans.

(v) The Group will continue to take active measures to control administrative and operating costs through various channels, including human resources optimization and containment of capital expenditures.

The eventual outcome of the above-mentioned measures cannot be determined with certainty. Hence, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Directors are of the opinion that taking into account the likely and expected outcome of the above measures and after assessing the Group's current and future cash flow needs and positions, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within twelve months from 31 March 2023. Accordingly, the Directors believe that it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2022. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to the consolidated financial statements, are further disclosed in note 5 to the consolidated financial statements.

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

Consolidation

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

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

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

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

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

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

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

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 consolidated statement of 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combination and goodwill

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

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

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

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

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

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint arrangements (continued)

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Hong Kong Dollars (the "HK$"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency.

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

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

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

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

(c) Translation on consolidation

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

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

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

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Leasehold improvement	Over the shorter of the term of the lease or 3 years
Furniture and fixtures	3 years
Office equipment	3–5 years
Vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

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

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Properties and equipment	Over the lease terms

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as lessee (continued)

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in consolidated profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Brands and trademarks

The brands and trademarks with indefinite useful lives are carried at cost less accumulated impairment losses.

Any conclusion that the useful life of brands and trademarks is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives.

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition. On completion, the properties are reclassified to completed properties held for sale at the then carrying amount.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Costs of properties include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises direct materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for ECL.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss allowances for ECL

The Group recognises loss allowances for ECL on financial assets at amortised cost. ECL are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the ECL that result from all possible default events over the expected life of that financial instrument ("lifetime ECL") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade and other receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime ECL that represents the ECL that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of ECL or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

Bank deposits which are restricted to use are classified as "restricted bank deposits". Restricted bank deposits are excluded from cash and cash equivalents in the consolidated statement of cash flows.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowing

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially recognised at fair value and subsequently measured at the higher of:

– the loss allowance; and

– the amount initially recognised less cumulative amortisation recognised in consolidated profit or loss over the terms of the guarantee contracts.

Other financial liabilities

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

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

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

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

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

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

(i) Sales of goods

Distribution of houseware products and audio products in the USA and trading of household appliances, wires and cables in the PRC. Revenue is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(ii) Licensing business on a worldwide basis

The Group has entered into agreement with individual licensee ("Licensee") under which the Group grants the Licensee rights to use the Group's intellectual properties (being the brands for produced electronic products ranging from audio-visual equipment to household appliances). In return, the Group is entitled to minimum annual payments, which generally are paid by Licensee before the commencement of the annual license periods.

HKFRS 15 requires an entity to determine whether an entity's promise to grant a license is a right to access the entity's intellectual property (with consideration being recognised as revenue over time) or a right to use the entity's intellectual property (with consideration being recognised as revenue at a particular point in time). Based on the specific requirements under HKFRS 15, an entity's promise to grant a license is a right to access the entity's intellectual property when all of the following criteria are met:

(a) the contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights;

(b) the rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified in (a) above; and

(c) those activities do not result in the transfer of a good or a service to the customer as those activities occur.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(ii) Licensing business on a worldwide basis (continued)

Having assessed the terms of the related agreement and the specific facts and circumstances, the Directors concluded that not all of the abovementioned criteria are satisfied and hence the Directors concluded that the minimum annual payments should be recognised at a particular point in time (being the commencement of each annual license period).

The Group recognises revenue for the sales-based royalty when those subsequent sales occur (i.e. excess of actual sales occurred).

(iii) IT system development and related services in the PRC

Revenue is recognised at the point in time when control of services is transferred to the customer, generally on acknowledgment of receipt is signed by customer upon completion of the services.

(iv) Sales of properties

Revenue from development of properties for sale in the ordinary course of business is recognised when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the Group satisfies its performance obligations under the contracts and the customer has the ability to direct the use of the property. Deposits received from sale of properties prior to meeting the criteria for revenue recognition are recorded as contract liabilities (and described as “Sale of properties”) in the consolidated statement of financial position.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees’ basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(c) Termination benefits

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Group.

(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 Company or of a parent of the Company.

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

- (i) The entity and the Company 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;

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

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

(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. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

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

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

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

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management 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.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss, which comprises:

(a) the post-tax profit or loss of the discontinued operation; and

(b) the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Provisions and contingent liabilities

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

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(i) Going concern basis

These consolidated financial statements have been prepared on a going concern basis. Details are explained in note 2 to the consolidated financial statements.

(ii) Taxation and deferred taxation

As an investment holding company, the Company is subject to income tax in Hong Kong and the Group is subject to various taxes in other jurisdictions. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax 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 were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and certain tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax charge in the periods in which such estimate is changed.

Deferred tax assets of HK$1 million (2022: HK$2 million) in relation to credit loss allowance has been recognised in the Group's consolidated statement of financial position as at 31 March 2023. The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the consolidated statement of profit or loss for the period in which such a reversal takes place. Further details are set out in note 18.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty

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

(i) Impairment of non-financial assets (other than goodwill)

Determining whether there is an impairment requires an estimation of recoverable amounts of the plant and equipment, right-of-use assets, intangible assets or the respective cash-generating units (the "CGU") in which these related assets belong, which is the higher of value in use and fair value less costs of disposal. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the assets of CGUs and a suitable discount rate in order to calculate the present value. The discount rate represents a rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Where the actual future cash flows or the revision of estimated future cash flows are less than the original estimated future cash flow, then a material impairment loss may arise. Further details are set out in note 19.

(ii) Write down of inventories

The Group performs regular review of the carrying amounts of inventories with reference to aged inventories analysis, expected future sales and management judgement. Based on this review, write down of inventories will be made when the carrying amount of inventories declines below the estimated net realisable value. However, actual sales may be different from estimation and the profit or loss could be affected by differences in this estimation.

(iii) Provision of ECL for accounts receivable

The Group makes provision for impairment of accounts receivable based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further details are set out in notes 6 and 24.

(iv) Net realisable value of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of the cost and net realisable value. Based on the experience of the Directors and the nature of the subject properties, the Directors determine the net realisable value of properties under development and completed properties held for sale by reference to the estimated market prices of the properties under development and completed properties held for sale, which takes into account a number of factors including the recent prices of similar property types in the same project or by similar properties, and the prevailing real estate market conditions in the PRC. During the Year, approximately HK$94 million (2022: Nil), has been written down in the consolidated statement of profit or loss. Further details are set out in note 23.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(v) PRC land appreciation taxes

The Group is subject to land appreciation taxes ("LAT") in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with the local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these PRC land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

(i) Exposure to currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollar and Renminbi ("RMB").

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised monetary assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong Dollar, translated using the spot rate at the year-end date.

	United States Dollar		RMB	
	2023 HK$ million	2022 HK$ million	**2023 HK$ million**	2022 HK$ million
Cash and bank balances	**–***	1	**–***	4

* The amount is less than HK$1 million.

6. FINANCIAL RISK MANAGEMENT (continued)

(a) Foreign currency risk (continued)

(ii) Sensitivity analysis

The Group's major financial assets and liabilities are denominated in United States Dollar, RMB and Hong Kong Dollar. It is assumed that the pegged rate between the Hong Kong Dollar and the United States Dollar would be materially unaffected by any changes in movement in value of the United States Dollar against other currencies.

Other than as disclosed above, majority of its transactions are denominated in the functional currencies of the respective group entities and there were only insignificant balances of financial assets and liabilities denominated in foreign currencies (other than functional currencies of the respective group entities) at the end of the reporting period, the Directors considered that the Group's exposure to currency risk is not significant and accordingly, no sensitivity analysis has been presented.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk and impairment assessment

As at 31 March 2023, the financial assets' carrying amounts best represent the maximum exposure to credit risk. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the customer;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk and impairment assessment (continued)

Financial assets are written off when there is no reasonable expectation of recovery, such as a customer failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

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

Types of customer	Internal credit rating	Description	Accounts receivable	Other financial assets/ other items
Private sector – listed companies – private companies	Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Private sector – listed companies – private companies	Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12-month ECL
Private sector – listed companies – private companies	Doubtful	There is evidence indicating significant increase in credit risk	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Private sector – listed companies – private companies	Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Private sector – listed companies – private companies	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

Accounts receivable arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model annually on trade balances individually or based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk and impairment assessment (continued)

Accounts receivable arising from contracts with customers (continued)

The Group applies the simplified approach under HKFRS 9 to provide for ECL using the lifetime ECL provision for all accounts receivable. To measure the ECLs, accounts receivable has been grouped based on shared credit risk characteristics and the days past due.

The estimated ECL loss rates are estimated with reference to the credit spread for each of the groupings (which taking into consideration of historical credit loss experience, average actual date of receipt, customers' background, listing status and size as groupings of various debtors), which reflect the credit risk of the debtors, over the expected life of the debtors and are adjusted for forward looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management to ensure debtors are appropriately grouped for ECL assessment purpose.

On that basis, the loss allowance as at 31 March 2023 and 2022 was determined as follows for accounts receivable:

2023 **Internal credit rating**	**Average loss rate**	**Gross HK$ million**	**Loss allowance HK$ million**	**Net HK$ million**
Private sector (watch list)				
– listed companies	**10%**	**10**	**1**	**9**
– private companies	**6%**	**54**	**3**	**51**
Total		**64**	**4**	**60**

2022 **Internal credit rating**	Average loss rate	Gross HK$ million	Loss allowance HK$ million	Net HK$ million
Private sector (watch list)				
– listed companies	10%	10	1	9
– private companies	13%	53	7	46
Total		63	8	55

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk and impairment assessment (continued)

Accounts receivable arising from contracts with customers (continued)

The following are the movements of allowance of ECL on accounts receivables during the Year and Corresponding Year:

	2023 HK$ million	2022 HK$ million
At the beginning of the reporting period	**8**	7
Change in ECL allowance	**(4)**	1
At the end of the reporting period	**4**	8

Deposits and other receivables

The management of the Group considers that the credit risk arising from the deposits and other receivables to be low as the Group did not experience any material default by these miscellaneous debtors.

Bank balances/restricted bank deposits

The credit risks on bank balances and restricted bank deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Financial guarantee

As disclosed in note 38, for properties that are presold but development have not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank that holds the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and re-sell the repossessed properties. Therefore, the Directors consider the Group would be able to recover any loss incurred arising from the guarantee by it and the Group's credit risk is significantly reduced.

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk and impairment assessment (continued)

Financial guarantee (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group has a certain level of concentration of credit risk as 31% (2022: 44%) and 78% (2022: 72%) of the total accounts receivable, arose from the Group's largest customer and the three (2022: three) largest customers, respectively, in which the balances were due from customers related to the PRC household appliances operating segment and Emerson operating segment. For existing customers, the Group has established long-term trading relationship and that have good credit history with the Group and were past due within 3 months. For new customers, the Group has assessed and monitored the financial background and creditability on those debtors on an ongoing basis. The Group keeps monitoring the level of exposures to ensure that follow up actions and/or corrective action are taken promptly to lower the risk exposure or to recover the overdue balances.

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the Company's board approval when the borrowings exceed certain predetermined levels of authority. 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 amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash. The Group monitors and maintains a level of bank balances deemed adequate to finance the Group's operations.

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The maturity profile of the Group's non-derivative financial liabilities as at 31 March 2023 and 2022, based on the contracted undiscounted payments, is as follows:

At 31 March 2023	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	Total contractual undiscounted cash flows HK$ million	Carrying amount HK$ million
Accounts payable	870	–	–	870	870
Accrued liabilities and other payables	46	–	–	46	46
Interest-bearing bank loans	574	–	–	574	551
Lease liabilities	2	1	–	3	3
Amounts due to related parties	1,312	–	1,520	2,832	2,725
Financial guarantee *(note 38)*	1,919	–	–	1,919	–
	4,723	1	1,520	6,244	4,195

At 31 March 2022	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	Total contractual undiscounted cash flows HK$ million	Carrying amount HK$ million
Accounts payable	820	–	–	820	820
Accrued liabilities and other payables	24	–	–	24	24
Interest-bearing bank loans	474	94	771	1,339	1,241
Lease liabilities	2	1	–	3	3
Amounts due to related parties	1,729	2,621	–	4,350	4,093
Amount due to a former non-controlling interests	–	–	370	370	319
Financial guarantee *(note 38)*	1,045	–	–	1,045	–
	4,094	2,716	1,141	7,951	6,500

6. FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk

The Group has exposure to fair value interest rate risk, which mainly arises from the fixed-rate borrowings from related parties and a former non-controlling interests, details of which are set out in note 30. The Group has exposure to cash flow interest rate risk due to the fluctuation of the then prevailing market interest rate on bank balances and bank loans with floating interest rate (see note 31 for details).

Sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to bank loans with floating interest rate at the end of the reporting period. The Directors consider the Group's exposure to cash flow interest rate risk arising from the short-term bank deposits held by the Group is not significant as interest bearing bank balances and deposits are within short maturity period. Accordingly, no sensitivity analysis on short-term bank deposits is presented. For bank loans with floating interest rate, the analysis is prepared assuming the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 (2022: 50) basis points increase or decrease for bank loans with floating interest rate are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rate in respect of bank loans.

If interest rates had been increased/decreased by 50 (2022: 50) basis points in respect of bank loans with floating interest rate and all other variables were held constant, the Group's post-tax loss for the year would be increased/decreased by approximately HK$2.4 million (2022: approximately HK$3.5 million).

(e) Categories of financial instruments at 31 March

	2023 HK$ million	2022 HK$ million
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**1,767**	1,702
Financial liabilities:		
Financial liabilities at amortised cost	**4,195**	6,500

(f) Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. SEGMENT REPORTING

The Group currently organises its operations into the following reportable operating segments.

Operating segments	**Principal activities**
PRC Property Development	Property development and operations in the PRC
Emerson	Distribution of houseware products and audio products and licensing business – Comprising a group listed on the New York Stock Exchange of the USA
PRC Household Appliances	Trading of household appliances, wires and cables in the PRC
PRC IT Services	IT system development and related services in the PRC#

The management has decided to close down the operation during the Year.

7. SEGMENT REPORTING (continued)

Continuing operations

	PRC property development HK$ million	Emerson HK$ million	PRC household appliances HK$ million	Unallocated HK$ million	Inter-segment elimination HK$ million	Consolidated HK$ million
Year ended 31 March 2023						
Revenue:						
Sale of properties to external customers	393	-	-	-	-	393
Sale of household appliances, wires and cables to external customers	-	-	131	-	-	131
Sale of houseware and audio products to external customers	-	48	-	-	-	48
Licensing income from external customers	-	7	-	-	-	7
Total segment revenue	393	55	131	-	-	579
Results:						
Segment results	(33)	(18)	10	-	-	(41)
Reconciliations:						
Unallocated corporate expenses	-	-	-	(22)	-	(22)
Reversal of ECL on accounts receivable	-	-	4	-	-	4
Impairment loss recognised in respect of properties under development	(94)	-	-	-	-	(94)
Interest income	-	-	-	20	-	20
Loss before taxation						(133)
Assets:						
Segment assets	7,688	246	90	7	(35)	7,996
Liabilities:						
Segment liabilities	7,667	34	52	33	(35)	7,751
Other information:						
Revenue from customers contributing over 10% of total revenue of the Group:						
– Customer A	-	-	73	-	-	73
Depreciation of plant and equipment	23	-*	-*	-*	-	23
Depreciation of right-of-use assets	1	2	-*	-*	-	3
Additions to non-current assets	37	-	-*	1	-	38

* The amount is less than HK$1 million.

7. SEGMENT REPORTING (continued)

Continuing operations (continued)

	PRC property development HK$ million	Emerson HK$ million	PRC household appliances HK$ million	PRC IT services# HK$ million	Unallocated HK$ million	Inter-segment elimination HK$ million	Consolidated HK$ million
Year ended 31 March 2022							
Revenue:							
Sale of properties to external customers	195	–	–	–	–	–	195
Sale of household appliances, wires and cables to external customers	–	–	164	–	–	–	164
Sale of houseware and audio products to external customers	–	62	–	–	–	–	62
Licensing income from external customers	–	2	–	–	–	–	2
IT services to external customers	–	–	–	–	–	–	–
Total segment revenue	195	64	164	–	–	–	423
Results:							
Segment results	(52)	(28)	11	–*	–	–	(69)
Reconciliations:							
Unallocated corporate expenses	–	–	–	–	(23)	–	(23)
ECL on accounts receivable	–	–	(1)	–	–	–	(1)
Interest income	–	–	–	–	4	–	4
Loss before taxation							(89)
Assets:							
Segment assets	8,989	234	74	7	10	(31)	9,283
Liabilities:							
Segment liabilities	8,844	9	40	–	17	(31)	8,879
Other information:							
Revenue from customers contributing over 10% of total revenue of the Group: – Customer A	–	–	74	–	–	–	74
Depreciation of plant and equipment	–*	–	–*	–*	1	–	2
Depreciation of right-of-use assets	–*	1	–*	–*	–*	–	2
Additions to non-current assets	–*	3	1	–	3	–	8

* The amount is less than HK$1 million.

The management has decided to close down the operation during the Year.

7. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include all current and non-current liabilities managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBIT" i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as including investment income. To arrive at adjusted EBIT the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as Directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBIT, management is provided with segment information concerning interest income from cash balances managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

(b) Geographic information

Information about the Group's revenue from external customers from continuing operations is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue		Carrying amount of non-current assets	
	2023 HK$ million	2022 HK$ million	**2023 HK$ million**	2022 HK$ million
PRC	**524**	359	**17**	4
USA	**55**	64	**2**	4
	579	423	**19**	8

8. REVENUE

An analysis of the Group's revenue from contracts with customers from continuing operations, by principal activities, for the Year and the Corresponding Year is as follows:

	2023 HK$ million	2022 HK$ million
Continuing operations:		
By principal activities:		
Sales of properties	**393**	195
Sales of goods	**179**	226
Licensing income	**7**	2
	579	423

The Group's customers with sales transactions' values exceeded 10% of the Group's revenue during the Year and Corresponding Year are set out in note 7.

Revenue from the above mentioned principal activities were recognised on "point in time" basis.

9. OTHER INCOME, GAINS OR LOSSES

	2023 HK$ million	2022 HK$ million
Continuing operations:		
Impairment loss recognised in respect of properties under development	**(94)**	–
Gain on derecognition of a subsidiary	**5**	–
Changes in ECL on accounts receivable	**4**	(1)
Interest income	**20**	4
Government grants	**–***	2
Others	**2**	–
	(63)	5

* The amount is less than HK$1 million.

10. FINANCE COSTS

	2023 **HK$** **million**	2022 HK$ million
Continuing operations:		
Interest on loans from related parties	**84**	170
Interest on loan from a former non-controlling interests	**19**	30
Interest on bank loans	**43**	56
Interest on lease liabilities	**–***	–*
	146	256
Less: interest expense capitalised into properties under development *(note (i))*	**(146)**	(256)
	–*	–*

Note:

(i) The finance costs incurred by the Group in both years arose from funds borrowed specifically for the purpose of obtaining the qualifying assets.

* The amount is less than HK$1 million.

11. LOSS BEFORE TAXATION

Loss before taxation from continuing operations is arrived at after charging/(crediting):

	2023 HK$ million	2022 HK$ million
Continuing operations:		
(a) Staff costs		
Directors' and Chief Executive Officer's emoluments	**7**	7
Other staff costs:		
– Salaries and other benefits	**47**	57
– Retirement benefits costs	**3**	5
	57	69
Less: amount capitalised in properties under development	**(8)**	(12)
	49	57

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the subsidiaries within the Group which operate in the PRC are required to participate in the central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The staff in USA enjoy their own provident fund schemes that have been set up in accordance with the local laws of their respective jurisdictions.

11. LOSS BEFORE TAXATION (continued)

	2023 HK$ million	2022 HK$ million
Continuing operations:		
(b) Other items		
Short-term lease expenses	–*	1
Depreciation of plant and equipment	23	2
Depreciation of right-of-use assets	3	2
Auditor's remuneration	1	2
Business tax and other levies	9	14
Legal and professional fees	8	18
Advertising and promotion expenses#	30	28
Carrying amount of inventories sold	157	196
Cost of properties sold recognised as expense	346	157

Included in selling and distribution costs.

* The amount is less than HK$1 million.

12. INCOME TAX EXPENSES

Income tax has been recognised in consolidated profit or loss as following:

	2023 HK$ million	2022 HK$ million
Continuing operations		
Current income tax		
– PRC Corporate Income Tax	12	10
– Overseas	–*	–*
Deferred tax *(note 18)*		
– PRC	1	(1)
Income tax expenses	13	9

* The amount is less than HK$1 million.

12. INCOME TAX EXPENSES (continued)

No Hong Kong Profits Tax has been provided in the consolidated financial statements as there are no assessable profits arising in Hong Kong during the Year (the Corresponding Year: Nil).

Under the Law of the People's Republic of China on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of the PRC subsidiaries was 25% for the Year (the Corresponding Year: 25%).

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT is charged at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

Taxes on profits assessable elsewhere have been calculated at rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretations and practises in respective jurisdictions thereof.

Included in tax liabilities as at 31 March 2023 are tax provisions in respect of overseas' current tax recognised in respect of the provisions of tax legislation ("one-time transition tax") enacted by the United States Government in December 2017. In accordance with this legislation, the Group is able to elect to pay such tax liabilities over a period of up to eight years on an interest-free basis. As of 31 March 2023, such provision of one-time transition tax amounting to approximately HK$9 million (2022: approximately HK$13 million) and approximately HK$4 million (2022: approximately HK$1 million) were included in non-current portion and current portion of tax liabilities respectively.

The reconciliation between the income tax expenses and the product of loss before taxation multiplied by the applicable tax rates is as follows:

	2023 HK$ million	2022 HK$ million
Continuing operations		
Loss before taxation	**(133)**	(89)
Notional tax calculated at Hong Kong Profits Tax rate of 16.5% (2022: 16.5%)	**(22)**	(15)
Tax effect of		
Effect of different tax rates in overseas jurisdictions	**(9)**	(14)
Income not taxable	**(15)**	(3)
Expenses not deductible	**32**	22
LAT	**1**	–
Unused tax loss not recognised	**26**	19
Income tax expenses	**13**	9

13. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES

(a) Directors' emoluments

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

	Notes	Fees HK$ million	Basic salaries, housing allowances and other benefits HK$ million	Discretionary bonuses HK$ million	Provident fund contribution HK$ million	Total emoluments HK$ million
Year ended 31 March 2023						
Executive directors						
Tan Bingzhao (Chief Executive Officer)		–	6.00	–	0.02	6.02
Deng Xiangping		–	0.73	–	0.02	0.75
Yan Guohao	(i)	–	–	–	–	–
Liang Minling	(ii)	–	–	–	–	–
Independent non-executive directors						
Lin Jinying		0.14	–	–	–	0.14
Lu Zhenghua		0.14	–	–	–	0.14
Ye Hengqing		0.14	–	–	–	0.14
		0.42	6.73	–	0.04	7.19
Year ended 31 March 2022						
Executive directors						
Tan Bingzhao (Chief Executive officer)		–	6.00	–	0.02	6.02
Deng Xiangping		–	0.73	–	0.02	0.75
Independent non-executive directors						
Lin Jinying		0.14	–	–	–	0.14
Lu Zhenghua		0.14	–	–	–	0.14
Ye Hengqing		0.14	–	–	–	0.14
		0.42	6.73	–	0.04	7.19

Notes:

(i) Yan Guohao was appointed on 31 March 2023.

(ii) Liang Minling was appointed on 31 March 2023.

13. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES (continued)

(a) Directors' emoluments (continued)

The remuneration packages of the Directors are reviewed and approved by the Remuneration Committee.

None of the Directors and Chief Executive Officer has waived or agreed to waive any emoluments during the Year (the Corresponding Year: Nil).

Salaries, allowance and benefits in kind paid to or for the executive Directors are generally emoluments paid or payable in respect of those person's other services in connection with the management of the affairs of the Company and its subsidiaries.

The independent non-executive directors' emoluments are for their services as the Directors.

(b) Directors' material interests in transactions, arrangements or contracts

No other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) Five highest paid individuals

During the Year, the five highest paid individuals included one (the Corresponding Year: one) Director, the details of whose emoluments are set out above. The emoluments of the remaining highest paid individuals are as follows:

	2023 HK$ million	2022 HK$ million
Continuing operations:		
Basic salaries, housing, other allowances and benefits in kind	**8**	7
Bonuses paid and payable	**–***	–*
Provident fund contribution	**–***	–*
	8	7

* The amount is less than HK$1 million.

13. BENEFITS AND INTERESTS OF DIRECTORS AND EMPLOYEES (continued)

(c) Five highest paid individuals (continued)

The number of these individuals who are non-Directors whose remuneration fell within the bands set out below is as follows:

HK$	**2023 Number of non-Directors**	2022 Number of non-Directors
1,000,001–1,500,000	**–**	2
1,500,001–2,000,000	**3**	1
3,000,001–3,500,000	**1**	1

Staff are entitled to receive a basic salary according to their contracts which are reviewed annually by the Group. In addition, staff are entitled to receive a discretionary bonus which is decided by the Group at its absolute discretion having regard to his/her performance.

No emoluments were paid by the Group to any of the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Year (the Corresponding Year: Nil).

14. DIVIDENDS

The Directors do not recommend the payment of any dividend for the Year and the Corresponding Year.

15. LOSS PER SHARE

(a) Basic loss per share

For continuing and discontinued operations

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

	2023 HK$ million	2022 HK$ million
Loss		
Loss for the year for the purpose of calculating basic loss per share	**(87)**	(97)

15. LOSS PER SHARE (continued)

(a) Basic loss per share (continued)

For continuing and discontinued operations (continued)

	2023 Number of ordinary shares million	2022 Number of ordinary shares million
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**5,492.2**	5,492.2

For continuing operations

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

	2023 HK$ million	2022 HK$ million
Loss		
Loss attributable to the owners of the Company	**(87)**	(97)
Add: Loss for the year ended 31 March from discontinued operations	**–**	7
Loss attributable to the owners of the Company used in the basic loss per share calculation	**(87)**	(90)

The denominators used are the same as those detailed above for basic loss per share.

For discontinued operations

Basic and diluted loss per share for the year ended 31 March 2023 from the discontinued operations is nil (2022: HK0.13 cents), based on no loss (2022: HK$7 million) was incurred for the Year from the discontinued operations attributable to the owners of the Company and the denominators detailed above for basic loss per share.

(b) Diluted loss per share

Diluted loss per share equals basic loss per share as there were no potential ordinary shares outstanding during the Year and the Corresponding Year.

16. PLANT AND EQUIPMENT

	2023 HK$ million	2022 HK$ million
Cost		
At 1 April	**9**	5
Additions	**35**	4
Disposals	**–***	–
At 31 March	**44**	9
Accumulated depreciation		
At 1 April	**6**	4
Depreciation for the year	**23**	2
Disposals	**–***	–
At 31 March	**29**	6
Carrying values		
At 31 March	**15**	3

* The amount is less than HK$1 million.

Plant and equipment is mainly included an addition of leasehold improvement approximately HK$35 million (2022: Nil), with a depreciation of approximately HK$21 million (2022: Nil) charging to consolidated statement of profit or loss during the Year. At 31 March 2023, the cost, accumulated depreciation and carrying value of leasehold improvement is approximately HK$35 million (2022: Nil), HK$21 million (2022: Nil), and HK$14 million (2022: Nil) respectively. Other categories of plant and equipment is not material to the Group.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

Disclosures of lease-related items:

	2023 HK$ million	2022 HK$ million
At 31 March:		
Right-of-use assets		
– Properties and equipment#	**3**	4

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(a) Right-of-use assets (continued)

The maturity analysis based on undiscounted cash flows, of the Group's lease liabilities is as follows:

	2023 HK$ million	2022 HK$ million
– Less than 1 year	2	2
– Between 1 and 2 years	1	1
	3	3

	2023 HK$ million	2022 HK$ million
Year ended 31 March:		
Depreciation charge of right-of-use assets – Properties and equipment#	3	2
Lease interests	–*	–*
Expenses related to short-term leases	–*	1
Total cash outflow for leases	3	4
Additions to right-of-use assets	3	3

For the Year and Corresponding Year, the Group leases various offices, warehouse, car parks and equipment for its operations. Lease contracts are entered into for fixed term of two to four years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

* The amount is less than HK$1 million.

\# The amounts shown above relate mainly to properties.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(b) Lease liabilities

	Lease payments 2023 HK$ million	**Present value of lease payments 2023 HK$ million**	Lease payments 2022 HK$ million	Present value of lease payments 2022 HK$ million
Within one year	**2**	**2**	2	2
In the second to fifth years, inclusive	**1**	**1**	1	1
	3	**3**	3	3
Less: Future finance charges	**–***		–*	
Present value of lease liabilities	**3**		3	
Less: Amount due for settlement within 12 months (shown under current liabilities)		**(2)**		(2)
Amount due for settlement after 12 months		**1**		1

At 31 March 2023, the effective interest rate was ranging from 3.87% to 7.5% (2022: 3.87% to 7.5%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

* The amount is less than HK$1 million.

18. DEFERRED INCOME TAX

(a) Deferred tax assets recognised

The major components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the Year and the Corresponding Year are as follows:

	Credit loss allowance HK$ million
At 1 April 2021	1
Charged to consolidated statement of profit or loss *(note 12)*	1
At 31 March 2022 and 1 April 2022	2
Charged to consolidated statement of profit or loss *(note 12)*	(1)
At 31 March 2023	**1**

18. DEFERRED INCOME TAX (continued)

(b) Deferred tax assets not recognised

The deferred tax assets have not been recognised in respect of the following items:

As at 31 March 2023, the Group has unused tax losses of HK$212 million (2022: HK$226 million) available for offset against future profits for which no deferred tax asset was recognised as it is not probable that future taxable profits against which these losses can be utilised will be available in the relevant tax jurisdiction and entities, in which approximately HK$75 million (2022: HK$82 million) and approximately HK$137 million (2022: HK$126 million) will expire within 5 years and 20 years respectively, the remaining tax losses can be carried forward indefinitely.

In accordance with the accounting policy set out in note 4, the Group has not recognised deferred tax assets of approximately HK$55 million (2022: HK$57 million) in respect of the aforesaid cumulative tax losses.

(c) Deferred tax liabilities not recognised

Under the CIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately HK$16 million (2022: HK$28 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

19. BRANDS AND TRADEMARKS, GOODWILL

	Brands and trademarks		Goodwill	
	2023 HK$ million	2022 HK$ million	**2023 HK$ million**	2022 HK$ million
Gross amount				
At 1 April	**468**	465	**13**	13
Foreign currency adjustment	**1**	3	**–**	–
At 31 March	**469**	468	**13**	13
Accumulated amortisation and impairment				
At 1 April	**468**	465	**13**	13
Foreign currency adjustment	**1**	3	**–**	–
At 31 March	**469**	468	**13**	13
Carrying amount				
At 31 March	**–**	–	**–**	–

19. BRANDS AND TRADEMARKS, GOODWILL (continued)

The Group has reassessed the useful lives of the brands and trademarks and concluded that all brands and trademarks have indefinite useful lives.

The brands and trademarks held by the Group have been legally registered on a worldwide basis for many years and the trademarks registrations are renewable at minimal cost. The management of the Group is of the opinion that the Group will renew these trademarks continuously and has the ability to do so. Various assessments including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the brands and trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

Details of impairment testing of each of the brands and trademarks, goodwill are set out below.

The carrying amounts of the brands and trademarks, which are identified according to the product line (i.e. brand name of each trademark), and goodwill are presented below according to the operating segments of the Group, as follows:

	Brands and trademarks		Goodwill	
	2023 HK$ million	2022 HK$ million	**2023 HK$ million**	2022 HK$ million
Emerson	**–**	–	**–**	–

For impairment testing purposes, the recoverable amounts of the brands and trademarks of Emerson are determined on an individual basis.

The recoverable amounts of Emerson trademark as at 31 March 2023 and 2022 were determined based on their value-in-use using value-in-use calculations, which in the opinion of the Directors approximated their fair values. Cash flow projections were used in these calculations, which were based on financial projections approved by the management. The brands and trademarks are considered by the management as having indefinite useful lives. As at 31 March 2023, the Group had a long-term commitment towards the Emerson operations over a time horizon in building, nurturing and growing the brand recognition and establishing and expanding the distribution network in any geographical region. A five-year financial budget, based on management's approved long-term plans of Emerson operations, was therefore used for testing the impairment of the brands and trademarks.

The following described each of the key assumptions on which management had based its cash flow projections to undertake the impairment testing:

The pre-tax discount rates used for value-in-use calculations were based on the data and factors relevant to the economy of the regions for the use of trademark and the weighted average cost of capital. The growth rates shown below represented the growth rates used to extrapolate cash flow projections beyond the period covered by the forecasts, which also approximated the average growth rates during the period covered by the management projection in the forecast. The growth rates used in preparing the financial budget reflected the management's past experience and its expectation of market development.

19. BRANDS AND TRADEMARKS, GOODWILL (continued)

	2023 Emerson	2022 Emerson
Pre-tax discount rate	**18%**	18%
Growth rate	**2%**	2%

Operating expenses were estimated based on reference to the actual data of the trademarks. Revenue projections were estimated by reference to the historical data and terms of the licensing agreements, likelihood of renewal of the licensing agreements, and the economic outlook expected over the budget period. Based on the aforesaid cash flow projections, the recoverable amount of Emerson trademark was nil as at 31 March 2023 (2022: Nil).

20. INVESTMENT IN A JOINT VENTURE

	2023 HK$ million	2022 HK$ million
Unlisted investments in the PRC:		
Share of net assets	**–**	–

Investment in a joint venture is accounted for using the equity method.

	2023 HK$ million	2022 HK$ million
At 1 April	**–**	–
Recognition upon derecognition of Nanning Ruihua *(note 35(a))*	**–**	–
Share of post-tax losses	**–**	–
At 31 March	**–**	–

20. INVESTMENT IN A JOINT VENTURE (continued)

The particulars of the joint venture of the Group, which is unlisted, as at 31 March 2023 and 2022, are as follows:

Name of joint venture	Place of business/ country of incorporation	Particulars of paid up registered capital	Proportion of ownership interest/ voting rights held by the Group 2023	2022	Principal activities
Nanning Ruihua Real Estate Development Co., Ltd. ("Nanning Ruihua")* 南寧市瑞華房地產開發有限公司	The PRC	RMB100,000,000	**51%**	–	Property development and operation

The joint venture is jointly controlled by the Group and a joint venturer in accordance with the revised Articles of Association of Nanning Ruihua dated 1 January 2023.

Immediately preceding revised the Articles of Association, the joint venture is a then non-wholly own subsidiary of the Group. In accordance with the revised Articles of Association, all resolutions passed in the shareholders' meetings and directors' meetings are subjected to shareholders and directors unanimous consent respectively.

The financial information of Nanning Ruihua is not material to the Group.

The Group has discontinued the recognition of its share of loss of the joint venture because the share of loss of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this joint venture for the current year and cumulatively were approximately HK$65 million (2022: Nil) and approximately HK$65 million (2022: Nil), respectively.

* For identification purposes only

21. OTHER ASSETS

	2023 HK$ million	2022 HK$ million
Other receivables (mainly represent utility/rental deposits)	**1**	1

22. INVENTORIES

The inventories represent finished goods stated at lower of cost and net realisable values.

	2023 HK$ million	2022 HK$ million
Finished goods	**30**	18

23. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2023 HK$ million	2022 HK$ million
Properties under development for sale		
– Land use right (including direct costs associated with the acquisition)	**4,082**	5,634
– Construction costs including depreciation and staff costs capitalised	**1,448**	1,468
– Finance costs capitalised	**247**	311
	5,777	7,413
Completed properties held for sale	**197**	18
	5,974	7,431

The properties under development are located in the PRC. Properties under development that have plans to be developed for sale, and are expected to be realised within the Group's normal operating cycle, are classified as current assets. Included in the amounts are properties under development of HK$3,373 million (2022: HK$7,119 million) which are expected to be completed and available for delivery to the customers more than twelve months from the end of the reporting period.

At 31 March 2023, certain of the Group's properties under development with carrying value of HK$1,130 million (2022: HK$2,772 million) were pledged for certain credit facilities granted to the Group by the banks.

23. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE (continued)

The Group's completed properties held for sale are stated at the lower of cost and net realisable value and situated in the PRC. In the opinion of the Directors, completed properties held for sale as at 31 March 2023 are expected to be sold within twelve months from the end of the reporting period.

24. ACCOUNTS RECEIVABLE

The Group allows an average credit period of 30 to 90 days to its trade customers.

	2023 HK$ million	2022 HK$ million
Gross amount	**64**	63
Less: allowance of ECL	**(4)**	(8)
Net carrying amount	**60**	55

The ageing analysis of accounts receivable (net of allowance of ECL), presented based on the invoice date, is as follows:

	2023 HK$ million	2022 HK$ million
0–3 months	**54**	54
3–6 months	**6**	1
	60	55

Details of impairment assessment of accounts receivable for the Year and the Corresponding Year are set out in note 6(b).

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK$ million	2022 HK$ million
Prepayments *(note (i))*	**6**	8
Deposits *(note (ii))*	**3**	16
Prepaid income tax *(note (iii))*	**90**	47
Cost of obtaining contracts *(note (iv))*	**110**	68
Other receivables *(note (v))*	**5**	41
	214	180

Notes:

(i) Included in prepayments are deposits for subsequent purchases of inventories advanced to suppliers amounting to approximately HK$3.1 million as at 31 March 2023 (2022: approximately HK$1.1 million). These deposits were non-interest bearing and covered 0–3 months of purchases.

(ii) Deposits mainly represented payments made for project related deposits which are refundable upon completion of the property development projects. In the opinion of the Directors, most of the balance is expected to be settled after the period of twelve months from the end of the reporting period.

(iii) Prepaid income tax mainly represented prepaid LAT imposed by the PRC's tax authorities ahead of the completion of transactions and revenue recognition, which is generally based on 1% to 4.5% on proceeds from pre-sale of properties. In the opinion of the Directors, most of the balance is expected to be settled after the period of twelve months from the end of the reporting period.

(iv) Cost of obtaining contracts represented the prepaid sales commission paid to real estate agents in connection with the pre-sales of properties. The Group has capitalised the amounts incurred, approximately HK$78 million (2022: approximately HK$49 million) of which are expected to be charged to consolidated profit or loss more than twelve months from the end of the reporting period when the revenue from the related property sales is recognised, at which time such costs will be included in selling and distribution expenses. Sales commission of approximately HK$16 million was charged to consolidated profit or loss during the Year (the Corresponding Year: approximately HK$6 million).

(v) As at 31 March 2022, other receivables mainly represented value-added tax receivables related to the property development operations in the PRC as a result of the construction costs paid. In the opinion of the Directors, most of the balance is expected to be settled after the period of twelve months from the end of the reporting period.

26. CASH AND BANK BALANCES

	2023 **HK$** **million**	2022 HK$ million
Bank balances	**133**	287
Short-term deposits with original maturities within three months	**200**	172
Cash and cash equivalents in the consolidated statement of cash flows	**333**	459
Restricted bank deposits	**1,365**	1,130
	1,698	1,589

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The short-term time deposits carry interest rate at 0.7% to 4.72% per annum for the year ended 31 March 2023 (2022: 0.65% to 2% per annum).

As the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$1,494 million (2022: approximately HK$1,385 million). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Restricted bank deposits represented guarantee deposits for construction of pre-sale properties and are denominated in RMB and placed in designated bank accounts. In accordance with relevant government requirements, property development companies of the Group are required to place certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for the construction of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained.

27. ACCOUNTS PAYABLE

The analysis of accounts payable, including ageing analysis of accounts payable arising from purchases of inventories based on the invoice date, is as follows:

	2023 HK$ million	2022 HK$ million
For purchases of inventories		
0–3 months	**19**	34
3–6 months	**27**	2
6–12 months	**1**	4
For construction costs *(note (i))*	**823**	780
	870	820

Note:

(i) Construction costs payable comprise payables for construction costs and other project related expenses (including unbilled payables) which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is performed.

28. CONTRACT LIABILITIES

	As at 31 March 2023 HK$ million	As at 31 March 2022 HK$ million	As at 1 April 2022 HK$ million
Sale of properties *(note (i))*	**3,335**	2,305	281
Others	**1**	–*	1
	3,336	2,305	282

As at 31 March 2023, the aggregate amount of the transaction prices allocated to the performance obligations that were unsatisfied (or partially unsatisfied) as of the end of the reporting period amounted to approximately HK$4,005 million (2022: approximately HK$2,581 million). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development and licensing agreement entered into by the customers and licensee with the Group. The Group expects to recognise these amounts as revenue when the performance obligations are satisfied. Based on the remaining contract terms, these amounts are expected to be recognised within 1 to 5 years after the end of the current reporting period.

* The amount is less than HK$1 million.

28. CONTRACT LIABILITIES (continued)

Revenue recognised in the Year that was included in the contract liabilities balance at the beginning of the Year was approximately HK$374 million (2022: approximately HK$182 million).

Included in the contract liabilities is approximately HK$2,425 million (2022: approximately HK$459 million) which is expected to be settled within next 12 months from the end of the reporting period.

Note:

(i) The Group receives 20% to 100% of the contract value from customers when they sign the sale and purchase agreements for pre-sale of properties while construction work of the properties is still ongoing. For the customers who applied for mortgage loans to be provided by the banks, the remaining consideration will be paid to the Group from the banks once the mortgage loan application has been completed and release of fund has been approved. Such advance payment schemes result in contract liabilities being recognised through the property construction period until the customer obtains control of the completed property. Same as the properties under development as disclosed in note 23, these balances are expected to be settled within the Group's normal operating cycle.

* The amount is less than HK$1 million.

29. ACCRUED LIABILITIES AND OTHER PAYABLES

	2023 HK$ million	2022 HK$ million
Accrued expenses	**7**	7
Other tax payables *(note (i))*	**199**	57
Other payables *(note (ii))*	**13**	17
Advanced deposit *(note (iii))*	**26**	–
	245	81

Notes:

(i) Other tax payables mainly represented value-added tax payables related to the property development operations in the PRC as a result of the pre-sales proceeds received.

(ii) Included in other payables are balances of nil (2022: HK$9 million) bidding deposits placed by certain potential contractors for the properties under development.

(iii) The advanced deposit received is related to a litigation case. Further details are set out in note 39(b).

30. AMOUNTS DUE TO RELATED PARTIES/A FORMER NON-CONTROLLING INTERESTS

(a) Amounts due to related parties

	2023 Effective contractual interest rate (%)	**2023 HK$ million**	2022 Effective contractual interest rate (%)	2022 HK$ million
Current				
Guangzhou Minjie Real Estate Development Co., Ltd.# ("GZ Minjie", 廣州敏捷房地產開發有限公司) *(note (i))*	**–**	**409**	–	1,702
Interest portion of loan from GZ Minjie *(note (ii))*	**–**	**6**	–	8
Loan from Guangzhou Jinxiu Investment Company Limited# ("GZ Investment", 廣州錦綉投資有限公司) *(note (iii))*	**–**	**–**	4.75%	10
Interest portion of loan from GZ Investment *(note (iii))*	**–**	**–**	–	9
Interest portion of loan from Guangzhou Yufeng Real Estate Development Co., Ltd.# ("GZ Yufeng" 廣州育豐房地產開發有限公司) *(note (iv))*	**–**	**99**	–	–
Interest portion of loan from Zhongshan Wanquan Property Management Co., Limited# ("Zhongshan Wanquan" 中山市完全物業管理有限公司) *(note (v))*	**–**	**6**	–	–
Guangzhou Minjun Real Estate Co., Ltd.# ("GZ Minjun", 廣州敏駿房地產有限公司) *(note (vi))*	**–**	**792**	–	–
		1,312		1,729
Non-current				
Loan from GZ Minjie *(note (ii))*	**3.7%**	**1,351**	5.6%	142
Interest portion of loan from GZ Minjie *(note (ii))*	**–**	**44**	–	15
Loan from GZ Yufeng *(note (iv))*	**–**	**–**	6.4% to 7.5%	1,990
Interest portion of loan from GZ Yufeng *(note (iv))*	**–**	**–**	–	152
Loan from Zhongshan Wanquan *(note (v))*	**–**	**–**	6.5% to 8.5%	45
Interest portion of loan from Zhongshan Wanquan *(note (v))*	**–**	**–**	–	20
Loan from Mr. Tan *(note (vii))*	**5%**	**18**	–	–
		1,413		2,364
		2,725		4,093

All these entities are beneficially owned, directly or indirectly, by Mr. Tan Huichuan (a son of Mr. Tan) and Mr. Tan Haocheng (an elder brother of Mr. Tan).

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30. AMOUNTS DUE TO RELATED PARTIES/A FORMER NON-CONTROLLING INTERESTS (continued)

(a) Amounts due to related parties (continued)

Notes:

(i) The balance of approximately RMB358 million (2022: approximately RMB1,378 million), which is equivalent to approximately HK$409 million (2022: approximately HK$1,702 million) is non-trade in nature, unsecured, interest-free and has no fixed repayment terms.

GZ Minjie is also a non-controlling interests of Changsha Ningxiang Minjun Real Estate Development Co., Ltd.# ("Ningxiang Minjun", 長沙市寧鄉敏駿房地產開發有限公司), a non-wholly owned indirect subsidiary of the Company.

(ii) Included are balances of approximately RMB1,221 million (2022: approximately RMB127 million) and approximately RMB5 million (2022: approximately RMB7 million), which are equivalent to approximately HK$1,395 million (2022: approximately HK$157 million) and approximately HK$6 million (2022: approximately HK$8 million), will be repayable in full on 4 May 2025 and 20 September 2023 (2022: 20 September 2023 and 30 November 2022) respectively. The balances are non-trade in nature and unsecured.

(iii) The balance as at 31 March 2022 of approximately RMB15 million, which was equivalent to approximately HK$19 million, was non-trade in nature, unsecured and fully repaid during the Year. GZ Investment is the immediate holding company of GZ Minjie (note (i) above).

(iv) The balance of approximately RMB87 million (2022: approximately RMB1,734 million), which is equivalent to approximately HK$99 million (2022: approximately HK$2,142 million), will be repayable in full on 1 November 2023 and 20 December 2023 (2022: 1 November 2023 and 20 December 2023). The balance is non-trade in nature and unsecured.

(v) The balance of approximately RMB5 million (2022: approximately RMB52 million), which is equivalent to approximately HK$6 million (2022: approximately HK$65 million), will be repayable in full on 20 November 2023 and 20 December 2023 (2022: 20 November 2023 and 20 December 2023). The balance is non-trade in nature and unsecured.

(vi) The balance of approximately RMB693 million (2022: Nil), which is equivalent to approximately HK$792 million is non-trade in nature, unsecured, interest-free and has no fixed repayment terms.

(vii) During the Year, a subsidiary of the Company entered into an agreement with Mr. Tan in relation to the loan facility of up to HK$18 million at the agreed interest rate of 5% per annum, unsecured and with the principal and interest repayable in full on 11 May 2025. In the opinion of the Directors, the purpose of the loan facility is for use in the Group's daily operations.

(b) Amount due to a former non-controlling interests

Amount in the form of a loan is due to Guangxi Huayu Ye Rui Enterprise Management Company Limited# ("Guangxi Huayu", 廣西華宇業瑞企業管理有限公司), a former non-controlling interests of Nanning Ruihua, a former non-wholly owned indirect subsidiary of the Company. No balance was outstanding as at 31 March 2023. The balance of approximately RMB259 million, which is equivalent to approximately HK$319 million, was interest-bearing at 9% per annum and not repayable within twelve months since 31 March 2022 and the balance was non-trade in nature and unsecured as at 31 March 2022.

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31. INTEREST-BEARING BANK LOANS

	2023 HK$ million	2022 HK$ million
Loans from banks – secured *(note (i))*	**551**	1,241
Less: amount due within one year or on demand shown under current liabilities	**(551)**	(464)
Non current liabilities	**–**	777
The bank loans are repayable as follows:		
On demand or within one year	**551**	464
In the second year	**–**	49
In the third to fifth years, inclusive	**–**	728
	551	1,241

Note:

(i) At 31 March 2023, bank loans of the Group bear floating interest rate based on RMB 1-year Loan Prime Rate plus a specified margin, ranging from 0.55% to 0.75% per annum, carrying interest rate ranging from 4.2% to 4.4%; thus exposing the Group to cash flow interest rate risk. These bank loans were guaranteed by related companies of GZ Investment, GZ Yufeng, Meizhou Minjie Construction Engineering Company Limited# ("Meizhou Minjie", 梅州市敏捷建築工程有限公司) and other related parties, and secured by certain properties under development of approximately RMB989 million, which are equivalent to HK$1,130 million, as set out in note 23.

At 31 March 2022, bank loans of the Group bear floating interest rate based on RMB 1-year Loan Prime Rate plus a specified margin, ranging from 0.55% to 3.65% per annum, carrying interest rate ranging from 4.2% to 7.5%; thus exposing the Group to cash flow interest rate risk. These bank loans were guaranteed by related companies of GZ Investment, Meizhou Minjie and holding company of Guangxi Huayu, Chongqing Huayu Group Company Limited# (重慶華宇集團有限公司), and secured by the shares in Nanning Ruihua and certain properties under development of approximately RMB2,244 million, which are equivalent to HK$2,772 million, as set out in note 23.

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32. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Number of shares	Share capital HK$ million	Share premium HK$ million
Authorised share capital:			
Ordinary shares of HK$0.01 each at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	20,000,000,000	200	
Issued and fully paid share capital:			
Ordinary shares of HK$0.01 each at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	5,492,232,889	55	386

The share premium represents the difference between the par value of the shares issued and the consideration received.

32. SHARE CAPITAL, SHARE PREMIUM AND RESERVES (continued)

Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

(i) Contributed reserve

The contributed reserve represents the credit amount arising from capital reduction in the previous years.

(ii) Statutory reserve

The statutory reserve represents the amount transferred from profit after taxation of the subsidiaries established in the PRC in accordance with the relevant PRC laws until the accumulated total of the fund reaches 50% of the registered capital of the respective subsidiaries.

(iii) Exchange fluctuation reserve/(deficits)

The exchange fluctuation reserve/(deficits) comprises all foreign exchange differences arising from the translation of the financial statements of foreign/PRC operations. The reserve is dealt with in accordance with the accounting policies set out in note 4.

(iv) Other reserve

The other reserves mainly represent the change in net assets attributable to the Group in relation to changes in ownership interest in subsidiaries without losing of control.

Capital risk management

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

The capital structure of the Group consists of debt, which include amounts due to related parties/a former non-controlling interests (note 30) and interest-bearing bank loans (note 31), less cash and bank balances (note 26) and equity attributable to the owners of the Company, comprising share capital and reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt.

The Group also monitors capital on basis of the gearing ratio. This ratio is calculated as net interest-bearing borrowings over total equity. Net interest-bearing borrowings is calculated as sum of amounts due to related parties (excluding note 30(a)(i) and note 30(a)(vi)), interest-bearing bank loans, and amount due to a former non-controlling interests less cash and bank balances.

32. SHARE CAPITAL, SHARE PREMIUM AND RESERVES (continued)

Capital risk management (continued)

The gearing ratios as at 31 March 2023 and 2022 are as follows:

	2023 HK$ million	2022 HK$ million
Amounts due to related parties	**2,725**	4,093
Interest-bearing bank loans	**551**	1,241
Amount due to a former non-controlling interests	**–**	319
Less: cash and bank balances	**(1,698)**	(1,589)
amounts due to related parties (non interest-bearing) *(note 30(a)(i) and note 30(a)(vi))*	**(1,201)**	(1,702)
Net interest-bearing borrowings	**377**	2,362
Total equity	**245**	404
Gearing ratio (times)	**1.54**	5.85

The gearing ratio decreased mainly due to the decrease of overall interest-bearing borrowings.

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2023 HK$ million	2022 HK$ million
Non-current assets		
Investments in subsidiaries	**–***	–*
Amount due from a subsidiary, less impairment	**112**	178
	112	178
Current assets		
Due from subsidiaries	**144**	144
Prepayments, deposits and other receivables	**1**	1
Cash and cash equivalents	**–***	–*
	145	145
Current liabilities		
Accrued liabilities and other payables	**2**	2
Due to subsidiaries	**10**	5
	12	7
Net current assets	**133**	138
NET ASSETS	**245**	316
Capital and reserves		
Share capital	**55**	55
Share premium	**386**	386
Reserves	**(196)**	(125)
TOTAL EQUITY	**245**	316

* The amount is less than HK$1 million.

(b) Reserve movement of the Company

	Contributed reserve HK$ million	**Accumulated deficits** HK$ million	**Total** HK$ million
At 1 April 2021	193	(295)	(102)
Loss for the year	–	(23)	(23)
At 31 March 2022 and 1 April 2022	193	(318)	(125)
Loss for the year	–	(71)	(71)
At 31 March 2023	**193**	**(389)**	**(196)**

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities 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:

	Lease liabilities HK$ million	Amount due to a former non-controlling interests HK$ million	Amounts due to related parties HK$ million	Interest-bearing bank loans HK$ million	Total liabilities from financing activities HK$ million
At 1 April 2021	3	477	3,494	2	3,976
Changes from financing cash flows:					
Advances from related parties/a former non-controlling interests	–	78	2,204	–	2,282
Increase in bank loans	–	–	–	1,234	1,234
Repayments to related parties/a former non-controlling interests	–	(283)	(1,925)	–	(2,208)
Repayments of lease liabilities	(3)	–	–	–	(3)
Repayments of bank loans and interest	–	–	–	(49)	(49)
Total changes from financing cash flows	(3)	(205)	279	1,185	1,256
Non-cash other changes:					
Interest expense capitalised into properties under development	–	30	170	56	256
Additions of lease liabilities	3	–	–	–	3
Interest on lease liabilities	–*	–	–	–	–*
Government grants	–	–	–	(2)	(2)
Total other changes	3	30	170	54	257
Foreign exchange adjustments	–	17	150	–	167
At 31 March 2022	3	319	4,093	1,241	5,656

* The amount is less than HK$1 million.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Reconciliation of liabilities from financing activities (continued)

	Lease liabilities HK$ million	Amount due to a former non-controlling interests HK$ million	Amounts due to related parties HK$ million	Interest-bearing bank loans HK$ million	Total liabilities from financing activities HK$ million
At 1 April 2022	3	319	4,093	1,241	5,656
Changes from financing cash flows:					
Advances from related parties/ a former non-controlling interests	–	7	2,859	–	2,866
Increase in bank loan	–	–	–	107	107
Repayments to related parties/ a former non-controlling interests	–	–	(3,536)	–	(3,536)
Repayments of lease liabilities	(3)	–	–	–	(3)
Repayments of bank loans and interest	–	–	–	(507)	(507)
Total changes from financing cash flows	(3)	7	(677)	(400)	(1,073)
Non-cash other changes:					
Interest expense capitalised into properties under development	–	19	84	43	146
Additions of lease liabilities	3	–	–	–	3
Interest on lease liabilities	–*	–	–	–	–*
Modification of loans from related parties *(note (b))*	–	–	(89)	–	(89)
Derecognition of a subsidiary	–	(317)	(377)	(237)	(931)
Total other changes	3	(298)	(382)	(194)	(871)
Foreign exchange adjustments	–	(28)	(309)	(96)	(433)
At 31 March 2023	3	–	2,725	551	3,279

* The amount is less than HK$1 million.

(b) Major non-cash transactions

During the Year, the Group has entered into seven supplementary loan agreements with GZ Yufeng and Zhongshan Wanquan to modify seven original loan agreements, of which the loan interest rates ranging from 5.6% to 8.5% are changed to 3.65% retrospectively from the beginning of these loans.

35. DERECOGNITION OF A SUBSIDIARY/DISPOSAL OF SUBSIDIARIES

(a) Derecognition of a subsidiary

On 1 January 2023, Nanning Ruihua has revised its Articles of Association that all resolutions passed in the shareholders' meetings and directors' meetings are subjected to shareholders and directors unanimous consent respectively and thus Nanning Ruihua was derecognised due to loss of control and a joint venture was recognised. Further details are set out in note 20.

The net assets of Nanning Ruihua as at 1 January 2023 were as follows:

	HK$ million
Plant and equipment	–*
Properties under development	1,271
Prepayments, deposits and other receivables	13
Cash and bank balances	19
Accounts payable	(124)
Contract liabilities	(287)
Accrued liabilities and other payables	(3)
Interest-bearing bank loans	(237)
Amount due to a former non-controlling interests	(317)
Amount due to a related party	(377)
Net liabilities derecognised of	(42)
Non-controlling interests	2
Reclassification adjustment of exchange reserve on derecognition of Nanning Ruihua	(1)
	(41)
Impairment loss on interest receivables from Nanning Ruihua	36
Gain on derecognition of a subsidiary	(5)
Net cash outflow arising on derecognition	
Bank balances and cash disposed of	19

* The amount is less than HK$1 million.

35. DERECOGNITION OF A SUBSIDIARY/DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of a subsidiary

The disposal of entire issued share capital in Unijoy Limited ("Unijoy", together with its subsidiaries, the "Unijoy Group" or "Disposal Group") was completed on 15 June 2021 (the "Completion Date") at a consideration of HK$60 million. Upon completion, Unijoy Group ceased to be subsidiaries of the Company and the consolidated results, assets and liabilities of Unijoy Group ceased to be consolidated with those of the Group.

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

	HK$ million
Financial assets at fair value through profit or loss	6
Brands and trademarks	58
Accounts and other receivables	1
Cash and bank balances	27
Accounts and other payables	(19)
Contract liabilities	(2)
Tax liabilities	(18)
Net assets disposed of	53
Non-controlling interests	–*
Reclassification adjustment of exchange reserve on disposal of Unijoy Group	1
Direct cost incurred for the disposal	1
Gain on disposal of subsidiaries	5
Total cash consideration received	60

Net cash inflow arising on disposal

Cash consideration	60
Cost directly attributable to the disposal	(1)
Bank balances and cash disposed of	(27)
Net cash inflow arising on disposal	32

* The amount is less than HK$1 million.

36. DISCONTINUED OPERATIONS

During the Corresponding Year, Unijoy Limited was disposed of and transferred to Sino Capital Resources Limited, an entity wholly-owned by Mr. Ho Wing On Christopher (a director of Grande N.A.K.S. Ltd, a wholly owned subsidiary of the Company), at the initial consideration of HK$60 million (the "Disposal"). The Disposal was completed on the Completion Date and the Group received the consideration amount of HK$60 million on the Completion Date.

The results of the Disposal Group for the period from 1 April 2021 up to the date of disposal have been presented separately as a single line item in the consolidated statement of profit or loss, details of which are as follows:

	2022 HK$ million
Revenue	7
Administrative expenses	(17)
Loss before taxation	(10)
Income tax expenses	(2)
Loss for the year	(12)
Gain on disposal of the discontinued operations	5
Loss for the year from discontinued operations	(7)
Loss for the year from discontinued operations attributable to:	
– Owners of the Company	(7)
– Non-controlling interest	–*
	(7)

* The amount is less than HK$1 million.

36. DISCONTINUED OPERATIONS (continued)

Loss for the year from discontinued operations attributable to:

	2022 HK$ million
Other staff costs	
– Salaries and other benefits	4
– Retirement benefits cost	–*

Cash flows in consolidated statement of cash flows that are attributable to operating, investing and financing activities of the discontinued operations are as follows:

	2022 HK$ million
Net cash inflow from operating activities and net increase in cash and cash equivalent	3

* The amount is less than HK$1 million.

37. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions and balances with related parties during the years ended 31 March 2023 and 2022:

(a) The details of balances with related parties are set out in note 30.

(b) The details of disposal of Unijoy Limited during the Corresponding Year, which is classified as discontinued operations, are set out in notes 35(b) and 36.

(c) Approximately HK$0.3 million (Corresponding Year: approximately HK$0.5 million) was paid to GZ Minjun for rental of offices in the PRC. GZ Minjun is beneficially owned by Mr. Tan Huichuan, the son of Mr. Tan. Included in lease liabilities as disclosed in note 17, balance of approximately HK$0.3 million (2022: approximately HK$0.1 million) was related to the leases of the aforesaid offices from Guangzhou Minjun as of 31 March 2023.

(d) Approximately HK$0.7 million (Corresponding Year: approximately HK$1.0 million) was billed by Guangzhou Nimble New Life Property Management Co., Ltd. Ningxiang Branch# ("Nimble New Life Ningxiang Branch", 廣州敏捷新生活物業管理有限公司寧鄉分公司) for management fee in the PRC. Nimble New Life Ningxiang Branch is beneficially owned by Ms. Tan Yuehua, the younger sister of Mr. Tan. No such management fee (2022: approximately HK$0.1 million) payable to Nimble New Life Ningxiang Branch was included in other payables as at 31 March 2023.

37. RELATED PARTY TRANSACTIONS (continued)

(e) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors and certain of the highest paid employees as disclosed in note 13, are as follows:

	2023 HK$ million	2022 HK$ million
Salaries, bonus and other short-term employee benefits	**7**	18
Retirement benefit costs	**–***	–*
	7	18

* The amount is less than HK$1 million.

38. CONTINGENT LIABILITIES

Except for the cases set out below and note 39(a), the Group did not have significant contingent liabilities as of 31 March 2023 and up to the date of this report:

The Group had provided guarantees of approximately HK$1,919 million as at 31 March 2023 (2022: HK$1,045 million) to banks in favour of the purchasers of property units in relation to the Group's properties under development and completed properties sold, up to an amount of 80% of the purchase price of the individual property units, in respect of the mortgage loans provided by the banks to such purchasers. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers prior to the releases of the guarantees, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees start from the respective dates of grant of the mortgage loans.

In the opinion of the Directors, the total fair value of the financial guarantee contracts of the Group is insignificant at initial recognition. The Directors also consider the possibility of default by the parties involved to be remote and in case of default in payments, the net realisable value of the related properties would be able to cover the outstanding principal together with the accrued interest and penalties. Accordingly, no value has been recognised in the consolidated statement of financial position as at 31 March 2023 and 2022.

39. PENDING LITIGATIONS

(a) The Company

In an order made by the High Court of the Hong Kong Special Administrative Region (the "High Court") on 9 May 2016 in respect of case HCCW 177/2011, the Company is required to:

(i) indemnify and keep indemnified the former provisional liquidators in the event that the funds paid into the court are insufficient to meet the taxed fees and expenses of the former provisional liquidators; and

(ii) indemnify and keep indemnified Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited in respect of the costs of the defence of proceedings HCA 92/2014 ("the Action"), subject to the final determination of the Action. HCA 92/2014 is a legal case filed in January 2014 in the High Court by Sino Bright Enterprises Co., Ltd., and HCA 1152/2017 is a legal case filed in May 2017 in the High Court by the Company (which was later consolidated with HCA 92/2014), against Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited for alleged misrepresentation and the case is ongoing.

As at the date of this report, the Company has received no such requests for the related fees, costs and expenses.

The Directors are of the view that no provision is necessary for any of the matters described above, after having considered their respective merits.

(b) Emerson Radio Corp.

On 19 April 2022, the US District Court for the District of Delaware (the "Court") granted a judgment in favour of Emerson Radio Corp. in its trademark infringement lawsuit against air conditioning and heating products provider Emerson Quiet Kool Co. Ltd. and wholesaler Home Easy Ltd. (the "Defendants"). Among other things, the Court issued an injunction and directed the US Patent and Trademark Office to cancel the Defendants' existing and proposed "Emerson Quiet Kool" trademarks and prohibits Defendants from registering or applying to register the same mark or any other mark or name containing the word "Emerson" going forward. The Court also awarded US$6.5 million (equivalent to approximately HK$51 million) to Emerson Radio Corp.. As at 31 March 2023, the Defendants have conditionally made payments of US$4.1 million (equivalent to approximately HK$32 million) to Emerson Radio Corp., in connection with ongoing negotiations among the parties, which has been reduced by approximately US$0.8 million (equivalent to approximately HK$6 million) of legal fees incurred during the Year. The judgement is presently on appeal to the US Court of Appeals for the Third Circuit. There is no guarantee that Emerson Radio Corp. will be able to collect the entire court award or that a negotiated resolution regarding these matters will ever be agreed among the parties or, if agreed, how soon the parties will be able to do so.

40. CAPITAL COMMITMENTS

At 31 March 2023 and 2022, the Group had the following capital commitments in respect of the purchase of properties under development not provided for in the consolidated financial statements:

	2023 HK$ million	2022 HK$ million
Contracted but not provided for:		
Properties under development	**1,632**	2,453

41. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the sale and purchase agreement dated 19 January 2023 and supplemental agreement dated 21 April 2023, the Group disposed of the entire issued share capital of Ningbo Ruizhi Real Estate Development Co., Ltd.# (寧波市瑞智房地產開發有限公司), a company engaged in the property development and operation in the PRC for a cash consideration of RMB10,000,000 to GZ Minjun. The transaction was approved by the shareholders of the Company on 23 May 2023. Details of the transaction are set out in the circular issued by the Company dated 2 May 2023.

Other than those disclosed in the consolidated financial statements, there are no other events after the reporting period up to the date of approval of consolidated financial statements that require disclosure in the consolidated financial statements.

For identification purposes only

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year ended 31 March 2023 and 2022 or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would result in particulars of excessive length.

Name of subsidiaries	Note	Place of incorporation/ registration	Issued and fully paid capital	Percentage of ownership interest/voting power/ profit sharing 2023	2022	Principal activities/ place of operation
Directly held by the Company:						
Good Shinny Holdings Limited		BVI	US$1	**100%**	100%	Investment holding/ Hong Kong
Grande N.A.K.S. Ltd		BVI	US$10,000	**100%**	100%	Investment holding/ Hong Kong
Indirectly held by the Company:						
Swift Up Limited		Hong Kong	HK$1	**100%**	100%	Provision of management services/Hong Kong
Guangzhou Nimble Household Appliances Trading Ltd.# 廣州敏捷家電貿易有限公司	(i)	PRC	RMB10,000,000	**100%**	100%	Trading of household appliances, wires and cables/PRC
S&T International Distribution Limited		BVI	US$1	**100%**	100%	Investment holding/ Hong Kong
Emerson Radio Corp.*		USA	US$529,000	**72.4%**	72.4%	Distribution of houseware products and audio products and licensing business/USA
Nimble Information Technology (Guangzhou) Company Ltd.# 敏捷信息科技(廣州)有限公司	(i)	PRC	RMB3,000,000	**100%**	100%	IT system development and related services/ PRC
Ningxiang Minjun		PRC	RMB20,408,200	**51%**	51%	Property development and operation/PRC

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

(a) (continued)

Name of subsidiaries	*Note*	Place of incorporation/ registration	Issued and fully paid capital	Percentage of ownership interest/voting power/ profit sharing 2023	2022	Principal activities/ place of operation
Gongyi Ruijing Real Estate Development Co., Ltd.# 鞏義市瑞景房地產開發有限公司		PRC	RMB10,000,000	**100%**	100%	Property development and operation/PRC
Gongyi Ruichen Real Estate Development Co., Ltd.# 鞏義市瑞辰房地產開發有限公司		PRC	RMB10,000,000	**100%**	100%	Property development and operation/PRC
Yangjiang Jingchen Real Estate Development Co., Ltd.# 陽江市璟宸房地產開發有限公司		PRC	RMB10,000,000	**100%**	100%	Property development and operation/PRC
Ningbo Ruizhi Real Estate Development Co., Ltd.# 寧波市瑞智房地產開發有限公司		PRC	RMB10,000,000	**100%**	100%	Property development and operation/PRC
Shantou Ruijing Real Estate Development Co., Ltd.# 汕頭市瑞景房地產開發有限公司		PRC	RMB10,000,000	**100%**	100%	Property development and operation/PRC
Nanning Ruihua		PRC	RMB100,000,000	**-**	51%	Property development and operation/PRC
Yongzhou Ruijing Real Estate Development Co., Ltd.# 永州市瑞璟房地產開發有限公司		PRC	RMB10,000,000	**100%**	100%	Property development and operation/PRC

\# For identification purposes only

* Listed on The New York Stock Exchange

Note:

(i) These companies are established in the PRC as wholly foreign-owned enterprises.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

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

Name of subsidiaries	Place of incorporation/ registration and operations	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) attributable to non-controlling interests		Other comprehensive income attributable to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	**2023 HK$ million**	2022 HK$ million	**2023 HK$ million**	2022 HK$ million	**2023 HK$ million**	2022 HK$ million
Emerson Radio Corp.	USA	**27.6%**	27.6%	**(3)**	(8)	**-**	1	**55**	58
Ningxiang Minjun	PRC	**49%**	49%	**(7)**	9	**(1)**	-	**2**	10
Nanning Ruihua#	PRC	**-**	49%	**(49)**	(9)	**(4)**	2	**-#**	51
				(59)	(8)	**(5)**	3	**57**	119

Nanning Ruihua was derecognised as a subsidiary and recognised as an investment in a joint venture during the Year.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

(c) Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	Ningxiang Minjun		Emerson Radio Corp.		Nanning Ruihua#	
	2023 HK$ million	2022 HK$ million	**2023 HK$ million**	2022 HK$ million	**2023 HK$ million**	2022 HK$ million
Non-current assets	**1**	–*	**2**	4	**–**	–*
Current assets	**381**	552	**244**	231	**–**	1,591
Current liabilities	**(375)**	(529)	**(36)**	(9)	**–**	(552)
Non-current liabilities	**–**	–	**(10)**	(14)	**–**	(936)
Net assets	**7**	23	**200**	212	**–**	103
Revenue	**185**	195	**55**	64	**–**	–
Other income	**1**	1	**6**	2	**–***	1
Expenses	**(200)**	(172)	**(73)**	(94)	**(100)**	(20)
Income tax expenses	**–**	(6)	**–**	–	**–**	–
(Loss)/profit for the year	**(14)**	18	**(12)**	(28)	**(100)**	(19)
Total comprehensive (expenses)/income for the year	**(16)**	18	**(12)**	(27)	**(108)**	(17)
Net cash inflow/(outflow) from operating activities	**1**	96	**(6)**	(34)	**20**	129
Net cash inflow/(outflow) from investing activities	**29**	39	**(22)**	23	**(3)**	–
Net cash (outflow)/inflow from financing activities	**(25)**	(160)	**(2)**	(2)	**(181)**	54
Net cash inflow/(outflow)	**5**	(25)	**(30)**	(13)	**(164)**	183

* The amount is less than HK$1 million.

\# Nanning Ruihua was derecognised as a subsidiary and recognised as an investment in a joint venture during the Year.

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 30 June 2023 .

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements is set out below:

RESULTS

	Year ended 31 March				
Continuing and discontinued operations	**2023 HK$ million**	2022 HK$ million	2021 HK$ million	2020 HK$ million	2019 HK$ million
REVENUE	**579**	423	244	240	123
(LOSS)/PROFIT FOR THE YEAR	**(146)**	(105)	(58)	(108)	73
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(87)**	(97)	(86)	(87)	91

ASSETS AND LIABILITIES

	As at 31 March				
	2023 HK$ million	2022 HK$ million	2021 HK$ million	2020 HK$ million	2019 HK$ million
NON-CURRENT ASSETS	**20**	10	6	82	179
CURRENT ASSETS	**7,976**	9,273	6,415	785	465
TOTAL ASSETS	**7,996**	9,283	6,421	867	644
CURRENT LIABILITIES	**6,328**	5,405	3,521	143	29
NON-CURRENT LIABILITIES	**1,423**	3,474	2,402	230	17
TOTAL LIABILITIES	**7,751**	8,879	5,923	373	46
NET ASSETS	**245**	404	498	494	598
CAPITAL AND RESERVES	**188**	285	374	457	550
NON-CONTROLLING INTERESTS	**57**	119	124	37	48
TOTAL EQUITY	**245**	404	498	494	598