资源控股
RESOURCES HOLDINGS

(Incorporated in Bermuda with limited liability)

Stock Code : 00618

2022-23
ANNUAL REPORT

PKU
RESOURCES
北大資源(控股)有限公司
PEKING UNIVERSITY RESOURCES
(HOLDINGS) COMPANY LIMITED

CONTENTS

COMPANY PROFILE

BUSINESS AREAS

Peking University Resources (Holdings) Company Limited ("PKU Resources" or the "Company", together with its subsidiaries, collectively the "Group") was formerly known as EC-Founder (Holdings) Company Limited. In order to generate higher returns for shareholders, the Company began to launch a multi-business development strategy based on information products distribution business starting in 2013. In January 2013, the Company completed the acquisition of a group of companies engaged in the business of property development and property investment, and gradually diversified into the business segments of real estate development and commercial real estate operations.

The Group is principally engaged in e-commerce and distribution of information products, property development as well as property investment and management in the PRC. As at 31 March 2023, the Group had a total of 13 property development projects across 9 cities in Mainland China. The total area of the properties held for sales, properties under development and areas pending construction of the Group amounted to approximately 2.78 million square meters.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr Wong Kai Ho (*Chairman*)
Mr Wang Guiwu
Mr Huang Zhuguang
Mr Guo Langhua (appointed on 15 September 2022)

Independent non-executive Directors

Mr Chin Chi Ho, Stanley
Mr Chung Wai Man
Mr Hua Yichun

COMMITTEES

Audit Committee

Mr Chin Chi Ho, Stanley *(Chairman)*
Mr Hua Yichun
Mr Chung Wai Man (appointed on 31 October 2022)

Remuneration Committee

Mr Chung Wai Man *(Chairman)*
Mr Wong Kai Ho
Mr Chin Chi Ho, Stanley

Nomination Committee

Mr Wong Kai Ho *(Chairman)*
Mr Hua Yichun
Mr Chung Wai Man

COMPANY SECRETARY

Ms Leung Mei King (appointed on 11 July 2022)

AUTHORISED REPRESENTATIVES

Mr Wong Kai Ho
Mr Huang Zhuguang

AUDITOR

CCTH CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Bank of Beijing
Bank of Communications
Huaxia Bank
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2303, 23/F
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Principal registrar

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong branch share registrar and transfer office

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

LISTING INFORMATION

Main board of The Stock Exchange of Hong Kong Limited
Stock code: 00618
Board Lot: 2,000 shares

COMPANY WEBSITE

www.pkurh.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

Looking back at the past year, the world was haunted by uncertainties such as the turbulent international environment, escalating geopolitical conflicts, interest rate hikes by the Federal Reserve and the spread of anti-globalization. The world economy entered into a phase of high inflation, high interest rate and low growth, and there remained a looming risk of global economic recession.

With the COVID-19 pandemic in China persisted for months in 2022, the social and economic activities in various cities were disrupted, which affected the consumers' demands and the production chain, putting a huge strain on the task of stabilizing economic development. In addition, the subdued homebuyer sentiment further dampened and the confidence of industry players waned as the financing channels of real estate developers shrank and private developers' negative credibility events developed one after another. In the face of these unprecedented challenges, the domestic real estate market saw a drastic fall in property sales, and the annual investment in real estate development recorded a negative year-on-year growth for the first time.

Amid such a difficult industry environment, the Group took resolute measures to navigate the challenges and adhered to its development strategies. Thanks to the joint efforts of all the staff, the Group fulfilled all the conditions of the resumption guidance of the Stock Exchange as scheduled and officially resumed trading on 11 August 2022, which restored the confidence of both the creditors and the Shareholders.

During the year, the Group continued to streamline its organization structure with enhanced management and control measures to improve efficiency and lower operating costs, at the same time ensuring property delivery and financial security and maintaining liquidity for its operation. Meanwhile, the Group continued its efforts in optimizing the gearing structure, including the gradual divestment of those real estate businesses that have endured substantial losses to improve the asset structure of the real estate business, as well as the disposal of underperforming traditional IT distribution business in order to focus on the development of the innovative e-commerce business.

As affected by the market condition, the Group recorded a revenue of RMB5.17 billion during the reporting period, dropped by 56% as compared with last year. Nonetheless, benefitted from the remarkable results achieved in business optimization, cost reduction and efficiency enhancement, the Group recorded a profit of RMB1.02 billion during the period, representing a successful turnaround from the deficit position with a growth of 334.93% over the Corresponding Period. As at 31 March 2023, the total equity of the Group increased from RMB2.39 billion as at the end of last year to RMB2.54 billion, the equity attributable to owners of the Company increased from a deficit of RMB0.462 billion as at the end of last year to RMB1.46 billion, and the gearing ratio decreased from 1.89 to 0.76. The healthy gearing structure has laid a solid foundation for the continuous development in the future.

By the end of 2022, the PRC government, both at the central and local levels, has introduced the latest policies on the development of the real estate industry, rational consumption of residential properties and the gearing position of real estate enterprises. The Central Economic Work Conference also stressed that the key mission of mitigating economic risks is to stabilize the real estate sector. Looking ahead to 2023, new initiatives are also expected to be introduced to improve the gearing position of real estate enterprises. Under the new norm of the industry, despite the changes in real estate policies, the Group will maintain a prudent attitude towards the industry outlook and will continue to emphasize on financial stability and strengthen its organizational structure and management efficiency.

The Board of the Group will adhere to the model of "Technological Property + Intelligent Industry" as its two main businesses, and pursue a diversified eco-development pattern that integrates businesses such as real estate, e-commerce, property investment and development and asset management. With the positioning of "Ideal Space Creator", the values of "Innovation, Creativity and Ingenuity for Enjoyment" and the mission of "Creating Technology, Quality and Happiness", the Group will promote the future development of technology empowerment, craftsmanship-oriented products, openness and inclusiveness, and integrate intelligence and cutting-edge technology into its products and services. It will further focus on the brand-new arena of "Technological Property" to achieve corporate excellence and create quality life, thereby innovating the leading mode of living in the omni-ecological ideal space.

In order to fulfil the Group's strategic goal of sustainable development, the Group will gradually put in resources to actively develop new financial service businesses, including areas such as investment and management of assets arising from special opportunities. The Group has been granted a Type 9 (asset management) licence by the Securities and Futures Commission in April 2023 to carry out regulated asset management activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Relying on its professional expertise in planning, design, construction and management, the Company will fully leverage its extensive industrial experience to seize investment opportunities in the real estate industry. Meanwhile, the Group will focus on technology investment-related industries with huge potential and room for development. In the future, the Group will pursue the stringent and prudent principles of investment to generate greater returns for our shareholders and customers.

On behalf of the Board of Directors, I would like to express my sincere gratitude to all employees for their diligent efforts and dedication, as well as to all shareholders, business and financing partners for their tremendous support to the Company during the past year, which has been a very challenging year! At the same time, I expect that the Group will continue to maintain a stable development trend and reward our shareholders, customers and the society.

Wong Kai Ho
Chairman

26 June 2023

Management Discussion and Analysis

MARKET REVIEW

During 2022, in response to the impact of unforeseen factors such as the increasingly complex and challenging international environment and recurrent pandemic outbreaks in China, government departments across different regions efficiently coordinated pandemic prevention and socioeconomic development by actively promoting and implementing a basket of policies and sustained measures to stabilise the economy. Overall, the domestic economy remained on a track of recovery. China's disposal income per capita growth is generally consistent with its economic growth, while real consumption expenditure growth has slowed down. Gross domestic product calculated at constant prices grew by 3.0% over the previous year. China's household income growth is generally consistent with its economic growth. Industrial value-added of China's enterprises above-scale grew by 3.6% over the previous year while value-added of the high-tech manufacturing industry grew by 7.4% over the previous year. Fixed asset investment grew by 5.1% over the previous year, while high-tech industry investment grew by 18.9% over the previous year.

Real Estate Business

During 2022, the real estate market was the subject of intensive intervention. The industry struggled with an unprecedented level of shock, recording a steep decline in sales of commodity housing and negative growth in investment in real estate development for the first time. Local governments in China were required by the central government to fully utilise available policies and implement appropriate measures to support inelastic demand for homes and demand for improved housing, and were delegated with responsibility to secure the delivery of homes and protect livelihoods. Thus, the industry entered a new policy cycle. In 2022, the sales of commodity housing in China amounted to RMB13.3 trillion, and the sales area of commodity housing amounted to 1.36 billion square meters, representing a decrease of 26.7% and 24.3% respectively, as compared to the historical peak in 2021. New construction area of properties in China was 1.21 billion square meters, representing a decrease of 39.4% year-on-year. The investment in real estate development in China amounted to RMB13.3 trillion, representing a decrease of 10.0% over 2021.

In the first quarter of 2023, the sales area of commodity housing nationwide amounted to 300 million square meters with a sales volume of RMB3.1 trillion, representing a decrease of 1.8% and an increase of 4.1% respectively year-on-year. Investment in real estate development decreased by 5.8% over the corresponding period in 2022. During China's Central Economic Work Conference held in December 2022, various points were made, including "Secure the delivery of homes, protect livelihoods, ensure stability, satisfy reasonable financing demand of the industry", "Support inelastic demand for homes and demand for improved housing", "Promote stable transition of the real estate industry to a new development model which upholds the vision of 'homes not for speculating but for living'". Since November 2022, China's National Association of Financial Market Institutional Investors has continued to promote and expand the "Second Arrow", China's central bank and China Banking and Insurance Regulatory Commission issued a "16-point Plan for Financing", and China Securities Regulatory Commission issued a "New 5-point Plan" to support real estate equity financing, which has resulted in improvement in the financing environment of the real estate industry.

E-commerce and Distribution Business

2022 was a focus breakthrough year for China's digital sector in terms of empowering the physical sector. Under policy directives, China's digital economy has been speeding up work in addressing the key bottleneck of integrating digital and physical economy since the start of 2022. As the IT product market continues to mature with product types and scale expanding, sales of IT products also face increasing pressure. In 2022, the overall sales volume of China's IT distribution market amounted to RMB442.41 billion, representing a decrease of 3.1% year-on-year. In 2022, internet sales of physical products in China amounted to RMB11.96 trillion, representing a growth of 6.2% year-on-year, and accounting for 27.2% of total retail volume of consumer products.

OPERATING REVIEW

As disclosed in the announcement of the Company dated 5 January 2022, the Board has resolved to change the financial year end date of the Company from 31 December to 31 March. The first reporting period of the Group following the change of financial year end date is the 15-month period from 1 January 2021 to 31 March 2022 (the "Corresponding Period"), while the current financial year is the 12-month period from 1 April 2022 to 31 March 2023 (the "Reporting Year").

Real Estate Business

Property Development

The turnover of the property development business of the Group for the Reporting Year decreased by 25.7% to approximately RMB3,219.7 million (fifteen months ended 31 March 2022: RMB4,332.8 million). The segment recorded a profit of approximately RMB1,851.9 million (fifteen months ended 31 March 2022: approximately RMB1,078.0 million). The decrease in segment turnover was primarily attributable to the decrease in area delivered of property development projects. The increase in segment profit was due to the improvement in gross profit of properties sold.

As at 31 March 2023, the Group had 13 property development projects across 9 cities in Mainland China. The total area of the properties held for sale, properties under development and area pending construction amounted to approximately 2,775,000 square meters. During the Reporting Year, the Group actively promoted resumption of work and production activities under the ongoing pandemic and changes in the industry. During the Reporting Year, contracted sales of properties and contracted gross floor area ("GFA") amounted to approximately RMB9.03 billion and approximately 223,000 square meters, respectively, with an average selling price of approximately RMB3,804 per square meter.

Project List

As at 31 March 2023

Project Name	Project Location	Planning and Development	Planned GFA (sq.m)	Equity Share	Expected year of completion
Yihe Emerald Mansion	Yuxi, Yunnan	Residential/Commercial	456,507	100%	2026
Boya Binjiang	Foshan, Guangdong	Residential/Commercial	909,598	51%	2024
Wei Ming 1898	Kaifeng, Henan	Residential/Commercial	290,379	100%	2024
Dream City	Guiyang, Guizhou	Residential/Commercial	1,014,000	70%	2024
Zijing Mansion	Chongqing	Residential/Commercial	193,771	100%	2023
Boya	Chongqing	Residential/Commercial	499,947	70%	Completed
Jiangshan Mingmen	Chongqing	Residential/Commercial	706,601	100%	Completed
Yuelai	Chongqing	Residential/Commercial	425,947	70%	Completed
Boya City Plaza	Chengdu, Sichuan	Commercial/Office	144,008	51%	Completed
Wei Ming Mansion	Hangzhou, Zhejiang	Residential/Commercial	193,736	100%	Completed
Shanshui Nianhua	Wuhan, Hubei	Residential/Commercial	278,437	70%	Completed
580 Project	Chongqing	Residential/Commercial	613,530	100%	N/A
Lianhu Jincheng	Ezhou, Hubei	Residential/Commercial	756,114	90%	N/A

Note: Expected year of completion is not available for certain projects as these projects have not yet commenced or are pending acceptance of completion. Accordingly, no estimate of their respective expected completion year could be provided.

The Group will further focus on the expansion of its regional property development business and actively facilitate the delivery of its projects. In response to changes in both its internal and the external environment, the Group will move prudently and control risks actively so as to maintain stability of its business operations and facilitate steady delivery of its property projects.

Property Investment and Management

During the Reporting Year, the turnover of property investment and management business decreased by 50.0% to approximately RMB47.9 million (fifteen months ended 31 March 2022: RMB95.8 million). The segment recorded a profit of approximately RMB85.0 million (fifteen months ended 31 March 2022: loss of RMB335.0 million). The decrease in segment revenue was mainly attributed to the decrease in rented GFA during the Reporting Year. The improvement in segment results was mainly due to the fair value gain on investment properties arising from the increase in fair value of investment properties of approximately RMB456.4 million (fifteen months ended 31 March 2022: loss of RMB328.5 million) during the Reporting Year.

E-commerce and Distribution

During the Reporting Year, the Group's e-commerce and distribution business recorded a turnover of approximately RMB1,907.2 million, representing a decrease of 74.1% as compared to the Corresponding Period (fifteen months ended 31 March 2022: RMB7,371.0 million). The segment recorded a loss of RMB55.4 million (fifteen months ended 31 March 2022: profit of RMB40.2 million).

Originally, the distribution business was mainly focused on the distribution of information products. During the Reporting Year, it has been affected mainly by litigations initiated against the Group by a creditor and Peking University Founder Group Company Limited (北大方正集團有限公司) ("Peking Founder"), the former controlling shareholder of the Company. During the Reporting Year, the Group has gradually and successfully transformed from a traditional IT distributor to an e-commerce platform.

FINANCIAL REVIEW

OVERALL PERFORMANCE

During the Reporting Year, the Group's revenue decreased by 56.1% to approximately RMB5,174.9 million (fifteen months ended 31 March 2022: RMB11,799.6 million) are mainly attributable to the facts that the litigations initiated against the Group by a creditor and Peking Founder, the former controlling shareholder of the Company, resulting in a significant decrease of RMB5,463.8 million in sales of information products, and the decrease in area delivered of property development projects resulting in a decrease of RMB1,131.1 million in the revenue of property development business. The Group recorded a profit of approximately RMB1,018.9 million for the Reporting Year (fifteen months ended 31 March 2022: loss of RMB433.7 million). The increase in profit during the Reporting Year was mainly attributable to the combined effects of the following factors:

a. a decrease in gross profit by approximately RMB393.6 million to approximately RMB760.8 million (fifteen months ended 31 March 2022: RMB1,154.4 million), which was mainly due to the combined effects of improvement in gross profit of properties delivered and decrease in area delivered of property development projects;

b. a decrease in other income and gains by approximately RMB3,782.9 million to approximately RMB1,992.7 million (fifteen months ended 31 March 2022: RMB5,775.6 million), which was mainly attributable to the facts that in the Corresponding Period, the Group recorded gains of approximately RMB3,928.6 million from disposal of various subsidiaries including Hong Kong Huzi Limited ("HK Huzi") and its subsidiaries ("Huzi Group"); in the Reporting Year, the Group only recorded gains of approximately RMB306.5 million from the disposal of Founder Data Corporation International Limited ("Founder Data");

c. a decrease in total selling and distribution expenses and administrative expenses by approximately RMB429.6 million to approximately RMB314.3 million (fifteen months ended 31 March 2022: RMB743.9 million), which was attributable to the streamlining of organisational structure following the disposal of Huzi Group in March 2022 and the strict control of expenses implemented by the management;

d. a reversal of approximately RMB73.2 million in impairment of properties for sale was made in the Reporting Year, as compared to approximately RMB3,799.7 million was recognised as impairment of properties for sale in the Corresponding Period as a result of the sharp downturn in the property market in 2021, leading to significant decrease of the net realisable value of certain properties;

e. a decrease in other expenses and losses, net by approximately RMB931.9 million to approximately RMB647.0 million (fifteen months ended 31 March 2022: RMB1,578.9 million), which was attributable to a decrease in claims and penalty on late repayment of bank and other borrowings as the reduction in interest-bearing financial liabilities following the disposal of Huzi Group by the Group in March 2022, as well as the debt settlement with relevant financial institutions;

f. a decrease in finance costs by approximately RMB282.0 million to approximately RMB266.5 million (fifteen months ended 31 March 2022: RMB548.5 million) attributable to a decrease in interest-bearing financial liabilities following the disposal of Huzi Group by the Group in the March 2022; and

g. a decrease in income tax expenses by approximately RMB97.6 million to approximately RMB577.7 million (fifteen months ended 31 March 2022: RMB675.3 million) as a result of an decrease in corporate income tax and land appreciation tax in the PRC during the Reporting Year.

Profit attributable to owners of the Company and to non-controlling interests of the Group for the Reporting Year were approximately RMB966.7 million (fifteen months ended 31 March 2022: profit of RMB1,509.5 million) and RMB52.2 million (fifteen months ended 31 March 2022: loss of RMB1,943.2 million) respectively.

Basic and diluted profit per share attributable to owners of the Company for the Reporting Year was approximately RMB13.71 cents (fifteen months ended 31 March 2022: RMB23.53 cents).

Liquidity, financial resources and capital commitments

During the Reporting Year, the Group generally financed its operations with internally generated resources and banking facilities provided by its principal bankers in the PRC. As at 31 March 2023, the Group had interest-bearing bank and other borrowings of approximately RMB1,919.6 million (31 March 2022: RMB4,518.0 million), of which approximately RMB639.0 million (31 March 2022: RMB456.8 million) bear interest at floating rates and RMB1,280.6 million (31 March 2022: RMB4,061.2 million) bear interest at fixed rates. The borrowings, which were subject to little seasonality, consisted mainly of bank loans, trust loans and loans from Peking Founder, and borrowings from financial institutions. All interest-bearing bank and other borrowings were denominated in RMB, of which approximately RMB1,325.9 million (31 March 2022: RMB3,497.9 million) were repayable within one year, approximately RMB293.0 million (31 March 2022: RMB1,020.1 million) were repayable within two years and approximately RMB300.7 million (31 March 2022: Nil) were repayable within three years. The Group's banking facilities were secured by guarantees given by Peking Founder and Peking University Resources Group Co., Ltd. (北大資源集團有限公司) (each a former controlling shareholder of the Company), and certain properties under development and properties held for sale of the Group, investment properties, equity interests of certain subsidiaries of the Group, receivables of certain subsidiaries in the Group and assignment of return arising from the Group's certain properties under development and properties held for sale. The decrease in other payables and accruals by 41.05% to approximately RMB2,507.8 million (31 March 2022: RMB4,254.0 million) was due to other payables and accruals of Founder Data and its subsidiaries was no longer consolidated into the accounts of the Group following its disposal and partial repayment of other payables.

As at 31 March 2023, the Group recorded total assets of approximately RMB12,648.6 million (31 March 2022: RMB18,267.4 million), total liabilities of approximately RMB10,113.1 million (31 March 2022: RMB15,878.9 million), non-controlling interests of approximately RMB1,074.1 million (31 March 2022: RMB2,850.6 million) and equity attributable to owners of the Company of approximately RMB1,461.5 million (31 March 2022: deficit of approximately RMB462.1 million). The turnaround from the deficit position was due to the profit for the Reporting Year. The Group's net asset value per share as at 31 March 2023 was RMB27.8 cents (31 March 2022: RMB37.2 cents). The increase in net asset value per share was attributable to the profit for the Reporting Year.

As at 31 March 2023, the Group had total cash and cash equivalents and restricted cash of approximately RMB725.9 million (31 March 2022: RMB683.9 million). As at 31 March 2023, the Group's gearing ratio, calculated as a percentage of total borrowings over total equity, was 0.76 (31 March 2022: 1.89) while the Group's current ratio was 1.18 (31 March 2022: 1.19).

As at 31 March 2023, the capital commitments for contracted, but not provided for, properties under development were approximately RMB2,133.2 million (31 March 2022: RMB1,829.0 million).

Treasury policies

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are held mainly in Hong Kong Dollars ("HK$"), RMB and United States Dollars ("U.S. dollars"). Surplus cash is generally placed in short term deposits denominated in HK$, RMB and U.S. dollars.

Market risk

The Group's assets are predominantly in the form of land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in China, these assets may not be readily realised.

Interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group has not used derivative financial instruments to hedge any interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

Foreign exchange risk

The Group operates mainly in Mainland China and Hong Kong. For the operations in Mainland China, most of its revenues and expense are measured in RMB. For the operations in Hong Kong, most of the transactions are denominated in HK$ and U.S. dollars. The values of RMB against the U.S. dollars and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of foreign currencies into RMB is subject to the rules and regulations of the foreign exchange controls promulgated by the Chinese government. The Group has minimal exposure to exchange rate fluctuation. No financial instrument was used for hedging purposes.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

Charges on assets

As at 31 March 2023, properties under development of approximately RMB848.2 million (31 March 2022: RMB2,425.2 million), properties held for sale of approximately RMB298 million (31 March 2022: RMB912.3 million), investment properties of approximately RMB295.8 million (31 March 2022: Nil), receivables of approximately RMB32.1 million (31 March 2022: Nil), bank deposits of approximately RMB29.8 million (31 March 2022: RMB42.0 million), certain equity interests of certain subsidiaries and the assignment of returns arising from certain properties under development and properties held for sale of the Group were pledged to banks and other financial institutions to secure general banking facilities and loans granted, as deposits for construction of the relevant properties and as guarantees deposits for certain mortgage loans granted by banks to purchasers of the Group's properties.

Contingent liabilities

As at 31 March 2023, the Group had contingent liabilities as follows:

(1) The Group had contingent liabilities relating to guarantees mainly in respect of mortgages granted by certain banks to certain purchasers of the Group's properties amounting to approximately RMB1,339.7 million (31 March 2022: RMB3,136.7 million).

Pursuant to the terms of the guarantees, in the event of default in mortgage payments by these purchasers, the Group is liable for repayment of the outstanding mortgage principals owed by the defaulting purchasers together with the accrued interest and penalty to the banks, while the Group is entitled to take over the legal titles and possession of the relevant properties. The guarantees shall be discharged upon (i) issuance of the building ownership certificates which are generally issued within three months after the purchasers obtain the relevant properties; and (ii) repayment of the mortgages by the purchasers of the properties, whichever is earlier.

The Group considers that in the event of default by the purchasers of the properties, the net realisable value of the relevant properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in respect of the guarantees in the financial statements.

(2) The Group had outstanding litigations as detailed in "Major Litigations" below.

MAJOR LITIGATIONS

As at 31 March 2023, the Group has been involved in the following significant legal proceedings and has been proactively responding to the cases:

(1) In August 2021, Minmetals International Trust Co., Ltd (五礦國際信託有限公司) ("Minmetals International"), filed a civil complaint in the Intermediate People's Court of Xining, Qinghai Province against a subsidiary of HK Huzi, Dongguan Yihui Property Co., Limited* (東莞億輝地產有限公司) ("Dongguan Yihui"), and the Company's subsidiaries, Yuxi Runya Property Company Limited* (玉溪潤雅置業有限公司) ("Yuxi Runya") and Chongqing Yingfeng Property Co., Ltd.* (重慶盈豐地產有限公司) ("Chongqing Yingfeng"), in respect of the outstanding debts with principal amount of approximately RMB1,458,513,000. In February 2022, the Intermediate People's Court of Xining, Qinghai Province issued a civil judgement, which ruled that (i) Dongguan Yihui and Yuxi Runya shall jointly repay to Minmetals International the principal amount of the borrowings of approximately RMB1,458,513,000 together with the related interest and the other costs, and (ii) Minmetals International has the priority of the compensation from the proceeds of auction and sale of the collateral provided by Yuxi Runya and Chongqing Yingfeng.

Yuxi Runya has appealed the judgement to the Higher People's Court of Qinghai Province. In July 2022, the Higher People's Court of Qinghai Province issued a civil judgement, ruling that the appeal of Yuxi Runya was dismissed and the first instance judgment was upheld. Currently, Minmetals International, Dongguan Yihui, Yuxi Runya and Chongqing Yingfeng are actively negotiating for the settlement of the outstanding debts under this litigation. Details of the litigation are set out in the announcement of the Company dated 30 September 2022.

(2) In August 2021, Minmetals International filed a civil complaint in the Intermediate People's Court of Xining, Qinghai Province against Wuhan Tianhe Jinrui Property Development Company Limited* (武漢天合錦瑞房地產開發有限公司) ("Wuhan Tianhe"), Peking University Resources Group Investment Company Limited* (北大資源集團投資有限公司) ("Resources Investment"), both of which are subsidiaries of HK Huzi, as well as Yuxi Runya, in respect of the outstanding entrusted loans with principal of RMB620 million. In February 2022, the Intermediate People's Court of Xining, Qinghai Province issued a civil judgement, which ruled that Wuhan Tianhe and Yuxi Runya shall jointly repay to Minmetals International the outstanding principal of RMB620 million together with the related interest and other costs and Minmetals International has the priority of compensation from the proceeds of auction and sale of the collateral provided by Wuhan Tianhe and Resources Investment. Wuhan Tianhe appealed the judgement to the Higher People's Court of Qinghai Province. In July 2022, the Higher People's Court of Qinghai Province issued a civil judgement, ruling that the appeal of Wuhan Tianhe was dismissed and the first instance judgment was upheld. Currently, Minmetals International, Wuhan Tianhe, Yuxi Runya and Resources Investment are actively negotiating for the settlement of the outstanding debts under this litigation. Details of the litigation are set out in the announcement of the Company dated 30 September 2022.

(3) CITIC Trust Co., Ltd. (中信信託有限責任公司) ("CITIC Trust") filed a civil complaint in the Beijing Financial Court against certain subsidiaries of the Company, namely Hong Kong Tianhe Holdings Limited (香港天合控股有限公司) ("HK Tianhe"), Ezhou Jinfeng Property Development Co., Limited* (鄂州金豐房地產開發有限公司) ("Ezhou Jinfeng"), and Tianhe Property Development Co., Limited* (天合地產發展有限公司) ("Tianhe Property") as defendants in respect of the (i) outstanding debts amounting to approximately RMB1.05 billion (which includes the related interest calculated up to 10 November 2021); and (ii) CITIC Trust's priority in compensation over the proceeds from

* *For identification purposes only*

the auction or sale of the 90% equity interests in Tianhe Property held by HK Tianhe and the land use rights in several properties held by Ezhou Jinfeng. As at the date of this annual report, the case is still on-going. Details of the litigation are set out in the announcement of the Company dated 8 April 2022.

(4) a civil legal proceeding filed by China Construction Eighth Engineering Division Corp., Ltd.* (中國建築第八工程局有限公司) against Zhejiang Peking University Resources Real Estate Co., Ltd.* (浙江北大資源地產有限公司) ("Zhejiang Resources") with the Zhejiang Hangzhou Intermediate People's Court* (浙江省杭州市中級人民法院) in respect of outstanding construction project sum with interests and penalties amounting to approximately RMB105.3 million, in relation to a property development project of Zhejiang Resources. As at the date of this annual report, the hearing has taken place, with judgment from the court pending and Zhejiang Resources was unable to estimate the expected date of rendering of judgment.

(5) Western Trust Co., Ltd* (西部信託有限公司) ("Western Trust") filed a civil complaint in the Intermediate People's Court of Xi'an, Shaanxi Province against Zhejiang Resources, in respect of the outstanding debts in relation to a loan provided to Zhejiang Resources with principal amount of approximately RMB300,000,000 at interest of approximately 10.4% per annum which is secured by a land parcel in Yuhang District, Hangzhou as collateral for a term of three years, together with interest and penalty of approximately RMB389,400,000. On 1 April 2022, the court issued a first instance judgement in favour of the plaintiff, which ruled that Zhejiang Resources shall repay the outstanding principal together with interest and penalty, and the plaintiff has the right to the proceeds of auction and sale of the land parcel collateral as payment for the judgement sum. Subsequently, Zhejiang Resources and Western Trust both appealed to the Higher People's Court of Shaanxi Province. In March 2023, the Higher People's Court of Shaanxi Province issued a civil judgement, which ruled that Zhejiang Resources shall repay the outstanding principal together with interest and penalty, and the plaintiff has the right to the proceeds of auction and sale of the land parcel collateral as payment for the judgement sum. Currently, Zhejiang Resources and Western Trust are actively negotiating for the settlement of the outstanding debts under this litigation.

(6) The Intermediate People's Court of Guiyang, Guizhou Province* (貴州省貴陽市中級人民法院) issued a judgement on 31 March 2023 in respect of a civil legal proceeding against Kaifeng Boyuan Real Estate Development Co., Ltd.* (開封博元房地產開發有限公司) ("Kaifeng Boyuan") and Chongqing Yingfeng, each an indirect subsidiary of the Company, among other co-defendants. According to the judgement, it was alleged by the plaintiff, Beijing Deyu Yuantong Technology Co., Ltd.* (北京德隅源通科技有限公司), that Kaifeng Boming Real Estate Development Co., Ltd.* (開封博明房地產開發有限公司) ("Kaifeng Boming") obtained a loan from Huaneng Guicheng Trust Corp., Ltd.* (華能貴誠信託有限公司) ("Huaneng Trust") in 2019 for a principal amount of RMB1 billion secured by, among others, the pledge of certain land parcels held by Kaifeng Boyuan, and the share charge of the entire equity interest in Kaifeng Boyuan held by Chongqing Yingfeng. Kaifeng Boming failed to repay the loan and the outstanding principal is RMB590 million. Huaneng Trust subsequently transferred the loan and security to the plaintiff, who initiated the litigation against the defendants. The judgement ruled that, among others: (i) Kaifeng Boming shall repay the plaintiff the outstanding principal of RMB590 million together with interest and default interest; (ii) the plaintiff has the priority in respect of the compensation from the proceeds of auction and sale of certain land parcels held by Kaifeng Boyuan; (iii) the plaintiff has the priority in respect of the compensation from the proceeds of auction and sale of the entire equity interest in Kaifeng Boyuan held by Chongqing Yingfeng; and (iv) Kaifeng Boyuan to be jointly liable for the amount payable by Kaifeng Boming mentioned in (i). Kaifeng Boming is a wholly-

* *For identification purposes only*

owned subsidiary of HK Huzi. The relevant companies have appealed the judgement to the Higher People's Court of Guizhou Province. As at the date of this annual report, the second instance proceeding is still on-going. Details of the litigation are set out in the announcement of the Company dated 21 April 2023.

Future plans for material investments or capital assets

As at 31 March 2023, the Group did not have any specific future plans for material investments or capital assets (31 March 2022: Nil). Nonetheless, the Group is always seeking new investment opportunities in the real estate business and e-commerce business, in order to broaden the revenue stream and profitability of the Group and enhance long-term shareholders' value.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Save for the following, there was no material acquisitions or disposals of subsidiaries, associates and joint ventures of the Group during the Reporting Year:

(1) On 21 April 2022, Chongqing Ruihesheng Project Management Co., Limited* (重慶睿和升項目管理有限公司) ("Chongqing Ruihesheng"), an indirectly wholly-owned subsidiary of the Company, entered into the equity transfer agreement with certain independent third parties, Chengdu Moding Zhishi Investment Management Co., Limited* (成都摩頂智識投資管理有限公司) ("Chengdu Moding"), Chengdu Yizhong Wisdom Investment Management Co., Limited* (成都一眾智慧投資管理有限公司) ("Chengdu Yizhong"), and Chongqing Shengfu Future Industry Co., Limited* (重慶盛福未來實業有限公司) ("Cheongqing Shengfu"), pursuant to which Chengdu Moding has agreed to acquire 26% equity interest of Chongqing Xinlongrui Information Technology Co., Limited* (重慶鑫隆睿信息科技有限公司) ("Chongqing Xinlongrui") from Chongqing Ruihesheng at the consideration of approximately RMB51,240,000, Chengdu Yizhong has agreed to acquire 17% equity interest of Chongqing Xinlongrui from Chongqing Ruihesheng at the consideration of approximately RMB33,503,000, and Chongqing Shengfu has agreed to acquire 8% equity interest of Chongqing Xinlongrui from Chongqing Ruihesheng at the consideration of approximately RMB15,766,000, respectively. Chongqing Xinlongrui is an investment holding company and, through its subsidiaries, are principally engaged in property development business in the PRC. Details of the aforementioned disposal are set out in the Company's announcement dated 21 April 2022.

(2) On 19 October 2022, the Company (as the vendor), and Ms Zhao Ge (趙舸) (as the purchaser), entered into the sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire the entire issued share capital in Founder Data Corporation International Limited (方正數碼國際有限公司) ("Founder Data") at the consideration of HK$1,000,000. The disposal was approved by the shareholders of the Company at the special general meeting of the Company held on 22 December 2022, and the disposal was completed during the Reporting Year in accordance with the terms of the sale and purchase agreement. Upon completion, Founder Data has ceased to be a subsidiary of the Company.

    The disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. For further details of the disposal, please refer to the announcements of the Company dated 19 October 2022 and 10 November 2022, the circular of the Company dated 2 December 2022, and the announcements of the Company dated 22 December 2022 and 17 January 2023.

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(3) On 9 January 2023, (1) Wuhan Jinxiang Asset Management Co., Ltd.* (武漢錦祥資產管理有限公司) ("Wuhan Jinxiang"), an indirect wholly-owned subsidiary of the Company (as the acquirer), and Chongqing Feidia Information Technology Partnership (Limited Partnership)* (重慶飛迪亞信息技術合夥企業(有限合夥)) ("Chongqing Feidia") (as the vendor) entered into Debt Settlement Agreement A, pursuant to which Chongqing Feidia has conditionally agreed to transfer 49% equity interest of Chongqing Yayuan Henghui Information Technology Co., Ltd.* (重慶雅源恒輝信息技術有限公司) ("Chongqing Yayuan Henghui") to Wuhan Jinxiang at the consideration, subject to adjustments, of approximately RMB929,422,000, (2) Chongqing Yingfeng Real Estate Co., Ltd.* (重慶盈豐地產有限公司) ("Chongqing Yingfeng"), an indirect wholly-owned subsidiary of the Company (as the acquirer), and Chongqing Longsay Information Technology Partnership (Limited Partnership)* (重慶朗賽信息科技合夥企業(有限合夥)) ("Chongqing Longsay") (as the vendor) entered into Debt Settlement Agreement B, pursuant to which Chongqing Longsay has conditionally agreed to transfer 49% equity interest of Chongqing Yinghe Yiyuan Enterprise Management Co., Ltd.* (重慶盈合益遠企業管理有限公司) ("Chongqing Yinghe Yiyuan") to Chongqing Yingfeng at the consideration, subject to adjustments, of approximately RMB932,774,000, (3) Wuhan Tianhe Jincheng Real Estate Development Co., Ltd.* (武漢天合錦程房地產發展有限公司) ("Wuhan Tianhe Jincheng"), an indirect 70%-owned subsidiary of the Company (as the acquirer), and Chongqing Minos Information Technology Partnership (Limited Partnership)* (重慶美諾思信息科技合夥企業(有限合夥)) ("Chongqing Minos") (as the vendor) entered into Debt Settlement Agreement C, pursuant to which Chongqing Minos has conditionally agreed to transfer approximately 20.59% equity interest of Zhejiang Resources to Wuhan Tianhe Jincheng at the consideration, subject to adjustments of approximately RMB291,283,000, and (4) Chongqing Yuefeng Real Estate Co., Ltd.* (重慶悅豐地產有限公司) ("Chongqing Yuefeng"), an indirect 70%-owned subsidiary of the Company (as the acquirer), and Chongqing Minos (as the vendor) entered into Debt Settlement Agreement D, pursuant to which Chongqing Minos has conditionally agreed to transfer approximately 10.94% equity interest of Zhejiang Resources to Chongqing Yuefeng at the consideration, subject to adjustments, of approximately RMB154,766,000.

The debt settlement was approved by the shareholders of the Company at the special general meeting of the Company held on 10 March 2023, and the debt settlement was completed on 24 March 2023 in accordance with the terms of the relevant agreements. Upon completion, the Company's equity interest in (1) Chongqing Yayuan Henghui has increased from 51% to 100%; (2) Chongqing Yinghe Yiyuan has increased from 51% to 100%; and (3) Zhejiang Resources has increased from approximately 68.47% to 100% (of which 31.53% was held through the Company's 70%-owned subsidiaries), and the financial information of the target companies will continue to be consolidated into the financial statements of the Group.

The debt settlement constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. For further details of the debt settlement, please refer to the announcement of the Company dated 9 January 2023, the circular of the Company dated 17 February 2023, and the announcements of the Company dated 10 March 2023 and 24 March 2023.

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EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group has approximately 454 employees (31 March 2022: 565). The decrease in the number of employees is attributable to the reduction in operation scale of the property development business and the distribution business.

The Group formulates human resource policies and procedures based on the performance and merits of its employees. The Group ensures that the remuneration package for its employees is competitive and employees are rewarded based on work performance within the general framework of the Group's salary and bonus system. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance.

The Group operates a share option scheme (the "Share Option Scheme") to incentivise and reward eligible participants who contribute to the success of the Group's operations. The Share Option Scheme is a share incentive scheme established in accordance with Chapter 17 of the Listing Rules.

The total number of shares of the Company (the "Shares") in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue on the adoption date, i.e. 163,396,901 Shares. During the Reporting Year, the Company has granted share options to certain eligible individuals to subscribe for up to a total of 147,051,211 shares under the Share Option Scheme. Details of the options granted under the Share Option Scheme are set out in the announcement of the Company dated 2 September 2022.

As at 31 March 2023, 147,051,211 share options granted under the Share Option Scheme has been fully exercised. As at 31 March 2023, the total number of Shares to be issued upon the exercise of the share options available for grant under the Share Option Scheme was 16,345,690 Shares, representing approximately 0.18% of the total Shares in issue as at the date of this annual report.

The table below sets out the details of the outstanding options granted to the grantees under the Share Option Scheme and movements during the Reporting Year:

					Number of share options					
Name or category of participant	Date of grant	Vesting period	Exercise period	Exercise price	Outstanding as at 1 April 2022	Granted during the year	Exercised during the year	Cancelled/ lapsed during the Reporting Year	Outstanding as at 31 March 2023	Closing price (weighted average) of the Shares immediately before the dates on which the options were exercised
Directors and chief executive										
– Wong Kai Ho	2 September 2022	From the date of grant until the commencement of the exercise period	From 1 November 2022 until 31 October 2026 (both days inclusive)	HK$0.125 per Share (Note)	-	6,416,155	6,416,155	-	-	0.111
– Xia Ding					-	38,000,000	38,000,000	-	-	0.111
– Jiang Xiaoping					-	34,000,000	34,000,000	-	-	0.111
Other employees					-	68,635,056	68,635,056	-	-	0.111
					-	147,051,211	147,051,211	-	-	

Note: The exercise price is HK$0.125 per Share, which is higher than the following: (i) the closing price of HK$0.119 per Share on the date of grant; (ii) the average closing price of HK$0.1242 per Share for the five (5) business days immediately preceding the date of grant; and (iii) the nominal value of HK$0.10 per Share.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed below, there is no other significant event affecting the Group after the Reporting Year and up to the date of this annual report:

Hong Kong Resources Rui Cheng Property Holdings Limited (香港資源睿成地產控股有限公司) ("Vendor A"), an indirect wholly-owned subsidiary of the Company, and YE KAI TAI (HK) LIMITED (葉開泰(香港)有限公司) ("Purchaser A") entered into Equity Transfer Agreement A, pursuant to which Purchaser A has agreed to acquire, and Vendor A has agreed to sell the entire issued share capital of Hong Kong Tianhe for the consideration of HK$1,000,000. Chongqing Heyumei Commercial Information Consultant Co., Ltd* (重慶合裕美商務信息諮詢有限公司) ("Vendor B"), an indirect wholly-owned subsidiary of the Company, and Wuhan Yiyuan Enterprise Management Co., Ltd.* (武漢憶圓企業管理有限公司) ("Purchaser B") entered into Equity Transfer Agreement B, pursuant to which Purchaser B has agreed to acquire, and Vendor B has agreed to sell 100% equity interest in Chongqing Yueyingya Enterprise Management Co., Ltd.* (重慶悦盈雅企業管理有限公司) for the consideration of RMB1,000,000. Immediately after the completion of the disposals, the Group will cease to have any interest in the target groups. The target groups' financial results, assets and liabilities will cease to be consolidated into the Group's consolidated financial statements.

The disposals constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. For further details of the disposals, please refer to the announcement of the Company dated 11 May 2023.

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BUSINESS DEVELOPMENT PROSPECTS

The Group is dedicated to a medium to long term development plan of maintaining a satisfactory growth in results and fulfilling its objective to enhance shareholders' value and will continue to seek outstanding and profitable investment opportunities that are in line with the Group's development strategy.

Real Estate Business

Looking ahead in 2023, China's economy is on a slow pace of recovery as growth in domestic demand remains lethargic. It is expected that uncertainties such as global geopolitical conflicts and trade sanctions will continue to weigh on allocation of major assets such as domestic real estate as well as consumer confidence. Since the start of 2022, China's central and local governments have initiated and enhanced stimulus measures in relation to the real estate sector in order to "secure delivery, protect livelihoods, ensure stability" and allow the industry to gradually get back on track with healthy development. Still, the implementation of favourable real estate policies by the government has produced a mixed bag of results, with tier-one, tier-two cities and tier-three, tier-four cities at opposite extremes. Market sales may also experience a mixed response to different areas within cities. Despite general signs of industry and market recovery in the first quarter, the Group remains cautiously optimistic of industry prospects in 2023.

In response to the prevailing challenges in the industry, the Group will continue to emphasise financial security, streamline organisational structure and enhance management efficiency. Maintaining adequate liquidity for operations, deleveraging and stabilising debt level are the Group's business priorities. Under the new normal for the industry, the Group's main approach to operations at present are to revitalise inventories, innovate business models for inventories, and maintain cash inflow. In terms of business operation, the Group will devote efforts to rebuild and enhance the Group's brand value, optimise and expand product lines to accommodate different customer groups, actively focus on three development tracks of "asset-light operations, agent construction and property management services" in the post-pandemic era, and leverage the technology of the Nibiru metaverse platform to launch the Group's own NFT digital artifacts and develop a virtual-physical integrated real estate development business as well as diversified O2O online and offline value-added lifestyle service business, actively transition to a new "real estate + technology" track, in order to ensure that the Group responds to industry challenges with precision, mitigate the impacts of the industry cycle, and seize opportunities for future development.

E-commerce Business

According to an assessment of the current trends, given China's industrial policy guidance, the rapid development of informatisation construction and the continuous integration of informatisation and industrialisation, a great development opportunity will be available to China's IT distribution industry. Nonetheless, the development and proliferation of the internet, e-commerce platforms and livestream marketing has created a more convenient and direct channel of communication and transaction between producers and sellers, which has diminished the role of IT distributors in the distribution process, resulting in significantly less room for distributors to survive in the traditional supply chain process.

Traditional IT distributors are currently in the midst of a successful transformation to e-commerce platforms and have been tasked with an even tougher challenge. Given the advantage of having traditional supply chain channels as well as downstream sales networks and operation capabilities, IT distributors have the potential to be a major hub between brands and e-commerce platforms, offering a full chain of integrated online operation and sales services including IT and digital content marketing.

China's e-commerce market will maintain its rapid pace of growth in 2023. In light of the impact of the post-pandemic era, China's consumer market is growing rapidly. Further, China's government has been implementing various policies to increase domestic demand, stimulate new consumption patterns, and drive high-quality development, which would fast-track China's consumer market to upgraded consumption and innovative models. Already being one of the world's largest e-commerce markets, there will be even greater room for growth in China's e-commerce market. The Group will leverage its general operation and sales service capabilities to intensify development of its e-commerce business.

Asset Management Business

In order to achieve the Group's strategic objective of sustainable development, the Group will gradually invest resources to actively develop new financial services businesses, including areas such as investment and management of special opportunity assets. The Group has been granted a Type 9 (asset management) license by the Securities and Futures Commission in April 2023 to carry out regulated activities of asset management as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Company will leverage its extensive experience in the real estate industry and build on its expertise in planning, design, construction and management to create greater value for its shareholders.

In the asset management business, the Group will focus on a number of areas, including but not limited to the real estate sector. Additionally, the Group believes that industries related to technology investment have great potential and room for development, and will therefore also focus on such related industries. In the future, the Group will maintain a prudent and sound principle of investment in order to create greater returns for its shareholders and clients.

The Board is confident in the future development of the Group and believes that by continuously expanding its business scope and improving its overall strength, the Group will create sustainable and robust growth in value for its shareholders and other stakeholders.

DIVIDEND

No interim dividend was paid during the Reporting Year (fifteen months ended 31 March 2022: Nil) and the Board did not recommend the payment of any final dividend for the Reporting Year (fifteen months ended 31 March 2022: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to the overall standards of corporate governance and has always recognised the importance of accountability and communication with its shareholders. The Company adopted all the code provisions of Corporate Governance Code (the "CG Code"), as set out in Appendix 14 to the Listing Rules, as its own code on corporate governance practices. In the opinion of the Directors, the Company has fully complied with the code provisions as set out in the CG Code during the Reporting Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a model code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard as set out in the Model Code (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the Model Code regarding directors' securities transactions throughout the Reporting Period.

BOARD OF DIRECTORS

As at 31 March 2023, the Board of Directors of the Company comprises four executive Directors and three independent non-executive Directors. To the best knowledge of the Directors, there is no relationship (including financial, business, family or other material/relevant relationship) among members of the Board. The composition of the Board during the Reporting Period and up to the date of this annual report is set out as follows:

Executive Directors

Mr Wong Kai Ho *(Chairman)*
Mr Wang Guiwu
Mr Huang Zhuguang
Mr Guo Langhua (appointed on 15 September 2022)
Mr Zheng Fu Shuang (resigned as executive Director on 7 July 2022)

Independent non-executive Directors

Mr Chu Kin Wang, Peleus (resigned on 1 October 2022)
Mr Chin Chi Ho, Stanley
Mr Chung Wai Man
Mr Hua Yichun
Mr Wang Bingzhong (resigned on 31 October 2022)

The biographical details of each current Director are disclosed on pages 80 to 84 of this annual report.

The Board oversees the Group's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls the operating and financial performance in pursuit of the Group's strategic objectives. Day-to-day management of the Group's business is delegated to the management of the Company under the supervision of the executive Directors. The functions and powers that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives. The Directors have access to appropriate business documents and information about the Group on a timely basis. All the Directors have access to the company secretary who is responsible for ensuring that the Board procedures, and related rules and regulations, are followed. Minutes of Board/Committee meetings are kept by the company secretary and are open for inspection by the Directors. All Directors and Board committees have recourse to external legal counsels and other professionals for independent advice at the Group's expense upon their request. Appropriate directors' liability insurance cover has also been arranged to indemnify the Directors for liabilities arising out of corporate activities.

The Board held four regular Board meetings at approximately quarterly intervals during the Reporting Period. Additional Board meetings were held when necessary. Due notices and Board papers were given to all Directors prior to the meetings in accordance with the Listing Rules and the CG Code.

The attendance records of each Director at the Board meetings and general meetings during the Reporting Period are as follows:

Name of directors	Board Meetings attended/ Eligible to attend	Annual General Meeting attended/ Eligible to attend	Special General Meeting attended/ Eligible to attend
Executive Directors			
Mr Zheng Fu Shuang (resigned as executive Director on 7 July 2022)	3/5	N/A	N/A
Mr Wong Kai Ho *(Chairman)*	25/25	1/1	2/2
Mr Wang Guiwu	23/25	0/1	1/2
Mr Huang Zhuguang	23/25	0/1	0/2
Mr Guo Langhua (appointed on 15 September 2022)	10/10	N/A	0/2
Independent Non-executive Directors			
Mr Chu Kin Wang, Peleus (resigned on 1 October 2022)	14/16	1/1	N/A
Mr Chin Chi Ho, Stanley	24/25	1/1	2/2
Mr Chung Wai Man	24/25	1/1	2/2
Mr Hua Yichun	23/25	1/1	1/2
Mr Wang Bingzhong (resigned on 31 October 2022)	16/19	0/1	N/A

There are also three Board committees under the Board, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee.

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operation and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

Directors' training is an ongoing process. In addition, all Directors are encouraged to participate in continuous professional development trainings to develop and refresh their knowledge and skills. The Company updates the Directors on the latest updates regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

Our current Directors have participated in continuous professional development and have provided to the Company the records of the training they received during the Reporting Period. The individual training record of each current Director received for the Reporting Period is summarised below:

Name of directors	Briefings and updates on the business, operations and corporate governance matters	Attending seminars, workshops or self-study of materials relevant to the business or directors' duties
Executive Directors		
Mr Wong Kai Ho *(Chairman)*	✓	✓
Mr Wang Guiwu	✓	✓
Mr Huang Zhuguang	✓	✓
Mr Guo Langhua (appointed on 15 September 2022)	✓	✓
Independent Non-executive Directors		
Mr Chin Chi Ho, Stanley	✓	✓
Mr Chung Wai Man	✓	✓
Mr Hua Yichun	✓	✓

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors, the Company's policies and practices in compliance with legal and regulatory requirements, the Model Code, and the CG Code and disclosure in this Corporate Governance Report.

CHAIRMAN AND CHIEF EXECUTIVE

The roles of the Chairman and the Chief Executive are separate and are not exercised by the same individual. During the Reporting Period, Mr Wong Kai Ho is the Chairman of the Board. 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. During the Reporting Period, Mr Shi Lei is the chief executive officer of the Company. The chief executive officer is responsible for the day-to-day management of the Group's business. Their respective role and responsibilities are set out in writing which have been approved by the Board.

NON-EXECUTIVE DIRECTORS

As at 31 March 2023, there were three non-executive Directors, and all of them were independent. Each independent non-executive Director has entered into a letter of appointment with the Company for a period of one year. Pursuant to the Bye-laws of the Company, one third of all the Directors, including the non-executive Directors, shall be subject to retirement by rotation at each annual general meeting.

All of the independent non-executive Directors as at 31 March 2023 have appropriate professional qualifications or accounting or related financial management expertise. This composition is in compliance with the requirement of Rule 3.10 of the Listing Rules. Each independent non-executive Director as at 31 March 2023 has, pursuant to Rule 3.13 of the Listing Rules, provided an annual confirmation of his independence to the Company and the Company also considers them to be independent.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board was established in 2005 with specific written terms of reference which deal clearly with its authorities and duties. The role and functions of the Remuneration Committee include formulating the remuneration policy, making recommendations to the Board the remuneration packages of all executive Directors and senior management, making recommendations to the Board on the remuneration of non-executive Directors, reviewing and approving performance-based remuneration, and ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the Reporting Period, the Remuneration Committee met twice to review and discuss the remuneration policy for the Directors and the remuneration packages of all Directors. The Company's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice. For determining the level of fees paid to the Directors, market rates and factors such as each Director's workload and required commitment will be taken into account. No individual Director will be involved in decisions relating to his/her own remuneration. The Remuneration Committee adopts the model of making recommendations to the Board on the remuneration packages of individual executive Directors and senior management. Information relating to the remuneration of each Director for the Reporting Period is set out in note 10 to the consolidated financial statements.

The members of the Remuneration Committee during the Reporting Period and their attendance record at the meeting are as follows:

Name of member and their position during the Reporting Period		Meeting attended/Eligible to attend
Mr Chung Wai Man *(Chairman)*	*(Independent non-executive Director)*	2/2
Mr Wong Kai Ho	*(Executive Director)*	2/2
Mr Chin Chi Ho, Stanley	*(Independent non-executive Director)*	2/2

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the three members of the senior management (other than Directors) whose particular are contained in the section headed "Biographical Details of Directors and Senior Management" in the annual report for the Reporting Period by band is set out below:

Remuneration Bands	Number of Senior Management
RMB500,001 to RMB1,000,000	1
RMB3,000,001 to RMB4,000,000	1
RMB4,000,001 to RMB5,000,000	1

NOMINATION COMMITTEE

The Nomination Committee of the Board was established in 2012 with specific written terms of reference which deal clearly with its authorities and duties. Its terms of reference amended and adopted by the Board in December 2018 can be found in the Company's website (www.pkurh.com) and the Stock Exchange's website (www.hkexnews.hk). The role and functions of the Nomination Committee include determining the policy for the nomination of the Directors, setting out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments of Directors are first considered by the Nomination Committee and recommendations of the Nomination Committee are then put to the Board for decision. The Nomination Committee is also responsible for reviewing the structure, size and diversity of the Board.

The Board Diversity Policy was adopted by the Board on 30 April 2013. In designing the Board's composition, the diversity of the Board has been considered from a number of aspects including, but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of services. Candidates will be considered against objective criteria, having due regard for the benefits or diversity of the Board. The Nomination Committee is responsible for reviewing the Board Diversity Policy, as appropriate; and reviewing the measurable objectives that have been set for implementing the Board Diversity Policy, and reviewing the progress on achieving the objectives.

Out of the seven Directors comprising the Board as at 31 March 2023, three Directors were independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of age, cultural and educational background, professional expertise and skills. The Board endeavours to steer forward and ensure that the Board has a balance of skills, experience and diversity of aspects appropriate to the requirements of the Company's business. As at 31 March 2023, there was no female Director comprising the Board. Going forward, the Board intends to maintain at least one female Director while the ultimate decision will be based on merits and contributions which the selected candidates will bring to the Board.

The nomination policy of Directors of the Company was adopted by the Board on 28 December 2018. The policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board.

Selection Criteria

When evaluating and selecting candidates for directorships, the members of the Nomination Committee or the Board shall consider the following criteria:

(a) character and integrity;

(b) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategies;

(c) the Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;

(d) willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

(e) in case of independent non-executive Directors, whether the candidates would be considered independent in accordance with the Listing Rules;

(f) in case of re-election, the overall contribution and service to the Company of the Director to be re-elected and the level of participation and performance on the Board and the other criteria set out in this section; and

(g) such other perspectives appropriate to the Company's business.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Nomination Procedures

(a) the Nomination Committee and/or the Board identifies potential candidates including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agencies and/or advisors. The Nomination Committee then develops a short list of candidates and agrees on proposed candidate(s);

(b) proposed candidate(s) will be asked to submit the necessary personal information, biographical details, together with their written consent to be appointed as a Director. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary;

(c) the Nomination Committee shall, upon receipt of the proposal on appointment of new Director(s) and the personal information (or relevant details) of the proposed candidate(s), evaluate such candidate(s) based on the criteria as set out above to determine whether such candidate(s) is qualified for directorship;

(d) for any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(e) if the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);

(f) the secretary of the Nomination Committee shall convene a meeting of the Nomination Committee. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for re-election or election at a general meeting, the Nomination Committee shall make nominations or recommendations for the Board's consideration and the Board shall make recommendations to shareholders in respect of the proposed re-election or election of Director(s) at the general meeting;

(g) in order to provide information of the candidates nominated by the Board to stand for election or re-election at a general meeting, a circular will be sent to shareholders. The circular will set out the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations including the Listing Rules, of the proposed candidates; and

(h) the Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.

During the Reporting Period, the Nomination Committee met once to review the structure, size and diversity of the Board, nomination procedure and the independence of the independent non-executive Directors, and to recommend the Board on the appointment and reappointment of Directors and the succession planning for Directors.

The members of the Nomination Committee during the Reporting Period and their attendance records at the meeting are as follows:

Name of member and their position during the Reporting Period		Meeting attended/Eligible to attend
Mr Wong Kai Ho *(Chairman)*	*(Executive Director)*	1/1
Mr Hua Yichun	*(Independent non-executive Director)*	1/1
Mr Chung Wai Man	*(Independent non-executive Director)*	1/1

AUDIT COMMITTEE

The Audit Committee of the Board was established in 1998 in compliance with Rule 3.21 of the Listing Rules with specific written terms of reference which deal clearly with its authorities and duties. Its terms of reference amended and adopted by the Board in December 2018 can be found the Company's website (www.pkurh.com) and the Stock Exchange's website (www.hkexnews.hk). As at 31 March 2023, the Audit Committee solely comprises independent non-executive Directors, namely, Mr Chin Chi Ho, Stanley *(Chairman)*, Mr Hua Yichun and Mr Chung Wai Man. All the committee members have appropriate professional qualifications or accounting or related financial management expertise.

The primary responsibilities of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, developing and implementing policy on the engagement of external auditors to provide non-audit services, monitoring the integrity of the financial statements and the reports of the Company, overseeing the Company's financial reporting system, risk management and internal control systems and developing and reviewing policies and practices or corporate governance.

During the Reporting Period, the Audit Committee met five times. During the meetings, the Audit Committee reviewed the reports from the independent auditors regarding their audit on annual financial statements, reviewed on interim financial results, discussed the internal control of the Group, and met with the independent auditors.

The attendance records of the members of the Audit Committee at the meetings during the Reporting Period are as follows:

Name of member and their position during the Reporting Period		Meetings attended/Eligible to attend
Mr Chu Kin Wang, Peleus (*Past Chairman*, resigned on 1 October 2022)	*(Independent non-executive Director)*	4/4
Mr Chin Chi Ho, Stanley *(Chairman)*	*(Independent non-executive Director)*	5/5
Mr Hua Yichun	*(Independent non-executive Director)*	5/5
Mr Wang Bingzhong (appointed on 1 October 2022 and resigned on 31 October 2022)	*(Independent non-executive Director)*	N/A
Mr Chung Wai Man (appointed on 31 October 2022)	*(Independent non-executive Director)*	1/1

With effect from 1 October 2022: (i) Mr Chu Kin Wang, Peleus resigned from the Audit Committee; (ii) Mr Chin Chi Ho, Stanley was appointed as chairman of the Audit Committee; and (iii) Mr Wang Bingzhong was appointed as a member of the Audit Committee. With effect from 31 October 2022: (i) Mr Wang Bingzhong resigned from the Audit Committee; and (ii) Mr Chung Wai Man was appointed as a member of the Audit Committee.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the ultimate responsibility to maintain appropriate and effective risk management and internal control systems for the Group to safeguard the interests of shareholders and the Group as a whole and to ensure strict compliance with relevant laws, rules and regulations. The Audit Committee is responsible for reviewing the effectiveness of the risk management and internal control systems and reporting to the Board.

During the Reporting Period, the internal audit department has carried out an overview on the effectiveness of the risk management and internal control systems of the Group. Based on the risk-based approach, the internal audit department continuously review and monitor the sufficiency of the risk control measures of every business unit of the Group and to examine if relevant measures have been implemented. The procedures involve assuring the existence of related risks in the first place, then assessing the levels to which the potential risks are attributed based on the following two risk factors, i.e., the level of significance of the risk and the possibility of occurrence.

INSIDE INFORMATION DISCLOSURE POLICY

An Inside Information Policy was adopted by the Company which sets out guidelines to the Directors of the Company, senior officers and all relevant employees of the Group to ensure inside information (as defined in the Listing Rules) (the "Inside Information") of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations. The Company also established Group Internal Notification Policies and Procedures for setting out guidelines for identification and notification of Inside Information and notifiable transactions (as defined in the Listing Rules). The Company has also adopted an enterprise management system which enables the employees of the Company to raise concerns, in confidence and anonymity, about possible improprieties directly to the Board or the Audit Committee.

AUDITOR'S REMUNERATION

During the Reporting Period, the remuneration in respect of audit and other professional services provided by the Company's auditor, CCTH CPA Limited, is summarised as follows:

	RMB'000
Audit services	2,493

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors of the Company acknowledge their responsibility for the preparation of the financial statements of the Group for the Reporting Period. The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 94 to 101 of this annual report. Save as disclosed in this annual report, the Directors of the Company are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors of the Company continue to adopt the going concern approach in preparing the consolidated financial statements.

COMPANY SECRETARY

During the Reporting Period, Mr Wong Kai Ho was the company secretary of the Company until he resigned on 11 July 2022 and Ms Leung Mei King was appointed as the company secretary of the Company since 11 July 2022. They are responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, and the applicable laws, rules and regulations were followed. They have taken relevant professional trainings which are in compliance with Rule 3.29 of the Listing Rules for the Reporting Period.

COMMUNICATION WITH SHAREHOLDERS

The Company affirms its commitment to maintaining a high degree of corporate transparency, communicating regularly with its shareholders and ensuring, in appropriate circumstances, the investment community at large being provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the shareholders to exercise their rights in an informed manner.

The Company's annual general meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Pursuant to code provision F.2.2 of the CG Code, the chairman of the board should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. In their absence, the chairman should invite another member of the committee or failing this their duly appointed delegate, to attend. Mr Wong Kai Ho (the Chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee), Mr Chu Kin Wang, Peleus (then an independent non-executive Director and the then chairman of the Audit Committee), Mr Chin Chi Ho, Stanley (an independent non-executive Director and a member of each of the Audit Committee and the Remuneration Committee), Mr Chung Wai Man (an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee) and Mr Hua Yichun (an independent non-executive Director and a member of each of the Audit Committee and the Nomination Committee), have attended the annual general meeting of the Company held on 15 September 2022. The other Directors were unable to attend this annual general meeting as they had other engagements.

Under the Listing Rules, all resolutions proposed at general meetings must be voted by poll except where the chairman of a general meeting, in good faith and in compliance with the Listing Rules, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Details of the poll procedures will be explained during the proceedings of general meetings. The poll results will be released and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pkurh.com).

To provide effective communication, the Company maintains a website at www.pkurh.com. All the financial information and other disclosures including, *inter alia*, annual reports, interim reports, announcements, circulars, notices and Memorandum of Association and Amended and Restated Bye-Laws are available on the Company's website.

Shareholders may direct their questions about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or contact the Customer Service Hotline of the Company's Hong Kong branch share registrar and transfer office at (852) 2980 1333. Shareholders may send their enquiries to the Board or the company secretary in written form to the head office and principal place of business in Hong Kong of the Company.

SHAREHOLDERS' RIGHTS

Convene a Special General Meeting

Pursuant to Section 74 of the Companies Act 1981 of Bermuda (as amended) and Bye-law 62A of the Bye-laws of the Company, a special general meeting shall be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, shares in the share capital of the Company that represent not less than one tenth of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meeting of the Company on a one vote per share basis. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an extraordinary general meeting of the Company to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within three months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

Put forward proposals at shareholders' meetings

Shareholder(s) representing not less than one-twentieth (5%) of the total voting rights of all the shareholders of the Company or of not less than 100 shareholders of the Company may by requisition, at their own expense unless the Company otherwise resolves, to put forward proposals at general meetings of the Company pursuant to Sections 79 and 80 of the Companies Act 1981 of Bermuda (as amended). A written notice to that effect signed by the shareholder(s) concerned together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company not less than six weeks before the meeting for requisition(s) requiring notice of a resolution, or not less than one week before the meeting for any other requisition(s).

DIVIDEND POLICY

Policy on Payment of Dividend of the Company is in place setting out the factors in determination of dividend payment of the Company, including results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Board may consider relevant from time to time. The policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

CONSTITUTIONAL DOCUMENTS

The shareholders of the Company have passed a special resolution to approve the amendments to the previous New Bye-laws of the Company and the Company's adoption of the Amended and Restated Bye-laws of the Company in substitution for and to the exclusion of the previous New Bye-laws of the Company in the annual general meeting of the Company held on 15 September 2022. Details of the amendments are set out in the circular of the Company dated 4 August 2022.

Save as disclosed, the Company did not make any changes in its Memorandum of Association and New Bye-laws during the Reporting Period.

1. ABOUT THIS REPORT

Overview

This Environmental, Social and Governance Report (the "Report") summarises the environmental, social and governance (the "ESG") initiatives, plans and performance of Peking University Resources (Holdings) Company Limited (the "Company", together with its subsidiaries, the "Group", "PKU Resources", "we" or "us") and demonstrates its commitment to sustainable development. Adhering to the management policy of sustainable ESG development, the Group is committed to handling its ESG affairs effectively and responsibly. This principle serves as a core part of our business strategy as we believe that this is the key to our continued success in the future.

Scope of Reporting

The Report mainly covers the two major scopes of operation, namely the distribution business and the Real Estate Business, operated by the Group at its Beijing headquarters, Hong Kong office and various cities in the People's Republic of China (the "PRC"), including Guangdong, Hangzhou, Chengdu, Chongqing, Guiyang, Wuhan and Kaifeng. We will continue to expand the scope of disclosure in the future after the Group's data collection system becomes more mature and the sustainable development work is enhanced.

Benchmark of Preparation

The Report is prepared pursuant to the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") under Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Reporting Principles

During the preparation of the Report, the Group has adopted the principles of reporting in the ESG Reporting Guide as follows:

Reporting Principles	Implications	Our Responses
Materiality	The threshold at which ESG issues determined by the Board are sufficiently important to investors and other stakeholders that they should be reported by the issuer.	The Group considered that the ESG report is of significant influence to investors and stakeholders. Based on the communication mechanism and the principle of materiality adopted between us and stakeholders, significant issues were identified through materiality assessments during the twelve months ended 31 March 2023 and those identified and their corresponding measures were used as the focus for the preparation of the Report. For further details, please refer to the "Communication with Stakeholders" and "ESG Materiality Assessment" sections.
Quantitative	The KPIs shall be disclosed in a measurable manner. Information in relation to the standards, methods, assumptions or calculation tools used, and sources of conversion factors used, for the reporting of emissions and energy consumption shall be disclosed.	The Report disclosed KPIs in a quantitative manner, and supplementary notes have been added to the disclosed data to explain the information on the standards, methods, assumptions or calculation tools used, and sources of conversion factors used in the calculation of emissions and energy consumption, which are applicable to valid comparisons under appropriate conditions.
Balance	The ESG Report should provide an unbiased picture to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	The Report disclosed the challenges encountered and endeavour made by the Group in terms of sustainability, and objectively reflected the operation of the Group.
Consistency	The issuer should use consistent disclosure and statistical methodologies for meaningful comparisons of ESG data in the future and complementing the discussions on ESG issues in the section headed "Business Review" under the Report of the Directors.	The scope of reporting and the method of preparation of the ESG Report are substantially the same as that of the previous year, with explanations of changes in the scope of the disclosure and in the method of calculation of data. Since the financial year 2022, the financial year end date of the Group would be 31 March of the following year, covering the twelve-month reporting period from 1 April of each year to 31 March of the following year. Accordingly, the data in the Report covers the period from 1 April 2022 to 31 March 2023 for the year of 2022, the 15-month period from 1 January 2021 to 31 March 2022 for the year of 2021, the period from 1 January to 31 December 2020 for the year of 2020 and the period from 1 January to 31 December 2019 for the year of 2019.

Reporting Period

The Report details the Group's activities, challenges and measures taken in ESG aspects during the twelve months from 1 April 2022 to 31 March 2023 (the "Reporting Period").

Source of Information

The Group regularly collects information from all business segments through its internal mechanism. Information cited in the Report is mainly sourced from the Group's statistics and official documents.

The Board monitors the content of the Report, to ensure that there are no false representations, misleading statements or material omissions.

Forward-looking Statements

The Report contains forward-looking statements that are based on the current expectation, estimation, projection, belief and assumption regarding the business of the Company and its subsidiaries and the markets in which they operate, and are not guarantees of future performance. Our performance is subject to market risks, uncertainties and factors beyond the control of the Company. As such, the actual results and returns may differ materially from the assumptions made and statements set out in the Report.

Availability of the Report

The electronic version of the Report can be downloaded from the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.pkurh.com).

Stakeholders' Feedback

We welcome opinions and suggestions from stakeholders. You may provide your valuable opinions on the Report or our sustainability performance by emailing ir@pkurh.com.

BOARD'S STATEMENT

The Board is the top decision-making body of the Group for ESG management and has ultimate responsibility for the Group's ESG management approaches, strategies and reporting. The Board is responsible for deciding the risk level and risk tolerance of the Group, reviewing the Group's risk management and internal control systems, ESG policies and guidelines, to ensure the effective implementation of the risk management, internal control systems and ESG work. The ESG Taskforce will report to the Board on material ESG matters on a regular basis.

The ESG Taskforce is responsible for managing ESG-related matters, and monitoring and collecting the information in relation to ESG on a regular basis. The ESG Taskforce, comprises of core members from different departments of the Group, assists each business segment in promoting ESG-related policies, conducting materiality assessments and preparing ESG reports in the course of operations, and reports to the Board from time to time on potential ESG risks and opportunities that the Group may come across.

Based on the external economic and social macro environment and the Group's business development strategy, the Group conducts an annual materiality assessment of ESG issues, and ranks and manages important ESG-related issues (including the risks to the Group's business) through the process of analysis, assessment, confirmation and evaluation, to discuss and identify ESG-related risks and opportunities for the Group. The Board reviews and confirms the results of materiality assessment, considers the management and improvement of material issues as its annual priorities, and supervises the management and performance of such issues.

Through a top-down and inside-out approach, the Group aims to have its management, employees and each of the stakeholders uphold the Group's ESG development philosophy and incorporate environmental and social responsibilities into their daily work and lives. The Board regards creating long-term value for stakeholders as an imperative goal, promotes each business segment to formulate policies, measures and measurable goals or directional, forward-looking statements, on ESG materiality issues based on their own business characteristics and development strategies, and regularly reviews the progress in achieving the goals during the Board meetings and makes targeted improvements such as optimization of management and the increase of cost-effectiveness ratio.

The Group is well aware of the close link between the formulation of scientific and rational ESG goals based on the actual circumstances and the sustainability of the Group's business. The development trend of this era will certainly be the continuous advancement on environmental and social performance, which is also in line with the development strategy of "Carbon Peak and Carbon Neutrality" of the PRC. In the long run, it is beneficial to the further cost reduction and efficiency enhancement for the business development of the Group, thereby leading to a greater integrated efficiency, and at the same time, shouldering greater social responsibilities.

The Group will disclose in detail the Group's governance of ESG matters, ESG management approaches and strategies, ESG-related goals and progress review, and the progress and effectiveness of material issues through its annual report.

2. CORPORATE GOVERNANCE

2.1 ESG Governance Structure

The Company fulfils corporate social responsibility while striving to create values for its shareholders. We consider ESG commitment as a part of our corporate social responsibility and we pledge to embed ESG considerations into our decision-making process. To achieve this, we have developed a core governance framework to ensure the alignment of ESG governance with our strategic growth, while advocating ESG integration into our business operations. The structure of our corporate social responsibility is divided into two components, namely the board of directors of the Company (the "Board") and the ESG Taskforce.

Board

- Oversee all ESG matters
- Provide management approaches and strategies
- Examine ESG-related goals and indicators and review the progress

ESG Taskforce

- Collect and analyse ESG data, and evaluate the effectiveness of the policies and procedures
- Ensure the implementation of plans, so as to achieve ESG goals and indicators
- Ensure compliance with ESG-related laws and regulations
- Report to the Board and prepare annual ESG report

The Board has ultimate oversight responsibility for the Group's ESG matters, including ESG approaches, strategies and policies. In order to better manage the Group's ESG performance and identify potential risks, the Board, with the assistance of the ESG Taskforce, conducts regular materiality assessments, taking into account the views of various stakeholders, to assess and prioritise key ESG-related issues.

2.2 ESG Taskforce

The Board and the senior management are responsible for ensuring that the Group's ESG strategies and the relevant activities, including climate-related issues, are practical and effective. Authorized by the Board, the ESG Taskforce is responsible for executing all daily tasks in relation to ESG responsibility of the Group.

The Group's ESG Taskforce comprises of core members from different departments of the Group who facilitates the Board in supervising ESG matters. The ESG Taskforce is responsible for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performances, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports.

The ESG Taskforce meets regularly to evaluate the effectiveness of existing policies and procedures, and formulate appropriate solutions to enhance the overall performance of the ESG policies. At the meetings, the ESG Taskforce discusses existing and future plans to monitor and manage the Group's strategic goals for sustainable development, reduce potential risks, and minimise the negative effects on its business operations. By formulating ESG-related goals and indicators to reduce the negative impact of the Group's operations on the environment, the Group will strive to integrate sustainable development into its business operations and fulfil its corporate responsibility. The ESG Taskforce will report to the Board on a regular basis to evaluate the implementation and effectiveness of the internal control mechanism, and to review the progress of established goals and indicators. The ESG Taskforce will also be involved in enterprise risk management to assist in the assessment and identification of the Group's ESG risks and opportunities.

2.3 Sustainable Development Philosophy

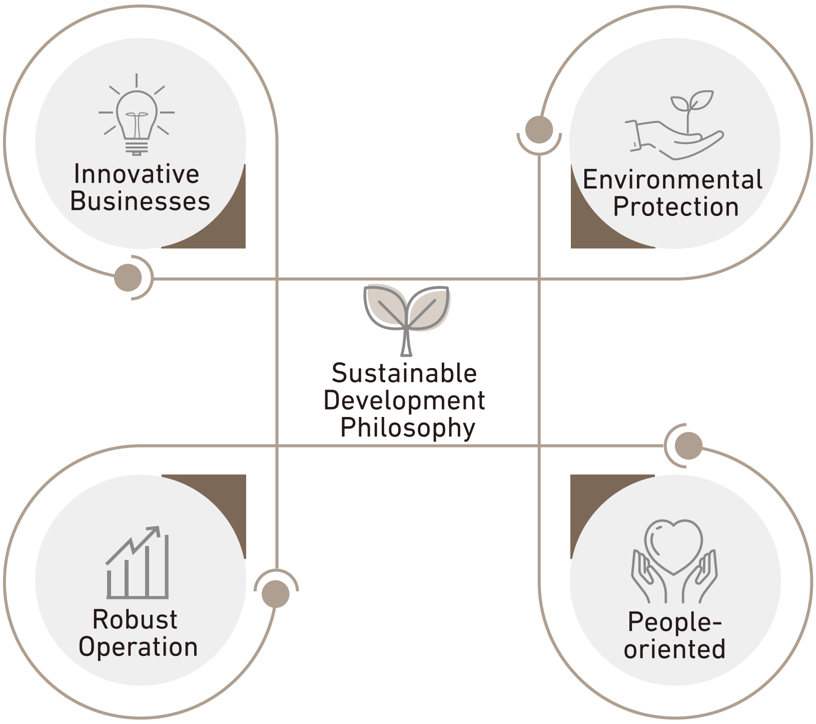
The Group actively performs its environmental and social responsibilities and develops sustainable development strategies to continuously reduce the adverse impacts of its business operations on the environment and society with an aspiration to further create sustainable development values for its stakeholders. As it forges ahead with robust business growth, the Group regards social and environmental responsibilities as one of the core values in its business operations, and the Board is fully aware of the importance of sustainable development to the long-term development of the Group. We are committed to becoming a sustainable enterprise, with an aim to create long-term value for all stakeholders in the society. We will actively manage the environmental and social impacts arising from our operation and integrate sustainability concepts into all of our business segments. Through a top-down and inside-out approach, the Group aims to have its management, employees and stakeholders adhere to the Group's sustainable development philosophy thoroughly, and incorporate environmental and social responsibilities into their daily work and lives. The Group plans to gradually improve our information transparency and shoulder greater environmental and social responsibilities, for the purpose of creating a green and sustainable future for our next generation.

The environment, employees, customers, supply chain and community are determined as the five core pillars of the Group's sustainability strategy, affirming our unwavering commitment to creating long-term value for our stakeholders.

By mapping our sustainability strategy with the United Nations' Sustainable Development Goals (SDGs), we support SDGs and join the universal call by the United Nations Member States to end poverty, protect the planet and ensure that everyone enjoys peace and prosperity by 2030. Eight of the 17 SDGs, which we believe are the most relevant to our business profile, were selected and mapped onto the five core pillars of sustainable development. By interacting with various stakeholders and enhancing our internal capability on sustainability management, the Group has been striving to identify areas for improvement and stepping up our sustainability efforts.

The Eight SDGs:			
■ Health and Well-being	■ Gender Equality	■ Clean Energy	■ Decent Work
■ Reduced Inequalities	■ Sustainable Communities	■ Climate Action	■ Global Partnerships

Sustainable Development Philosophy:



To implement the Group's sustainable development philosophy and to create long-term value for its stakeholders, we are committed to:

- operating the Group's businesses with good ethical practices and in compliance with applicable laws and regulations;
- integrating environmental education into the Group and encouraging stakeholders to contribute to environmental protection to reduce environmental impact;
- striving to protect the safety and health of the Group's employees and customers;
- with regard to the distribution business, promoting innovative businesses development, enrichment of product variety and further integration of resources, and upgrading various services;
- with regard to the Real Estate Business, innovating business model based on the macro policies, so as to continuously create greater values for all customers.

2.4 Robust Operation

The Group strictly complies with laws, regulations and industry regulatory requirements that have a significant impact on the Group's operations. Relevant departments regularly review the updates on current laws and regulations and change the Group's policies accordingly to ensure that the relevant internal control systems of the Group align with pertinent requirements, while providing compliance training to employees. Meanwhile, in response to the changing operational environment, the Group kept optimising their organizational and staffing structures according to its business attributes and characteristics. Efforts were also made to focus on business positioning and core business resources, integrate and explore development potential, and boost our competitiveness against the uncertainties of the external environment.

3. COMMUNICATION WITH STAKEHOLDERS

The Group values communication with different stakeholders and takes the initiative to understand their feedbacks on its business and ESG-related matters, striving to integrate sustainable development into every aspect of the operation. In order to fully understand, respond and address the key concerns of different stakeholders, we have always maintained close communications with major stakeholders, including but not limited to investors and shareholders, customers, suppliers, employees, government and regulatory bodies, communities, non-governmental organizations ("NGOs") and media, via various communication channels.

Through different stakeholder engagement and communication channels, we will incorporate stakeholders' expectations into the ESG strategies of the Group. The communication channels for the Group and stakeholders, and their corresponding expectations are as follows:

Stakeholders	Communication Channels	Expectations
Investors and Shareholders	• Annual general meeting and other general meetings • Financial reports • Announcements and circulars	• Complying with relevant laws and regulations • Disclosing the latest corporate information in due course • Financial results • Corporate sustainable development
Customers	• Customer satisfaction survey • Customer service centre • Customer manager • Complaint review meetings • Hotline • Social media platform • Email and website	• Perform product and service responsibility • Customer information protection • Compliant operation
Suppliers	• Supplier meetings and events • Supplier on-site audit and management	• Fair competition • Business ethics and reputation • Cooperation with mutual benefits
Employees	• Employee opinion survey • Channels for employees' feedback (forms, suggestion boxes, etc.) • Work performance reviews • Internal media platforms	• Health and safety • Equal opportunities • Remuneration and benefits • Career development
Government and Regulatory Bodies	• Regular performance reports • Written response to public consultation	• Tax payment in accordance with laws • Business ethics • Complying with relevant laws and regulations
Communities, NGOs and Media	• Public and community activities • Community investment programs • ESG reports	• Giving back to society • Environmental protection • Compliant operation

The Group is committed to working with our stakeholders to improve the Group's ESG performance, and to continue creating greater value for the wider society.

4. ESG MATERIALITY ASSESSMENT

Apart from referencing its own business development strategies and industry practices, the Group identified major ESG issues of the Group based on the results from last year's materiality assessment while taking into account the international reporting guidelines as well as sustainability and industry trends. The Group's stakeholders and management and staff in major functions are able to assist the Group in reviewing its operations and identifying the relevant ESG issues, and assess the importance of relevant issues to the Group's business and its stakeholders.

The Group reviewed the result of the materiality assessment. Following an analysis on the changes in the business of the Group and the inspection by the management, a total of 8 environmental issues and 10 social issues were selected to be of high importance from the sustainability issues pool based on the operational focus for the financial year 2022, and were particularly elaborated in the Report. The Group will continue to monitor its business operation and ESG performance on a regular basis.

The Group's materiality assessment process for the financial year 2022 is as follows:

The First Step – Analysis

The ESG Taskforce re-examined and updated the sustainability issues pool of the Group with consideration given to the Group's business operation and development direction for the financial year 2022 and the material issues in previous years, while making comparative analysis of the focus areas of companies in the same industry as well as referencing international reporting guidelines. Based on the focus of the Group's business operation management for the financial year 2022, it included "diversity and equal opportunity", "environmental education, publicity and practice", "operational risk control and management", "green office", "paper consumption" and "product innovation and quality control" issues into the sustainability issues pool for the financial year 2022. After review and update, the sustainability issues pool of the Group for the financial year 2022 comprises a total of 10 environmental issues and 12 social issues.

The following table outlines the sustainability issues of the Group for the financial year 2022:

Environmental Issues	
1. Air emission and management	2. Wastewater discharge and management
3. Water source and water efficiency	4. Use of resources
5. The environment and natural resources	6. Green building
7. Climate change	8. Environmental education, publicity and practice#
9. Paper consumption#	10. Green office#

Social Issues	
1. Employment benefits and welfare	2. Labour standards
3. Health and safety	4. Product innovation and quality control#
5. Protection of intellectual property rights	6. Supply chain management
7. Customer satisfaction and privacy	8. Anti-corruption
9. Social development	10. Development and training
11. Diversity and equal opportunity#	12. Operational risk control and management#

Issues that are added into the sustainability issues pool in the financial year 2022

The Second Step – Assessment

Following the update of the sustainability issues pool, the ESG Taskforce led a discussion with the Group's management and the responsible personnel of each business segment to examine and adjust the level of importance of each sustainability issue in the pool to the Group. A total of 8 environmental issues and 10 social issues were considered to be of high importance for the financial year 2022.

The Third Step – Confirmation

The ESG Taskforce presented the materiality assessment results to the Board for review and confirmation of the issues of high importance for the financial year 2022.

The Fourth Step – Evaluation

The Group regularly communicates with stakeholders as a means to evaluate the issues of high importance and the impact they bring forth to ensure that the Group's sustainable development direction is in line with stakeholders' expectations.

The Report elaborates in the subsequent sections the work and progress made by the Group in the financial year 2022 regarding the 8 environmental issues and the 10 social issues that were considered highly important. We will place emphasis on managing the issues of high importance in our operations by formulating corresponding strategic approaches, making policy improvements and setting long-term goals so as to continuously respond to stakeholders' expectations, while reporting on the efforts the Group put forth on ESG.

The following table lists out the issues of high importance to the Group for the financial year 2022:

Issues of High Importance	Aspect	Corresponding Sections in the Report
1. Air emission and management	Environment	6.1 Emissions
2. Water source and water efficiency	Environment	6.1 Emissions
3. Use of resources	Environment	6.2 Use of Resources
4. Green building	Environment	6.1 Emissions
5. Climate change	Environment	6.4 Climate Change
6. Environmental education, publicity and practice#	Environment	6.3 The Environment and Natural Resources
7. Paper consumption#	Environment	6.1 Emissions
8. Green office#	Environment	6.3 The Environment and Natural Resources
9. Employment benefits and welfare	Social	7.1 Employment
10. Anti-corruption	Social	7.8 Anti-corruption
11. Health and safety	Social	7.2 Health and Safety
12. Product innovation and quality control#	Social	7.7 Product Responsibility
13. Supply chain management	Social	7.6 Supply Chain Management
14. Customer satisfaction and privacy	Social	7.7 Product Responsibility
15. Development and training	Social	7.3 Development and Training
16. Diversity and equal opportunity#	Social	7.1 Employment
17. Operational risk control and management#	Social	2.4 Robust Operation
18. Social development	Social	7.9 Charity

Issues that were newly added in the financial year 2022 and were considered to be of high importance

5. BUSINESS TRANSFORMATION AND INNOVATION

Distribution Business

With the booming development of the digital economy around the globe, the digitalization market for China's manufacturing industry is growing rapidly. According to the "Outline of the 14th Five Year Plan for the National Economic and Social Development of the People's Republic of China and the Long-Range Objectives through the Year 2035", it highlighted the need to "accelerate digital development and build a digital China". It also proposed to embrace the digital era, activate the potential of data elements, promote the development of a strong nation through the Internet, accelerate the construction of a digital economy, a digital society and a digital government, as well as leverage digital transformation to propel changes in the ways of production, lifestyle and governance in general. According to the requirements of the "14th Five Year Plan for the Development of the Digital Economy" issued by the State Council, the core industries of China's digital economy will account for 10% of GDP by 2025. With the attention and support from the government on a strategic level, digital economy will witness a development boom. China is expected to have the highest growth rate in manufacturing IT spending among the world's major economies.

Under the combined effect and impact of factors such as supply/demand restrictions, vast demand for online collaboration as well as remote working and learning has been released. With the government and enterprises accelerated their digital transformation, demand for information and communications technology ("ICT") products also witnessed continuous growth, which has in turn driven further market expansion of the ICT distribution industry. The in-depth digital transformation led to direct increases in ICT expenses, especially expenses in relation to emerging ICT technologies used to support digital transformation, such as IT infrastructure, cloud computing, big data, artificial intelligence, 5G, internet security and data security.

The Group's distribution business is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations, optical screen products, video conference host, conference controller, codec, UPS power supply and notebook computer of a number of internationally famed and branded information product manufacturers such as HP, H3C, CommScope, Microsoft, Corning, Lenovo, Huawei and DELL. The track record of healthy operation and solid pipeline of the Group's distribution business have laid a foundation for its further development. In the future, the Group will continue to optimize the layout and product structure of the distribution business, and expand the scale of its existing distribution business at a steady pace, while actively initiating in-depth cooperation with distinguished manufacturers and other partners to secure new source of business growth. Stepping up its effort to improve the profitability of distribution business, the Company will maintain effective control on market risk. At the same time, the Company will continue to strengthen the internal operation management and management of cost and expenses, hence improving both internal operation turnover efficiency and internal cash flow. Strict compliance management has been carried out to promote healthy and orderly business development.

Continuing its mission of acting as the leader in China's industrial informatization, the Group will persistently explore the advanced business models of high-end services of ICT based on the innovative technologies and new trends of ICT. Through the integration of capital and resources, the Company will step up efforts to introduce new industry ecosystems, thereby fostering an organic system of sharing resources and mutual benefits and developing harmoniously. Furthermore, the Company will render more comprehensive and quality products, solutions and services for customers, and empower the digital transformation of the industry and development of digital economy while driving the compound growth of the distribution business.

Real Estate Business

During the Reporting Period, adhering to the general principle of "houses are for living in, not for speculation", the regulatory authorities rolled out a number of favourable policies with increasing policy supports in the areas ranging from the demand side to the enterprise side, which also have released room for "city-specific policies" implemented by local governments. Local policies primarily involved aspects such as optimization of purchase restriction policies, reduction of the percentage of down payment and interest rates of housing mortgage, increase in credit limit of provident fund loans, issuance of housing purchase subsidies, reduction of the lock-in period, and reduction of transaction levies, while mortgage interest rates in various local regions reached historic low levels. The introduction of a series of relaxation policies in the real estate sector fully demonstrates the determination of the central government to stabilize the real estate market.

The Group has taken the initiative to adjust their future development strategies and explore operating models in response to the new situation and norms. In terms of management, it implemented various measures to reinforce its internal strengths, including adjusting organizational structure, reforming and improving internal mechanism, rebuilding operation flow and enhancing organizational efficiency. In terms of operation, it carried out various measures such as in-depth customer analysis, unrivalled product optimization and strict selection of suppliers for existing projects, with a view to further improving product competitiveness and enhancing management efficiency. As for new projects, the Group has carefully studied and evaluated the market and customers, and moderately controlled the new projects while maintaining a robust cash flow. Taking into account the regional market competition, the Group also implemented differentiated competitive strategies, such as focusing on enhancing functionality and experience, improving cost-efficiency and service quality, as well as achieving a low carbon footprint and valuing ecological protection.

In addition, actively developing the business of asset-light operation in the post-property era and leveraging the technological platform of metaverse, the Group will commence virtual and physical real estate development business and diversified O2O online and offline value-added lifestyle service business so as to ensure stability of the core teams of the Group, precisely overcome the challenges of the industry, smooth out the cyclical effect of the sector and seize the opportunities for future development.

Specialized in the research and development of products that satisfy the customer demands, the Group extensively collects the improvement suggestions on product design from customers, experts and internal employees in terms of the multi-dimensional whole process of sales, construction, after-sales and property, continuously studies and discusses excellent design plans of the industry, and continuously optimizes and implements the product design standards, striving to better satisfy the reasonable demand of customers under the new situation and new norms while securing a reasonable operating profit of projects. Based on the four major concepts of "optimal site selection, humanistic design, all-age care, and green intelligence", the Group carries out city-specific policies tailored to the local market conditions, respects the uniqueness of each city, and cherishes the value of every piece of land. With an emphasis on the life cycle of people, the Group focuses on product details that cater to both the elderly and the young in order to satisfy the differentiated demands of various age groups. Meanwhile, the Group adheres to the craftsmanship spirit by placing emphasis on the demands of people for the measurement of the quality of products, striving to create excellent products. Serving product design with advanced technology, the Group also creates a green, healthy, intelligent and comfortable quality lifestyle through a reliable professional technology platform, thereby promoting precision design and ensuring product quality from the source.

Adhering to the people-oriented principle, Resources Holdings upholds the positioning of "ideal space creator", the values of "innovation, creation and enjoyment" and the mission of "creating technology-driven and quality life with happiness" for its real estate services, striving to facilitate open and inclusive development with technology empowerment and craftsmanship in the future. It integrates intelligence and cutting-edge technology into products and services to further develop the new field of "technology-driven real estate", thereby achieving corporate excellence, creating quality life and building a leading full-ecological lifestyle.

By keeping abreast with the direction of national policy, Resources Holdings focuses on key national city clusters, and makes strategic deployment in five key regions: the Pan-Bohai Rim, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the Southwest Economic Belt, and the Central China Economic Belt. The business scope covers residential, commercial, office, urban complexes, and other full-range business fields, with all-round urban operation and regional development capabilities, thus laying a solid foundation for the Company's long-term sustainable development. In the future, driven by the advantages of resource integration, the Company will dig into the essence of urban cultures through high-quality and diversified products and services, while deeply engaging in the establishment of urban space, in a bid to create infinite possibilities for building a diversified ideal space that brings happiness to Chinese families.

6. ENVIRONMENT

Environmental control has become an essential part of the Group's development strategy as the Group is mindful of the negative impacts that businesses may have on the natural environment in their operations. The Group has actively integrated environmental protection concepts into its core business by implementing a series of environmental protection measures to make effective use of natural resources and mitigate environmental impacts. We continue to improve our sustainability performance and forge ahead towards our environmental goals of sustainability and climate change resilience.

During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations in relation to exhaust gas and greenhouse gas ("GHG"), emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. The Group closely followed international standards to ensure that its strategies and measures complied with the relevant environmental laws and regulations of the Hong Kong SAR Government, including but not limited to the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, the Waste Disposal Ordinance and the Water Pollution Control Ordinance of Hong Kong.

In response to the climate changes, the Group has enhanced its climate change management and disclosure with reference to the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).

Environmental Goals for Financial Year 2030

The Group aims to exceed compliance requirements and accomplish the Group's long-term objectives, on a reporting year basis, on or before the year 2030, as follows:

Energy Consumption	Water Consumption	Non-hazardous	GHG Emission
↓ 5%	↓ 5%	↓ 8%	↓ 10%

Guided by these targets, the Group has formulated corresponding business strategies. The steps to be taken to achieve these goals are detailed below.

6.1 EMISSIONS

Green Building

The buildings and construction sector accounts for about one-third of global energy consumption and GHG emission. In view of the impact of climate change-related natural disasters on the Group's operation, we have adopted green building practices, which in turn also created numerous opportunities for us. The Group has strived to enhance sustainability performance and incorporated green elements into the design, construction and operation during the entire life cycle of our buildings.

The Group vigorously promotes green buildings, aiming to maximize resource conservation, protect the environment and reduce pollution, and to provide people with healthy, suitable and efficient spaces for use and living in harmony with nature. We have protected the natural environment and water resources around the buildings, prevented large-scale "artificialization" and made reasonable use of the regulating effect of planting and greening system to enhance the communication between human and nature. We have paid attention to the entire life cycle of our buildings, thoroughly considered and utilized environmental factors in the planning and design, ensured that the construction process reduced energy consumption and pollution, and provided people with healthy, comfortable, low-consumption and harmless space in the operation of green buildings, and minimized the environmental hazards in the demolition process.

Exhaust Gas Emissions

The Group's exhaust gas emissions are mainly nitrogen oxides, sulphur oxides, respirable particulate matter and fine particulate matter emitted from the operation of the Group's business vehicles. To reduce exhaust gas emissions from mobile emission sources, the Group has integrated environmental protection concepts into its daily execution and has developed and implemented the following measures:

- Regular maintenance and servicing of the vehicle to protect the normal working condition of the engine, chassis and other components, and effectively reduce fuel consumption, thereby curbing carbon emissions and exhaust gas emissions;

- Replacing leaded petrol with unleaded petrol can reduce emissions of toxic substances from vehicle exhaust fumes;

- Strengthen administrative management, eliminate obsolete vehicles, strictly enforce national quality and technological standards and fuel control standards;

- When the Group replaces its vehicles, it gives priority to new energy vehicles that are environmentally friendly, in line with national policies.

GHG Emissions

During the Reporting Period, the Group's direct GHG emissions (Scope 1) were mainly generated from petrol and diesel consumed by transportation, and indirect GHG emissions (Scope 2) were mainly generated from purchased electricity of the Group. Other indirect GHG emissions (Scope 3) were mainly generated from carbon emissions from the waste paper disposed to landfills.

In order to mitigate the environmental impact of GHG emissions, the Group has encouraged employees to use public transportation systems more frequently, which can reduce people's reliance on private cars. When people opt to travel by public transportation, the total amount of GHG emitted is reduced. The Group has promoted the use of online video conferencing and encouraged the use of major transport means such as airport buses or metro lines during business trips. Through the implementation of such measures, employees' awareness of GHG emissions reduction has been raised.

During the Reporting Period, the Group's exhaust gas emission[1] performance is summarized below:

Type of exhaust gas	Unit	2022	2021	2020	2019
Sulphur oxides (SO_x)	kg	0.60	2.21	0.22	0.19
Nitrogen oxides (NO_x)	kg	85.63	90.63	84.08	103.33
Particulate matter (PM)	kg	7.51	6.67	8.06	9.90

1 The main sources of emissions during the statistical period are vehicle emissions, and the main air pollutants emitted are nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM).

During the Reporting Period, the Group's GHG emission performance is summarized below:

Indicator	Unit	2022	2021	2020	2019
Direct GHG emissions (Scope 1)	tCO_2e	95.89	399.43	25.62	34.33
Energy indirect GHG emissions (Scope 2)	tCO_2e	227.55	902.93	191.02	300.34
Total other indirect GHG emissions (Scope 3)	tCO_2e	485.38	–	16.32	2.15
Total GHG emission[2]	tCO_2e	808.82	1,302.36	232.97	336.81
Total GHG emissions intensity[3]	tCO_2e/employees[2]	1.69	1.46	0.22	0.23

Sewage Discharge

The Group adopted the design concept of 'Sponge City' to utilize the rainwater outside the buildings. Roof rainwater could be used directly for flushing toilets, irrigating green areas or water features with minor treatment, or could be directed into infiltration trenches or through the soil for initial infiltration before entering the pipe network. A typical roof rainwater harvesting system includes a collection area, roof gutter and downspout system, initial rainwater diversion and filtering system, water storage facilities, water conveyance system and treatment system.

Moreover, the design of the building has included water recycling facilities to lower the demand for fresh tap water and the energy needed to transfer them. The Group's business activities do not consume significant volume of water, therefore the Group's business activities did not generate a material portion of sewage. As the sewage discharged by the Group will be sent to the regional water purification plant through the municipal sewage pipe network for treatment, the water consumption of the Group is considered as the amount of sewage discharged.

2 GHG emission data is presented in terms of carbon dioxide equivalent and is based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the HKEX, "Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Power Generation Facilities (2022 Revision)" issued by the Ministry of Ecology and Environment of China and the "Sustainability Report 2021" published by HK Electric Investments.

3 During the Reporting Period, the Group had a total of 478 employees (2021:891 employees; 2020:1,041 employees; 2019:1,465 employees) in respect of the scope of reporting (including Beijing headquarters and 24 points-of-sales and places of business in Hong Kong and Guangdong, Hangzhou, Chengdu, Chongqing, Guiyang, Wuhan and Kaifeng in Mainland China). The data is also used for calculating other density data.

Hazardous Waste

In order to mitigate the environmental impact of the Group's operations, the Group has developed and implemented a corresponding environmental assessment and prevention system to identify the risks involved in the Company's operations including the operating environment, the infrastructure, office environment, construction and maintenance materials, cleaning utensils and supply, green materials and the pollution from the possible emissions. In addition, the Group has coordinated environmental management and overseen the implementation of environmental prevention and improvement measures for the Group's companies and various departments, and assisted all functional departments in the identification, evaluation and improvement of environmental factors.

The Group's waste batteries and waste ink cartridges generated during the Reporting Period have been entrusted to qualified waste disposal companies for treatment (landfill, incineration or special treatment). After treatment, the Group has no hazardous waste emission for the time being.

Non-hazardous Waste

The Group has taken a three-step approach to reduce non-hazardous waste, namely waste avoidance, waste reduction and finally recycling in the descending order. For non-hazardous waste, the Group has separated and recycled the recyclable materials to improve the utilization rate of resources, thereby achieving effective reduction in pollution. The Group has also installed waste separation bins in the local districts where the properties are located to encourage owners to actively participate in waste separation and recycling.

The non-hazardous wastes generated by the Group's business activities are mainly paper, domestic waste and food waste. After collection and sorting, such wastes will eventually be collected and processed collectively by qualified waste disposal service providers. Recyclables (such as paper) will be recycled and reused. After collection and sorting, the recovered waste paper will be reprocessed to obtain qualified fiber for use in the production of paper products. The recycling and utilization of waste paper is conducive to environmental protection, forest conservation and resource saving. In the process of domestic waste treatment, advanced craftsmanship and technology have been adopted to mitigate the environmental impact of waste and its derivatives, reduce waste discharge and recycle resources.

To create a green office environment, the Group has formulated relevant internal standards and systems, including "Office Management Rule", for reference and compliance by our employees. The Group's offices have also provided suitable facilities and encouraged employees to sort waste at its source and recycle waste, striving to achieve the goals of "reduce, reuse, recycle and replace" during operations.

During the Reporting Period, the Group's non-hazardous waste emission performance is summarized below:

Indicator	Unit	2022	2021
Total non-hazardous waste disposed[4]	tonnes	24.72	117.00
Density of non-hazardous waste disposed	tonnes/employees	0.05	0.13

6.2 Use of Resources

Improving resource efficiency and reducing energy consumption are also important environmental issues for the Group. The Group's objective is to actively promote the efficient use of resources and monitor the potential impact of its business operations on the environment in a real-time manner. In order to fulfil its corporate responsibility for environmental protection, the Group reviews and evaluates the efficiency and effectiveness of its environmental programmes from time to time, enabling it to strike a good balance between environmental protection and business growth.

Energy Management

The Group's direct energy consumption is mainly from stationary power-consuming equipment and fuel-consuming business vehicles; and the Group's indirect energy consumption is mainly from purchased electricity. Air conditioners are identified as the biggest part of building's electricity consumption of the Group, and therefore the Group adopts a "green building" design to reduce electricity consumption. In addition, the Group strictly complies with the requirements under the "Law of the People's Republic of China on Energy Conservation" in respect of its property management operations.

During the Reporting Period, the Group's total energy consumption was approximately 689.74 kWh'000.

4 Non-hazardous waste mainly includes paper used by the Group and is not accounted for in 2020 and 2019.

For the effective control of total electricity consumption and improvement of energy efficiency, the Group has implemented the following energy saving measures:

- actively responding to the call of the country for energy saving and increasing energy saving and consumption reduction efforts;
- replacing existing lighting and electrical equipment at the end of their useful life with energy-efficient products and purchasing energy-saving appliances;
- adopting advanced energy-saving equipment and reasonable operation control methods, implementing the principle of "whoever is on duty manages" in all departments to develop the good habit of turning lights off after use;
- encouraging employees to use stairs more often and reduce the use of lifts;
- using daylight and LED lighting;
- turning off lights after working hours;
- setting air conditioners to an appropriate temperature;
- installing smart meters to improve energy performance management and monitor electricity consumption in office areas;
- adopting reactive compensation to improve the efficiency of power distribution system and electrical equipment;
- reducing carbon emissions from business travel by replacing long-distance physical meetings or business trips with telephone or video conferences;
- monitoring and analyzing energy consumption on a monthly basis and making a timely analysis on any energy consumption anomalies identified;
- implementing quarterly energy consumption limits to remind and penalize the target units and motivating those with good energy consumption performance;
- immediately reporting, stopping and correcting any energy wastage.

Through the above measures, the employees have improved their awareness of energy conservation and emission reduction.

During the Reporting Period, the Group's performance of energy consumption was as follows:

Types of energy	Unit	2022	2021	2020	2019
Direct energy consumption	kWh'000	292.96	1,487	94	126
Indirect energy consumption (electricity)	kWh'000	396.77	1,030	216	340
Total energy consumption[5]	kWh'000	689.74	2,517	310	466
Density	kWh'000/employee	1.44	2.83	0.30	0.32

Water Management

The Group's water use is mainly domestic water in offices and water for construction use in real estate projects. The water supply managed by the Group includes toilet water and water for washing and cleaning. The Group actively implements water management plans, promotes water conservation, enhances the recycling of water resources, and refines the management and utilisation of water resources. During the Reporting Period, the Group's water use was entirely from the municipal water use and the Group has adopted the design concept of "Sponge City" to utilise the rainwater from outside the buildings. Such rooftop rainwater may be used directly to flush toilets, water green lands and as waterscape with simple steps.

In order to promote sustainable development, the Group has set a target of a 5% reduction in water consumption density by 2030 and strives to achieve the target through the following water saving measures.

- strengthening the management of water equipment, regularly inspecting pipelines to avoid running, bubbling, dripping and leaking phenomenon, and making repairment in a timely manner;

- selecting and using new water-saving equipment and products and recommending the use of faucets that can automatically turn on and off and control the flow of water outlets at the workplace where water consumption is high;

5 Energy consumption mainly refers to the use of non-renewable fuels (direct energy consumption) and the consumption of purchased electricity (indirect energy consumption). Data on energy consumption for the statistical periods of 2021, 2020 and 2019 are rounded to the nearest single digit.

- recommending the use of water-saving faucets and water-saving toilets in washrooms;
- choosing drought-tolerant plants for office greenery with micro or drip irrigation in the afternoon in summer and morning in winter and using reclaimed water for irrigation, landscaping, toilet flushing and car washing as far as possible;
- conducting regular training, promoting and encouraging employees to save water, strengthening water conservation publicity and posting slogans in respect thereof.

During the Reporting Period, the Group's water consumption performance was as follows:

Indicator	Unit	2022	2021	2020	2019
Total water consumption	m^3	4731.50	9,946.51	2,362.00	3,549.00
Density	m^3/employee	9.90	11.16	2.30	2.40

Use of Packaging Materials

Given its business nature, the Group does not consume a significant amount of packaging materials, and the use of packaging materials is deemed immaterial to the Group. Therefore, no corresponding measures and targets have been set for packaging materials for the time being.

During the Reporting Period, the Group's packaging consumption was 0.3 metric tonnes, with an average of approximately 0.00063 metric tonnes per employee.

6.3 The Environment and Natural Resources

The Group actively pursues the best practices for environmental protection and focuses on the impact of its business on the environment and natural resources with a view to realizing sustainable development. In addition to complying with the relevant environmental regulations and international standards for protecting the natural environment appropriately, the Group has also implemented a number of measures to reduce its potential impact on the environment, while instilling an awareness of resource conservation and environmental protection in the work and life of all employees by providing them with environmental education.

Employees' Environmental Awareness

In order to achieve sustainable development, the Group expects its employees to put environmentally-friendly lifestyles into practice and hence enhance their awareness of environmental protection. The Group also promotes green travel with its best endeavours. The "Office Management Rule" not only applies to the working guidelines for each department, but also includes various green office measures to foster the employees' environmental awareness of emission reduction and carbon reduction.

Green Office

The Group strictly complies with the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other laws and regulations, which clearly set out the requirements for the discharge of pollutants and the management of energy conservation on the relevant enterprises. Therefore, the Group has established relevant internal standards and systems, including the "Office Management Rule", for the reference of and compliance by our employees, to manage the emissions and discharge of waste gases, waste water, solid wastes and greenhouse gases from the workplace, and provide clear guidelines on daily environmental protection for employees, including the use of electricity, water, paper and office supplies and the management of business vehicles, as a fulfillment of its commitment to facilitating multiple emission reduction and energy conservation projects in its daily operations.

Specific green office measures include the following:

- encouraging employees to practice energy and water conservation in their daily operations;
- encouraging the use of natural light and reducing the use of unnecessary lighting systems;
- setting air conditioning systems to 24-26 degrees Celsius;
- implementing a trade-in principle when re-collecting office supplies;
- promoting a paperless office to reduce paper consumption and using black and white and duplex printing where possible;
- providing waste recycling facilities in office areas for the convenience of employees participating in source separation of waste so as to increase the collection of recyclables and reduce the amount of waste discarded.

Indoor Air Quality Management

As employees spend most of their time in the office, air quality has become an increasing concern. The Group has installed indoor air monitors in the workplace and established an Internet of Things monitoring system to monitor indoor air quality in a real-time manner. With continuous data analysis and timely adjustments to the filtration system, the indoor air quality has been maintained at a high level all day. An alarm may be triggered in the event of any air quality abnormality, allowing the Group to identify and control the sources of pollution.

The Group always maintains good air circulation and increases the frequency of ventilation in the office, with daily general ventilation or local exhaust. Air purification equipment are placed in the office to filter out pollutants, impurities and dust particles, and the air conditioning system is regularly cleaned to ensure good air quality in the office.

6.4 Climate Change

The Group recognises that climate change poses a significant threat to the world and to business, and climate change has a profound impact on global economic development and people's consumption attitudes as it changes and affects the global ecosystem and the natural environment, which in turn affects the development of business.

Clearly recognising the importance of climate-related issues, the Group closely tracks the impacts and potential impacts of climate change and incorporates climate change strategies into its corporate governance scheme, adapts the Group's business model, closely monitors the potential impacts of climate change on our business and operations, and works to manage climate risks.

According to the reporting framework developed by TCFD, climate-related risks can be divided into two categories, namely physical risks and transition risks.

Physical Risks

The impact of physical risks on the production of a company is reflected in all dimensions of the corporate value chain. In the event of an extreme weather event, the Group's employees and business operations may be affected and corporate productivity may be decreased. To minimise potential risks and hazards, the Group has put in place contingency plans, including flexible working arrangements and precautionary measures under severe and extreme weather conditions. The Group will continue to explore contingency response plans to further reduce the vulnerability of our office operations and our response to extreme weather events.

In order to minimise potential risks and hazards, the Group incorporates physical risks into strategic decision-making issues and potential physical risks are fully considered in making major corporate decisions. The Group also values and strengthens the monitoring and early warning of physical risks, and discloses climate risk information in a timely manner to minimise the impact on the normal production and operation of the company, as well as potential negative knock-on effects.

Transition Risks

Given the "Carbon Peak and Carbon Neutrality" policy of China and the current status of China's transition to a green and low-carbon economy, the Group also needs to transit as soon as possible to become a more environmentally-friendly and energy-efficient enterprise.

In line with national policies and to avoid corporate reputation risks, the Group has been taking comprehensive measures to protect the environment, including measures to reduce greenhouse gas emissions, and has set targets to gradually reduce the Group's energy consumption and greenhouse gas emissions in the future.

The Group is clearly aware of the importance of identifying and managing the associated climate change risks arising from its operations and seeks to continue to minimise the environmental impact of its business activities to the best of its ability and safeguard the long-term interests of the Group.

Climate Resilience Strategy

Climate change is posing a significant threat to the world and to business, and the Group recognises the importance of improving climate resilience and developing mitigation measures. The Group's strategy has taken into account the TCFD's disclosure recommendations.

Governance

The Board oversees the climate change management and reviews the climate strategy. Climate-related risks and opportunities are regularly reported to the Board. The Group regularly reviews its climate change policy and oversees its short- and long-term environmental objectives, monitors and reviews transition risks in line with the changing environmental rules.

Strategy

In response to the Hong Kong's Climate Action Plan 2050 developed by the Government of the Hong Kong Special Administrative Region, the Group makes active study and establishes strategies for the commitment to long-term net-zero carbon emissions.

Opportunity

The Group understands that climate change brings not only different types of physical and transition risks, but also opportunities to its business. With increasing market demand, the Group needs to incorporate more climate-resilient elements into new development projects, enhance the realisation of existing properties, and ultimately reduce operating and maintenance costs.

Indicators

The Group values climate-related targets, such as greenhouse gas emissions, energy and water-related targets, and tracks and monitors the greenhouse gas emissions and green building certification to keep track of its performance of climate change mitigation.

7. SOCIAL

7.1 Employment

The Group firmly believes that talent is an important factor to a company's success, and that employees are important assets for the sustainable development of enterprises. The Group has established and executed numerous human resources management policies, including Peking University Resources (Holdings) Company Limited Remuneration Management Rules (北大資源(控股)有限公司薪酬管理規則), Peking University Resources (Holdings) Company Limited Recruitment Management Rules (北大資源(控股)有限公司招聘管理規則), Peking University Resources (Holdings) Company Limited Resignation Management Rules (北大資源(控股)有限公司離職管理規則), Peking University Resources (Holdings) Company Limited Attendance and Leave Management Rules (北大資源(控股)有限公司考勤差假管理規則), Peking University Resources (Holdings) Company Limited Welfare Management Rules (北大資源(控股)有限公司福利管理規則) and Peking University Resources (Holdings) Company Limited Staff Training Management Rules (北大資源(控股)有限公司員工培訓管理規則).

The Group regularly arranges for administration and human resources department to review and revise the systems, striving for offering a reasonable, fair and discrimination-free working atmosphere for our staff, so that they can work energetically under an environment with sound corporate culture to realise mutual growth and development between the staff and the Group.

During the Reporting Period, the Group was not aware of any material non-compliance with employment related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but not limited to the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the Regulations on Minimum Wages. The Group establishes labour relations based on the principles of fairness and legality, equality and voluntariness, and honesty and trustworthiness. We sign internship agreements, labour contracts, and employment contracts with each employee based on the type of employee and renew contracts on a timely manner with employees whose contracts have expired.

Remuneration and Welfare

The Group is committed to providing employees with reasonable compensation and benefits. Insisting on "market-based salary, job-based salary, performance-based salary and ability-based salary" rules, we keep employees' salary in line with their performance and post value contribution and fully consider their post values, performance and skills, so as to maximize the personal value of each employee. Apart from that, the Group will also lawfully provide public holidays and paid annual leave to the staff. The Group respects the rights of employees to take rest and vacations, and has relevant policies in place to supervise and regulate the working hours of employees and their rights to take various rest periods and holidays. The Group will also abide by the relevant laws and regulations to provide the wages, overtime compensation and paid holidays, etc.

Remuneration Policy – Peking University Resources (Holdings) Company Limited Remuneration Management Rules

- The access of remuneration data and composition is highly restricted to responsible teams and departments heads including senior staff, human resources department and salary management personnel;
- The specific salary system, overall salary adjustment range, labour cost budget and implementation should be reported to the board of directors for approval;
- Differential remuneration system, which is calculated by yearly salary, monthly salary, or hourly rate systems according to different job positions;
- Specify the component of salary and bonus;
- Specify the date and time of monthly salary payment.

Welfare Policy – Peking University Resources (Holdings) Company Limited Welfare Management Rules

- The Group will provide welfare benefit according to the requirements of laws in order to promote staff efficiency, enhance incentive and sustainability of the Group;

- Provide social insurance according to laws, including basic pension insurance, basic medical insurance, unemployment insurance, work injury insurance, maternity insurance, housing provident fund and other statutory benefits;

- Set up staff lounges, maternal and child rooms in order to create a caring and family-friendly working environment;

- Organise various festival celebration activities, team building activities and department exchange to allow employees' interaction.

Recruitment, Promotion and Dismissal

The Group highlights recruitment needs and carries out efficient and systematic recruitment activities via distinct recruitment channels to enrich the talent pool and ensure sufficient talent resources for the development of the Group. The Group established diversified talent introduction mechanism to achieve effective supply of talents and optimisation of the talent structure.

Recruitment Policy – Peking University Resources (Holdings) Company Limited Recruitment Management Rules

- The Group recruits talents in order to attain corporate objectives by analysing business development plans, external and other relevant factors, setting up relevant posts and establishing next year recruitment plan at the end of each year;

- The human resources department is responsible for establishing recruitment plans, reviewing the employment needs of various departments and the implementation of recruitment plans;

- Recruitment activities are organised in various forms, including internet recruitment, trainee programme, campus recruitment, etc.;

- Basic requirements for candidates are clearly listed out, including efficiency, cost awareness and commitment;

- Candidates for human resources, finance, law, procurement and other related positions shall go through the background check process.

Dismissal Policy – Peking University Resources (Holdings) Company Limited Resignation Management Rules

- The definitions of active and passive resignation, as well as the subsequent corporate procedures, are clearly established;
- The resignation of employees must comply with law and regulations;
- The supervisor of any resignee and the human resources department shall conduct at least one resignation interview with the employee;
- Before conducting a resignation interview, the staff of the human resources department shall arrange a resignation questionnaire for the resignee to fill in;
- The interviewers shall keep a written record of the resignation interview.

Leaves and Holidays Policy – Peking University Resources (Holdings) Company Limited Attendance and Leave Management Rules

- The Group manages the attendance and leave of the staff with a people-oriented principle;
- The Group implements a five-days-a-week and eight-hours-a-day working system. The working hours of employees in special positions (such as front desk clerks and drivers) shall be established independently according to their job duties;
- Employees have the right to enjoy public holidays and paid annual leave;
- Employees who are having overseas business trip should fill out the "Peking University Resources (Holdings) Company Limited Approval Form for Going Abroad for Business" and seek approval according to the relevant procedure.

Equal opportunity

The Group offers equal opportunities and strives for implementing the ideas of diversity and anti-discrimination. In the course of recruiting talents, we avoid taking the personal attributes such as gender, age, marital status, physical fitness and so on as the necessary factors, so as to ensure that our employees are treated equally in the recruitment and promotion procedures, dismissal procedures, training, working performance assessment, remuneration and welfare, working hours, leaves and other holidays (including marriage leave, compassionate leave and maternity leave), etc. The Group's employees of the same position are remunerated on an equal basis regardless of their gender and any form of discrimination at work is prohibited. Our employees are encouraged to blow the whistles on any inequalities to relevant departments of the Company. The reported information will be independently investigated by the Company, and the management will be responsible for its subsequent follow-up and handling, so as to protect the legitimate rights and interests of employees.

As of 31 March 2023, the breakdown of the Group's employees within the Reporting Scope[6] was as follows:

	As of 31 March 2023	2021	2020	2019
Total employees	478	891	1,041	1,465
By gender				
Male	241	457	546	797
Female	237	434	495	668
By age group				
Aged under 35	184	401	506	852
Aged 35 to 55	269	468	518	595
Aged over 55	25	22	17	18
By region				
Hong Kong	7	3	–	–
Mainland China	470	888	–	–
Others	1	0	–	–

6 Reporting Scope – According to the announcement published by the Company on 17 January 2023, the Group has completed the disposal of Founder Data Corporation International Limited (方正數碼國際有限公司). After the completion of the transaction, the number of employees divested from the Group was 24, thus the number of employees within the Reporting Scope as of 31 March 2023 was 454. Due to the shorter time between the completion date of the disposal and the year-end date, 478, being the number of employees before the disposal of the company, was used as the number of employees of the Group for the relevant calculation and disclosure.

The number of employees in 2020 and 2019 did not include the number of employees by region (Hong Kong, Mainland China and others).

During the Reporting Period, the employee turnover rate[7] of the Group was 47%. The table below shows the turnover rate breakdown by gender, age and region:

	Statistical period	Total employees (A)	Number of employees left during the Reporting Period (B)	Sum (A+B)	Employee turnover rate B/(A+B) x100%
Total	As of 31 March 2023	478	431	909	47%
	2021	891	345	1,236	28%
	2020	1,041	628	1,669	38%
	2019	1,465	618	2,083	30%
By gender					
Male	As of 31 March 2023	241	218	459	47%
	2021	457	199	656	30%
	2020	546	423	969	44%
	2019	797	424	1,221	35%
Female	As of 31 March 2023	237	213	450	47%
	2021	434	146	580	25%
	2020	495	205	700	29%
	2019	668	194	862	23%
By age group					
Aged under 35	As of 31 March 2023	184	192	376	51%
	2021	401	147	548	27%
Aged 35 to 55	As of 31 March 2023	269	226	495	46%
	2021	468	193	661	29%
Aged over 55	As of 31 March 2023	25	13	38	34%
	2021	22	5	27	19%
By region					
Hong Kong	As of 31 March 2023	7	0	7	0%
	2021	3	1	4	25%
Mainland China	As of 31 March 2023	470	431	901	48%
	2021	888	344	1,232	28%
Others	As of 31 March 2023	1	0	1	0%
	2021	0	0	0	0%

7 Calculation method of employee turnover rate = Number of employees left during the Reporting Period/(total number of employees within the Reporting Scope + number of employees left during the Reporting Period) * 100%. The turnover rate in 2020 and 2019 did not include the turnover rate by age group (aged under 35, aged 35 to 55 and aged over 55) and region (Mainland China, Hong Kong and others).

Diversity

The Group believes that the diversity of employees is one of the crucial factors in maintaining our competitive edge and unleashing the driving force for our development. When selecting board members and making recruitment decisions, the Group not only considers candidates' comprehensive value for the Group's business development, but also takes the diversity of the Group into account, actively advocating diverse composition of employees' backgrounds.

The Group advocates a diverse and inclusive working environment that enables people with different backgrounds to work together and thrive in the Company. The Group's policies and guidelines, Code of Conduct, Human Rights and Equal Opportunities Policy and other relevant practices, stipulate our commitment to human rights, equal opportunities and inclusive excellence in a discrimination-free working environment. In accordance with the Group's employment policies, discrimination on the grounds of employees' age, gender, marital status, pregnancy, disability, family status, race, colour, nationality or religion is not tolerated.

The Board adopted the Board Diversity Policy, setting out the approach to achieve diversity on the Board. The Group endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

For the financial year 2022, female members accounted for approximately 49.58% of all employees (including senior management) of the Group. Based on the principle of talent orientation and in accordance with the business model and specific up-to-date needs of the Group, and taking full account of the benefits of employee gender diversity, the Company reviews the gender ratio from time to time to achieve a good balance in employee gender diversity.

7.2 Health and Safety

The Group highly values the health, safety and well-being in the workplace, and the occupational safety management system and policies of the Group ensure the effective management and reduction of the Group's business risks. Abiding by the laws and regulations such as the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) and the Labour Law of the People's Republic of China, the Company is determined to create a safe and comfortable working environment for the employees. The Group regularly conducts health and safety review and accident investigations at its places of business to identify and reduce existing and potential safety risks. Mainly to prevent safety incidents, the Group has been promoting safety training for a long time, and actively carries out safety education and training across the company, together with theme activities related to production safety, to practically and effectively improve employees' safety awareness and risk prevention capabilities.

The Group provides staff engaging in engineering construction with personal safety protection equipments that meet national standards, and provides employees with guaranteed labour protection equipments based on their working environment. In addition, the Group ensures the health and safety level of employees' office environment by controlling the optimal temperature, ventilation system, air purification and lighting equipment in the workplace. At the same time, the Group keeps records for regular assessment to ensure proper compliance with internal guidelines across offices and projects.

Other than commercial insurance for possible work-related injuries of employees and the related compensation, the Group also arranges a regular comprehensive body check for every employee and formed a medical team for patients in need. We encourage employees to actively participate in the safety related activities organized by the Group to enhance their awareness and vigilance towards workplace health, safety, and well-being.

The Group has achieved zero employee injuries and fatalities for four consecutive years (including the Reporting Period). During the Reporting Period, the Group had not lost any working days due to work injury.

7.3 Development and Training

The Group values talents and regards them as an important component of the sustainable development of the Company. This is why the Company employs the concept of "selection, employment, education, promotion and preservation". And the Company is committed to improving the employee training system and standardizing the Company's employee training and coaching qualification management, in order to stimulate employee potential and assist them in improving skills and developing careers.

The human resources department of the Group is responsible for updating employees' training plans and strategies annually, providing a series of customized job training based on their personal development and job nature, and providing online training platforms and exams for corresponding courses to improve employees' qualities, including:

- New employment training: In order to enable new employees to fully understand the Company's history, philosophy, and code of conduct, and to enter their work roles as soon as possible, we have developed a growth plan that focuses on the individual qualities of our employees;

- On-the-job training: We provide job skills training for employees and provide course training to enhance their professional skills and job qualification;

- Promotion training: This training is carried out to facilitate employees to meet the job requirements of higher level positions. Courses on management, computer, quality enhancement, etc. are provided to enhance employees' ability to perform their jobs competently;

- Training for senior managers: The training is provided for senior staff in middle management, aiming to enhance the overall quality of the middle management team and to prepare for the selection of elites.

In addition, since 2020, all employees are required to complete anti-corruption training and new employees are required to receive training relating to integrity. We hold an anti-corruption seminar once a year to refresh our employees on the Group's ethical principles. Employees are also required to complete examinations on business compliance and ethical standards, re-emphasizing the importance of anti-corruption and strengthening employees' anti-corruption awareness.

The Group organised internal training courses according to "Peking University Resources (Holdings) Company Limited Staff Training Management Rule". The human resources department arranged courses based on the follow five objectives:

- Set training objectives according to business development;

- Pay attention to the effectiveness and feasibility of trainings;

- Training resources should be allocated to the target employees;

- Training expenses are extracted from special funds exclusively;

- Evaluate trainings to continuously improve the quality of trainings.

During the Reporting Period, the Group has achieved a 36% overall training rate[8] and a total training hour of 6,247 hours, and the average training hours of employees[9] are shown in the table below. The table below shows the training data by age and employee category:

Employee training data	The percentage of employees trained (%)[8]	
Statistical period	As of 31 March 2023	2021
Employee gender		
Male	58%	49%
Female	42%	36%
Employee category		
Directors	2.92%	9.43%
Accounting and finance team	12.87%	45.71%
Company secretary	0.00%	57.89%
Administration	47.37%	47.29%
Construction and operation	33.33%	43.40%
Property development sales staff	3.51%	45.34%

Employee training data	Average training hours of employees[9]	
Statistical period	As of 31 March 2023	2021
Employee gender		
Male	17.38	13.18
Female	8.69	15.40

8 Calculation method of training rate of employees = Number of employees trained during the Reporting Period/total number of employees within the Reporting Scope* 100%

Training rate of employees by respective categories = Number of employees trained in specific categories/number of employees trained during the Reporting Period *100%

9 Average training hours of employees = Total training hours during the Reporting Period/total number of employees within the Reporting Scope

Average training hours of employees by respective categories = Total training hours of employees of specific categories/number of employees of specific categories

7.4 Attracting and Retaining Talents

The Group offers attractive packages to attract and retain outstanding talents to maintain the Group's competitiveness. The remuneration of each employee is directly proportional to his/her contribution to the Group, and outstanding talents will be rewarded.

The Group assesses, promotes and recognizes its employees with outstanding performance through performance appraisal, and awards them with prizes and bonuses to enhance their motivation and sense of belonging. The Group advocates an open corporate culture, values the voice of employees, collects employees' suggestions through online channels, and considers employees' opinions in the Group's operations.

7.5 Labour Standards

Avoid Child and Forced Labour

The Group strictly complies with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Provisions on the Prohibition of Using Child Labour and other laws and regulations in relation to the protection of the legitimate rights and interests of employees and the prohibition of the employment of persons under the age of 18 years. Prior to the commencement of employment, both parties shall specify the job positions, duties, locations and working hours to protect the legitimate rights and interests of employees. In addition, both parties shall agree on overtime work and shall not make overtime work mandatory. If overtime work is required for business purposes, overtime compensation shall be paid to employees for overtime work. If any violation of laws and regulations on labour standards is found, we will penalize the person responsible for the incident depending on the severity of the situation, and we will analyze the causes of the problem and review and update and adjust the existing problems in the existing systems or management methods.

During the Reporting Period, the Group was not aware of any material violation against the relevant laws and regulations on child and forced labour that had a significant impact on the Group.

7.6 Supply Chain Management

The Group selects potential suppliers rigorously, and has established a clear supplier assessment management system for supplier selection to assure the quality of materials. The procurement department comprehensively assess the potential suppliers from several areas, such as environmental risk, social risk, product quality, qualification, production plant capability, operational indices of the past three years, existing customer bases, production tools and equipment and relevant projects. The selected supplier is required to submit a list of corporate management information. The standard procedure ensures that the selected suppliers must be able to meet the Group's quality standards. The procurement department will conduct production plant inspection to better understand the selected supplier's background. Upon two rounds of evaluation and interviews, only the qualified suppliers may join the Group's supply chain. In addition, the suppliers shall comply with relevant laws and regulations, including regulations or requirements related to environment and labour rules in order to reduce environmental and social risks. Thereafter, the Group opts to conduct quality assessments, communication feedback and other actions regularly to review the list of suppliers and inspect project quality, in order to ensure that the best suppliers are maintained.

In respect of the selection and rating of suppliers, the Group selects the preferred suppliers with merits by evaluating the compliance of suppliers from the aspects of material attribute, environmental protection technology, plant condition, product characteristics, social image and the concept of sustainable development of the suppliers, and reviewing operation and production data of the suppliers, while combining with the concept of sustainable development of the Group. Suppliers, with explicit sustainability values, awarded sustainability certificates, whose sustainable development management system adopted has acquired the quality management system certification and taking environment and social factors into consideration, are selected in priority, to make sure that the relevant procurement conforms to specific standard. In addition, the Group highly values daily quality management of the suppliers, attaches great importance to evaluating the impact of product manufacturing process on the climate and environment, enhances the suppliers' awareness of conducting environmentally friendly behaviours, and highlights regulations on hazard identification, the use of new energy, etc. as well as pollution limits, and particularly strengthens raw materials inspection.

In the financial year 2022, the Group has a list of 644 suppliers, with 22 suppliers in Hong Kong and 622 suppliers in Mainland China.

Green Procurement

In order to reduce greenhouse gas emission and energy consumption generated during the process of material transportation, the Group is inclined to adopt local procurement policy, which will promote local economy development and employment.

In the process of supplier certification, the Group mainly considers the availability of green material certification, energy-efficient equipment in plant and emission reduction equipment. Also, the Group gives priority to suppliers and contractors sharing same environmental protection concept with us and encourages our partner suppliers to perform their social and environmental responsibilities. Besides, we prioritize suppliers with the concept of sustainable development. For instance, suppliers awarded environmental management system certification (ISO14001), quality management system certification (ISO9001) and occupational safety and health management system certification (OSHMS), or with national-level and industry-level qualification will be considered with higher priority, to ensure that the materials, products and services provided by partner suppliers meet the requirements of national standards of environmental protection, occupational health and safety and sustainable development.

Apart from environmental factors, the Group will also consider whether its suppliers comply with relevant laws and regulations in respect of health and safety, and forced and child labour. These screening measures and processes are designed to lower potential environmental and social impacts on the Group.

7.7 Product Responsibility

Adhering to the customer-need-oriented principle and aiming to achieve customer satisfaction, the Group is committed to building residence with inhabitable value and humanistic value. Our Group has always regarded quality management and control of product design as the core of design administration. Also, the Group strictly complies with the Civil Code of the People's Republic of China, the Property Management Regulations, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests as well as other laws and regulations in relation to rights entitled in property management activities, formulation and revision of management contracts and owners' meetings and owners' committee member elections that have brought material impact to our property management industry. Through all these efforts, the Group aims at providing more convenient and thoughtful services to owners, so as to improve the sense of happiness and satisfaction of our residents and property owners.

Our Group highly values the satisfaction of our property owners and their feedbacks on our services. In this regard, we investigate complaints and suggestions from the customers through customer satisfaction surveys and direct contact. Moreover, the Group has developed a process to deal with complaints, while conducting scientific and systematic analysis and statistics which functions as early warning on service quality, thereby reducing and preventing complaints and enhancing customers' satisfaction.

During the Reporting Period, the Group has not received any serious complaints regarding products and services or any products need to be recalled for safety or health reasons.

Protection of Intellectual Property Rights and Consumer Data

The Group is fully aware of the importance of intellectual property rights and strictly complies with the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Patent Law of the People's Republic of China and other laws and regulations, and strengthens the Group's management of intellectual property rights such as patents, copyrights and trademarks. The Group fully respects the intellectual property rights of others, encourages and supports fair competition, prevents unfair competition and endeavors to protect its own and others' legitimate rights and interests from infringement.

The Group attaches great importance to the information security and privacy protection of its customers and manages the Group's operational processes from various aspects such as information security and data security to safeguard the privacy of its customers on all fronts and to protect their right to information. The Group strictly complies with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Information Security Technology – Personal Information Security Specification and other relevant laws and regulations.

Advertising and Labelling

The Group is fully aware of the importance of advertisements and media and strictly follows the Advertising Law of the People's Republic of China, the Law of the People's Republic of China on the Administration of Urban Real Estate and the relevant national regulations, which stipulate that advertisements shall not contain information on feng shui and other feudal superstitions. The advertising campaigns should contain clear information about the location and provide schematic diagrams that are accurate, clear and properly proportioned for promoting purpose. Advertisements on property listings should be truthful and should not contain misleading information. In this regard, the Group has implemented policies and management to ensure that there is no false advertising and misleading or incomplete data in the advertisement to protect the interests of customers from infringement.

Product Innovation and Quality Control

Due to the nature of the Group's business in the distribution of information products, the Group is more concerned about the market demand and innovation of information products. From the perspective of the Group's information technology trade itself, we are also concerned about the demand and innovation in the product dimension. The Group has been working with many of the world's top quality and well-known suppliers to obtain the latest high quality products, and the Group maintains stable and long-lasting demands and gradually forms strong cooperation relationship with the suppliers. In addition to the distribution business with renowned suppliers, the Group places more emphasis on exploring new concepts and development of information technology products with the suppliers in order to grasp the market trend and strive to become one of the first companies to provide innovative products to our customers. By opening up the horizons of our customers and providing them with more advanced and efficient innovative products, we are able to increase the trust and reliance of our customers on the Group, thereby maintaining a long-term and stable cooperation relationship and enhancing the Group's position in the industry.

The Group also attaches great importance to the quality of information products. In the event that safety and quality issues (from customer feedback and internal inspection) are identified, the Group will notify the supplier as soon as possible and resolve the issue by returning or updating the product, and will conduct a comprehensive screening of subsequent batches of the product until they are free of any abnormality before continuing to supply the product to customers. The Group also formulates contingency management plans for quality problems to ensure that when quality problems occur, the impact scope of customers' product usage or the duration of delay are within control.

7.8 Anti-Corruption

The Group has zero tolerance to any corruption or fraud and strictly abides by the laws and regulations such as the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and the Anti-Corruption Law of the People's Republic of China. The Group's legal department has set up specific risk control position for supervision and has established integrity rules and regulations, from business department operation to project construction management, including detailed provisions for bidding, reimbursement and other contents. The Group also provides training to the employees of anti-commercial bribery and concept of integrity regularly through new employment training, middle to senior management training and special lectures. The Group strives to maintain the integrity image. During the Reporting Period, there was no concluded litigation cases regarding corruption raised by the Group or its employees. The Group was not aware of any material non-compliance with relevant laws and regulations of bribery, extortion, fraud, money laundering and corruption.

Reporting System

For any suspected corruption, relevant rules such as "Peking University Resources (Holdings) Company Limited Reporting Management Rule" and "Peking University Resources (Holdings) Company Limited Bonus and Penalty Management Rule" should be followed for investigation. If any employee discovers or suspects any violation of the code of behaviour, a report could be made through a specific mailbox, telephone, e-mail, or at a specified location during reception time. All reports will be recorded in a conversation transcript. After receiving the report, the Group will initiate investigation strictly without disclosing the identity of the reporter and content of report, and the Group will set up a responsible investigation team to collect relevant evidence and information in a fair, justified, independent and efficient manner.

Anti-corruption Training

The Group carries out anti-corruption training and ethics education for all categories of members, covering publicity and implementation topics such as finance, information confidentiality, compliance operation and business integrity, so as to clarify the positioning of the Group's red lines, strengthen the awareness of integrity and ethics, and create a transparent working environment. The Group provides anti-corruption training courses on its online platform, and participates in the studying of material "ANTI-CORRUPTION PROGRAMME – A GUIDE FOR LISTED COMPANIES" published by ICAC. We organize an anti-corruption seminar once a year to enable our staff to deepen their impression of the Group's ethical code.

7.9 Charity

For many years, the Group has been committed to promoting the spirit of public welfare, publicizing public welfare behaviors and giving back to the society by adhering to the principle of "doing good". Over the years, the Group has actively participated in different social welfare undertakings such as education, medical care and environmental protection, and actively fulfilled its social responsibilities. The Group has also launched community culture and social organizations to raise owners' awareness of civilized behavior, create a caring atmosphere in the neighborhood, and insist on using small acts of kindness to create social love that benefits a wider range of people!

8. LISTS OF LAWS AND REGULATIONS

Laws and regulations that have a significant impact on the Group's operations in Mainland China and Hong Kong are as follows:

ESG Aspects	China	Hong Kong
Environmental	Environmental Protection Law of the PRC Law of the PRC on Environmental Impact Assessment Environmental Protection Tax Law of the PRC Regulation on the Implementation of the Environmental Protection Tax Law of the PRC Atmospheric Pollution Prevention and Control Law of the PRC Water Pollution Prevention and Control Law of the PRC Law of the PRC on the Prevention and Control of Environment Pollution by Solid Wastes Law of the PRC on Prevention and Control of Pollution from Environmental Noise Energy Conservation Law of the People's Republic of China	Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)
Employment and labour regulations	Labour Law of the PRC Labour Contract Laws of the PRC Social Insurance Law of the PRC Law of the PRC on the Protection of Minors Provisions on the Prohibition of Using Child Labour Regulations on Minimum Wages	Employment Ordinance (Chapter 57 of the Laws of Hong Kong) Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong) Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong) Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong)

ESG Aspects	China	Hong Kong
Workplace health and safety	Law of the PRC on the Prevention and Control of Occupational Diseases Production Safety Law of the PRC Fire Protection Regulation of the PRC Regulation on the Safety Management of Hazardous Chemicals Regulations on Safety Supervision over Special Equipment	Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)
Product responsibility	Copyright Law of the PRC Patent Law of the PRC Trademark Law of the PRC Product Quality Law of the PRC Civil Code of the People's Republic of China Law of the People's Republic of China on the Protection of Consumer Rights and Interests Advertising Law of the People's Republic of China	Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Anti-corruption	Anti-money Laundering Law of the PRC Interim Provisions of the State Administration for Industry and Commerce on Banning Commercial Bribery	Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) Independent Commission Against Corruption Ordinance (Chapter 204 of the Laws of Hong Kong) Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

9. ESG REPORTING GUIDE CONTENT INDEX

General Disclosures and KPIs	Description	Relevant Sections in this Report
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6.1
KPI A1.1	The types of emissions and respective emissions data.	6.1
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	6.1
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.1
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.2
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	6.2
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.2
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6.2
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6.2
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	6.2

General Disclosures and KPIs	Description	Relevant Sections in this Report
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	6.3
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.3
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	6.4
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.4
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	7.1
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	7.1
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	7.1
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	7.2
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	7.2
KPI B2.2	Lost days due to work injury.	7.2
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	7.2

General Disclosures and KPIs	Description	Relevant Sections in this Report
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.3
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	7.3
KPI B3.2	The average training hours completed per employee by gender and employee category.	7.3
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	7.5
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	7.5
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	7.5
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	7.6
KPI B5.1	Number of suppliers by geographical region.	7.6
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	7.6
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7.6
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	7.6

General Disclosures and KPIs	Description	Relevant Sections in this Report
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	7.7
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	7.7
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	7.7
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	7.7
KPI B6.4	Description of quality assurance process and recall procedures.	7.7
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	7.7
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	7.9
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	7.8
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	7.8
KPI B7.3	Description of anti-corruption training provided to directors and staff.	7.8

General Disclosures and KPIs	Description	Relevant Sections in this Report
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7.9
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7.9
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	7.9

EXECUTIVE DIRECTORS

Mr Wong Kai Ho ("Mr Wong"), aged 43, is an executive Director and Chairman of the Company since 8 October 2021. He is also a director of a number of subsidiaries of the Company.

Mr Wong has more than 17 years of experience in financial and business management. Mr Wong worked as a finance analyst of Carter Holt Harvey New Zealand from November 2005 to December 2006 and as a senior auditor of the audit and assurance sector of Ernst & Young from February 2007 to February 2009. From March 2009 to June 2013, he was a senior associate of EHM International Ltd (London). From July 2013 to March 2014, he was a director of Katch Investment (Asia-Pacific) Limited. Mr Wong has experiences in the advisory and asset management industry since March 2014 where he currently is the director and responsible officer of advisory and asset management of Nebula Asset Management Limited. Mr Wong has also been the vice president and assistant chairman of Guoce Geoinformation Technology Industry Park Group Co., Ltd. (國測地理信息科技產業園有限公司) since March 2018.

Mr Wong obtained the Bachelor of Commerce & Administration in Accounting and Commercial Law and Information Systems from Victoria University of Wellington New Zealand in December 2002. He also obtained his professional qualification as a chartered accountant from the New Zealand Institute of Chartered Accountants and a certified public accountant from the Hong Kong Institute of Certified Public Accountants in February 2008 and January 2011, respectively.

As at the date of this annual report, Mr Wong directly holds 6,416,155 shares (long position) of the Company (representing approximately 0.07% of the Company's issued share capital) and is deemed to be interested in 1,918,000,000 shares (long position) of the Company (representing approximately 21.01% of the Company's issued share capital) under the Securities and Futures Ordinance (the "SFO") by virtue of his interest in Ample Grace Investments Limited.

Mr Wang Guiwu, aged 62, is an executive Director of the Company since 8 October 2021.

He has more than 20 years of experience in business management. From May 1982 to July 1992, Mr Wang Guiwu was the head of foreign funds department of Dandong Foreign Trade and Economic Cooperation Commission* (丹東市外經貿委外資處). From July 1992 to July 1997, Mr Wang Guiwu was the vice magistrate of Kuandian Manchu Autonomous County* (寬甸滿族自治縣). From July 1997 to May 2000, Mr Wang Guiwu worked as the vice department head of the Bureau of Mechanical and Metallurgical Industries of Dandong* (丹東市機械冶金工業局). From May 2000 to May 2013, Mr Wang Guiwu was the president and chairman of Liaoning Huibao International Investment Group Co., Ltd.* (遼寧匯寶國際投資集團有限公司). Mr Wang Guiwu was also a non-executive director of Shengjing Bank Co., Ltd.* (盛京銀行股份有限公司) (stock code: 2066), a bank listed on the Main Board of the Stock Exchange, from 2011 to 2013. Since March 2016, Mr Wang Guiwu has been the director of Liaoning Antai Nonferrous Mining Co., Ltd.* (遼寧安泰有色礦業有限公司), chairman of Guoce Geoinformation Technology Industry Park Group Co., Ltd. (國測地理信息科技產業園有限公司) and chairman of An Tai International Investment Group (Hong Kong) Co., Ltd.* (安泰國際投資集團(香港)有限公司).

Mr Wang Guiwu obtained a diploma of mechanical engineering from Northeastern Institute of Technology* (東北工學院) (now known as Northeastern University (東北大學)) in September 1982.

As at the date of this annual report, Mr Wang Guiwu is deemed to be interested in 1,918,000,000 shares (long position) of the Company (representing approximately 21.01% of the Company's issued share capital) under the SFO by virtue of his interest in Ample Grace Investments Limited.

* *For identification purposes only*

Mr Huang Zhuguang ("Mr Huang"), aged 60, is an executive Director of the Company since 1 December 2021.

Mr Huang has over 30 years of experience in the cultural industry. Mr Huang is the chairman of GuangDong First Union Animation Technology Co., Ltd., a company engaging in production of intelligent electronic toys which he founded in 1998. Mr Huang also founded Firstunion Animation Technology (HK) Co., Limited in 2016 and Shunlian Animation Technology Vietnam Co., Ltd in 2019, respectively. In 2016, Mr Huang founded Guangdong Guancheng Industrial Investment Co., Ltd., a company which principally engages in industrial investments, equity investments and venture capital investments.

Mr Huang obtained a bachelor's degree in business administration from the Communication University of China.

As at the date of this annual report, Mr Huang is deemed to be interested in 1,276,814,973 shares (long position) of the Company (representing approximately 13.99% of the Company's issued share capital) under the SFO by virtue of his interest in Guangdong Guancheng Industrial Investment Co., Ltd.. Guangdong Guancheng Industrial Investment Co., Ltd holds entire the equity interest in GuangDong First Union Animation Technology Co., Ltd., and Guangdong First Union Animation Technology Co., Ltd. holds the entire equity interest in Firstunion Animation Technology (HK) Co., Limited.

Mr Guo Langhua ("Mr Guo"), aged 57, is an executive Director of the Company since 15 September 2022.

Mr Guo is the vice-chairman of Xin'aote Investment Group Co., Ltd.* (新奧特投資集團有限公司) since May 2021, where he is primarily responsible for strategic planning. Mr Guo was the vice chairman, an executive director and the compliance officer of China Digital Video Holdings Limited ("CDV"), a company whose shares are listed on the GEM of the Stock Exchange (stock code: 8280), from January 2008 to June 2018. Mr Guo was primarily responsible for the overall management and operation of CDV and its subsidiaries. From 2008 to 2018, Mr Guo was the vice chairman of China Digital Video (Beijing) Limited, a principal operating subsidiary of CDV. From January 2015 to June 2021, Mr Guo served as the president of Xinxin Holding Co., Ltd (信心控股有限公司), where he was primarily responsible for the evaluation, improvement and monitoring of the company's management and operation.

Mr Guo obtained a bachelor's degree in economics from Wuhan University in 1988 and an EMBA degree from China Europe International Business School in 2003.

As at the date of this annual report, Mr Guo is interested in 5% of the issued share capital of Shine Crest Group Limited, which is the sole shareholder of Starry Nation Limited, which in turns holds 506,942,000 shares of the Company.

* *For identification purposes only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Chin Chi Ho, Stanley ("Mr Chin"), aged 40, is an independent non-executive Director of the Company since 8 October 2021.

Mr Chin has over 15 years of experience in the areas of audit, financial management, corporate governance and operations in capital markets. Mr Chin served as an audit specialist in PricewaterhouseCoopers and KPMG for 7 years. Mr Chin has extensive experience serving as senior management for multiple Hong Kong listed companies. Mr Chin is currently the independent non-executive director of Champion Alliance International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1629).

Mr Chin has obtained a Master of Business Administration degree from the University of Hong Kong. He was admitted as a Certified Public Accountant (CPA) in 2009. He has also been awarded the qualification of Financial Risk Manager (FRM) in 2009 and Chartered Financial Analyst (CFA) in 2010.

Mr Chung Wai Man ("Mr Chung"), aged 64, is an independent non-executive Director of the Company since 8 October 2021.

Mr Chung has over 24 years of experience in finance and business consulting. Mr Chung started working in The Kwangtung Provincial Bank in 1976, and his last position before leaving the bank in 1996 was a manager in charge of the Tai Po sub-branch. Subsequently in 1996, Mr Chung established Raymond Chung Company, a finance and business consulting firm for corporations in Hong Kong. In 2004, he set up another consulting firm, Excel Linker Capital (Asia) Limited, to provide similar consultancy services. Due to duplicity of the business nature, Raymond Chung Company was closed in September 2006. In 2009, Mr Chung applied to deregister Excel Linker Capital (Asia) Limited as he decided to quit the consultancy services market.

Mr Chung acted as an independent non-executive director of United Gene High-Tech Group Limited (currently known as Innovative Pharmaceutical Biotech Limited) (stock code: 399) from March 2007 to May 2009, Fu Ji Food and Catering Services Holdings Limited (currently known as Fresh Express Delivery Holdings Group Co., Limited) (stock code: 1175) from June 2011 to July 2013, China Kingstone Mining Holdings Limited (stock code: 1380) from February 2013 to July 2015, Fuguiniao Co., Ltd. (stock code: 1819, the shares of which were delisted on 26 August 2019) from September 2017 to May 2018, Centron Telecom International Holding Ltd. (stock code: 1155, the shares of which were delisted on 1 December 2020) from April 2018 to February 2020, and China Taifeng Beddings Holdings Limited (stock code: 873, the shares of which were delisted on 21 February 2019) from November 2018 to February 2019 and a non-executive director of Arta Techfin Corporation Limited (formerly known as Freeman FinTech Corporation Limited) (stock code: 279) from December 2020 to October 2021, with all of the said companies being companies listed on the Main Board of the Stock Exchange. He acted as an independent non-executive director from January 2009 to August 2013 and a non-executive director from August 2013 to September 2014 of U-RIGHT International Holdings Limited (currently known as Fullsun International Holdings Group Co., Limited) (stock code: 627), a company listed on the Main Board of the Stock Exchange.

Since June 2017, Mr Chung has been an independent non-executive director of China Huishan Dairy Holdings Company Limited (stock code: 6863, the shares of which were delisted on 23 December 2019). Mr Chung currently served as an independent non-executive director of Hifood Group Holdings Co., Ltd. (stock code: 442) and an executive director of Silk Road Logistics Holdings Limited (stock code: 988). All of the said companies were companies listed on the Main Board of the Stock Exchange.

Mr Chung holds a Diploma in Business Management from the Hong Kong Management Association and a Certificate of Bank of China Banking Course.

Mr Hua Yichun ("Mr Hua"), aged 40, is an independent non-executive Director of the Company since 1 December 2021.

Mr Hua is the chief financial officer of Bitmain Technologies Holding Company. Before joining Bitmain Technologies Holding Company in March 2021, he was a partner at the capital markets department of the Hong Kong office of Shearman & Sterling LLP. Mr Hua has approximately 15 years of experience in legal practice.

Mr Hua holds a Bachelor of Laws degree from Peking University and a Bachelor of Laws degree from the University of Nottingham. Mr Hua is qualified to practise law in Hong Kong, New York and England and Wales.

SENIOR MANAGEMENT

Mr Shi Lei ("Mr Shi"), aged 49, was appointed as the chief executive officer of the Company on 8 October 2021 and re-designated as the co-chief executive officer of the Company on 4 July 2023. Mr Shi obtained a bachelor's degree in electrical engineering and a bachelor's degree in industrial engineering from Tsinghua University in 1997. In 2000, he obtained a master's degree in electrical engineering from Tsinghua University. Mr Shi was the elected president of Tsinghua University Student Union in 1996, and was the chairman of Tsinghua University Graduate Association in 1997. Before joining the Company, he worked in a number of companies, including A. T. Kearney, Bohai Industrial Investment Fund (渤海產業投資基金), Hunan Caixin Financial Holding Group (湖南財信金融控股集團) and Guoce Geoinformation Technology Industry Park Group Co., Ltd. (國測地理信息科技產業園有限公司), and was a director of NanHua Bio-medicine Co., Ltd. (南華生物醫藥股份有限公司) (stock code: 000504), a company listed on the Shenzhen Stock Exchange. Mr Shi has over 21 years of experience in business management and the finance industry.

Mr Xia Ding, aged 55, is the co-chief executive officer of the Company since 4 July 2023, the chief operational officer of the Company since 8 October 2021 and the president of several subsidiaries of the Company in Chongqing since April 2013, and is responsible for the overall operation of the Group's business in Chongqing. He obtained a bachelor degree in Industrial and Civil Construction from Chongqing Construction Engineering University (now merged into Chongqing University). Before joining the Company, he worked in a number of property development companies, including Chongqing Jundu Property Development Co., Ltd.* (重慶郡都物業發展有限公司) and Hevol Real Estate Group Co., Ltd.* (和泓置地集團有限公司). He possesses 32 years of knowledge and experience in engineering management and real estate development and operation.

As at the date of this annual report, Mr Xia Ding is interested in 38,000,000 shares (long position) of the Company (representing approximately 0.42% of the Company's issued share capital).

Mr Jiang Xiaoping ("Mr Jiang"), aged 59, has served as the deputy chief executive officer of the Company since 8 October 2021 and the president of several subsidiaries of the Company in Wuhan since 2010, and is responsible for the overall operation of the Group's business in Wuhan. Mr Jiang obtained a bachelor's degree in law from Southwest University of Political Science & Law in 1986 and is qualified as a practising lawyer in the PRC. From 1996 to 2010, Mr Jiang worked for various law firms and companies in the financial industry, and held the posts of manager of the legal department, the assistant president of the general office and the vice president of the general office, responsible for equity investment, corporate restructuring and mergers and acquisitions of various companies. Mr Jiang has over 25 years of work experience in the fields of finance and real estate development.

As at the date of this annual report, Mr Jiang is interested in 34,000,000 shares (long position) of the Company (representing approximately 0.37% of the Company's issued share capital).

* *For identification purposes only*

The Directors present their report and the audited financial statements of the Company and the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 1 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the Reporting Period and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 102 to 240 of this annual report.

The Directors do not recommend the payment of any dividend in respect of the Reporting Period.

BUSINESS REVIEW

A review of the business of the Group during the Reporting Period and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are set out in the section headed "Management Discussion and Analysis" on pages 6 to 21 of this annual report.

The financial risk management objectives and policies of the Group are set out in note 48 to the consolidated financial statements.

An analysis of Group's performance during the Reporting Period using financial key performance indicators is set out in the sections headed "Management Discussion and Analysis" on pages 6 to 21 and "Financial Highlights" on page 240 of this annual report.

Discussions on the Group's environmental policies, relationships with its employees, customers, suppliers and other key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are set out in the section headed "Environmental, Social and Governance Report" on pages 35 to 79 of this annual report.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 239 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the Reporting Period are set out in notes 15 and 16 to the consolidated financial statements, respectively. Further details of the Group's investment properties are set out on page 238 of this annual report.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the Reporting Period are set out in notes 35 and 36 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("2023 AGM") will be held on 28 August 2023. The notice of the 2023 AGM will be published and dispatched to shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 23 August 2023 to Monday, 28 August 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2023 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 22 August 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

MANAGEMENT CONTRACT

No contracts in respect of the management or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the Reporting Period.

DISTRIBUTABLE RESERVES

In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution or payment of dividends to shareholders provided that, immediately following such distribution or payment, the Company is able to pay off its debts as and when they fall due. As at 31 March 2023, the Company's reserves available for distribution comprised contributed surplus of approximately RMB1,306,591,000. The Company's share premium account, with a balance of approximately RMB11,754,000 as at 31 March 2023, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the Reporting Period, sales to the Group's five largest customers accounted for 15% of the total sales for the Reporting Period. Purchases from the Group's five largest suppliers accounted for 15% of the total purchase for the Reporting Period and purchase from the largest supplier include therein amounted 5.77%.

None of the Directors of the Company or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The Directors of the Company during the Reporting Period and up to the date of this Directors' report were:

Executive Directors

Mr Wong Kai Ho *(Chairman)*
Mr Wang Guiwu
Mr Huang Zhuguang
Mr Zheng Fu Shuang (resigned as executive Director on 7 July 2022)
Mr Guo Langhua (appointed on 15 September 2022)

Independent non-executive Directors

Mr Chu Kin Wang, Peleus (resigned on 1 October 2022)
Mr Chin Chi Ho, Stanley
Mr Chung Wai Man
Mr Hua Yichun
Mr Wang Bingzhong (resigned on 31 October 2022)

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual confirmations of independence from each of its independent non-executive Directors as at 31 March 2023, and still considers them to be independent as at 31 March 2023.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the current Directors of the Company and the senior management of the Group are set out on pages 80 to 84 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' EMOLUMENTS

The emoluments of the Directors of the Company are determined by reference to the market rates, commitment, contribution and their duties and responsibilities within the Group.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor an entity connected with a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of the Company's subsidiaries was a party during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2023, the interests and short positions of the Directors and the chief executive of the Company in the share capital, underlying shares and debenture of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in ordinary shares of the Company:

		Number of ordinary shares held, capacity and nature of interest			
Name of Director	Notes	Directly beneficially owned	Through controlled corporation	Total	Percentage of the Company's issued share capital
Mr Wong Kai Ho	1	6,416,155	1,918,000,000	1,924,416,155	21.08
Mr Wang Guiwu	2	–	1,918,000,000	1,918,000,000	21.01
Mr Huang Zhuguang	3	–	1,276,814,973	1,276,814,973	13.99
Mr Xia Ding	4	38,000,000	–	38,000,000	0.42
Mr Jiang Xiaoping	5	34,000,000	–	34,000,000	0.37

Notes:

1. Mr Wong Kai Ho is interested in 1,924,416,155 shares comprising 6,416,155 share directly owned by him and 1,918,000,000 shares through his interest in Ample Grace Investments Limited.

2. Mr Wang Guiwu is interested in 1,918,000,000 shares through his interest in Ample Grace Investments Limited.

3. Mr Huang Zhuguang is interested in 1,276,814,973 shares through his interest in Firstunion Animation Technology (HK) Co., Limited.

4. Mr Xia Ding directly owns 38,000,000 shares.

5. Mr Jiang Xiaoping directly owns 34,000,000 shares.

Save as disclosed above, as at 31 March 2023, none of the Directors nor the chief executive of the Company had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors of the Company had any interest in a business (other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or any member of the Group) which is considered to compete or is likely to compete, either directly or indirectly, with the businesses of the Group.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

At 31 March 2023, so far it is known to the Directors of the Company, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

			Long positions		Short positions	
Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital	Number of ordinary shares held	Percentage of the Company's issued share capital
Ample Grace Investments Limited ("Ample Grace")	1	Directly beneficially owned	1,918,000,000	21.01	–	–
Mr Wong Kai Ho	2	Through a controlled corporation	1,918,000,000	21.01	–	–
		Directly beneficially owned	6,416,155	0.07	–	–
Mr Wang Guiwu	3	Through a controlled corporation	1,918,000,000	21.01	–	–
Firstunion Animation Technology (HK) Co., Limited ("Firstunion")	4	Directly beneficially owned	1,276,814,973	13.99	–	–

Name	Notes	Capacity and nature of interest	Long positions: Number of ordinary shares held	Long positions: Percentage of the Company's issued share capital	Short positions: Number of ordinary shares held	Short positions: Percentage of the Company's issued share capital
廣東順聯動漫科技有限公司 (Guangdong First Union Animation Technology Co., Ltd.*) ("Guangdong Firstunion")	5	Through a controlled corporation	1,276,814,973	13.99	–	–
廣東貫成實業投資有限公司 (Guangdong Guancheng Industrial Investment Co., Ltd*) ("Guangdong Guancheng")	6	Through a controlled corporation	1,276,814,973	13.99	–	–
Mr Huang Zhuguang	7	Through a controlled corporation	1,276,814,973	13.99	–	–
Shine Crest Group Limited	8	Through a controlled corporation	534,984,000	5.86	100,000,000	1.10
Starry Nation Limited	9	Directly beneficially owned	534,984,000	5.86	100,000,000	1.10
Mr Ma King Nga	10	Through a controlled corporation	534,984,000	5.86	100,000,000	1.10
Rongtong Ronghai No. 10 SNIA QDII	11	Directly beneficially owned	485,008,000	5.31	–	–
Mr Oh Choon Gan	12	Through a controlled corporation	1,161,231,129	12.72	–	–
Wealth Elite Group Investment Limited	13	Directly beneficially owned	1,161,231,129	12.72	–	–

* *For identification purposes only*

Notes:

1. Ample Grace is interested in 1,918,000,000 shares of the Company.

2. Mr Wong Kai Ho directly holds 6,416,155 shares of the Company and is deemed to be interested in 1,918,000,000 shares of the Company under the SFO by virtue of his interest in Ample Grace.

3. Mr Wang Guiwu is deemed to be interested in 1,918,000,000 shares of the Company under the SFO by virtue of his interest in Ample Grace.

4. Firstunion is interested in 1,276,814,973 shares of the Company.

5. Guangdong Firstunion is deemed to be interested in 1,276,814,973 shares of the Company under the SFO by virtue of its interest in Firstunion.

6. Guangdong Guancheng is deemed to be interested in 1,276,814,973 shares of the Company under the SFO by virtue of its interest in Guangdong Firstunion.

7. Mr Huang Zhuguang is deemed to be interested in 1,276,814,973 shares of the Company under the SFO by virtue of his interest in Guangdong Guancheng.

8. Shine Crest Group Limited is deemed to be interested in 534,984,000 shares of the Company under the SFO by virtue of its interest in Starry Nation Limited. The 100,000,000 shares of the Company held by Starry Nation Limited are charged to Fountain Luck Holdings Limited, which is indirectly wholly owned by Founder Information, and are classified as a short position of Starry Nation Limited under the SFO.

9. Starry Nation Limited is interested in 534,984,000 shares of the Company.

10. Mr Ma King Nga is deemed to be interested in 534,984,000 shares of the Company under the SFO by virtue of his interest in Shine Crest Group Limited.

11. Rongtong Ronghai No. 10 SNIA QDII is interested in 485,008,000 shares of the Company.

12. Mr Oh Choon Gan is deemed to be interested in 1,161,231,129 shares of the Company under the SFO by virtue of his interest in Wealth Elite Group Investment Limited.

13. Wealth Elite Group Investment Limited is interested in 1,161,231,129 shares of the Company.

Save as disclosed above, so far it is known to the Directors of the Company, as at 31 March 2023, no person, other than the Directors of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares and debenture" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group did not enter into any other connected transaction or continuing connected transaction which is required to comply with any of the reporting, announcement or independent shareholders' approval 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 its Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

AUDITORS

Ernst & Young retired as auditor of the Company upon expiration of its term of office at the conclusion of the annual general meeting of the Company held on 1 March 2022. With effect from 1 March 2022, CCTH CPA Limited has been appointed as the auditor of the Company following the retirement of Ernest & Young. Save as the aforesaid, there has been no change in the auditors of the Company in the preceding three years.

The consolidated financial statements for the year ended 31 March 2023 of the Company have been audited by CCTH CPA Limited. CCTH CPA Limited will retire at the 2023 AGM and, being eligible, will offer itself for re-appointment at the 2023 AGM.

MODIFIED AUDIT OPINION

As disclosed in the section headed "Basis for qualified opinion" in the Independent Auditor's Report on page 94 of this annual report, the consolidated financial statements of the Group for the year ended 31 March 2023 is subject to a qualified opinion on the basis that the comparative information presented or disclosed in the consolidated financial statements are based on the consolidated financial statements of the Group for the period ended 31 March 2022 in respect of which the auditor expressed a disclaimer opinion in the last year auditors' report. The auditor's opinion in the Independent Auditor's Report is modified due to the possible effects of these matters on the comparability of the current year's figures and the comparative figures (the "Audit Issue").

The management of the Company understands that the Audit Issue is consequential to the disclaimer of opinion of the Company's auditor (the "Auditor") in respect of the consolidated financial statements of the Group for the period ended 31 March 2022 ("FY21/22") in connection with, among others, the opening balances of the Group's consolidated assets and liabilities as at 1 January 2021, the comparative information presented in the consolidated financial statement of the Group for FY21/22 and the comparability of the FY21/22's figures and the corresponding figures. The management of the Company agrees with the view of the Auditor in respect of the Audit Issue.

The Audit Committee has reviewed and discussed with the Auditor and the management of the Company in respect of the Audit Issue and understands that the Audit Issue is consequential to the disclaimer of opinion of the Auditor in respect of the consolidated financial statements of the Group for FY21/22. As such, the Audit Committee agrees with the position and basis of the management of the Company in respect of the Audit Issue.

The management of the Company has discussed with the Auditor the impact of the Audit Issue on subsequent financial year and agreed that no modified opinion regarding the Audit Issue is expected to be issued by the Auditor for next year's annual results since the Audit Issue does not affect the financial results of the Group for the year ended 31 March 2023 and will not recur.

ON BEHALF OF THE BOARD

Wong Kai Ho
Chairman

Hong Kong
26 June 2023

CCTH CPA LIMITED
中正天恆會計師有限公司

To the shareholders of Peking University Resources (Holdings) Company Limited
(Incorporated in Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Peking University Resources (Holdings) Company Limited ("the Company") and its subsidiaries (collectively referred as the "Group") set out on pages 102 to 237, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the section of "Basis for Qualified Opinion" of our report, 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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

The comparative information presented or disclosed in the consolidated financial statements are based on the consolidated financial statements of the Group for the period ended 31 March 2022 in respect of which we expressed a disclaimer opinion in our last year auditors' report. Our opinion in this report is modified due to the possible effects of these matters on the comparability of the current year's figures and the comparative figures.

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 these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 had interest-bearing bank and other borrowings amounted to approximately RMB1,919,608,000, of which RMB1,325,904,000 was included in current liabilities. In addition, the Group had recorded accrued interests payable amounted to approximately RMB420,012,000 on interest-bearing bank and other borrowings as at 31 March 2023 which was included in other payables and accruals. Nevertheless, the Group had cash and cash equivalents amounted to approximately RMB696,114,000 as at 31 March 2023. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast doubt over the Group's ability to continue as a going concern. In light of all the measures and arrangements detailed in note 2 to the consolidated financial statements, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and 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 for sale – under development and properties for sale – completed

Refer to notes 21 and 22 to the consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group had properties for sale – under development and properties for sale – completed amounted to approximately RMB5,456,655,000 and RMB3,756,808,000 respectively as at 31 March 2023. The carrying amounts of properties for sale – under development and properties for sale – completed are stated at the lower of cost and net realisable value ("NRV"). Determination of NRV of properties for sale – under development and properties for sale – completed involved critical accounting estimates on the selling price, variable selling expenses and, for properties for sale – under development, the costs to completion. The judgements and estimations are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of NRV of properties under development and completed properties held for sales is considered relatively higher due to uncertainty of significant assumptions used. We focused on this area due to NRV assessment of properties for sale – under development and properties for sale – completed involved significant management judgments and estimates.	Our procedures in relation to the assessment of NRV of properties for sale – under development and properties for sale – completed included: – We obtained an understanding of management's assessment process of NRV of properties for sale – under development and properties for sale – completed and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and other inherent risk factors; – We understood, evaluated and tested the internal controls over the assessment of NRV of properties for sale – under development and properties for sale – completed; – We compared the relevant properties for sale – under development and properties for sale – completed balances as at 31 March 2023, on a sample basis, against the result of management's NRV assessment made in the prior year to reconsider the accuracy of management's historical NRV assessment and reliability and appropriateness of the NRV assessment methodology; and – We evaluated the valuation methodology adopted by management for assessing the net realisable value of inventories and comparing the key estimates and assumptions adopted in the valuations, including those relating to average net selling prices, with market available data and the sales budget plans maintained by the Group.

KEY AUDIT MATTERS (continued)

Fair value of investment properties

Refer to note 16 to the consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group's investment properties is stated at fair value of RMB1,230,559,000 as at 31 March 2023. All of the Group's investment properties are carried at fair value. The fair value valuations, which were carried out by an external professional valuer (the "Valuer"), are based on direct comparison method that involve management's significant judgment of unobservable inputs. Details of the valuation techniques and significant unobservable inputs used in the valuations are disclosed in note 16 to the consolidated financial statements. We focused on the fair value of investment properties as a key audit matter due to the significance of the carrying amount to the consolidated financial statements as a whole, combined with the significant judgments associated in the determination of the fair value.	Our procedures in relation to the fair value of investment properties included: – We understood management's controls and processes for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining the fair value; – We evaluated the competence, capabilities and objectivity of the Valuer and obtained an understanding of the Valuer's scope of work; – We obtained an understanding of the valuation process and techniques adopted by the Valuer to assess if they are consistent with industry norms; and – We made enquiry of the Valuer to assess the reasonableness of the significant unobservable inputs and validating the accuracy of the source data adopted by the management and the Valuer by comparing them, on a sample basis, to where relevant, publicly available information of similar comparable properties and our understanding of the real estate industry.

KEY AUDIT MATTERS (continued)

Gain on deemed disposal of financial instruments

Refer to note 7 to the consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group had a gain on deemed disposal of financial instruments amounted to RMB667,680,000 included in other income and gains was recognised in the consolidated statement of profit or loss for the year ended 31 March 2023. The gain on deemed disposal of financial instruments in relation to the derecognised the amount due from former subsidiaries under the contractual arrangement of takeover the pledged unlisted equity interest. The gain calculated on the difference between the fair value of the equity interest on the date of the derecognition and the carrying amount of amount due from former subsidiaries on that date. We focused on this area because significant management judgements and estimates are applied in determining the gain on deemed disposal of financial instruments.	Our procedures in relation to the assessment of Gain on deemed disposal of financial instruments included: – We obtained an understanding of the key controls that the Group has implemented to manage and monitor its credit risk; – We checked the terms and conditions of the selected contracts to facilitate our understanding of the respective transaction nature and contractual relationship with the debtors; – We obtained the management's worksheets of deemed disposal of financial instruments and calculated its accuracy; – We checked, on a sample basis, the movement and balances of amount due from former subsidiaries to the underlying financial records; – We evaluated the independence, competence, capabilities and objectivity of the external professional valuer; – We obtained an understanding of the valuation process and techniques adopted by the external professional valuer to assess if they are consistent with industry norms; and – We made enquiry of the external professional valuer to assess the reasonableness of the significant unobservable inputs and validating the accuracy of the source data adopted by the management and the external professional valuer by comparing them, on a sample basis, to publicly available information.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

(continued)

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

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 26 June 2023

Yim Kai Pang
Practising Certificate Number P02324

Unit 1510–1517, 15/F, Tower 2
Kowloon Commerce Centre
No. 51 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
REVENUE	7	**5,174,870**	11,799,624
Cost of sales		**(4,414,062)**	(10,645,176)
Gross profit		**760,808**	1,154,448
Other income and gains	7	**1,992,732**	5,775,615
Selling and distribution expenses		**(104,617)**	(307,704)
Administrative expenses		**(209,728)**	(436,165)
Impairment of inventories reversed/(recognised), net		**15,249**	(8,535)
Impairment of properties for sale reversed/(recognised), net			
– under development		**46,061**	(1,331,721)
– completed		**27,094**	(2,468,013)
Fair value change on financial assets at fair value through profit or loss		**(17,618)**	(8,282)
Other expenses and losses		**(646,963)**	(1,578,869)
Finance costs	9	**(266,479)**	(548,451)
Share of losses of associates		**–**	(697)
PROFIT BEFORE TAX	8	**1,596,539**	241,626
Income tax expense	12	**(577,684)**	(675,318)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		**1,018,855**	(433,692)
Profit/(loss) attributable to:			
Owners of the Company		**966,690**	1,509,499
Non-controlling interests		**52,165**	(1,943,191)
		1,018,855	(433,692)
		RMB cents	RMB cents
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	14		
Basic		**13.71**	23.53
Diluted		**13.71**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
PROFIT/(LOSS) FOR THE YEAR/PERIOD	**1,018,855**	(433,692)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of non-Mainland China entities' operations	**9,679**	(98,870)
	9,679	(98,870)
Item that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**136,250**	69,295
	136,250	69,295
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	**145,929**	(29,575)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	**1,164,784**	(463,267)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**1,112,619**	1,485,807
Non-controlling interests	**52,165**	(1,949,074)
	1,164,784	(463,267)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	31 March 2023 RMB'000	31 March 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**66,144**	42,346
Investment properties	16	**1,230,559**	520,261
Right-of-use assets	17(a)	**2,773**	4,530
Other intangible assets	18	**–**	3,018
Investments in associates	19	**30,000**	–
Financial assets at fair value through profit or loss	20	**96,200**	113,818
Prepayments, other receivables and other assets	25	**169,492**	–
Deferred tax assets	34	**43,785**	69,515
Total non-current assets		**1,638,953**	753,488
CURRENT ASSETS			
Properties for sale			
– under development	21	**5,456,655**	7,551,322
– completed	22	**3,756,808**	3,093,713
Inventories	23	**91,581**	506,132
Trade and bills receivables	24	**82,374**	664,799
Prepayments, other receivables and other assets	25	**896,308**	5,014,011
Income tax recoverable		**–**	4
Restricted cash	27	**29,832**	41,971
Cash and cash equivalents	28	**696,114**	641,949
Total current assets		**11,009,672**	17,513,901
CURRENT LIABILITIES			
Trade payables	29	**2,013,608**	2,012,227
Other payables and accruals	30	**2,507,792**	4,254,000
Provisions	31	**584,273**	215,562
Contract liabilities	32	**1,171,845**	3,488,096
Interest-bearing bank and other borrowings	33	**1,325,904**	3,497,854
Lease liabilities	17(b)	**1,729**	4,046
Income tax payable		**1,714,879**	1,302,254
Total current liabilities		**9,320,030**	14,774,039
NET CURRENT ASSETS		**1,689,642**	2,739,862
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,328,595**	3,493,350

continued/...

	Notes	31 March 2023 RMB'000	31 March 2022 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	**593,704**	1,020,130
Lease liabilities	17(b)	**1,507**	1,495
Deferred tax liabilities	34	**197,827**	83,188
Total non-current liabilities		**793,038**	1,104,813
Net assets		**2,535,557**	2,388,537
EQUITY			
Share capital	35	**787,555**	545,335
Reserves	37	**673,939**	(1,007,416)
Equity attributable to owners of the Company		**1,461,494**	(462,081)
Non-controlling interests		**1,074,063**	2,850,618
Total equity		**2,535,557**	2,388,537

The consolidated financial statements on pages 102 to 237 were approved and authorised for issue by the board of directors on 26 June 2023 and were signed on its behalf by:

Wong Kai Ho
Director

Huang Zhuguang
Director

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium account RMB'000	Merger reserve RMB'000	Contributed surplus RMB'000	Non-controlling interest reserve RMB'000	Exchange fluctuation reserve RMB'000	General reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	545,335	258	(238,675)	1,297,299	(134,812)	(55,710)	584,688	(3,842,518)	(1,844,135)	1,136,177	(707,958)
Profit/(loss) for the period	–	–	–	–	–	–	–	1,509,499	1,509,499	(1,943,191)	(433,692)
Other comprehensive (loss)/income for the period:											
Exchange differences on translation of non-Mainland China entities' operations	–	–	–	–	–	(92,987)	–	–	(92,987)	(5,883)	(98,870)
Exchange differences on translation of financial statements of the Company	–	–	–	–	–	69,295	–	–	69,295	–	69,295
Total comprehensive (loss)/income for the period	–	–	–	–	–	(23,692)	–	1,509,499	1,485,807	(1,949,074)	(463,267)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	3,628,119	3,628,119
Adjustments relating to capital contribution to a non-wholly owned subsidiary	–	–	–	–		(103,753)	–	–	(103,753)	73,496	(30,257)
Transfer to general reserve	–	–	–	–	–	–	35,347	(35,347)	–	–	–
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(38,100)	(38,100)
At 31 March 2022	545,335	258*	(238,675)*	1,297,299*	(134,812)*	(183,155)*	620,035*	(2,368,366)*	(462,081)	2,850,618	2,388,537

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Merger reserve RMB'000	Contributed surplus RMB'000	Non-controlling interest reserve RMB'000	Exchange fluctuation reserve RMB'000	Other reserve RMB'000	General reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 April 2022	545,335	258*	–	(238,675)*	1,297,299*	(134,812)*	(183,155)*	–	620,035*	(2,368,366)*	(462,081)	2,850,618	2,388,537
Profit/(loss) for the year	–	–	–	–	–	–	–	–	–	966,690	966,690	52,165	1,018,855
Other comprehensive income for the year:													
Exchange differences on translation of non-Mainland China entities' operations	–	–	–	–	–	–	9,679	–	–	–	9,679	–	9,679
Exchange differences on translation of financial statements of the Company	–	–	–	–	–	–	136,250	–	–	–	136,250	–	136,250
Total comprehensive income for the year	–	–	–	–	–	–	145,929	–	–	966,690	1,112,619	52,165	1,164,784
Recognition of equity settled share based payment	–	–	8,140	–	–	–	–	–	–	–	8,140	–	8,140
Issue of shares:													
– Subscription	228,794	–	–	–	–	–	–	–	–	–	228,794	–	228,794
– Upon exercise of share options	13,426	11,496	(8,140)	–	–	–	–	–	–	–	16,782	–	16,782
Disposal of subsidiaries	–	–	–	–	–	–	–	18,475	–	–	18,475	752,435	770,910
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	–	538,765	–	–	538,765	(2,556,765)	(2,018,000)
Transfer to general reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(24,390)	(24,390)
At 31 March 2023	787,555	11,754*	–	(238,675)*	1,297,299*	(134,812)*	(37,226)*	557,240*	620,035*	(1,401,676)*	1,461,494	1,074,063	2,535,557

* The consolidated reserve surplus amounted to RMB673,939,000 (31 March 2022: deficits of RMB1,007,416,000) presented in the consolidated statement of financial position is the aggregate of the above reserves with asterisk (*).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,596,539**	241,626
Adjustments for:			
Finance costs	9	**266,479**	548,451
Share of losses of associates		**–**	697
Interest income	7	**(5,464)**	(45,016)
Fair value (gain)/loss on investment properties, net	7, 8	**(356,815)**	328,465
Fair value loss on financial assets through profit or loss		**17,618**	8,282
Fair value gains on transfers from properties for sale – completed to investment properties	7	**(99,597)**	–
Gain on disposal of rights of use assets	7	**(164)**	–
Gain on disposal of subsidiaries	7	**(306,469)**	(3,928,635)
Depreciation of property, plant and equipment	8	**4,684**	9,311
Depreciation of right-of-use assets	8	**1,895**	9,476
Amortisation of other intangible assets	8	**393**	1,776
(Gain)/loss on disposal of property, plant and equipment and investment properties	7, 8	**(88)**	52,479
Impairment of trade receivables reversed	7	**(22,323)**	(6,500)
Impairment of financial assets included in prepayments, other receivables and other assets, net reversed	7	**(381,955)**	(18,642)
Impairment of inventories, net (reversed)/recognised		**(15,249)**	8,535
Impairment of properties for sale – under development, net (reversed)/recognised		**(46,061)**	1,331,721
Impairment of properties for sale – completed, net (reversed)/recognised		**(27,094)**	2,468,013
Gains on deemed disposal of financial instruments	7	**(667,680)**	–
Gains on debt restructuring	7	**(82,373)**	–
Gains on waive of other payables	7	**(36,166)**	–
		(159,890)	1,010,039
(Increase)/decrease in properties for sale			
– under development		**(149,369)**	(2,327,988)
– completed		**1,481,384**	5,554,429
Decrease in inventories		**414,477**	16,526
Decrease in trade and bills receivables		**324,567**	227,419
Decrease/(increase) in prepayments, deposits and other receivables		**405,156**	(7,142,721)
Decrease/(increase) in restricted cash		**12,139**	(26,723)
Decrease in other current assets		**–**	315,227
Increase/(decrease) in trade payables		**183,677**	(1,819,072)
(Decrease)/increase in other payables and accruals		**(739,517)**	7,168,898
Increase in provisions		**368,711**	215,562
Decrease in contract liabilities		**(2,246,608)**	(2,933,183)
Effect of foreign exchange rate changes, net		**145,929**	(26,427)

continued/...

	Notes	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Cash generated from operations		**40,656**	231,986
Interest received		**5,464**	45,016
Interest paid		**(48,108)**	(728,749)
Mainland China corporate income tax paid		**(40,320)**	(103,167)
Land appreciation tax paid		**(65,681)**	(105,982)
Net cash used in operating activities		**(107,989)**	(660,896)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	15	**(7,504)**	(8,852)
Purchase of investment properties	16	**(57,683)**	–
Purchases of other intangible assets	18	**–**	(545)
Proceeds from disposal of property, plant and equipment and investment properties	15, 16	**208**	112,981
Capital injection on interest in associates		**(30,000)**	–
Cash outflow from disposal of subsidiaries	45	**(63,366)**	(128,862)
Net cash flows used in investing activities		**(158,345)**	(25,278)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank and other loans		**317,753**	260,958
Repayment of bank and other loans		**(223,646)**	(295,873)
Principal portion of lease payments		**(6,457)**	(10,621)
Issue of shares		**228,794**	–
Exercise of share options		**24,922**	–
Dividends paid to non-controlling shareholders		**(24,390)**	(38,100)
Decrease in restricted cash for securing borrowings		**–**	10,360
Net cash generated from/(used in) financing activities		**316,976**	(73,276)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**50,642**	(759,450)
Cash and cash equivalents at beginning of year/period		**641,949**	1,401,854
Effect of foreign exchange rate changes, net		**3,523**	(455)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**696,114**	641,949
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	**696,114**	641,949
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**696,114**	641,949

1. GENERAL INFORMATION

Peking University Resources (Holdings) Company Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and Room 2303, 23/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, respectively.

The Company is an investment holding company and, together with its subsidiaries (together with the Company, the "Group"), are principally engaged in e-commerce and distribution of information products, property development as well as property investment and management in Mainland China (the "PRC").

As at 31 December 2020, the Company was owned as to approximately 60.01% by Founder Information (Hong Kong) Limited ("Founder Information"), which was in turn owned effectively as to approximately 81.64% by 北大方正集團有限公司 (Peking University Founder Group Company Limited) ("Peking Founder"). The directors considered the ultimate holding company of the Company as at 31 December 2020 to be 北大資產經營有限公司 (Peking University Asset Management Company Limited*), which was established in the PRC. During the period from 1 January 2021 to 31 March 2022, Founder Information disposed of its shareholding in the Company to several third parties, details of which are set out in the Company's announcements dated 6 November 2020, 27 November 2020, 2 February 2021, 22 February 2021, 12 March 2021, 12 April 2021, 3 May 2021, 3 June 2021, 8 July 2021, 6 August 2021, 31 August 2021, 30 September 2021 and 29 October 2021 and following the completion of the disposal, the Company ceased to have any parent company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the disclosure requirements of Hong Kong Companies Ordinance.

Going concern basis

As at 31 March 2023, the Group had interest-bearing bank and other borrowings amounted to approximately RMB1,919,608,000, of which approximately RMB1,325,904,000 was included in current liabilities. In addition, the Group had recorded accrued interests payable amounted to approximately RMB420,012,000 on interest-bearing bank and other borrowings as at 31 March 2023 which was included in other payables and accruals. Nevertheless, the Group had cash and cash equivalents amounted to approximately RMB696,114,000 as at 31 March 2023. These events or conditions indicate that a material uncertainty exists that may cast doubt over the Group's ability to continue as a going concern.

* *For identification purposes only*

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

Going concern basis (continued)

In view of such circumstances, the directors have given careful consideration to the future liquidity and 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 for at least twelve months after the end of the reporting period. Certain measures and plans are being undertaken or will be undertaken by the Group to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(a) The directors of the Company revaluate the performance of the subsidiaries within the Group, dispose of non-performing assets in a timely manner, and optimise the overall resources allocation of the Group. Subsequent to the reporting year and in May 2023, the Company disposed the 100% equity interest in Hong Kong Tianhe Holdings Limited ("Hong Kong Tianhe") and 100% equity interest in Chongqing Yueyingya Enterprise Management Co., Ltd ("Chongqing Yueyingya"), upon completion of the disposal, Hong Kong Tianhe and Chongqing Yueyingya and their principal subsidiaries Tianhe Property Development Co., Limited ("Tianhe Property") and Guiyang Henglong Real Estate Co., Ltd ceased to be subsidiaries of the Group. As of 31 March 2023, Tianhe property's short-term loans were approximately RMB735,035,000 and the unpaid interest payable was approximately RMB222,207,000.

(b) The directors of the Company are considering various proposals, including but not limited to pledges of the Group's properties for sales, in order to obtain additional funds to support the Group's working capital needs. As of 31 March 2023, the book value of the properties under development for sale and completed properties for sale of the Group amounted to approximately RMB5,456,655,000 and RMB3,756,808,000, respectively.

(c) The Group has been actively negotiating with existing lenders for loan extension, the waiver of the repayable on demand clause and the waiver of possible breach of the undertaking and restrictive covenant requirements relating to certain bank and other borrowings. During the year ended 31 March 2023, the Group entered into an enforcement settlement agreement with two financial institutions for settlement of the amounts due from lenders.

(d) The management of the Group has prepared a business strategy plan, which have been reviewed by the board of directors of the Company. The business strategy plan mainly focuses on:

(i) the acceleration of pre-sale of suitable properties of the Group

The Group formulated the sales strategy tailored to the local market conditions of each property development project based on their respective product structure and actively responded to the market demands, so as to accelerate the pre-sale and sale of properties under development and completed properties. In addition, the Group strengthened communication and coordination with cooperative banks to speed up the receipt of proceeds from pre-sale and sale of properties under development and completed properties.

(ii) the implementation of cost control measures

The Group formulated and closely monitored the budgeted cost for each stage of property development projects. Cost management system was adopted for real-time cost management and control. The Group has achieved product standardisation and adopted transparent tender system for centralised purchase and subcontracting with standard procedures and documents to determine reasonable and competitive bidding price. The structure of marketing expenses has been adjusted in each stage so as to improve the cost-effectiveness ratio in the process of pre-sale and sale of properties under development and completed properties. The Group is also tightening cost controls over the daily administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

Going concern basis (continued)

The directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due at least within the next eighteen months after 31 March 2023. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group fail to achieve the above plans and measures, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Change of accounting period

During the prior financial period, the Group changed its reporting period end date from 31 December to 31 March because the directors consider it better coincide with the seasonal operating cycle of the Group's property development business, which usually records higher sales of properties in the first quarter of each year. Such busy season demands heightened commercial efforts, and the change of financial year end date will enable the Group to better utilize its resources on executing its business plans during such busy season. Accordingly, the consolidated financial statements for the prior period cover the fifteen-month period from 1 January 2021 to 31 March 2022 and therefore may not be comparable with amounts shown for the prior period.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and financial assets which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

Basis of preparation (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the degree to which the inputs to the fair value measurements are observable and the significance of the input to the fair value measurement in its entirety) at the end of each reporting period.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to HKAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2018–2020*

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

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

Amendments to HKFRSs that are mandatorily effective for the current year (continued)

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	*Insurance Contracts*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[2]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or 1 January 2024.

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

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

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

Amendments to Hong Kong Accounting Standard ("HKAS") 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

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

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

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

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

Amendments to HKAS 8 Definition of Accounting Estimates

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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

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

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

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

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Goodwill

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

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

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

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

The Group's policy for goodwill arising on the acquisition of an associate is described below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Investments in associates

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Investments in associates (continued)

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Revenue from contracts with customers

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

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

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

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

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Revenue from contracts with customers (continued)

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(b) Sales of properties

Revenue from the sale of properties is recognised on delivery of the properties. For a contract for which the period between the time the customer pays for the goods or property and when the Group transfers that promised goods or property to the customer is at least more than one year will be considered for the effects of a financing component. Contract liabilities will be accrued on the long-term advances received based on the length of time between the customer's payment and the delivery of property to the customer and the prevailing interest rates in the market.

(c) Property management service

Revenue from rendering of property management services are recognised in the accounting period in which the related services are rendered and there are rights to invoice.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for as interest arising from revenue contracts on the same basis as other borrowing costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Revenue from contracts with customers (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

4.5 Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return

For a sale of products with a right of return for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);

(b) a refund liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

4.6 Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered. The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessee (continued)

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the Group uses the revised discount rate that reflects change in the interest rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

Covid-19-related rent concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessor

Classification and measurement of leases

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

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

Lease modification

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

Operating leases

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessor (continued)

Lease modification (continued)

Operating leases (continued)

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform for a finance lease that is not accounted for as a separate lease, the Group applies the same accounting policies as those applicable to financial instruments (note 4.20).

4.8 Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollars while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Borrowing costs

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

4.10 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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

Retirement benefits to employees in the PRC are provided through a defined contribution plan. The Group is required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 36 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Taxation

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Taxation (continued)

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

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

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

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4.13 Property, plant and equipment

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Property, plant and equipment (continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

Buildings	4¾%
Furniture, fixtures and office equipment	12½% to 33⅓%
Motor vehicles	10% to 25%
Leasehold improvements	Over the shorter of the lease terms of 33⅓%

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

4.14 Investment properties

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

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

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

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

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Intangible assets (other than goodwill)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of two to five years.

4.16 Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)

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

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

4.17 Inventories

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Properties under development/properties for sale

Properties for/under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties for/under development/properties for sale are carried at lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value presents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to completed properties for sale upon completion.

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

4.19 Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments

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

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

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

Dividend income which are derived from the Group's ordinary course of business are included in other income.

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

(i) Amortised cost and interest income

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

(iii) Financial assets at FVTPL

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

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

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

The Group always recognises lifetime ECL for trade and bills receivables.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

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

(i) *Significant increase in credit risk*

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Written-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

Lifetime ECL for certain trade receivables is considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial assets (continued)

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments (continued)

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities (including trade payables, other payables and accruals, interest-bearing bank and other borrowings and lease liabilities) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Derecognition of financial liabilities

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in HKFRS 9 on modification of a financial asset or a financial liability to the additional changes to which the practical expedient does not apply.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determining the method to estimate variable consideration and assessing the constraint for the sale of goods

Certain contracts for the sale of goods include a right of return that gives rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a reasonable time frame.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

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 described below.

Variable consideration for returns

The Group estimates variable consideration to be included in the transaction price for the sale of goods with rights of return.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns annually and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. As at 31 March 2023, the amount recognised as refund liabilities was RMBNil (31 March 2022: RMB12,296,000) for the expected returns.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the expected credit losses on the Group's trade receivables is disclosed in note 24 to the consolidated financial statements.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and

(b) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 March 2023 was RMB1,230,559,000 (31 March 2022: RMB520,261,000). Further details, including the key assumptions used for the fair value measurement and a sensitivity analysis, are disclosed in note 16 to the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Net realisable value of properties for sale – under development and properties for sale – completed

The Group writes down properties for sale – under development and properties for sale – completed to net realisable value based on assessment of the realisability of properties under development and properties held for sale which takes into account cost to completion based on past experience and net sales value based on prevailing market conditions. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease which may result in writing down properties under development and properties held for sale to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value of properties under properties for sale – under development and properties for sale – completed is adjusted in the period in which such estimate is changed.

Fair value of financial assets at fair value through profit or loss

As at 31 March 2023, the carrying amount of the Group's unlisted equity interests, classified under financial assets at fair value through profit or loss of approximately RMB96,200,000 (31 March 2022: RMB113,818,000) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Details of which are set out in note 20 to the consolidated financial statements.

Provision of financial guarantee contracts

As at 31 March 2023, the carrying amounts of provision amounted to RMB584,273,000 and additional provision of RMB368,711,000 is recognised in the consolidated statement of profit or loss for the year ended 31 March 2023. The provision was made based on the amount of the guarantees to be payable by the Group estimated by the management regarding the guarantees of former subsidiaries and assessment of cost and compensations made by management of the Group in connection with the litigations lodged against two former subsidiaries who arose from default in repayments of debts.

Details of which are set out in note 31 to the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision against inventories

The write-down of inventories to net realisable value is made based on the ageing and estimated net realisable value of inventories. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. The assessment of the write-down amount involves management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the inventories and the write-down charge/reversal in the period in which such estimate has been changed.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 34 to the consolidated financial statements.

PRC corporate income tax

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax

The Group is subject to land appreciation tax ("LAT") in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the local tax authorities upon the completion of the Group's property development projects. The Group has not finalised its LAT tax returns and payments with the local tax authorities for its property development projects. When the final outcome is determined, it may be different from the amounts that were initially recorded, and any differences will affect the current income tax expense and LAT provision in the period which LAT is ascertained.

6. OPERATING SEGMENT INFORMATION

The executive directors of the Company (the "Executive Directors") are regarded as the chief operating decision-maker. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Operating segments were determined based on these reports.

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the e-commerce and distribution segment sells appliances online and distributes information products;

(b) the property development segment sells properties; and

(c) the property investment and management segment lease properties and provide property management services.

The Executive Directors monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude restricted cash, cash and cash equivalents, income tax recoverable, deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, income tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6. OPERATING SEGMENT INFORMATION (continued)

For the year ended 31 March 2023

	E-commerce and distribution RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
Segment revenue, other income and gains (note 7)				
Revenue from external customers*	1,907,221	3,219,727	47,922	5,174,870
Other income and gains	40,923	733,460	1,212,885	1,987,268
	1,948,144	3,953,187	1,260,807	7,162,138
Segment (loss)/profit	(55,430)	1,851,919	84,959	1,881,448
Interest income				5,464
Corporate and unallocated expenses				(23,894)
Finance costs				(266,479)
Profit before tax				1,596,539
Segment assets	1,698,856	9,759,191	4,952,407	16,410,454
Elimination of inter-segment receivables				(4,531,560)
Corporate and other unallocated assets				769,731
Total assets				12,648,625
Segment liabilities	1,282,898	8,854,337	675,079	10,812,314
Elimination of inter-segment payables				(4,531,560)
Corporate and other unallocated liabilities				3,832,314
Total liabilities				10,113,068

6. OPERATING SEGMENT INFORMATION (continued)

	E-commerce and distribution RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
Other segment information				
Share of losses of associates	–	–	–	–
Impairment of trade receivables reversed/ (recognised)	22,816	(490)	(3)	22,323
Impairment of financial assets included in prepayments, other receivables and other assets, net (recognised)/reversed	(1,382)	380,910	2,427	381,955
Reversal of impairment of inventories, net	15,249	–	–	15,249
Impairment of properties for sale, net				
– under development	–	46,061	–	46,061
– completed	–	27,094	–	27,094
Depreciation and amortisation	1,219	5,519	234	6,972
Capital expenditure#	19	280	63,456	63,755
Fair value gains on transfer from properties for sale – completed to investment properties	–	–	99,597	99,597
Other expenses and losses				
– Interest penalty on loan defaults	–	158,027	–	158,027
– Default penalty on late delivery of development properties sold	–	25,018	–	25,018
– Tax overdue charge	–	80,968	–	80,968
– Provision for expected guarantee liability	–	368,711	–	368,711
– Gain/(loss) on disposal of property, plant and equipment	9	(8)	87	88
– Fair value gain on investment properties, net	–	–	356,815	356,815

* Revenue reported represents revenue generated from external customers. There were no inter-segment sales for the year.

Capital expenditure consists of additions to property, plant and equipment, other intangible assets and investment properties.

6. OPERATING SEGMENT INFORMATION (continued)

For the fifteen months ended 31 March 2022

	E-commerce and distribution RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
Segment revenue, other income and gains (note 7)				
Revenue from external customers*	7,371,025	4,332,820	95,779	11,799,624
Other income and gains	1,675	5,728,906	18	5,730,599
	7,372,700	10,061,726	95,797	17,530,223
Segment profit/(loss)	40,212	1,078,004	(335,038)	783,178
Interest income				45,016
Corporate and unallocated expenses				(38,117)
Finance costs				(548,451)
Profit before tax				241,626
Segment assets	4,786,085	12,118,723	638,304	17,543,112
Elimination of inter-segment receivables				(101,052)
Corporate and other unallocated assets				825,329
Total assets				18,267,389
Segment liabilities	2,101,978	7,657,294	317,204	10,076,476
Elimination of inter-segment payables				(101,052)
Corporate and other unallocated liabilities				5,903,428
Total liabilities				15,878,852

6. OPERATING SEGMENT INFORMATION (continued)

	E-commerce and distribution RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
Other segment information				
Share of losses of associates	697	–	–	697
Impairment of trade receivables reversed	6,500	–	–	6,500
Impairment of financial assets included in prepayments, other receivables and other assets, net reversed	–	18,642	–	18,642
Impairment of inventories, net	8,535	–	–	8,535
Impairment of properties for sale, net				
– under development	–	1,331,721	–	1,331,721
– completed	–	2,468,013	–	2,468,013
Depreciation and amortisation	4,020	16,543	–	20,563
Capital expenditure#	2,923	6,450	–	9,373
Fair value gains on transfer from properties for sale – completed to investment properties	–	–	–	–
Other expenses and losses				
– Interest penalty on loan defaults	–	685,787	–	685,787
– Default penalty on late delivery of development properties sold	–	88,485	–	88,485
– Tax overdue charge	–	202,016	5,470	207,486
– Provision for expected guarantee liability	–	215,562	–	215,562
– Loss on disposal of property, plant and equipment	1,626	4	50,849	52,479
– Fair value loss on investment properties, net	–	–	328,465	328,465

* Revenue reported represents revenue generated from external customers. There were no inter-segment sales for the period.

\# Capital expenditure consists of additions to property, plant and equipment, other intangible assets and investment properties.

6. OPERATING SEGMENT INFORMATION (continued)

Geographic information

(a) Revenue from external customers

	E-commerce and distribution RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
Year ended 31 March 2023				
Mainland China	**1,907,221**	**3,219,727**	**47,922**	**5,174,870**
Hong Kong	**–**	**–**	**–**	**–**
	1,907,221	**3,219,727**	**47,922**	**5,174,870**
Period from 1 January 2021 to 31 March 2022				
Mainland China	7,352,556	4,332,820	95,383	11,780,759
Hong Kong	18,469	–	396	18,865
	7,371,025	4,332,820	95,779	11,799,624

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	31 March 2023 RMB'000	31 March 2022 RMB'000
Mainland China	**1,498,762**	569,946
Hong Kong	**206**	209
	1,498,968	570,155

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

There was no revenue from sales to an external customer which accounted for 10% or more of the Group's total revenue for the year ended 31 March 2023 (fifteen months ended 31 March 2022: Nil).

7. REVENUE, OTHER INCOME AND GAINS

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

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Revenue from contracts with customers		
Sale of properties	**3,219,727**	4,332,820
Sale of appliances and information products	**1,907,221**	7,371,025
Property management services	**10,609**	–
	5,137,557	11,703,845
Revenue from other sources		
Gross rental income	**37,313**	95,779
	5,174,870	11,799,624
Timing of revenue recognition		
At point in time	**5,126,948**	11,703,845
Over time	**10,609**	–
	5,137,557	11,703,845

Information about the Group's performance obligations in relation to revenue from contracts with customers is summarised below:

Sale of properties

The performance obligation is satisfied when the construction of the relevant property has been completed and the property has been delivered to the customer pursuant to the sales agreements. Payment in advance from customers is normally required and the remaining balance is settled no later than the delivery date of the property or in some circumstances, settled within an agreed period upon the delivery of the property as determined on a case-by-case basis.

7. REVENUE, OTHER INCOME AND GAINS (continued)

Sale of properties (continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2023 and 31 March 2022 are as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
Amounts expected to be recognised as revenue		
Within one year	**614,789**	3,088,402
In the second year	**494,958**	239,317
	1,109,747	3,327,719

The amounts disclosed above do not include variable consideration which is constrained.

Sale of appliances and information products

The performance obligation is satisfied upon delivery of goods and payment is generally due in three to six months from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which gives rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2023 and 31 March 2022 are as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
Amounts expected to be recognised as revenue within one year	**836**	46,195

7. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains is as follows:

	Notes	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Other income			
Management and consultancy service fee income		**8,420**	–
Other service income		**1,242**	–
Commission income		**3,574**	–
Bank interest income		**5,464**	44,069
Other interest income from related companies		**–**	947
Government grants (note (i))		**33**	–
Others		**20,364**	35,427
		39,097	80,443
Gains			
Gain on disposal of associates		**–**	1,563
Gains on disposal of subsidiaries	45	**306,469**	3,928,635
Gains on disposal of properties for sale under development (note (ii))		**–**	1,739,832
Gains on disposal of property, plant and equipment	15	**88**	–
Gains on disposal of right of use assets		**164**	–
Reversal of impairment loss on trade receivables	24	**22,323**	6,500
Reversal of impairment loss on other receivables and other assets	25	**381,955**	18,642
Gain on deemed disposal of financial instruments (note (iii))		**667,680**	–
Fair value gains on transfers from properties for sale – completed to investment properties	22	**99,597**	–
Fair value gain on investment properties	16	**356,815**	–
Gains on debt restructuring (note (iv))		**82,373**	–
Gains on waive of other payables		**36,166**	–
Others		**5**	–
		1,953,635	5,695,172
		1,992,732	5,775,615

Notes:

(i) Various government grants have been received for investments in certain regions in the PRC in which the Company's subsidiaries operate. There are no unfulfilled conditions or contingencies relating to these grants.

(ii) The gain on disposal of properties for sale under development amounted to approximately RMB1,739,832,000 for the fifteen months ended 31 March 2022 arose from the disposal of certain development properties to the PRC local government.

(iii) During the year ended 31 March 2023, the Group derecognised several amount due from former subsidiaries amounted to RMB1,300,320,000 and recognised a gain on deemed disposal of financial instrument of RMB667,680,000 to the consolidated statements of profit or loss.

(iv) During the year ended 31 March 2023, the Group and two financial institutions entered to an enforcement settlement agreement, under which transfer creditor's rights and other accompanying security rights in respect of the loan granted by the Group amounted to RMB795,325,000 (included principal of RMB570,000,000 and interest payables of RMB225,325,000) and the gains on debt restructuring amounted to RMB82,373,000 was recognised for the current period was calculated as the difference between the total amount of outstanding principal and interest payable recognised by the Group and the aggregate outstanding amounts to be settled by the Group in accordance with the enforcement settlement agreement.

8. PROFIT BEFORE TAX

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

	Notes	**Year ended 31 March 2023 RMB'000**	Period from 1 January 2021 to 31 March 2022 RMB'000
Cost of inventories sold		**1,876,937**	7,135,771
Cost of properties sold		**2,537,125**	3,509,405
Cost of sales		**4,414,062**	10,645,176
Auditor's remuneration		**2,493**	3,614
Depreciation of property, plant and equipment	15	**4,684**	9,311
Less: Depreciation capitalised in properties under development		**(9)**	(789)
		4,675	8,522
Depreciation of right-of-use assets	17	**1,895**	9,476
Amortisation of other intangible assets	18	**393**	1,776

8. PROFIT BEFORE TAX (continued)

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

	Notes	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Other expenses and losses (note (i))			
– Interest penalty on loan defaults		**158,027**	685,787
– Default penalty on late delivery of development properties sold		**25,018**	88,485
– Tax overdue charge		**80,968**	207,486
– Provision for expected guarantee liability		**368,711**	215,562
– Loss on disposal of property, plant and equipment and investment properties		**–**	52,479
– Fair value loss on investment properties, net	16	**–**	328,465
– Other losses		**14,239**	605
		646,963	1,578,869
Lease payments not included in the measurement of lease liabilities	17(c)	**836**	3,072
Employee benefit expenses (including the directors' remuneration) (note (iii)):			
Wages and salaries		**138,955**	223,128
Pension scheme contributions (note (ii))		**11,034**	8,815
		149,989	231,943

Notes:

(i) These items are included in "Other expenses and losses" in the consolidated statement of profit or loss.

(ii) At 31 March 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (31 March 2022: Nil).

(iii) The employee benefit expenses shown above did not include employees' wages and salaries and employees' pension scheme contributions that were included in properties for sale under development amounted to approximately RMB17,114,000 (period from 1 January 2021 to 31 March 2022: RMB82,694,000) and RMB1,165,000 (period from 1 January 2021 to 31 March 2022: RMB12,356,000) respectively.

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Interest on interest-bearing bank and other borrowings	**272,297**	994,660
Interest on loans from related companies	**–**	33,661
Interest expense arising from revenue contracts	**40,313**	82,992
Interest on discounted bills	**157**	3,449
Interest expense arising from lease contracts	**638**	769
Total interest expense	**313,405**	1,115,531
Less: Interest capitalised	**(46,926)**	(567,080)
	266,479	548,451

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year/period, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Year ended 31 March 2023

	Fees RMB'000	Salaries, allowance and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contribution RMB'000	Equity-settled share based payments RMB'000	Total RMB'000
Executive directors and chief executives	–*	2,430	–	145	370	2,945
Non-executive director	–	–	–	–	–	–
Independent non-executive directors	735	–	–	–	–	735
	735	2,430	–	145	370	3,680

* Amount less than RMB1,000.

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

Period from 1 January 2021 to 31 March 2022

	Fees RMB'000	Salaries, allowance and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contribution RMB'000	Total RMB'000
Executive directors and chief executives	–	1,413	266	40	1,719
Non-executive director	30	–	–	–	30
Independent non-executive directors	816	–	–	–	816
	846	1,413	266	40	2,565

(a) Executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Equity-settled share based payments RMB'000	Total remuneration RMB'000
Year ended 31 March 2023						
Executive directors:						
Mr Zheng Fu Shuang (note (xiii))	–*	–	–	–	–	–*
Mr Wong Kai Ho (note (iv))	–*	1,762	–	–	370	2,132
Mr Wang Guiwu (note (v))	–*	–	–	–	–	–*
Mr Huang Zhuguang (note (vi))	–*	–	–	–	–	–*
Mr Guo Langhua (note (xiv))	–*	–	–	–	–	–*
	–*	1,762	–	–	370	2,132
Chief executive:						
Mr Shi Lei (note (vii))	–	668	–	145	–	813
	–*	2,430	–	145	370	2,945

* Amount less than RMB1,000.

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

(a) Executive directors and the chief executive (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Equity-settled share based payments RMB'000	Total remuneration RMB'000
For the fifteen months ended 31 March 2022						
Executive directors:						
Mr Cheung Shuen Lung (note (i))	–	–	–	–	–	–
Mr Zeng Gang (note (ii))	–	–	–	–	–	–
Ms Sun Min (note (iii))	–	–	–	–	–	–
Mr Ma Jian Bin (note (iii))	–	–	–	–	–	–
Ms Liao Hang (note (iii))	–	–	–	–	–	–
Mr Zheng Fu Shuang (note (xiii))	–	–	–	–	–	–
Mr Wong Kai Ho (note (iv))	–	863	102	9	–	974
Mr Wang Guiwu (note (v))	–	–	–	–	–	–
Mr Huang Zhuguang (note (vi))	–	–	–	–	–	–
	–	863	102	9	–	974
Chief executive:						
Mr Shi Lei (note (vii))	–	550	164	31	–	745
	–	1,413	266	40	–	1,719

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

(b) Non-executive director

The fees paid to non-executive director were as follows:

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Mr Yau Pak Yue (note (viii))	**–**	30

There was no other emoluments payable to non-executive director for the reporting period.

(c) Independent non-executive directors

The fees paid to independent non-executive directors were as follows:

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Mr Chan Chung Kik, Lewis (note (ix))	**–**	135
Mr Lau Ka Wing (note (ix))	**–**	135
Mr Lai Nga Ming, Edmund (note (ix))	**–**	135
Mr Chu Kin Wang, Peleus (notes (x) and (xv))	**90**	87
Mr Chin Chi Ho, Stanley (note (x))	**180**	87
Mr Ning Rui (notes (x) and (xii))	**–**	30
Mr Chung Wai Man (note (x))	**180**	87
Mr Hua Yichun (note (xi))	**180**	60
Mr Wang Bingzhong (notes (xi) and (xvi))	**105**	60
	735	816

There were no other emoluments payable to the independent non-executive directors for the reporting period.

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

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the reporting period (period from 1 January 2021 to 31 March 2022: Nil).

Notes:

(i) Mr Cheung Shuen Lung resigned as chairman on 8 October 2021 and resigned as executive director on 10 November 2021.

(ii) Mr Zeng Gang resigned as president on 8 October 2021 and resigned as executive director on 12 November 2021.

(iii) Ms Sun Min, Mr Ma Jian Bin and Ms Liao Hang were removed as executive director on 10 November 2021.

(iv) Mr Wong Kai Ho was appointed as chairman and executive director on 8 October 2021.

(v) Mr Wang Guiwu was appointed as executive director on 8 October 2021.

(vi) Mr Huang Zhuguang was appointed as executive director on 1 December 2021.

(vii) Mr Shi Lei was appointed as chief executive on 8 October 2021.

(viii) Mr Yau Pak Yue was appointed as non-executive director on 8 October 2021 and resigned on 7 December 2021.

(ix) Mr Chan Chung Kik, Lewis, Mr Lau Ka Wing and Mr Lai Nga Ming, Edmund resigned as independent non-executive directors on 30 September 2021.

(x) Mr Chu Kin Wang, Peleus, Mr Chin Chi Ho, Stanley, Mr Ning Rui and Mr Chung Wai Man were appointed as independent non-executive directors on 8 October 2021.

(xi) Mr Hua Yichun and Mr Wang Bingzhong were appointed as independent non-executive directors on 1 December 2021.

(xii) Mr Ning Rui resigned as independent non-executive directors on 8 December 2021.

(xiii) Mr Zheng Fu Shuang resigned as executive director on 7 July 2022.

(xiv) Mr Guo Langhua was appointed as executive director on 15 September 2022.

(xv) Mr Chu Kin Wang, Peleus resigned as independent non-executive director on 1 October 2022.

(xvi) Mr Wang Bingzhong resigned an independent non-executive director on 31 October 2022.

11. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration for the five highest paid employees for the reporting period (period from 1 January 2021 to 31 March 2022: five), who are neither a director nor the chief executive of the Company, are as follows:

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Salaries, allowances and benefits in kind	**3,897**	5,508
Performance related bonuses	**3,276**	5,570
Pension scheme contributions	**199**	156
Equity-settled share based payments	**7,092**	–
	14,464	11,234

The number of the five highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	Year ended 31 March 2023	Period from 1 January 2021 to 31 March 2022
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**–**	2
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**–**	2
HK$4,000,001 to HK$4,500,000	**1**	–
HK$4,500,001 to HK$5,000,000	**1**	–
HK$5,000,001 to HK$5,500,000	**1**	–
	5	5

12. INCOME TAX EXPENSE

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Provision for:		
– Hong Kong profits tax	–	–
– PRC corporate income tax	211,015	461,985
– PRC LAT	226,300	267,855
	437,315	729,840
Deferred tax charge/(credit) (note 34)	140,369	(54,522)
	577,684	675,318

Hong Kong profits tax

No provision of Hong Kong profits tax has been made for the reporting period as the Group has no assessable profits for the period subject to Hong Kong profits tax for both reporting periods.

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for both reporting period.

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (the "LAT") (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures, including borrowing costs and all property development expenditures.

12. INCOME TAX EXPENSE (continued)

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates are as follows:

Year ended 31 March 2023

	Hong Kong		Mainland China		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
(Loss)/profit before tax	**(120,731)**		**1,717,270**		**1,596,539**	
Tax at the statutory tax rate	**(19,921)**	**16.5**	**429,318**	**25.0**	**409,397**	**25.6**
Income not subject to tax	**40,112**	**(33.2)**	**(189,553)**	**(11.0)**	**(149,441)**	**(9.3)**
Expenses not deductible for tax	**7,059**	**(5.8)**	**55,980**	**3.2**	**63,039**	**3.9**
Utilisation of tax losses previously not recognised	**–**	**–**	**(10,620)**	**(0.6)**	**(10,620)**	**(0.6)**
Tax losses not recognised	**1,217**	**(1.0)**	**431,125**	**25.1**	**432,342**	**27.1**
Temporary differences not recognised	**–**	**–**	**(336,758)**	**(19.6)**	**(336,758)**	**(21.1)**
LAT	**–**	**–**	**226,300**	**13.2**	**226,300**	**14.1**
Tax effect of LAT	**–**	**–**	**(56,575)**	**(3.3)**	**(56,575)**	**(3.5)**
Tax charge at the Group's effective rate	**28,467**	**(23.6)**	**549,217**	**32.0**	**577,684**	**36.2**

Period from 1 January 2021 to 31 March 2022

	Hong Kong		Mainland China		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
(Loss)/profit before tax	(72,595)		314,221		241,626	
Tax at the statutory tax rate	(11,978)	16.5	78,555	25.0	66,577	27.6
(Loss)/profit attributable to an associate	(143)	0.2	1	–	(142)	(0.1)
Income not subject to tax	10,174	(14.0)	(1,054,392)	(335.6)	(1,044,218)	(432.2)
Expenses not deductible for tax	540	(0.7)	54,406	17.3	54,946	22.7
Utilisation of tax losses previously not recognised	–	–	(45,592)	(14.5)	(45,592)	(18.9)
Tax losses not recognised	2,787	(3.8)	752,427	239.5	755,214	312.6
Temporary differences not recognised	369	(0.5)	687,273	218.7	687,642	284.6
LAT	–	–	267,855	85.2	267,855	110.9
Tax effect of LAT	–	–	(66,964)	(21.3)	(66,964)	(27.7)
Tax charge at the Group's effective rate	1,749	(2.4)	673,569	214.4	675,318	279.5

No tax expense attributable to associates was included in "Share of losses of associates" in the consolidated statement of profit or loss.

13. DIVIDENDS

No dividends have been declared and paid by the Company during the year ended 31 March 2023 (For the fifteen months ended 31 March 2022: Nil).

14. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Year ended 31 March 2023	Period from 1 January 2021 to 31 March 2022
Earnings for the purpose of basic earnings per share		
Profit for the year/period attributable to owners of the Company (RMB'000)	**966,690**	1,509,499
Number of shares for the purpose of basic earnings per share		
Weighted average number of ordinary shares during the year/period ('000)	**7,049,110**	6,416,156

14. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

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

(i) Earnings for the purpose of diluted earnings per share

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Profit for the year/period attributable to owners of the Company	**966,690**	1,509,499
Adjustments for the calculation of diluted earnings per share	**–**	–
Profit for the year/period for the purpose of diluted earnings per share	**966,690**	1,509,499

(ii) Weighted average number of ordinary shares

	Year ended 31 March 2023 '000	Period from 1 January 2021 to 31 March 2022 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,049,110**	6,416,156
Effect of dilution-share option	**2,261**	N/A*
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,051,371**	6,416,156

* The Group had no potential dilutive ordinary shares in issue during the period from 1 January 2021 to 31 March 2022.

15. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2023

	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 April 2022:					
Cost	52,282	19,701	19,586	4,107	95,676
Accumulated depreciation	(16,934)	(17,264)	(15,311)	(3,821)	(53,330)
Net carrying amount	35,348	2,437	4,275	286	42,346
Net carrying amount at 1 April 2022	35,348	2,437	4,275	286	42,346
Additions, at cost	6,820	586	98	–	7,504
Transfer from properties held for sale – completed	23,435	–	–	–	23,435
Disposals	–	(64)	(56)	–	(120)
Disposal of subsidiaries	–	(1,331)	(1,023)	–	(2,354)
Depreciation charged for the year	(2,561)	(1,218)	(619)	(286)	(4,684)
Exchange realignments	–	17	–	–	17
Net carrying amount at 31 March 2023	63,042	427	2,675	–	66,144
At 31 March 2023:					
Cost	82,537	10,914	16,043	4,107	113,601
Accumulated depreciation	(19,495)	(10,487)	(13,368)	(4,107)	(47,457)
Net carrying amount	63,042	427	2,675	–	66,144

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Period from 1 January 2021 to 31 March 2022

	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2021:					
Cost	100,954	40,071	35,721	27,194	203,940
Accumulated depreciation	(25,083)	(34,497)	(32,759)	(23,758)	(116,097)
Net carrying amount	75,871	5,574	2,962	3,436	87,843
Net carrying amount at 1 January 2021	75,871	5,574	2,962	3,436	87,843
Additions, at cost	3,174	3,202	2,476	–	8,852
Disposals	–	(178)	(35)	(3,150)	(3,363)
Disposal of subsidiaries	(38,409)	(2,681)	(585)	–	(41,675)
Depreciation charged for the period	(5,288)	(3,480)	(543)	–	(9,311)
Net carrying amount at 31 March 2022	35,348	2,437	4,275	286	42,346
At 31 March 2022:					
Cost	52,282	19,701	19,586	4,107	95,676
Accumulated depreciation	(16,934)	(17,264)	(15,311)	(3,821)	(53,330)
Net carrying amount	35,348	2,437	4,275	286	42,346

As at 31 March 2023, the building ownership certificates of one of the Group's buildings (with an aggregate carrying amount of approximately RMB25,457,000 (31 March 2022: RMB27,459,000)) registered under the name of the respective subsidiaries of the Group were not yet issued.

As at 31 March 2023, the Group's buildings were not pledged (31 March 2022: Nil).

During the reporting period, the Group disposed of certain of its property, plant and equipment for an aggregate consideration of RMB208,000 (Fifteen months ended 31 March 2022: RMB1,727,000), which gave rise to a gain on disposal amounted to RMB88,000 (Fifteen months ended 31 March 2022: loss RMB1,636,000) recognised in profit or loss in respect of the period.

16. INVESTMENT PROPERTIES

	Notes	31 March 2023 RMB'000	31 March 2022 RMB'000
Fair value at the beginning of the year/period		**520,261**	1,523,097
Transfer from properties held for sale – completed	22	**196,203**	–
Disposal of subsidiaries		**–**	(509,028)
Additions during the year		**57,683**	–
Disposals during the year/period		**–**	(162,097)
Net gain/(loss) from fair value change of investment properties	7, 8	**456,412**	(328,465)
Exchange realignment		**–**	(3,246)
Fair value at end of the year/period		**1,230,559**	520,261

The Group's investment properties consist commercial properties located in Mainland China. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and residential, based on the nature, characteristics and risks of each property. The Group's investment properties with the fair value of approximately RMB1,230,559,000 at 31 March 2023 (31 March 2022: RMB520,261,000) was estimated by reference to the valuations performed by Ravia Global Appraisal Advisory Limited (31 March 2022: Greater China Appraisal Limited), independent professionally qualified valuers. Each year, the Group's management decides to appoint external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer selected on the valuation assumptions and valuation results when the valuation is performed for annual financial reporting.

As at 31 March 2023, the building ownership certificate of the Group's investment properties with the carrying amount of RMB811,269,000 (31 March 2022: RMB460,657,000) registered under the name of the corresponding subsidiaries of the Group were not yet issued.

As at 31 March 2023, certain investment properties with aggregate carrying amount of RMB295,800,000 were pledged to financial institutions to secured loan granted to the Group (note 33) (31 March 2022: Nil).

The investment properties are leased to third parties under operating leases, further details of which are included in note 17 to the consolidated financial statements.

Further particulars of the Group's investment properties are included on page 238.

During the fifteen months ended 31 March 2022, the Group disposed of certain of its investment properties for an aggregate consideration of RMB111,254,000, which gave rise to a loss on disposal amounted to RMB50,843,000 recognised in profit or loss in respect of the period.

16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 March 2023			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties	**–**	**–**	**1,230,559**	**1,230,559**

	Fair value measurement as at 31 March 2022			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties	–	–	520,261	520,261

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (fifteen months ended 31 March 2022: Nil).

16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000	Residential property RMB'000
Carrying amount at 1 January 2021	1,521,453	1,644
Disposal of subsidiaries	(507,384)	(1,644)
Disposals during the period	(162,097)	–
Net loss from fair value change recognised in other expenses and losses, net, in profit or loss	(328,465)	–
Exchange realignment	(3,246)	–
Carrying amount at 31 March 2022 and 1 April 2022	520,261	–
Transfer from properties for sale – completed	196,203	–
Additions	57,683	–
Net gain from fair value change recognised in other income and gains, net in profit or loss	456,412	–
Carrying amount at 31 March 2023	1,230,559	–

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

			Range	
	Valuation techniques	Significant unobservable inputs	Year ended 31 March 2023	Period from 1 January 2021 to 31 March 2022
Residential properties	Market approach	Adjustment on market unit price (per sq.m.)	**-5% to 5%**	-8.5% to 3.0%
Commercial properties	Income approach	Adjustment on market rental (per sq.m. and per month)	**0%**	0%
		Adopted yield	**4.5% to 6%**	4.5% to 6.0%
	Market approach	Adjustment on market unit price (per sq.m.)	**-10% to 10%**	-17.3% to 4.2%

16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Under the market approach, fair value is estimated based on the unit prices of comparable properties with certain adjustments made to reflect the differences in location, neighbourhood, environment, facilities, etc. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. Physical location and economic characteristics are important criteria to be analysed when comparing such comparable properties against the subject property.

The adjustment on market unit prices is determined by referring to the differences of the subject property against the comparable properties in terms of building facilities, size and age of the comparable properties.

A significant increase (decrease) in the unit prices of comparable properties in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the adjustment to reduce the unit price would result in a significant decrease (increase) in the fair value of the investment properties.

Under the income approach, fair value is estimated by capitalising the current rental income and the reversionary value of the properties after tenancies expire by reference to current market rental transactions by making relevant adjustments.

The adjustment on market rental is determined by referring to the differences of the subject properties against the comparable properties in terms of location, size, and age of the comparable properties. The yields adopted are determined by reference to the current yields of the subject properties and the market yield derived from the rental of comparable properties.

A significant increase (decrease) in market rental in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the adjustment to reduce the market rental would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

17. LEASES

The Group as a lessee

The Group has lease contracts for various buildings and land use rights used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 35 to 42 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period/year are as follows:

	Leased land RMB'000	Buildings RMB'000	Total RMB'000
As at 1 January 2021	10,825	8,053	18,878
Additions	–	5,590	5,590
Disposal of subsidiaries	(10,335)	(127)	(10,462)
Depreciation charged for the period	(490)	(8,986)	(9,476)
As at 31 March 2022 and 1 April 2022	–	4,530	4,530
Additions	–	3,514	3,514
Disposal of subsidiaries	–	(3,376)	(3,376)
Depreciation charged for the year	–	(1,895)	(1,895)
As at 31 March 2023	–	2,773	2,773

17. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year/period are as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
Carrying amount at beginning of the year/period	**5,541**	10,572
Lease liabilities arising from new leases	**3,514**	5,590
Accretion of interest recognised during the year	**638**	769
Payments	**(6,457)**	(11,390)
Carrying amount at end of the year/period	**3,236**	5,541
Lease liabilities payable		
– within one year	**1,729**	4,046
– in the second year	**1,507**	1,495
	3,236	5,541
Analysed into:		
Current portion	**1,729**	4,046
Non-current portion	**1,507**	1,495
	3,236	5,541

The weighted average incremental borrowing rates applied to lease liabilities ranged from 4.3% to 10% (31 March 2022: 9.46% to 10.00%) per annum and lease liabilities are denominated in Hong Kong dollars and RMB.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Interest on lease liabilities	**638**	769
Depreciation charge of right-of-use assets	**1,895**	9,476
Expense relating to short-term leases and other leases with remaining lease terms ended on or before year end (included in administrative expenses)	**836**	3,072
Total amount recognised in profit or loss	**3,369**	13,317

(d) The total cash outflow for leases is disclosed in note 40(c) to the consolidated financial statements.

17. LEASES (continued)

The Group as a lessor

The Group leases its investment properties (note 16) consisting commercial properties located in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group for the period was RMB37,313,000 (fifteen months ended 31 March 2022: RMB95,779,000), details of which are included in note 7 to the consolidated financial statements.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	31 March 2023 **RMB'000**	31 March 2022 RMB'000
Within one year	**59,608**	47,053
After one year but within two years	**58,905**	49,910
After two years but within three years	**56,609**	50,576
After three years but within four years	**53,946**	46,810
After four years but within five years	**45,705**	39,553
After five years	**549,044**	469,126
	823,817	703,028

18. OTHER INTANGIBLE ASSETS

	Computer software RMB'000
31 March 2023	
At 1 April 2022	**10,020**
Accumulated amortisation	**(7,002)**
Net carrying amount	**3,018**
Net carrying amount at 1 April 2022	**3,018**
Disposal of subsidiaries	**(2,625)**
Amortisation provided for the year	**(393)**
Net carrying amount at 31 March 2023	**–**
At 31 March 2023:	
Cost	**–**
Accumulated amortisation	**–**
Net carrying amount	**–**
31 March 2022	
At 1 January 2021	13,663
Accumulated amortisation	(9,198)
Net carrying amount	4,465
Net carrying amount at 1 January 2021	4,465
Additions, at cost	545
Disposal of subsidiaries	(216)
Amortisation provided for the period	(1,776)
Net carrying amount at 31 March 2022	3,018
At 31 March 2022:	
Cost	10,020
Accumulated amortisation	(7,002)
Net carrying amount	3,018

Note: No remaining useful life of the other intangible assets at 31 March 2023 (31 March 2022: ranged from one to five years).

19. INVESTMENTS IN ASSOCIATES

	31 March 2023 RMB'000	31 March 2022 RMB'000
Share of net assets	**30,000**	–

Particulars of the Group's associates are as follows:

Name	Particulars of capital	Place of incorporation/ registration and business	Percentage of ownership interest As at 31 March 2023	Percentage of ownership interest As at 31 March 2022	Percentage of voting power As at 31 March 2023	Percentage of voting power As at 31 March 2022	Percentage of profit sharing As at 31 March 2023	Percentage of profit sharing As at 31 March 2022	Principal activities
MC.Founder Limited (note (i))	Ordinary shares	Hong Kong	–	–	–	–	–	–	Investment holding and distribution of mobile phones and data products
Guiyang Quanhu Shangcheng Real Estate Development Co., Limited (note (ii))	Paid-in capital	Mainland China	–	–	–	–	–	–	Property development
Harmony Times (Tianjin) International Business Factoring Ltd("Harmony Times (Tianjin)")	Paid-in capital	Mainland China	30%	–	30%	–	30%	–	Account receivables trade financing business

Notes:

(i) On 24 December 2021, the Group entered into an agreement with an independent third party to dispose of 37% equity interest in an associate, MC Founder Limited, for an aggregate cash consideration of approximately HK$53,000 (equivalent to RMB44,000). The disposal was completed on 24 December 2021. Upon completion of the disposal, MC Founder Limited ceased to be an associate of the Group and the Group discontinued the use of the equity method as of the same date.

(ii) The associate was held by a subsidiary of Hong Kong Huzi Limited, which was disposed of by the Group on 25 March 2022.

(iii) On 31 January 2023, the Group entered into an agreement with an independent third party to acquire of 30% equity interest in an associate, Harmony Times (Tianjin), for an aggregate cash consideration of approximately RMB30,000,000. The acquisition was completed on 28 March 2023. Upon completion of the acquisition, Harmony Times (Tianjin) has significant influence and therefore it is classified as an associate of the Group.

19. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the financial information of the Group's associates that are not material to the Group.

	31 March 2023 RMB'000	31 March 2022 RMB'000
Share of the associates' loss and total comprehensive loss for the year/period	–	697
Aggregate carrying amount of the Group's investments in associates	30,000	–

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2023 RMB'000	31 March 2022 RMB'000
Unlisted equity investment	96,200	113,818

The unlisted equity investment as at 31 March 2023 and 31 March 2022 represents the Group's approximately 14.49% equity interest in Chongqing Fangyuan Yingrun Property Co., Limited ("Fangyuan Yingrun"), an entity which was incorporated and is principally engaged in property development in Mainland China.

At 1 January 2021, the Group held 100% equity interest in Fangyuan Yingrun. During the reporting period, the Group disposed of 85.51% equity interest in Fangyuan Yingrun through the disposal by the Group of HK Huzi (note 45(I)(a)) and another subsidiary, Superb Virtue Limited (note 45(I)(d)), and retained its 14.49% equity interest in Fangyuan Yingrun following the completion of the disposal. The carrying amount of the retained 14.49% equity interest in Fangyuan Yingrun amounted to approximately RMB122,100,000 was deemed as cost of the equity interest and was reclassified to financial assets at fair value through profit or loss.

The fair value of the Group's unlisted equity investment as at 31 March 2023 was estimated to be RMB96,200,000 (31 March 2022: RMB113,818,000), which was measured based on estimated market value of Fangyuan Yingrun's assets as at that date. Loss on fair value change of the Group's investment in 14.49% equity interest in Fangyuan Yingrun amounted to approximately RMB17,618,000 (fifteen months ended 31 March 2022: RMB8,282,000) was charged to profit or loss.

Details regarding the fair value measurement are set out in note 47.

21. PROPERTIES UNDER DEVELOPMENT FOR SALE

	31 March 2023 RMB'000	31 March 2022 RMB'000
Properties in Mainland China		
– At cost	1,651,208	1,740,775
– At cost less impairment	3,805,447	5,810,547
	5,456,655	7,551,322

21. PROPERTIES UNDER DEVELOPMENT FOR SALE (continued)

Movements during the year/period are as follows:

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
At beginning of the year/period	**7,551,322**	18,243,990
Additions, at cost	**196,295**	3,210,294
Disposals during the year/period	**–**	(315,226)
Disposal of subsidiaries	**–**	(6,873,043)
Transfer to completed properties held for sale	**(2,337,023)**	(5,382,972)
Impairment loss reversed/(recognised)	**46,061**	(1,331,721)
At end of the year/period	**5,456,655**	7,551,322
Properties under development expected to be completed within normal operating cycle:		
– Within one year	**2,502,000**	3,511,260
– After one year	**2,954,655**	4,040,062
	5,456,655	7,551,322

All of the Group's properties under development are situated in Mainland China.

As at 31 March 2023, certain of the Group's properties under development with an aggregate carrying amount of approximately RMB848,212,000 (31 March 2022: RMB2,425,162,000) were pledged to banks and financial institutions to secure loans granted to the Group (note 33).

22. COMPLETED PROPERTIES FOR SALE

All of the Group's completed properties held for sale are situated in Mainland China and are stated at cost less impairment, if any.

During the year ended 31 March 2023, certain of the Group's properties held for sale with an aggregate carrying amount of RMB196,203,000 were transferred to investment properties at fair value of RMB295,800,000, resulting in a fair value gain of RMB99,597,000 included in the Group's other income and gains (note 7).

As at 31 March 2023, certain of the Group's completed properties for sale with an aggregate carrying amount of approximately RMB297,966,000 (31 March 2022: RMB912,296,000) were pledged to banks and financial institutions to secure loans granted to the Group (note 33).

23. INVENTORIES

	31 March 2023 RMB'000	31 March 2022 RMB'000
Trading stocks	**91,581**	506,132

24. TRADE AND BILLS RECEIVABLES

	31 March 2023 RMB'000	31 March 2022 RMB'000
Trade receivables	**84,501**	699,007
Bills receivable	**–**	4,075
	84,501	703,082
Impairment loss on trade receivables	**(2,127)**	(38,283)
	82,374	664,799

As at 31 March 2023, certain trade receivables with aggregate carrying amount of RMB32,104,000 (31 March 2022: Nil) were pledged to financial institutions to secured loan granted to the Group (note 33).

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are settled in accordance with the terms of the respective contracts. The credit period is generally three to six months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables, less loss allowance recognised, based on the invoice date and net of loss allowance, is as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
Within 6 months	**70,547**	607,961
7 to 12 months	**11,827**	3,105
13 to 24 months	**–**	40,781
Over 24 months	**–**	12,952
	82,374	664,799

24. TRADE AND BILLS RECEIVABLES (continued)

Movements in the loss allowance for impairment of trade receivables are as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
At beginning of the year/period	**38,283**	91,427
Disposal of subsidiaries	**(13,833)**	(46,644)
Impairment loss reversed (note 7)	**(22,323)**	(6,500)
At end of the year/period	**2,127**	38,283

The decrease in loss allowance for the year ended 31 March 2023 was mainly due to disposal of subsidiaries and the decrease in the loss allowance for the fifteen months ended 31 March 2022 was mainly due to decrease in trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2023

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	–	2.51%	–	–	2.51%
Gross carrying amount (RMB'000)	–	84,501	–	–	84,501
Expected credit losses (RMB'000)	–	2,127	–	–	2,127

24. TRADE AND BILLS RECEIVABLES (continued)

As at 31 March 2022

	Current	Past due			Total
		Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	0.45%	0.80%	0.57%	73.14%	5.48%
Gross carrying amount (RMB'000)	606,645	3,130	41,015	48,217	699,007
Expected credit losses (RMB'000)	2,760	25	233	35,265	38,283

Transferred financial assets that are not derecognised in their entirety

At 31 March 2022, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with the carrying amount of RMB821,000 to certain of its suppliers in order to settle the trade payables due to these suppliers (the "Endorsement"). In the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Bills, including sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers had recourse was RMB821,000 as at 31 March 2022.

Transferred financial assets that are derecognised in their entirety

At 31 March 2022, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB46,286,000. The Derecognised Bills had a maturity within six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the prior period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The endorsement has been made evenly throughout the period.

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	31 March 2023 RMB'000	31 March 2022 RMB'000
Prepayments	(a)	**305,699**	368,659
Deposits and other receivables	(b)	**459,089**	948,049
Right-of-return assets		**–**	11,775
Amounts due from former group companies	(c)	**309,473**	3,695,336
		1,074,261	5,023,819
Less: impairment loss recognised	(d)	**(8,461)**	(9,808)
		1,065,800	5,014,011
Analysed into:			
Current portion		**896,308**	5,014,011
Non-current portion		**169,492**	–
		1,065,800	5,014,011

Notes:

(a) The prepayments include the partial payment made for acquisition of investment properties from the former subsidiaries amounted to RMB169,492,000 and control of the properties not yet transferred.

(b) Included in the Group's deposits and other receivables are the following:

	31 March 2023 RMB'000	31 March 2022 RMB'000
Amounts due from former fellow subsidiaries		
– interest free	**–**	6,836
Amounts due from non-controlling shareholder of subsidiary		
– interest free	**–**	198,514
	–	205,350

The above amounts are unsecured and repayable on demand.

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

Notes: (continued)

(c) The amounts due from former group companies include the receivables from former group companies accounted to approximately RMB309,473,000 (31 March 2022: RMB3,695,336,000) arose from the disposal of subsidiaries during the reporting period, details of which are set out in Note 45.

The amounts due from former group companies are unsecured, interest free and repayable on demand except that such amounts to the extent of approximately RMB1,679,692,000 at 31 March 2022 were secured by pledges of shareholding in certain subsidiaries of the Group held by HK Huzi and its subsidiaries.

(d) Movements in the loss allowance for impairment loss recognised on deposits and other receivables, are as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
At beginning of the year/period	**9,808**	93,869
Impairment losses recognised/(reversed), net (notes 7 and 8)	**381,955**	(18,642)
Disposal of subsidiaries	**(383,302)**	(65,419)
At end of the year/period	**8,461**	9,808

26. OTHER CURRENT ASSETS

In January 2018, Kaifeng Botao Property Development Co., Limited ("Kaifeng Botao"), a subsidiary of the Group received a notification from Kaifeng Municipal People's Government of China ("Kaifeng Municipal Government") that as the Group's land use rights of 784.82 mu of land in Kaifeng, the PRC, are within a free trade zone as set up in accordance with the Circular of the State Council on the Overall Plan for the China (Henan) Pilot Free Trade Zone (the "Free Trade Zone") and/or the adjacent areas of the Free Trade Zone, Kaifeng Municipal Government intended to repurchase such land use rights with a consideration according to government planning. In August 2018, the land use rights of 357.85 mu of land have been repurchased by Kaifeng Municipal Government at a cash consideration of approximately RMB297,253,000, and the Group recorded a disposal gain of RMB28,216,000 accordingly. As at 31 December 2020, the remaining land use rights of 426.97 mu of land with the carrying amount of approximately RMB315,227,000 were classified as other current assets.

In January 2022, Kaifeng Botao completed the disposal of the remaining piece of land use rights of 426.97 mu to Kaifeng Municipal Government for a cash consideration of approximately RMB2,055,059,000, which resulted in a gain on disposal of approximately RMB1,739,832,000 included in other income and gains (note 7(ii)).

In January 2022, the Group entered into an agreement with a third party for the disposal of all of its equity interest in HK Huzi and its subsidiaries (note 45), including Kaifeng Botao. The disposal was completed in March 2022 and the Group deconsolidated HK Huzi and its subsidiaries, including Kaifeng Botao.

27. RESTRICTED CASH

The Group's bank deposits at 31 March 2023 with aggregate amounts of RMB10,000,000 (31 March 2022: RMB10,000,000), RMBNil (31 March 2022: RMB15,872,000) and RMB19,832,000 (31 March 2022: RMB16,099,000) were pledged to banks to secure the Group's borrowings, as deposits for the construction of the relevant properties and as guarantee deposits for certain mortgage loans granted by banks to purchasers of the Group's properties, respectively. The restricted cash is deposited with creditworthy banks with no recent history of default.

28. CASH AND CASH EQUIVALENTS

	31 March 2023 **RMB'000**	31 March 2022 RMB'000
Cash and bank balances	**696,114**	641,949

At 31 March 2023, certain of bank accounts amounted to RMB195,976,000 has been frozen, as a result of the Group involvement in litigation cases. These bank accounts have been frozen as a result of step taken by the plaintiffs to preserve assets for the purpose of enforcement, and there exists the possibility that compulsory transfer will be order by the courts.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB629,204,000 (31 March 2022: RMB641,915,000). 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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for three months and earn interest at the short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

29. TRADE PAYABLES

	31 March 2023 RMB'000	31 March 2022 RMB'000
Trade payables	**2,013,608**	2,012,227

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date is as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
Within 6 months	**897,454**	1,570,654
Over 6 months	**1,116,154**	441,573
	2,013,608	2,012,227

The trade payables are non-interest-bearing and are normally settled on terms of 45 to 90 days.

30. OTHER PAYABLES AND ACCRUALS

	31 March 2023 RMB'000	31 March 2022 RMB'000
Amount due to former intermediate holding company	**–**	150,493
Amounts due to former fellow subsidiaries	**–**	111,433
Other payables	**2,475,714**	3,508,022
Accruals	**29,815**	469,660
Dividend payable to a non-controlling shareholder	**2,263**	2,096
Refund liabilities	**–**	12,296
	2,507,792	4,254,000

Included in the Group's other payables are interest payable on interest-bearing bank and other borrowings amounted to RMB420,012,000 (31 March 2022: RMB422,166,000).

Other payables have an average term of less than one year.

31. PROVISIONS

	31 March 2023 RMB'000	31 March 2022 RMB'000
At beginning of the year/period	**215,562**	78,775
Provision for the year/period (note (i) and note (iii))	**368,711**	215,562
Disposal of subsidiaries (note (ii))	**–**	(78,775)
At end of the year/period	**584,273**	215,562

Notes:

(i) In May 2018, a subsidiary of the Company, Yuxi Runya Property Company Limited ("Yuxi Runya"), executed a guarantee, under which Yuxi Runya has given a guarantee in favour of Minmetals International Trust Company Limited ("Minmetals International"), a PRC financial institution, for loans granted by Minmetals International to a former subsidiary, Dongguan Yihui Property Co., Limited ("Dongguan Yihui"), which is a subsidiary of Hong Kong Huzi Limited ("HK Huzi"), amounted to RMB1,458.5 million. In prior years, this guarantee was regarded transactions occurred within the Group and was not accounted for in the Group's consolidated financial statements.

During the period from 1 January 2021 to 31 March 2022, the Group disposed all its equity interest on HK Huzi and completion of the disposal took place on 25 March 2022.

Fair value of the guarantee to be payable by the Group was estimated by the management of the Group to be approximately RMB289,004,000 as at 31 March 2023 (31 March 2022: RMB215,562,000), after having considered the fair value of the assets and liabilities of Dongguan Yihui, including its property development project located in the PRC, and RMB73,442,000 was recognised in the Group's consolidated financial statements for the year ended 31 March 2023.

(ii) The balance of the provisions at 31 December 2020, amounted to RMB78,775,000 represent the best estimation of cost and compensations made by management of the Group in connection with the litigations lodged against two subsidiaries of HK Huzi who arose from late delivery of properties to customers. In March 2022, the Group completed the disposal of all its equity interest in HK Huzi and the Group derecognised the assets and liabilities of HK Huzi and its subsidiaries, including the outstanding balance of the provisions at 31 December 2020.

(iii) In April 2019, a subsidiary of the Company, Kaifeng Boyuan Real Estate Development Co., Ltd. ("Kaifeng Boyuan"), pledged of certain land parcels, under which Kaifeng Boyuan has given a guarantee in favour of Huaneng Guicheng Trust Corp., Ltd ("Huaneng Guicheng Trust"), a PRC financial institution and the loans transferred to Beijing Deyu Yuantong Technology Co., Ltd. subsequently, for loans granted by the lender to a former subsidiary, Kaifeng Boming Real Estate Development Co., Ltd. ("Kaifeng Boming"), which is a subsidiary of Hong Kong Huzi Limited ("HK Huzi"), amounted to RMB1,000 million. In prior years, this guarantee was regarded transactions occurred within the Group and was not accounted for in the Group's consolidated financial statements.

During the period from 1 January 2021 to 31 March 2022, the Group disposed all its equity interest on HK Huzi and completion of the disposal took place on 25 March 2022.

Fair value of the guarantee to be payable by the Group was estimated by the management of the Group to be approximately RMB295,269,000 as at 31 March 2023, after having considered the fair value of the assets and liabilities of Kaifeng Boming, including its property development project located in the PRC, and provisions amounted to RMB295,269,000 was recognised in the Group's consolidated financial statements for the year ended 31 March 2023.

32. CONTRACT LIABILITIES

	31 March 2023 RMB'000	31 March 2022 RMB'000
Advance from customers	**1,171,845**	3,488,096

Note:

Movements of contract liabilities are as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
At beginning of the year/period	**3,488,096**	10,290,733
Increase in advance from customers during the year/period	**1,587,994**	1,812,787
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period	**(2,622,787)**	(3,119,969)
Revenue recognised from performance obligations satisfied during the year/period	**(1,154,833)**	(1,543,009)
Refund to customers	**(10,056)**	–
Disposal of subsidiaries	**(116,569)**	(3,952,446)
At end of the year/period	**1,171,845**	3,488,096

Details of contract liabilities are as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
Advance from customers from:		
Sale of information products	**–**	52,200
Sale of properties	**1,155,119**	3,435,808
Lease of properties	**16,726**	88
Total contract liabilities	**1,171,845**	3,488,096

Contract liabilities include advances received to deliver information products and properties, and significant financing components for the contract where the period between the advance received from customers and the transfer of the promised property or service exceeds one year. The decrease of contract liabilities in respect of the year ended 31 March 2023 was mainly due to the decrease in advances received from customers in relation to the sale of properties.

33. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 March 2023 RMB'000	31 March 2022 RMB'000
Bank loans repayable:		
Within one year or on demand	–	475,824
Other loans repayable:		
Within one year or on demand	**1,325,904**	3,022,030
Within a period more than one year	**593,704**	1,020,130
	1,919,608	4,042,160
Total bank and other borrowings	**1,919,608**	4,517,984
Less: Bank and other borrowing due within one year and included in current liabilities	**(1,325,904)**	(3,497,854)
Bank and other borrowings not due within one year and included in non-current liabilities	**593,704**	1,020,130

Notes:

(a) Details of the bank and other borrowings are as follows:

	Outstanding at 31 March 2023			Outstanding at 31 March 2022		
	Effective interest rate %	Maturity	RMB'000	Effective interest rate %	Maturity	RMB'000
Bank loans – unsecured	–	–	–	8.0	On demand	19,000
Bank loans – unsecured@	–	–	–	PRC Loan prime rate ("LPR") +30% to 35%	On demand	280,000
Bank loans – unsecured@	–	–	–	LPR+69.25 to 75 Basis Points ("bps")	On demand	176,824
			–			475,824
Other loans – secured#	9.7%–11%	2023	347,215	–	–	–
Other loans – secured#	10%–11%	On demand	910,242	–	–	–
Other loans – secured#	5.8%–11%	2024–2025	593,704	–	–	–
Other loans – secured#	–	–	–	8.0 to 14.5	On demand	2,705,890
Other loans – unsecured#	10%	2023	3,200	–	–	–
Other loans – unsecured*	4.7%	On demand	65,247	–	–	–
Other loans – unsecured*	–	–	–	4.7 to 8.5	On demand	316,140
Other loans – unsecured*	–	–	–	9.5 to 9.7	31 December 2023	1,020,130
			1,919,608			4,042,160
			1,919,608			4,517,984

33. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

(a) Details of the bank and other borrowings are as follows: (continued)

@ The balances represent loans with floating interest rates.

These other loans were obtained from financial institutions.

* These loans amounted to RMB65,247,000 at 31 March 2023 (31 March 2022: RMB305,247,000) and RMBnil at 31 March 2023 (31 March 2022: RMB10,893,000) were obtained from Peking Founder (note 1) and former fellow subsidiaries respectively.

As at 31 March 2023, default and other interests on bank and other borrowings amounted to approximately RMB420,012,000 (31 March 2022: RMB422,166,000) were accrued and included in the Group's other payables and accruals.

(b) The Group's bank and other loans are denominated in Renminbi.

(c) As at the end of the reporting period, certain of the Group's bank and other loans are secured by the pledge of the following assets of the Group:

	Notes	**31 March 2023 RMB'000**	31 March 2022 RMB'000
Properties under development for sale	21	**848,212**	2,425,162
Completed properties for sale	22	**297,966**	912,296
Investment properties	16	**295,800**	–
Trade receivables	24	**32,104**	–
Restricted cash	27	**10,000**	10,000
		1,484,082	3,347,458

In addition, (i) certain of the Group's bank and other loans are secured by the pledge of equity interests of certain subsidiaries and former fellow subsidiaries of the Group, and the assignment of returns arising from certain properties under development for sale and completed properties for sale of the Group; (ii) Peking Founder (note 1), 北大資源集團有限公司 (Peking University Resources Group Co., Ltd.*) ("Resources Group") (note 46(i)) and Founder Information (note 1) have provided corporate guarantees for loans amounting to RMB1,182,113,000 (31 March 2022: RMB4,151,844,000); and (iii) Resources Group has provided properties as security for the Group's loans amounting to RMB988,889,000 (31 March 2022: RMB3,326,020,000) as at the end of the reporting period.

(d) In prior years, a subsidiary of the Company, Beijing Founder Century Information System Co., Ltd. ("PRC Century"), obtained a loan from a financial institution amounted to RMB2,500 million, and PRC Century in turn made advance of this sum to another subsidiary, Resources Investment, also a subsidiary of HK Huzi. The outstanding principal amount of this loan of approximately RMB1,069 million at 31 March 2022 was included in the Group's other borrowings at that date. During the current period, PRC Century, Resources Investment and Dongguan Yihui Property Co., Limited ("Dongguan Yihui"), a subsidiary of HK Huzi, entered into an agreement, under which the liabilities in relation to this advance due to PRC Century with the outstanding balance of approximately RMB1,069 million (inclusive of interest thereon), which was previously repayable by Resources Investment, was assigned to and is repayable by Dongguan Yihui, on dollar-for-dollar basis. The amount due by Dongguan Yihui to PRC Century of approximately RMB1,069 million has been recognised and included in the amounts due from former group companies (note 25) following the completion of disposal of HK Huzi during the reporting period.

* *For identification purposes only*

33. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(e) During the year, in respect of the other loans with a carrying amount of approximately RMB975,500,000 as at 31 March 2023, the Group breached the repayment terms of the loan. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant lenders. In 31 March 2023, those negotiations had not been concluded. Since the lenders has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan has been classified as a current liability as at 31 March 2023. Up to the date of approval of these consolidated financial statements, the negotiations are still in progress. The directors of the Company are confident that their negotiations with the lender will ultimately reach a successful conclusion. In any event, should the lender call for immediate repayment of the loan, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

34. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of a subsidiary RMB'000	Total RMB'000
At 1 January 2021	187,165	26,132	54,469	267,766
Deferred tax (credited)/charged to profit or loss (note 12)	(130,261)	2,918	1,945	(125,398)
Disposal of subsidiaries	(30,130)	(29,050)	–	(59,180)
At 31 March 2022 and 1 April 2022	26,774	–	56,414	83,188
Deferred tax charged/(credited) to profit or loss (note 12)	285,156	–	(170,517)	114,639
At 31 March 2023	311,930	–	(114,103)	197,827

34. DEFERRED TAX (continued)

Deferred tax assets

	Impairment RMB'000	Provision for LAT RMB'000	Losses available for offsetting against future taxable profits RMB'000	Significant financing component from receipt in advance RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Total RMB'000
At 1 January 2021	48,310	78,787	8,871	10,281	13,039	159,288
Deferred tax charged to profit or loss (note 12)	(10,844)	(45,080)	(8,871)	(4,614)	(1,467)	(70,876)
Disposal of subsidiaries	(11,409)	(1,821)	–	(5,667)	–	(18,897)
At 31 March 2022 and 1 April 2022	26,057	31,886	–	–	11,572	69,515
Deferred tax (charged)/credit to profit or loss (note 12)	(37,466)	(1,494)	–	(5,667)	18,897	(25,730)
At 31 March 2023	(11,409)	30,392	–	(5,667)	30,469	43,785

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**43,785**	69,515
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(197,827)**	(83,188)
	(154,042)	(13,673)

34. DEFERRED TAX (continued)

Deferred tax assets (continued)

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

	31 March 2023 RMB'000	31 March 2022 RMB'000
Tax losses	**1,443,986**	597,506
Deductible temporary differences	**2,023,398**	1,935,725
	3,467,384	2,533,231

The Group has tax losses arising in Hong Kong of RMB95,540,000 (31 March 2022: RMB96,716,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of RMB1,348,446,000 (31 March 2022: RMB500,790,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 March 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB1,791,226,000 at 31 March 2023 (31 March 2022: RMB1,791,226,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

35. SHARE CAPITAL

	Number of shares		Share capital	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
Ordinary shares of HK$0.10 each	**'000**	'000	**HK$'000**	HK$'000
Authorised				
At beginning of year/period and at the end of the year/period	**15,000,000**	15,000,000	**1,500,000**	1,500,000

	Number of shares		Share capital			
	31 March 2023	31 March 2022	**31 March 2023 HK$'000**	**31 March 2023 RMB (Equivalent)**	31 March 2022 HK$'000	31 March 2022 RMB (Equivalent)
Issued and fully paid						
At beginning of year/period	**6,416,155,647**	6,416,155,647	**641,616**	**545,335**	641,616	545,335
Issue of shares (notes (i), (iii) and (iv))	**2,566,462,258**	–	**256,646**	**228,794**	–	–
Issue of shares upon exercise of share options (note (ii))	**147,051,211**	–	**14,705**	**13,426**	–	–
At the end of the year/period	**9,129,669,116**	6,416,155,647	**912,967**	**787,555**	641,616	545,335

Notes:

(i) On 24 October 2022, the Company has issued of 1,283,231,129 shares at HK$0.10 per share in accordance with subscription agreement dated 22 August 2022.

(ii) On 1 December 2022, the Company has issued 147,051,211 shares at the exercise price of HK$0.125 ordinary share under share option scheme, in relation to the exercise of outstanding share options. These shares rank pari passu with the then existing shares in all respects as set out in note 36.

(iii) On 20 March 2023, the Company has issued of 122,000,000 shares at HK$0.10 per share in accordance with subscription agreement dated 9 March 2023.

(iv) On 23 March 2023, the Company has issued of 1,161,231,129 shares at HK$0.10 per share in accordance with subscription agreement dated 15 March 2023.

36. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include (i) any director (whether executive or non-executive, including any independent non-executive director), senior management, employee (whether full time or part time) of any member of the Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company or (ii) any one or entity who, in the sole opinion of the directors of the Company, has contributed or will contribute to the Group or any substantial shareholder of the Company. The Scheme became effective on 29 May 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date when the scheme was approved by the shareholders of the Company in a general meeting. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options is deemed to have been accepted when the duplicate offer letter comprising the acceptance of the option is signed and upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than ten years from the date of offer of the share options.

The exercise price of the share options is determinable by the directors, but should be the highest of (i) the closing price of the shares of the Company as stated on the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 2 September 2022, the Company has granted share options to certain eligible individuals to subscribe for up to a total of 147,051,211 shares under the Scheme. The share options granted are exercisable during the period from 1 November 2022 to 31 October 2026 at exercise price of HK$0.125 per share.

36. SHARE OPTION SCHEME (continued)

The fair value of the share options at the date of grant is estimated to be HK$9,000,000 (equivalent to RMB8,140,000) using the binomial option pricing model, which was fully recognised as equity-settled share option expenses for the year ended 31 March 2023.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Inputs into the model	Options granted on 2 September 2022
Risk-free rate	3.13%
Expected volatility	79.24%
Dividend yield	0%
Expected life of options (year)	4.16
Share price of the Company's shares (HK$ per share)	0.119

As at 31 March 2023 and 31 March 2022, the Company did not have any share option outstanding for the share options granted under the Scheme.

37. RESERVES

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

The contributed surplus represents the excess of nominal value of the shares of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefore.

The merger reserve comprises the excess of the Company's share of the nominal value of the paid-in capital of the subsidiaries acquired, over the Company's cost of acquisition of the subsidiary under common control; and the deemed distributions to companies controlled by the ultimate holding company.

The non-controlling interest reserve arose from changes in the ownership interests of subsidiaries, without a loss of control.

In accordance with the relevant PRC regulations, each of the Group's PRC subsidiaries is required to transfer not less than 10% of its profit after tax, as determined in accordance with PRC accounting standards and regulations, to the general reserve, which are restricted as to use, until such reserve reaches 50% of its registered capital. The respective amounts of the annual transfer are subject to the approval of the boards of directors of the PRC subsidiaries in accordance with their articles of association.

38. SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company: Direct As at 31 March 2023 %	Direct As at 31 March 2022 %	Indirect As at 31 March 2023 %	Indirect As at 31 March 2022 %	Principal activities
Yongqin Limited ("Yongqin")	British Virgin Islands/ Hong Kong	Ordinary HKD2	**100**	100	**–**	–	Property investment
Hong Kong Huzi Limited ("HK Huzi") (note (i))	Hong Kong	HKD10,000	**–**	–	**–**	–	Investment holding
Beijing Founder Century Information System Co., Ltd. ("PRC Century")# (note (vi))	PRC/Mainland China	RMB390,000,000	**–**	–	**–**	100	Distribution of information products
Chongqing Yayuan Henghui Information Technology Co., Limited ("Yayuan Henghui") (notes (iii) and (vii))#	PRC/Mainland China	RMB2,000,000,000	**–**	–	**100**	51	Intragroup funding
Chongqing Yingfeng Property Co., Limited#	PRC/Mainland China	RMB80,000,000	**–**	–	**100**	100	Property development
Chongqing Yuefeng Property Co., Limited^	PRC/Mainland China	RMB50,000,000	**–**	–	**70**	70	Property development
Chongqing Yinghe Yiyuan Enterprise Management Co., Limited ("Yinghe Yiyuan") (notes (iv) and (vii))#	PRC/Mainland China	RMB2,000,000,000	**–**	–	**100**	51	Intragroup funding
Foshan Peking University Resources Property Co., Limited@	PRC/Mainland China	RMB100,000,000	**–**	–	**51**	51	Property development
Guiyang Henglong Property Co., Limited^ ("Guiyang Henglong")	PRC/Mainland China	RMB50,000,000	**–**	–	**70**	70	Property development

38. SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company — Direct — As at 31 March 2023 %	Direct — As at 31 March 2022 %	Indirect — As at 31 March 2023 %	Indirect — As at 31 March 2022 %	Principal activities
Kaifeng Boyuan Property Development Co., Limited	PRC/Mainland China	RMB20,000,000	–	–	100	100	Property development
Tianhe Property Development Co., Limited@	PRC/Mainland China	RMB300,000,000	–	–	100	90	Property development
Zhejiang Peking University Resources Property Co., Limited ("Zhejiang Resources")# (note (vii))	PRC/Mainland China	RMB1,114,558,000	–	–	91	68	Property development
Chengdu Founder Yuancheng Information Technology Co., Limited ("Founder Yuancheng")	PRC/Mainland China	RMB100,000,000	–	–	–	51	Property development
Wuhan Jinyuexiang Trading Co., Limited#	PRC/Mainland China	RMB1,000,000	–	–	100	100	Business management
Wuhan Heliang Investment Development Co., Limited^	PRC/Mainland China	RMB2,000,000	–	–	100	100	Capital management
Ezhou Jinfeng Real Estate Development Co., Limited^	PRC/Mainland China	RMB10,000,000	–	–	100	100	Property development
Beijing Ruihe Century Information Technology Co., Limited#	PRC/Mainland China	RMB100,000,000	–	–	100	100	Distribution of information products
Yuxi Runya Property Company Limited^	PRC/Mainland China	RMB10,000,000	–	–	100	100	Property development

38. SUBSIDIARIES (continued)

Except for PRC Century, Century (Hong Kong) and YQ, the English names of the above companies were translated from their respective Chinese names by reference only as no English names of these entities have been registered.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

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

Notes:

(i) During the year, the Group formed a new subsidiary, Hong Kong Huzi Limited ("HK Huzi") and thereafter underwent a group reorganisation, under which certain subsidiaries which are engaged in property development and property investment, were acquired by HK Huzi. On 25 March 2022, the Group disposed of its 100% equity interest in HK Huzi, details of which are set out in note 45.

(ii) In November 2021, the Company entered into an agreement with an independent third party to dispose of 62.96% equity interest in a subsidiary, Superb Virtue Limited ("Superb Virtue") (note 45(I)(d)). The disposal was completed on 30 November 2021. Upon completion of the disposal, Supeb Virtue and its subsidiary, Chongqing Fangyuan Yingrun Property Co., Limited ("Fangyuan Yingrun") ceased to be the subsidiaries of the Group.

(iii) The subsidiary was established on 22 December 2021.

(iv) The subsidiary was established on 15 December 2021.

(v) On 1 March 2022, the Company entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, Founder Century (Hong Kong) Limited, for an aggregate cash consideration of HK$1. The disposal was completed on 1 March 2022 and Founder Century (Hong Kong) Limited ceased to be a subsidiary of the Group following the completion of the disposal.

(vi) On 19 October 2022, the Company entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, Founder Data Corporation International Limited, for an aggregate cash consideration of HK$1,000,000. The disposal was completed on 22 December 2022. Upon completion of the disposal, Founder Data Corporation International Limited and Beijing Founder Century Information System Co., Ltd.* ceased to be subsidiaries of the Company.

(vii) On 9 January 2023, certain subsidiaries of the Company entered into agreements with several other subsidiaries of the Company to acquire 49% equity interest of Yayuan Henghui; (2) 49% equity interest of Yinghe Yiyuan; and (3) approximately 31.53% equity interest of Zhejiang Resources. The consideration was determined by net asset values of the above target companies and satisfied by offsetting against the outstanding debts and all accrued interest due from Beijing Gangtong Resources Enterprise Management Co., Ltd.* to the respective purchasers. The disposal was completed on 24 March 2023.

Registered as a wholly-foreign-owned enterprise under PRC law

^ Registered as a limited liability company under PRC law

@ Registered as a Sino-foreign joint venture under PRC law

* *For identification purposes only*

39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that has material non-controlling interests are set out below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31/3/2023	31/3/2022	Year ended 31/3/2023	Period from 1/1/2021 to 31/3/2022	31/3/2023	31/3/2022
				RMB'000	RMB'000	RMB'000	RMB'000
Non-wholly owned subsidiaries of Hong Kong Huzi Limited ("HK Huzi")	Mainland China	N/A	(Note a)	N/A	(1,008,073)	N/A	–
Zhejiang Peking University Resources Property Co., Limited (Note b)	Mainland China	9.45%	32%	(36,578)	(150,639)	160,414	491,168
Chongqing Yuefeng Property Co., Limited (Note c)	Mainland China	30%	30%	37,998	(102,458)	113,184	(20,640)
Chengdu Founder Yuancheng Information Technology Co., Limited (Note d)	Mainland China	75.01%	49%	(188,529)	(110,860)	356,054	97,848
Guiyang Henglong Property Co., Limited (Note e)	Mainland China	30%	30%	(704)	(281,680)	177,091	(101,286)
Chongqing Yayuan Henghui Information Technology Co., Limited (Note f)	Mainland China	–	49%	–	–	–	981,000
Chongqing Yinghe Yiyuan Enterprise Management Co., Limited (Note g)	Mainland China	–	49%	–	–	–	981,000
Subsidiaries with individual immaterial non-controlling interests						267,320	421,528
						1,074,063	2,850,618

39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes:

(a) During the reporting period, the Group disposal of HK Huzi and its subsidiaries which are no longer subsidiaries of the Company at the end of the reporting period.

(b) Zhejiang Peking University Resources Property Co., Limited

	31 March 2023	31 March 2022
Percentage of equity interest held by non-controlling interests (%)	**9.45**	32
Loss for the year/period allocated to non-controlling interests (RMB'000)	**(36,578)**	(150,639)
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	**160,414**	491,168

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of year ended 31 March 2023 RMB'000	In respect of period from 1 January 2021 to 31 March 2022 RMB'000
Revenue	**2,072**	3,715
Total cost, expenses and other income, net	**(389,140)**	(481,934)
Loss for the year/period and total comprehensive income for the period/year	**(387,068)**	(478,219)
Loss for the year/period allocated to non-controlling interests	**(36,578)**	(150,639)
Current assets	**2,516,226**	2,402,747
Non-current assets	**99,625**	10,035
Current liabilities	**(918,350)**	(853,519)
Non-current liabilities	**–**	–
Net assets	**1,697,501**	1,559,263
Net assets allocated to non-controlling interests	**160,414**	491,168
Net cash flows generated from/(used in) operating activities	**99,012**	(644,311)
Net cash flows used in investing activities	**–**	(10,023)
Net cash flows (used in)/generated from financing activities	**(99,000)**	650,563
Net increase/(decrease) in cash and cash equivalents	**12**	(3,771)

39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(c) Chongqing Yuefeng Property Co., Limited

	31 March 2023	31 March 2022
Percentage of equity interest held by non-controlling interests (%)	**30**	30
(Loss)/profit for the year/period allocated to non-controlling interests (RMB'000)	**37,998**	(102,458)
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	**113,184**	(20,640)

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of year ended 31 March 2023 RMB'000	In respect of period from 1 January 2021 to 31 March 2022 RMB'000
Revenue	**78,421**	5,022
Total cost, expenses and other income, net	**48,240**	(346,549)
Profit/(loss) for the year/period and total comprehensive income for the period/year	**126,661**	(341,527)
Profit/(loss) for the year/period allocated to non-controlling interests	**37,998**	(102,458)
Current assets	**567,259**	374,664
Non-current assets	**187,483**	2
Current liabilities	**(369,462)**	(443,465)
Non-current liabilities	**(8,000)**	–
Net assets/(liabilities)	**377,280**	(68,799)
Net assets/(liabilities) allocated to non-controlling interests	**113,184**	(20,640)
Net cash flows used in operating activities	**(7,186)**	(15,520)
Net cash flows generated from investing activities	**–**	–
Net cash flows generated from financing activities	**7,397**	15,473
Net increase/(decrease) in cash and cash equivalents	**211**	(47)

39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(d) Chengdu Founder Yuancheng Information Technology Co., Limited

	31 March 2023	31 March 2022
Percentage of equity interest held by non-controlling interests (%)	**75.01**	49
Loss for the year/period allocated to non-controlling interests (RMB'000)	**(188,529)**	(110,860)
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	**356,054**	97,848

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of year ended 31 March 2023 RMB'000	In respect of period from 1 January 2021 to 31 March 2022 RMB'000
Revenue	**40,061**	23,980
Total cost, expenses and other income, net	**(291,400)**	(250,224)
Loss for the year/period and total comprehensive income for the period/year	**(251,339)**	(226,244)
Loss for the year/period allocated to non-controlling interests	**(188,529)**	(110,860)
Current assets	**161,054**	198,093
Non-current assets	**790,929**	440,318
Current liabilities	**(457,313)**	(418,322)
Non-current liabilities	**(19,994)**	(20,399)
Net assets	**474,676**	199,690
Net assets allocated to non-controlling interests	**356,054**	97,848
Net cash flows used in operating activities	**(3,405)**	(16,408)
Net cash flows generated from investing activities	**–**	–
Net cash flows used in financing activities	**–**	–
Net decrease in cash and cash equivalents	**(3,405)**	(16,408)

39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(e) Gaiyang Henglong Property Co., Limited

	31 March 2023	31 March 2022
Percentage of equity interest held by non-controlling interests (%)	**30**	30
Loss for the year/period allocated to non-controlling interests (RMB'000)	**(704)**	(281,680)
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	**177,091**	(101,286)

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of year ended 31 March 2023 RMB'000	In respect of period from 1 January 2021 to 31 March 2022 RMB'000
Revenue	**376,102**	611,122
Total cost, expenses and other income, net	**(378,447)**	(1,550,055)
Loss for the year/period and total comprehensive income for the period/year	**(2,345)**	(938,933)
Loss for the year/period allocated to non-controlling interests	**(704)**	(281,680)
Current assets	**1,382,367**	600,894
Non-current assets	**7,966**	69,583
Current liabilities	**(799,704)**	(929,919)
Non-current liabilities	**(327)**	(78,178)
Net assets/(liabilities)	**590,302**	(337,620)
Net assets/(liabilities) allocated to non-controlling interests	**177,091**	(101,286)
Net cash flows (used in)/generated from operating activities	**(31,844)**	33,147
Net cash flows generated from investing activities	**–**	–
Net cash flows used in financing activities	**–**	–
Net (decrease)/increase in cash and cash equivalents	**(31,844)**	33,147

39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(f) Chongqing Yayuan Henghui Information Technology Co., Limited

	31 March 2022
Percentage of equity interest held by non-controlling interests (%)	49
Profit for the period/year allocated to non-controlling interests (RMB'000)	–
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	981,000

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000
Revenue	–
Total cost, expenses and other income, net	–
Profit for the period/year and total comprehensive income for the period/year	–
Profit for the period/year allocated to non-controlling interests	–
Current assets	981,000
Non-current assets	–
Current liabilities	–
Non-current liabilities	–
Net assets	981,000
Net assets allocated to non-controlling interests	981,000

At the end of the reporting period, all of the registered capital of the subsidiary were contributed by the non-controlling interests, accordingly, the net assets of the subsidiary at that date are allocated to non-controlling interests.

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000
Net cash flows used in operating activities	(981,000)
Net cash flows from investing activities	–
Net cash flows generated from financing activities	981,000
Net decrease in cash and cash equivalents	–

39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(g) Chongqing Yinghe Yiyuan Enterprise Management Co., Limited

	31 March 2022
Percentage of equity interest held by non-controlling interests (%)	49
Profit for the period/year allocated to non-controlling interests (RMB'000)	–
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	981,000

The following table illustrates the summarised financial information of the subsidiary. The amounts disclosed are before any inter-company eliminations:

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000
Revenue	–
Total cost, expenses and other income, net	–
Profit for the period/year and total comprehensive income for the period/year	–
Profit for the period/year allocated to non-controlling interests	–
Current assets	981,001
Non-current assets	–
Current liabilities	(1)
Non-current liabilities	–
Net assets	981,000
Net assets allocated to non-controlling interests	981,000

At the end of the reporting period, all of the registered capital of the subsidiary were contributed by the non-controlling interests, accordingly, the net assets of the subsidiary at that date are allocated to non-controlling interests.

	In respect of period from 1 January 2021 to 31 March 2022 RMB'000
Net cash flows used in operating activities	(981,000)
Net cash flows from investing activities	–
Net cash flows generated from financing activities	981,000
Net decrease in cash and cash equivalents	–

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The considerations from disposal of subsidiaries that occurred during the period comprised set off of current accounts. Further details of the disposals are set out in note 45 to the consolidated financial statements.

During the reporting period, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,514,000 (31 March 2022: RMB5,590,000) and RMB3,514,000 (31 March 2022: RMB5,590,000), respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Year ended 31 March 2023

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 April 2022	4,517,984	5,541	4,523,525
Changes from financing cash flows	(25,577)	(5,819)	(31,396)
New leases	–	3,514	3,514
Interest expense	–	638	638
Interest paid classified as operating cash flows	–	(638)	(638)
Gain on debt restructuring	(77,973)	–	(77,973)
Disposal of subsidiaries	(2,494,826)	–	(2,494,826)
At 31 March 2023	1,919,608	3,236	1,922,844

Period from 1 January 2021 to 31 March 2022

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2021	12,173,944	10,572	12,184,516
Changes from financing cash flows	(34,915)	(10,621)	(45,536)
New leases	–	5,590	5,590
Interest expense	–	769	769
Interest paid classified as operating cash flows	–	(769)	(769)
Disposal of subsidiaries	(7,621,045)	–	(7,621,045)
At 31 March 2022	4,517,984	5,541	4,523,525

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

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Within operating activities	**1,474**	3,841
Within financing activities	**6,457**	10,621
	7,931	14,462

41. CONTINGENT LIABILITIES

Save as disclosed elsewhere in the consolidated financial statements, the Group had contingent liabilities at the end of the reporting period as follows:

(a) The Group had outstanding litigations as detailed in notes 50 and 51 to the consolidated financial statements;

(b) the Group has given guarantees in favour of certain banks in relation to mortgages granted by these banks to purchasers of the Group's properties amounting to approximately RMB1,339,731,000 (2022: RMB3,136,710,000). Pursuant to the terms of the guarantees, upon default in mortgage payments, if any, by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled (but not limited to) to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon issuance of the building ownership certificates which are generally available within one to two years after the purchasers take possession of the relevant properties. The directors of the Company consider that, in the case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made for the guarantees in the consolidated financial statements for the current period (Period from 1 January 2021 to 31 March 2022: Nil).

42. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other borrowings are included in note 33 to the consolidated financial statements.

43. COMMITMENTS

The Group had the following commitments for the Group's development properties at the end of the reporting period:

	31 March 2023 RMB'000	31 March 2022 RMB'000
Contracted for:		
Properties under development	**2,133,196**	1,829,014

44. RELATED PARTY TRANSACTIONS

(a) In addition to the related party transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the current year/period:

	Notes	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Transactions with former fellow subsidiaries:			
Purchases of goods	(i)	**–**	2,289
Service fee expenses	(i)	**–**	3,846
Interest expense	(iii)	**–**	5,293
Transactions with former intermediate holding companies:			
Interest expense	(iii)	**–**	28,368
Transactions with former associate:			
Service fee income	(i)	**–**	1,156
Interest income	(ii)	**–**	584
Transactions with associate:			
Interest expenses	(i)	**525**	–

44. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest income was attributable to loans to a former associate which bear interests at a rate of 10% per annum.

(iii) The interest expenses were charged on loans from former intermediate holding companies (including Peking Founder) for the fifteen months ended 31 March 2022, which bear interests at rates ranging from 4.5% to 14.41% per annum, loans from former fellow subsidiaries which bear interests at rates of 8% per annum and loan from a former non-controlling shareholder of a former subsidiary which bear interests at rate of 4.66% and 8.5% per annum.

(b) Compensation of key management personnel (including the directors and chief executive of the Company) of the Group:

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000
Salaries, allowances and benefits in kind	**4,901**	4,983
Bonuses	**1,540**	2,666
Retirement benefits	**110**	126
Equity-settled share based payments	**5,072**	–
Total compensation paid to key management personnel	**11,623**	7,775

Further details of the directors' and chief executive's emoluments are included in note 10.

45. DISPOSAL OF SUBSIDIARIES

During the reporting periods, the Group disposed of certain subsidiaries as follows:

(I) For the fifteen months ended 31 March 2022

(a) On 21 January 2022, the Company entered into a sale and purchase agreement with a third party for the disposal of the Group's 100% equity interest in Hong Kong Huzi Limited ("HK Huzi") for a consideration of HK$20,000,000 (equivalent to approximately RMB16,276,000). The consideration was satisfied by offsetting in full against part of the debt due by the Group to the purchaser, on dollar-for-dollar basis. HK Huzi is engaged in investment holding and its subsidiaries are principally engaged in property development and property investment in Mainland China. The disposal was completed on 25 March 2022.

(b) On 17 March 2022, a subsidiary of the Company entered into a sale and purchase agreement with a third party (the "Purchaser") for the disposal of the Group's 70% equity interest in Changsha Loncin Real Estate Development Co., Ltd. ("Changsha Loncin") for a consideration of RMB5,000,000. The consideration was satisfied by offsetting in full against part of the debt due by the Group to the purchaser, on dollar-for-dollar basis. Changsha Loncin is engaged is principally engaged in property development in Mainland China. The disposal was completed on 17 March 2022.

(c) On 17 March 2022, a subsidiary of the Company entered into a sale and purchase agreement with a third party for the disposal of the Group's 70% equity interest in Changsha Henglong Real Estate Development Co., Ltd. ("Changsha Henglong") for a consideration of RMB5,000,000. The consideration was satisfied by offsetting in full against part of the debt due by the Group to the purchaser, on dollar-for-dollar basis. Changsha Henglong is principally engaged in property development in the PRC. The disposal was completed on 17 March 2022.

(d) In November 2021, the Company entered into an agreement with a third party to dispose of 62.96% equity interest in a subsidiary, Superb Virtue Limited ("Superb Virtue") for an aggregate cash consideration of HK$27,000,000 (equivalent to approximately RMB21,974,000). The consideration was satisfied by offsetting in full against part of the debt due by the Group to the purchaser, on dollar-for-dollar basis. Superb Virtue is an investment holding company and its 61.77% equity owned subsidiary, Chongging Fangyuan Yingrun Property Co., Limited ("Fangyuan Yingrun"), is principally engaged in property development in Mainland China. The disposal was completed on 30 November 2021. Upon completion of the disposal, Fangyuan Yingrun ceased to be a subsidiary of the Group.

(e) On 1 March 2022, the Company entered into a sale and purchase agreement with a third party for the disposal of the Group's 100% equity interest in Founder Century (Hong Kong) Limited ("Century (Hong Kong)") for a cash consideration of HK$1. Century (Hong Kong) is engaged in trading of information products in Hong Kong. The disposal was completed on 1 March 2022.

45. DISPOSAL OF SUBSIDIARIES (continued)

(I) For the fifteen months ended 31 March 2022 (continued)

The assets and liabilities of the subsidiaries disposed of and the gain/loss on disposals are analysed as follows:

Analysis of assets and liabilities of the subsidiaries over which control was lost:

	HK Huzi RMB'000 (Note (i))	Changsha Loncin RMB'000	Changsha Henglong RMB'000	Superb Virtue RMB'000	Century (Hong Kong) RMB'000	Immaterial subsidiaries RMB'000	Total RMB'000
Property, plant and equipment	41,468	118	59	30	–	–	41,675
Investment properties	488,050	–	–	20,978	–	–	509,028
Right-of-use assets	10,462	–	–	–	–	–	10,462
Other intangible assets	210	6	–	–	–	–	216
Investment in associates	103	–	–	–	–	–	103
Deferred tax assets	18,897	–	–	–	–	–	18,897
Properties for sale – under development	6,395,803	–	–	477,240	–	–	6,873,043
Properties for sale – completed	6,106,778	159,947	1,822	–	–	–	6,268,547
Trade and bills receivables	13,036	–	–	–	141,386	–	154,422
Prepayments, other receivables and other assets	6,826,949	2,197	147,688	9,221	71,133	7,038	7,064,226
Income tax recoverable	564,210	–	–	–	–	–	564,210
Amount due from the group companies	142,241	287	–	41,809	–	–	184,337
Restricted cash	435,691	–	–	–	–	–	435,691
Cash and cash equivalents	124,037	4,596	3	160	56	10	128,862
Trade payables	(1,013,578)	(69,586)	(22)	(5,845)	–	–	(1,089,031)
Other payables and accruals	(10,486,872)	(359,773)	(583,807)	(210,983)	–	–	(11,641,435)
Provisions	(78,775)	–	–	–	–	–	(78,775)
Contract liabilities	(3,942,309)	(4,978)	–	–	(479)	(4,680)	(3,952,446)
Amounts due to group companies (Note (ii))	(3,475,245)	(36)	–	(47,328)	(172,727)	–	(3,695,336)
Interest-bearing bank and other borrowings	(7,371,467)	(5,679)	–	(243,899)	–	–	(7,621,045)
Income tax payable	(1,507,423)	(68,498)	(3,412)	(45,642)	–	–	(1,624,975)
Deferred tax liabilities	(59,180)	–	–	–	–	–	(59,180)
Net (liabilities)/assets disposed of	(6,766,914)	(341,399)	(437,669)	(4,259)	39,369	2,368	(7,508,504)
Gain on disposal of subsidiaries:							
Consideration for disposal	16,276	5,000	5,000	21,974	–	–	48,250
Non-controlling interests	(3,411,226)	(102,436)	(160,251)	45,794	–	–	(3,628,119)
Net liabilities/(assets) disposed of	6,766,914	341,399	437,669	4,259	(39,369)	(2,368)	7,508,504
(Gain)/loss on disposal of subsidiaries	(3,371,964)	(243,963)	(282,418)	(72,027)	39,369	2,368	(3,928,635)
Net cash outflow arising on disposal:							
Cash received on disposal	–	–	–	–	–	–	–
Less: bank balances and cash disposed of	(124,037)	(4,596)	(3)	(160)	(56)	(10)	(128,862)
Net cash outflow arising on disposal of subsidiaries	(124,037)	(4,596)	(3)	(160)	(56)	(10)	(128,862)

45. DISPOSAL OF SUBSIDIARIES (continued)

(I) For the fifteen months ended 31 March 2022 (continued)

Notes:

(i) A wholly-owned subsidiary of HK Huzi, Peking University Resources Group Investment Company Limited ("Resources Investment") owed the former intermediate holding company of the Group, Peking University Resources Group Co., Limited ("Resources Group") (the "Alleged Debt") amounted to approximately RMB2,351 million at 31 December 2020 which was included in other payables and accruals as at that date. During the reporting period, the Company was informed that a civil legal proceeding in Mainland China has been filed by Resources Group against Resources Investment for immediate repayment of the Alleged Debt, which was claimed to be in aggregate RMB7,926 million up to 30 September 2020, and the overdue interests thereon together with litigation costs. As at 31 March 2022, 31 March 2023 and the date of approval of these consolidated financial statements, this litigation is still pending for court judgements.

The directors of the Company are of the view that following the completion of the disposal by the Group of all the equity interests in HK Huzi during the reporting period, HK Huzi and its subsidiaries, including Resources Investment, are no longer subsidiaries of the Group and the Group is not liable to any of the obligations and liabilities of HK Huzi and its subsidiaries payable to parties other than the entities in the Group, accordingly, such obligations and liabilities, if any, are not required to be accounted for in the consolidated financial statements of the Group for the current period.

(ii) The gross amount due by HK Huzi to the Group at completion of the disposal was in aggregate approximately RMB6,985,832,000. Management of the Group is of the view that the recoverable amounts of the Group's receivables from these former group companies were estimated to be approximately RMB3,475,245,000 after taking into account of the collaterals and financial position of the individual former group companies, which was recognised in the consolidated financial statements.

(iii) During the prior reporting period and before the completion of the disposal, certain subsidiaries of HK Huzi disposed of their completed properties for sale to other subsidiaries of the Company other than HK Huzi and its subsidiaries for an aggregate cash consideration of approximately RMB1,227 million. These properties for sale are regarded as transactions within the Group and the difference between the consideration for disposal amounted to RMB1,227 million and the carrying amount of such properties at time of disposal amounted to RMB2,502 million were eliminated on group consolidation.

45. DISPOSAL OF SUBSIDIARIES (continued)

(II) For the year ended 31 March 2023

On 19 October 2022, the Company entered into a sale and purchase agreement with a third party for the disposal of the Group's 100% equity interest in Founder Data Corporation International Limited ("Founder Data") for a consideration of HK$1,000,000 (equivalent to approximately RMB739,000). The consideration was satisfied by cash. Founder Data is engaged in investment holding and its subsidiaries are principally engaged in distribution of information products in Mainland China. The disposal was completed on 22 December 2022.

The assets and liabilities of the subsidiaries disposed of and the gain on disposals are analysed as follows:

Analysis of assets and liabilities of the subsidiaries over which control was lost:

	Founder Data Group RMB'000
Assets and liabilities disposed of	
Property, plant and equipment	2,354
Other intangible assets	2,625
Inventories	15,323
Trade and bills receivables	280,181
Prepayment, other receivables and other assets	3,419,705
Cash and cash equivalents	64,105
Trade and bills payables	(182,296)
Other payables and accruals	(1,284,004)
Contract liabilities	(116,569)
Amounts due to the Group (note)	–
Interest-bearing bank and other borrowings	(2,494,826)
Tax payables	(12,328)
Net liabilities disposed of	(305,730)
Gain on disposal of subsidiaries	
Consideration for the disposal	739
Net liabilities disposed of	305,730
Gain on disposal of subsidiaries	(306,469)
Cash received on disposal	739
Less: bank balance and cash disposed of	(64,105)
Net cash outflow arising on the disposal of subsidiaries	63,366

45. DISPOSAL OF SUBSIDIARIES (continued)

(II) For the year ended 31 March 2023 (continued)

Note: The gross amount due by the former group companies to the Group at completion of the disposal was in aggregate approximately RMB318,115,000. Management of the Group is of the view that the recoverable amounts of the Group's receivables from these former group companies were estimated to be RMBnil after taking into account of the financial position of the individual former group companies, which was recognised in the consolidated financial statements.

46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

At 31 March 2023

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	96,200	–	96,200
Financial assets at amortised cost			
Trade and bills receivables	–	82,374	82,374
Financial assets included in prepayments, other receivables and other assets	–	760,101	760,101
Restricted cash	–	29,832	29,832
Cash and cash equivalents	–	696,114	696,114
	96,200	1,568,421	1,664,621

46. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial assets (continued)

At 31 March 2022

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	113,818	–	113,818
Financial assets at amortised cost			
Trade and bills receivables	–	664,799	664,799
Financial assets included in prepayments, other receivables and other assets	–	4,633,577	4,633,577
Restricted cash	–	41,971	41,971
Cash and cash equivalents	–	641,949	641,949
	113,818	5,982,296	6,096,114

Financial liabilities

	Financial liabilities at amortised cost	
	31 March 2023 RMB'000	31 March 2022 RMB'000
Trade payables	**2,013,608**	2,012,227
Lease liabilities	**3,236**	5,541
Financial liabilities included in other payables and accruals	**2,507,792**	4,241,704
Interest-bearing bank and other borrowings	**1,919,608**	4,517,984
	6,444,244	10,777,456

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's financial assets measured at fair value represents the unlisted equity interest classified under financial assets at fair value through profit or loss. Details of the fair value measurements are set out in note 20.

Management has assessed that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost, including cash and cash equivalents, restricted cash, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and lease liabilities, approximate their fair value, which either due to their short term maturities, or that they are subject to floating rates.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair values:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 March 2023				
Financial assets at fair value through profit or loss	**–**	**–**	**96,200**	**96,200**
As at 31 March 2022				
Financial assets at fair value through profit or loss	–	–	113,818	113,818

The Group did not have any financial liabilities measured at fair value as at 31 March 2023 and 31 March 2022.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 March 2022: Nil).

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings with floating interest rates. The effective interest rates and terms of repayment of the interest-bearing bank and other borrowings of the Group are disclosed in note 33 to the financial statements.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit/loss before tax (through the impact on floating rate borrowings) and prior to interest capitalisation.

	Increase/ (decrease) in basis points %	(Decrease)/ increase in profit before tax 31 March 2023 RMB'000	(Decrease)/ increase in profit before tax 31 March 2022 RMB'000
RMB	100	–	(4,568)
RMB	(100)	–	4,568

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US dollars and HK$ exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and other components of the Group's equity.

	Increase/ (decrease) in exchange rate %	(Decrease)/ increase in profit before tax 31 March 2023 RMB'000	(Decrease)/ increase in profit before tax 31 March 2022 RMB'000
If the HK$ weakens against US dollars	(5)	174,685	198,607
If the HK$ strengthens against US dollars	5	(174,685)	(198,607)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of the reporting period. The amounts presented are gross carrying amounts for financial assets.

As at 31 March 2023

	12-month expected credit losses	Lifetime expected credit losses			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	84,501	84,501
Bills receivable	–	–	–	–	–
Financial assets included in prepayments, other receivables and other assets					
– Normal**	768,562	–	–	–	768,562
– Doubtful**	–	–	–	–	–
Restricted cash					
– Not yet past due	29,832	–	–	–	29,832
Cash and cash equivalents					
– Not yet past due	696,114	–	–	–	696,114
	1,494,508	–	–	84,501	1,579,009

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2022

	12-month expected credit losses	Lifetime expected credit losses			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	699,007	699,007
Bills receivable	4,075	–	–	–	4,075
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,655,160	–	–	–	4,655,160
– Doubtful**	–	–	–	–	–
Restricted cash					
– Not yet past due	41,971	–	–	–	41,971
Cash and cash equivalents					
– Not yet past due	641,949	–	–	–	641,949
	5,343,155	–	–	699,007	6,042,162

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 March 2023

	Within 1 year RMB'000	Over 1 year RMB'000	Total RMB'000	Carrying amount RMB'000
Trade payables	**2,013,608**	**–**	**2,013,608**	**2,013,608**
Financial liabilities included in other payables and accruals	**2,507,792**	**–**	**2,507,792**	**2,507,792**
Lease liabilities	**2,018**	**1,764**	**3,782**	**3,236**
Interest-bearing bank and other borrowings	**1,461,575**	**761,821**	**2,223,396**	**1,919,608**
	5,984,993	**763,585**	**6,748,578**	**6,444,244**

31 March 2022

	Within 1 year RMB'000	Over 1 year RMB'000	Total RMB'000	Carrying amount RMB'000
Trade payables	2,012,227	–	2,012,227	2,012,227
Financial liabilities included in other payables and accruals	4,241,704	–	4,241,704	4,241,704
Lease liabilities	4,348	1,596	5,944	5,541
Interest-bearing bank and other borrowings	3,920,021	1,075,890	4,995,911	4,517,984
	10,178,300	1,077,486	11,255,786	10,777,456

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2023 and fifteen months ended 31 March 2022.

The Group monitors capital using a debt to equity ratio, which is total interest-bearing bank and other borrowings divided by total equity attributable to owners of the parent. The debt to equity ratios as at the end of the reporting periods were as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
Interest-bearing bank and other borrowings	**1,919,608**	4,517,984
Total equity attributable to owners of the Company	**1,461,494**	(462,081)
Debt to equity ratio*	**1.31**	N/A

* As at 31 March 2022, the Group had a shareholders' deficit. As such, no gearing ratio was presented.

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 March 2023 RMB'000	31 March 2022 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	206	209
Right-of-use assets	415	1,153
Total non-current assets	621	1,362
CURRENT ASSETS		
Prepayments, other receivables and other assets	1,234	37,242
Cash and cash equivalents	66,310	1,914
Total current assets	67,544	39,156
CURRENT LIABILITIES		
Other payables and accruals	155,661	141,460
Total current liabilities	155,661	141,460
NET CURRENT LIABILITIES	(88,117)	(102,304)
TOTAL ASSETS LESS CURRENT LIABILITIES	(87,496)	(100,942)
NON-CURRENT LIABILITIES		
Lease liabilities	–	566
Net liabilities	(87,496)	(101,508)
EQUITY		
Share capital	787,555	545,335
Reserves (note)	(875,051)	(646,843)
Total equity	(87,496)	(101,508)

The Company's statement of financial position was approved and authorised for issue by the board of directors on 26 June 2023 and signed on its behalf by:

Wong Kai Ho
Director

Huang Zhuguang
Director

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Share option reserve RMB'000	Contributed surplus RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2021	258	–	1,306,591	213,080	(2,149,928)	(629,999)
Profit for the period	–	–	–	–	87,557	87,557
Other comprehensive loss for the period:						
Exchange differences on translation of financial statements of the Company	–	–	–	(104,401)	–	(104,401)
At 31 March 2022 and 1 April 2022	258	–	1,306,591	108,679	(2,062,371)	(646,843)
Recognition of equity settled share based payment	–	8,140	–	–	–	8,140
Exercise of share options	11,496	(8,140)	–	–	–	3,356
Profit for the year	–	–	–	–	40,248	40,248
Other comprehensive loss for the year						
Exchange differences on translation of financial statements of the Company	–	–	–	(279,952)	–	(279,952)
At 31 March 2023	11,754	–	1,306,591	(171,273)	(2,022,123)	(875,051)

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus in certain circumstances.

50. LITIGATIONS

As at 31 March 2023, the Group has been involved in the following significant legal proceedings and has been proactively responding to the cases:

(a) In August 2021, Minmetals International Trust Co., Ltd ("Minmetals International"), a financial institution, filed a civil complaint in the Intermediate People's Court of Xining, Qinghai Province against a subsidiary of HK Huzi, Dongguan Yihui Property Co., Limited* ("Dongguan Yihui"), and the Company's subsidiaries, Yuxi Runya Property Company Limited* ("Yuxi Runya") and Chongqing Yingfeng, in respect of the outstanding debts amounting to approximately RMB1,510 million (Minmetals International changed the amount of outstanding debts of the case to approximately RMB1,458,513,000 in December 2021). In February 2022, the Intermediate People's Court of Xining, Qinghai Province issued a civil judgement, which ruled that (i) Dongguan Yihui and Yuxi Runya shall jointly repay to Minmetals International the principal amount of the borrowings of approximately RMB1,458,513,000 together with the related interest and the other costs (which have been included in the Group's bank and other borrowings (note 33) or other payables and accruals (note 30)); and (ii) Minmetals International has the priority of the compensation from the proceeds of auction and sale of the collateral provided by Yuxi Runya and Chongqing Yingfeng.

The relevant subsidiaries have appealed the judgement to the Higher People's Court of Qinghai Province. In July 2022, the Higher People's Court of Qinghai Province issued a civil judgement, ruling that the appeal of Yuxi Runya was dismissed and the first instance judgment was upheld. Currently, Minmetals International, Dongguan Yihui, Yuxi Runya and Chongqing Yingfeng are actively negotiating for the settlement of the outstanding debts under this litigation.

Details of the litigation are set out in the Company's announcement dated 30 September 2022.

* *For identification purposes only*

50. LITIGATIONS (continued)

(b) In August 2021, Minmetals International filed a civil complaint in the Intermediate People's Court of Xining, Qinghai Province against a subsidiary of the Company, Wuhan Tianhe Jinrui Property Development Company Limited* ("Wuhan Tianhe"), and Yuxi Runya, and a subsidiary of HK Huzi, Peking University Resources Group Investment Company Limited* ("Resources Investment"), in respect of the outstanding entrusted loans amounting to approximately RMB631 million (including outstanding principal of RMB620 million and outstanding interest and default interest as at 19 August 2021). In February 2022, the Intermediate People's Court of Xining, Qinghai Province issued a civil judgement, which ruled that (i) Wuhan Tianhe and Yuxi Runya shall jointly repay to Minmetals International the outstanding principal of RMB620 million together with the related interest and other costs (which have been included in the Group's bank and other borrowings (note 33) or other payables and accruals (note 30)); and (ii) Minmetals International has the priority of compensation from the proceeds of auction and sale of the collateral provided by Wuhan Tianhe and Resources Investment.

The relevant subsidiaries have appealed the judgement to the Higher People's Court of Qinghai Province. In July 2022, the Higher People's Court of Qinghai Province issued a civil judgement, ruling that the appeal of Wuhan Tianhe was dismissed and the first instance judgment was upheld. Currently, Minmetals International, Wuhan Tianhe, Yuxi Runya and Resources Investment are actively negotiating for the settlement of the outstanding debts under this litigation.

Details of the litigation are set out in the Company's announcement dated 30 September 2022.

(c) CITIC Trust Co., Ltd. ("CITIC Trust") filed a civil complaint in the Beijing Financial Court against certain subsidiaries of the Company, namely Hong Kong Tianhe Holdings Limited ("Hong Kong Tianhe"), Ezhou Jinfeng Property Development Co., Limited ("Ezhou Jinfeng"), and Tianhe Property Development Co., Limited ("Tianhe Property") as defendants in respect of the (i) outstanding debts amounting to approximately RMB1.05 billion (which includes the related interest calculated up to 10 November 2021); and (ii) CITIC Trust has the priority in compensation over the proceeds from the auction or sale of the 90% equity interests in Tianhe Property held by Hong Kong Tianhe and the land use rights in several properties held by Ezhou Jinfeng.

Up to the date of approval of these consolidated financial statements, the legal proceeding is still on-going.

Details of the litigation are set out in the Company's announcement dated 8 April 2022.

A civil legal proceeding filed by China Construction Eighth Engineering Division Corp., Ltd.* (中國建築第八工程局有限公司) against Zhejiang Peking University Resources Real Estate Co., Ltd.* (浙江北大資源地產有限公司) ("Zhejiang Resources") with the Zhejiang Hangzhou Intermediate People's Court* (浙江省杭州市中級人民法院) in respect of outstanding construction project sum with interests and penalties amounting to approximately RMB105.3 million, in relation to a property development project of Zhejiang Resources. As at the date of this report, the hearing has taken place, with judgment from the court pending and Zhejiang Resources was unable to estimate the expected date of rendering of judgment.

* *For identification purposes only*

50. LITIGATIONS (continued)

(d) Western Trust Co., Ltd ("Western Trust") filed a civil complaint in the Intermediate People's Court of Xi'an, Shaanxi Province against the subsidiary of the Company, Zhejiang Peking University Resources Real Estate Co., Ltd ("Zhejiang Resources"), in respect of the outstanding debts in relation to a loan provided to Zhejiang Resources with principal amount of approximately RMB300,000,000 at interest of approximately 10.4% per annum which is secured by a land parcel in Yuhang District, Hangzhou as collateral for a term of three years, together with interest and penalty of approximately RMB389,400,000 (which included in the Group's bank and other borrowings (note 33) and other payables and accruals (note 30)). On 1 April 2022, the court issued a first instance judgement which ruled that Zhejiang Resources shall repay the outstanding principal together with interest and penalty, and the Western Trust has the right to the proceeds of auction and sale of the land parcel collateral as payment for the judgement sum. Subsequently, Zhejiang Resources and Western Trust both appealed to the Higher People's Court of Shaanxi Province. In March 2023, the Higher People's Court of Shaanxi Province issued a civil judgement, which ruled that Zhejiang Resources shall repay the outstanding principal together with interest and penalty, and the Western Trust has the right to the proceeds of auction and sale of the land parcel collateral as payment for the judgement sum.

Currently, Zhejiang Resources and Western Trust are actively negotiating for the settlement of the outstanding debts under this litigation.

The Intermediate People's Court of Guiyang, Guizhou Province* (貴州省貴陽市中級人民法院) issued a judgement on 31 March 2023 in respect of a civil legal proceeding against Kaifeng Boyuan Real Estate Development Co., Ltd.* (開封博元房地產開發有限公司) ("Kaifeng Boyuan") and Chongqing Yingfeng, each an indirect subsidiary of the Company, among other co-defendants. According to the judgement, it was alleged by the plaintiff, Beijing Deyu Yuantong Technology Co., Ltd.* (北京德隅源通科技有限公司), that Kaifeng Boming Real Estate Development Co., Ltd.* (開封博明房地產開發有限公司) ("Kaifeng Boming") obtained a loan from Huaneng Guicheng Trust Corp., Ltd.* (華能貴誠信託有限公司) ("Huaneng Trust") in 2019 for a principal amount of RMB1 billion secured by, among others, the pledge of certain land parcels held by Kaifeng Boyuan, and the share charge of the entire equity interest in Kaifeng Boyuan held by Chongqing Yingfeng. Kaifeng Boming failed to repay the loan and the outstanding principal is RMB590 million. Huaneng Trust subsequently transferred the loan and security to the plaintiff, who initiated the litigation against the defendants. The judgement ruled that, among others: (i) Kaifeng Boming shall repay the plaintiff the outstanding principal of RMB590 million together with interest and default interest; (ii) the plaintiff has the priority in respect of the compensation from the proceeds of auction and sale of certain land parcels held by Kaifeng Boyuan; (iii) the plaintiff has the priority in respect of the compensation from the proceeds of auction and sale of the entire equity interest in Kaifeng Boyuan held by Chongqing Yingfeng; and (iv) Kaifeng Boyuan to be jointly liable for the amount payable by Kaifeng Boming mentioned in (i). Kaifeng Boming is a wholly-owned subsidiary of HK Huzi. The relevant companies have appealed the judgement to the Higher People's Court of Guizhou Province. As at the date of this report, the second instance proceeding is still on-going. Details of the litigation are set out in the announcement of the Company dated 21 April 2023.

* *For identification purposes only*

51. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in these consolidated financial statements, the Group's significant events after the end of reporting period are as follows:

(a) The Company was informed that Intermediate People's Court of Guiyang, Guizhou Province issued a judgement, which has been filed by Beijing Deyu Yuantong Technology Co., Ltd. ("Deyu Yuantong") against Kaifeng Boming Real Estate Development Co., Ltd ("Kaifeng Boming"), a wholly-owned subsidiary of Hong Kong Huzi Limited and certain subsidiaries of the Company, namely Kaifeng Boyuan Real Estate Development Co., Ltd. ("Kaifeng Boyuan") and Chongqing Yingfeng Property Co., Ltd. ("Chongqing Yingfeng") as defendants in respect of the outstanding principal amounting to approximately RMB590 million, a loan from Huaneng Guicheng Trust Corp., Ltd. ("Huaneng Trust") to Kaifeng Boming. Huaneng Trust subsequently transferred the loan and security to the Deyu Yuantong.

The Judgment ruled that, among others: (i) the Kaifeng Boming shall repay the Deyu Yuantong the outstanding principal of RMB590 million together with interest and default interest; (ii) the Deyu Yuantong has the priority in respect of the compensation from the proceeds of auction and sale of certain land parcels held by the Kaifeng Boyuan; (iii) the Deyu Yuantong has the priority in respect of the compensation from the proceeds of auction and sale of the entire equity interest in the Kaifeng Boyuan held by the Chongqing Yingfeng; and (iv) the Kaifeng Boyuan to be jointly liable for the amount payable by the Kaifeng Boming mentioned in (i).

Amounted to approximately RMB295,269,000 represent the best estimation of cost and compensations made by management of the Group in connection with the litigation was recognised to the consolidated financial statements.

Details of the aforementioned disposal are set out in the Company's announcement dated 21 April 2023.

(b) On 11 May 2023, Hong Kong Resources Rui Cheng Property Holdings Limited, an indirect wholly-owned subsidiary of the Company entered into the sale and purchase agreement with a third party for the disposal of the Group's 100% equity interest in Hong Kong Tianhe Holdings Limited ("Hong Kong Tianhe") at a cash consideration of HK$1,000,000. Hong Kong Tianhe is an investment holding company and through its subsidiaries, are principally engaged in property development in the Mainland China.

Completion of the disposal has been taken place as at the date of approval of these consolidated financial statements. Details of the aforementioned disposal are set out in the Company's announcement dated 11 May 2023.

51. EVENTS AFTER THE REPORTING PERIOD (continued)

(c) On 11 May 2023, Chongqing Heyumei Commercial Information Consultancy Co., Ltd, an indirect wholly-owned subsidiary of the Company entered into the sale and purchase agreement with a third party for the disposal of the Group's 100% equity interest in Chongqing Yueyingya Enterprise Management Co., Ltd. ("Chongqing Yueyingya") at a cash consideration of RMB1,000,000. Chongqing Yueyingya is an investment holding company and through its subsidiaries, are principally engaged in property development in the Mainland China.

Completion of the disposal has been taken place as at the date of approval of these consolidated financial statements. Details of the aforementioned disposal are set out in the Company's announcement dated 11 May 2023.

52. CORRESPONDING FIGURES

The following corresponding figures in consolidated statement of profit or loss have been reclassified to conform with the current year's presentation of the Group:

- Reclassification of cost of sales regarding the impairment of inventories recognised, impairment of properties for sale – under development recognised and impairment of properties for sale – completed recognised in amount of approximately RMB8,535,000, RMB1,331,721,000 and RMB2,468,013,000 to separate line item to fairly present the nature of loss incurred.

- Reclassification of administrative expenses regarding the fair value change on financial assets at fair value through profit or loss in amount of approximately RMB8,282,000 to separate line item to fairly present the nature of loss incurred.

In the opinion of the Board, the reclassification made to the corresponding figures has insignificant impact on the Group's consolidated statement of profit or loss for the fifteen months ended 31 March 2022.

Location	Use	Tenure	Percentage of interest attributable to the Group
A building to be occupied by a kindergarten and located at the Northern part of Jin Zhou Avenue Beibu New District Chongqing City The PRC	Commercial	Medium term lease	70
A building to be occupied by a kindergarten and located at Cuntan Street Jiangbei District Chongqing City The PRC	Commercial	Medium term lease	100
A building occupied by a cinema and located at the cross of Xiubei Road and Guanshan Road Guanshanhu District Guiyang City Guizhou Province The PRC	Commercial	Medium term lease	100
Various office units on various levels of No. 467 Boya City Plaza Located at Xinyu Road Gaoxin District Chengdu City Sichuan Province The PRC	Commercial	Long term lease	25
The commercial street located at Block 21 and 22 Wei Shang Ming Mansion Wuchang Street Yuhang District Hangzhou City Zhejiang Province The PRC	Commercial	Medium term lease	91

FIVE-YEAR FINANCIAL SUMMARY

31 March 2023

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

RESULTS

	Year ended 31 March 2023 RMB'000	Period from 1 January 2021 to 31 March 2022 RMB'000	Year ended 31 December 2020 RMB'000	2019 RMB'000	2018 RMB'000
REVENUE	**5,174,870**	11,799,624	9,085,402	24,131,590	24,911,870
PROFIT/(LOSS) FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	**966,690**	1,509,499	(2,025,393)	(2,421,877)	716,310

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March 2023 RMB'000	As at 31 March 2022 RMB'000	As at 31 December 2020 RMB'000	2019 RMB'000	2018 RMB'000
TOTAL ASSETS	**12,648,625**	18,267,389	38,190,572	38,541,413	42,661,238
TOTAL LIABILITIES	**(10,113,068)**	(15,878,852)	(38,898,530)	(37,437,773)	(39,656,548)
NON-CONTROLLING INTERESTS	**(1,074,063)**	(2,850,618)	(1,136,177)	(962,845)	(336,184)
	1,461,494	(462,081)	(1,844,135)	140,795	2,668,506

	Year ended 31 March 2023 RMB'million	Period from 1 January 2021 to 31 March 2022 RMB'million	+/(-) Change
FINANCIAL PERFORMANCE			
Revenue	**5,175**	11,800	-56.14%
Gross profit margin	**14.70%**	9.78%	
Profit/(loss) for the year/period	**1,019**	(434)	-334.79%
KEY FINANCIAL INDICATORS			
Cash and cash equivalents	**696**	642	8.41%
Net current assets/(liabilities)	**1,690**	2,740	-38.32%
Total assets	**12,649**	18,267	-30.75%
Total liabilities	**10,113**	15,879	-36.31%
Interest-bearing bank and other borrowings	**1,920**	4,518	-57.50%
Total equity	**2,536**	2,388	6.20%
Current ratio (times)	**1.18**	1.19	
Gearing ratio	**0.76**	N/A	
Basic profit per share (RMB cents)	**13.71**	23.53	
Diluted profit per share (RMB cents)	**13.71**	N/A	