



# 资源控股

RESOURCES HOLDINGS

(Incorporated in Bermuda with limited liability)

Stock Code : 00618



ANNUAL REPORT

# PKU RESOURCES

北大资源(控股)有限公司  
PEKING UNIVERSITY RESOURCES  
(HOLDINGS) COMPANY LIMITED

2023 / 24



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## 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. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock Code: 618.HK). The Group is principally engaged in medical and pharmaceutical retail, e-commerce and distribution of appliances and information products, property development as well as property investment and management in Mainland China (the “PRC”), Singapore and Hong Kong.

The Group operates its retail pharmacies in the PRC under the domestically and internationally reputable brand of “Yekaitai (葉開泰)”. As at 31 March 2024, the Group operates 56 chain stores and five Chinese medicine clinics in Wuhan, the PRC. It has also established an online pharmacy.

The Group’s e-commerce and distribution business mainly involving selling appliances, IT products and other products through e-commerce platforms, such as Douyin (抖音) and Jingdong (京東), as well as other distributors.

As at 31 March 2024, the Group had a total of 12 property development projects across 8 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 2.69 million square meters.





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr Wong Kai Ho (*Chairman*)  
Mr Wang Guiwu  
Mr Huang Zhuguang  
Mr Guo Langhua (retired on 28 August 2023)  
Mr Hou Ruilin (appointed on 28 August 2023)

#### 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

#### 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

### 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: 8,000 shares

### COMPANY WEBSITE

[www.pkurh.com](http://www.pkurh.com)



## CHAIRMAN'S STATEMENT

Dear Shareholders,

Looking back at 2023, the global economy was weighed down by inflation, interest rate hikes and geopolitical tensions, with increasing uncertainties in the global supply chain system and economy. Against this backdrop, the PRC government actively promoted the implementation of growth stabilization policies to boost market confidence. With the continuous recovery of China's economy, it achieved a growth of 5.2% for the year.

Timely adjustments and improvements have also been made to China's real estate policies on an ongoing basis. The government implemented city-specific policies, successively relaxed restriction policies for the demand side and proposed measures such as financing mechanisms for real estate enterprises to mitigate risks and ensure project delivery. However, residents' willingness to buy homes remained weak amid a persisting market downturn, resulting in a significant decrease in property sales for two consecutive years, while some of the real estate enterprises were in severe operating and financial difficulties. During the year ended 31 March 2024 ("**Reporting Year**" or "**Reporting Period**"), the Group was not immune to these challenges. Due to the significant decrease in area delivered of property development projects, the turnover of the property development business of the Group decreased by 82.7% to approximately RMB560 million and a loss of approximately RMB120 million was recorded.

Benefitted from factors such as accelerated digital transformation and the rise of emerging technologies, China's e-commerce market maintained rapid growth. In the year of 2023, national online retail sales amounted to RMB15.4 trillion, representing an increase of 11.0% over the previous year. During the Reporting Year, the Group reduced the scale of its traditional IT distribution business to concentrate the main resources on the development of its e-commerce business, and successfully transformed from a traditional IT distributor to an e-commerce platform. The e-commerce business of the Group recorded a turnover of approximately RMB620 million and a profit of RMB30 million.

During the Reporting Year, due to the decrease in area delivered of property development projects and the downsizing of its traditional IT distribution business, the Group's turnover fell significantly to RMB1.44 billion, representing a substantial decrease of 72.2% year-on-year. In addition, with the impacts of the resumption of the Group's lands by government authorities without compensation, certain subsisting guarantees and the expected guarantee liability arising from the related litigations, the Group recorded a loss of RMB750 million, representing a year-on-year decline as high as 173.6%. As at 31 March 2024, the total equity of the Group dropped slightly from RMB2.54 billion as at the end of last year to RMB2.51 billion, while the equity attributable to the shareholders of the Company shrank from RMB1.46 billion to RMB1.03 billion.

In the face of unprecedented challenges, the Group demonstrated a high sense of responsibility with great foresight. On one hand, we stabilized our core operation by proactively negotiating the debt restructuring with creditors, steadily pushing forward the delivery of projects and taking the initiative to fulfill our commitment to property owners. On the other hand, we sought to accelerate the transformation and upgrade of our business by actively developing innovative e-commerce and expanding into the pharmaceutical service and retail segment. In August 2023, the Group ventured into the pharmaceutical retail market with a strong position through the successful acquisition of Yekaitai Pharmaceutical and leveraged its strengths in e-commerce to build an omni-channel sales network with online-offline integration. On top of providing a full chain of online operation and sales services, we capitalized on the Chinese medicine and pharmaceutical resources of Yekaitai to develop a comprehensive service model of "pharmacy + Chinese medicine + peripheral Chinese pharmaceuticals", and set up Chinese medicine clinics as well as the online consultation service, with a view to fully addressing the healthcare needs of consumers.





## Chairman's Statement

Peking University Resources Asset Management Limited, a wholly-owned subsidiary of the Group, has been granted a Type 9 (asset management) license by the Securities and Futures Commission in April 2023, and was appointed as the investment manager of the Hong Kong Gateway Special Opportunities Return Limited Partnership Fund in December 2023 to provide all-round management services for its affiliated real estate development projects. The expansion of the new financial services businesses, in particular the initial results achieved in respect of investment and management of special opportunity assets, has brought new vitality for the Group's diversified development.

Looking ahead to 2024, in view of the weak effective demand and low market confidence, considerable hidden risks will linger on. As it requires a process to eliminate the industry risks that have accumulated over the years, it is expected that the government will also introduce new stimulus policies and measures to boost market confidence and facilitate economic development. Adhering to the principles of ensuring financial soundness, promoting organizational reform and optimizing management efficiency, the Group will press on with its effort in maintaining liquidity for operations, mitigating existing debt issues, constantly optimizing the business structure and exiting from businesses with significant losses or uncertain prospects, while focusing its resources on developing profitable businesses that have promising market prospects, so as to achieve the sustainable development of the Group.

We will carry on paving way for the high-quality transformation towards an asset-light and digital enterprise by improving the internet-based big healthcare industry ecosystem and actively adopting new technologies. We will also commence the in-depth reconstruction of user and service experience and stay committed to innovation-driven development, with a view to creating a more diversified living space that promotes good health and well-being of families in China.

On behalf of the Board of Directors, I would like to acknowledge the immense efforts and outstanding contributions of all employees with the highest regard. I would also like to express my sincere gratitude to all shareholders, business partners and financing institutions for their unwavering support and trust in us over the years.

**Wong Kai Ho**

*Chairman*

28 June 2024

# Management Discussion and Analysis





### MARKET REVIEW

During 2023, the global economy was hit by the combined effects of factors such as inflation, interest rate hikes and escalating geopolitical conflicts, which have brought additional uncertainties to the global supply chains and economy, while the recovery remained slow. With the continuous recovery of China's economy, residents' income maintained a steady growth, leading to a faster recovery in consumption expenditure. Gross domestic product calculated at constant prices reached RMB126 trillion, which grew by 5.2% over the previous year. Industrial value-added of China's enterprises above-scale grew by 4.6% over the previous year. Fixed asset investment grew by 3.0% over the previous year while the disposable income per capita grew by 6.1%. The total retail sales of social consumer goods amounted to RMB47.1 trillion, representing a growth of 7.2% over the previous year.

### Medical and Pharmaceutical Retail

With the deepening of medical reform policies, policies such as “zero mark-up drug policy” and “volume-based procurement policy” were implemented gradually in public hospitals, while the trends of “separating dispensing from prescription” and “outflow of prescriptions” became more notable and continued to accelerate. All these factors will fuel further expansion of the scale of pharmaceutical retail industry. The main income source of medical institutions will shift from pharmaceutical sales to medical services in the future, and the main platform for promoting pharmaceutical sales will gradually shift from hospitals, outpatient clinics and other medical institutions to retail pharmacies, which have huge market potential for future development.

After the COVID-19 pandemic, people's lifestyle has changed gradually with enhanced public awareness of disease prevention and treatment. More and more residents take the initiative in disease prevention and invest in their health instead of receiving medical treatment passively. With the introduction of various consumption stimulus policies, there is a growing demand for health management, health care and disease prevention products and services. In the first quarter of 2023, the pharmaceutical retail industry was back on track rapidly and demonstrated a steady business growth in general.

Pursuant to the Circular on Making Further Progress on the Inclusion of Designated Retail Pharmacies in the Outpatient Clinics Coordinated Management Regime (《關於進一步做好定點零售藥店納入門診統籌管理的通知》) issued by the National Healthcare Security Administration on 15 February 2023, great importance was attached to the inclusion of designated retail pharmacies in the coordination of outpatient clinics. It emphasized that efforts will be devoted in supporting the launch of coordinated outpatient services in designated retail pharmacies, and clearly stated that it is necessary to optimize the payment policy for coordinated outpatient services in designated retail pharmacies.

The pharmaceutical retail industry policies in recent years have enhanced the competitiveness of retail pharmacies, and promoted the large-scale and centralized development of pharmaceutical retail enterprises. At present, some of the listed pharmaceutical retail companies have over 10,000 stores in operation. As the concentration level of the retail industry further increases, how to control the quality of pharmaceutical services in each store along the continuous expansion of business scale has become a common challenge for all pharmaceutical retail enterprises.



## Management Discussion and Analysis

### E-commerce and Distribution Business

In recent years, with the continuous growth of the society and the economy, the focus of China's e-commerce market has shifted from creating new businesses to attaching equal importance to both new and existing businesses, leading to the accelerated exploration of new development models. On the one hand, to cope with the consumers' demands for higher quality, customization and convenience, the e-commerce industry will usher in more innovation and transformation. For example, the popularization of smart intelligence, the Internet of Things, 5G and other technologies will create more business opportunities for the e-commerce industry. On the other hand, the e-commerce industry will be confronted with increasing challenges amid the intense competition and changes in the market. The traditional e-commerce platform, which operated on the shelf-based shopping model, is under the pressure from slower growth in such aspects as user base and GMV, while the social media content platform, which operated based on content-driven shopping demands, is in the stage of rapid development.

During 2023, China's e-commerce market achieved a faster growth due to factors such as the continuous recovery of China's economy, accelerated digital transformation and the rise of emerging technologies. In the year of 2023, national online retail sales amounted to RMB15.4 trillion, representing an increase of 11.0% over the previous year. Among which, national online sales of physical commodities amounted to RMB13.0 trillion, representing a year-on-year increase of 8.4% and accounting for 27.6% of the total retail sales of social consumer goods. In the first quarter of 2024, national online retail sales amounted to RMB3.3 trillion, representing an increase of 12.4% over the previous year. Among which, national online sales of physical commodities amounted to RMB2.8 trillion, representing a year-on-year increase of 11.6% and accounting for 23.3% of the total retail sales of social consumer goods.

### Real Estate Business

During 2023, China's real estate market continued to fluctuate at the bottom, and timely adjustments and improvements have been made to real estate policies on an ongoing basis. Policies on both the supply and demand sides were eased noticeably nationwide. The supply side focused on providing support to secure the delivery of homes, prevent risks, and meet the reasonable financing needs of real estate enterprises, while the demand side successively promulgated policies such as "grant of mortgage based on the number of houses owned rather than previous mortgage loan records (認房不認貸)" for first-time homebuyers, lowering of down payment, reduction of interest rates of housing mortgage, and reduction of taxes and fees, accompanied by gradual relaxation of restrictions on purchases, loans and sales in core cities. The implementation of such policies has provoked an impulse effect to a certain extent, however, the downward trend of the industry has not yet been reversed. In 2023, the sales of commodity housing in China amounted to approximately RMB11.7 trillion, and the sales area of commodity housing amounted to approximately 1.12 billion square meters, representing a decrease of 6.5% and 8.5% respectively, as compared to that of 2022. New construction area of properties in China was 950 million square meters, representing a decrease of 20.4% year-on-year. The investment in real estate development in China amounted to approximately RMB11.1 trillion, representing a decrease of 9.6% over 2022.

In the first quarter of 2024, the sales area of commodity housing nationwide amounted to 230 million square meters with a sales volume of RMB2.1 trillion, representing a decrease of 19.4% and 27.6% respectively year-on-year. New construction area of properties in China was 170 million square meters, representing a decrease of 27.8% year-on-year. The investment in real estate development in China amounted to approximately RMB2.2 trillion, representing a decrease of 9.5% year-on-year. As of now, the real estate market is continuing its downturn and still bottoming out.



## OPERATING REVIEW

### Medical and Pharmaceutical Retail

The Group acquired 55.56% equity interest in Wuhan Yekaitai Pharmaceutical Chain Co., Ltd.\* (武漢葉開泰藥業連鎖有限公司) (“Yekaitai Pharmaceutical”) in August 2023, and acquired the remaining 44.44% equity shares in Yekaitai Pharmaceutical in November 2023. Yekaitai Pharmaceutical operates its retail pharmacies in the PRC under the domestically and internationally reputable brand of “Yekaitai (葉開泰)”, continuing the tradition and ancient motto of “Dedication comes from the heart that no one else can see”. The brand of Yekaitai has a history of nearly 400 years and is widely regarded as one of the four major pharmacy brands in the PRC, along with “Beijing Tong Ren Tang (北京同仁堂)”, “Hangzhou Huqingyutang (杭州胡慶餘堂)” and “Guangzhou Chan Li Chai (廣州陳李濟)”. Yekaitai was recognised by the Ministry of Domestic Trade (國內貿易部) (now the Ministry of Commerce (商務部)) of the PRC as a “China Time-honored Brand (中華老字號)” in 1994. Yekaitai Pharmaceutical was awarded the title of “Wuhan City Famous Trademark (武漢市著名商標)” by the Wuhan Municipal Government in 2014 and is influential and reputable in Wuhan City, the PRC.

Yekaitai Pharmaceutical operates 56 chain stores and five Chinese medicine clinics in nine administrative regions in Wuhan, the PRC. It has also established an online pharmacy. Yekaitai Pharmaceutical provides traditional Chinese medicine diagnosis and treatment, traditional Chinese medicine health care, massage, acupuncture and other special medical services. Yekaitai Pharmaceutical utilises information technology to carry out such services as online remote prescription review, medication guidance, customized health management plans and medical big data query. Through developing online multi-channel marketing such as B2C and O2O, Yekaitai Pharmaceutical is reforming its retail pharmacies and endeavours to becoming an integrated platform for Chinese and Western medicine resources. During the period from the acquisition date up to 31 March 2024, the medical and pharmaceutical retail business of the Group recorded a turnover of approximately RMB87.8 million. The segment recorded a profit of RMB3.8 million.

The management is of the view that the retail pharmacy market in the PRC has great potential and room for development. The acquisitions enable the Group to expand its business into the pharmaceutical retail market so as to create new sources of income and diversify the Group’s revenue streams, thereby achieving the Group’s strategic objective of sustainable development.

### E-commerce and Distribution

During the Reporting Year, the e-commerce and distribution business of the Group recorded a turnover of approximately RMB621.4 million, representing a decrease of 67.4% as compared to the Corresponding Period (year ended 31 March 2023: RMB1,907.2 million). The segment recorded a profit of RMB30.8 million (year ended 31 March 2023: loss of RMB55.4 million).

Originally, the distribution business was mainly focused on the distribution of information products. During the Reporting Year, it has been affected mainly by various 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 and reduced the scale of its distribution business to concentrate the main resources on the development of its e-commerce business.

\* For identification purposes only



## Management Discussion and Analysis

### Real Estate Business

#### Property Development

The turnover of the property development business of the Group for the Reporting Year decreased by 82.7% to approximately RMB558.2 million (year ended 31 March 2023: RMB3,219.7 million). The segment recorded a loss of approximately RMB117.3 million (year ended 31 March 2023: profit approximately RMB1,851.9 million). The decrease in segment turnover was primarily attributable to the decrease in area delivered of property development projects. The decrease in segment profit was due to the decrease in gross profit of properties sold.

As at 31 March 2024, the Group had 12 property development projects across 8 cities in Mainland China. The total area of the properties held for sale, properties under development and area pending construction amounted to approximately 2,690,000 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 RMB441.7 million and approximately 57,000 square meters, respectively, with an average selling price of approximately RMB7,760 per square meter.

#### Project List

##### As at 31 March 2024

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 (under construction)
Boya Binjiang	Foshan, Guangdong	Residential/Commercial	909,598	51%	2024 (under construction)
Wei Ming 1898	Kaifeng, Henan	Residential/Commercial	384,569	100%	2024 (under construction)
Zijing Mansion	Chongqing	Residential/Commercial	209,632	100%	Completed
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	394,175	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.





## Management Discussion and Analysis

### Property Investment and Management

During the Reporting Year, the turnover of property investment and management business increased by 262.4% to approximately RMB173.6 million (year ended 31 March 2023: RMB47.9 million). The segment recorded a loss of approximately RMB29.8 million (year ended 31 March 2023: profit of RMB85.0 million). The increase in segment revenue was mainly attributed to the increase in rented GFA during the Reporting Year. The transition from profit to loss in segment performance was mainly due to the fair value gain on investment properties during the Reporting Year decreased to approximately RMB73.7 million (year ended 31 March 2023: RMB456.4 million).

## FINANCIAL REVIEW

### Overall Performance

During the Reporting Year, the Group's revenue decreased by 72.2% to approximately RMB1,441.0 million (year ended 31 March 2023: RMB5,174.9 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 RMB1,285.8 million in sales of information products, and the decrease in area delivered of property development projects resulting in a decrease of RMB2,661.5 million in the revenue of property development business. The Group recorded a loss of approximately RMB750.2 million for the Reporting Year (year ended 31 March 2023: profit of RMB1,018.9 million). The loss during the Reporting Year was mainly attributable to the combined effects of the following factors:

- a. a decrease in gross profit by approximately RMB630.0 million to approximately RMB130.8 million (year ended 31 March 2023: RMB760.8 million), which was mainly due to the combined effects of decrease in gross profit of properties delivered and decrease in area delivered of property development projects;
- b. a decrease in other gains and losses by approximately RMB1,476.8 million to approximately RMB515.9 million (year ended 31 March 2023: RMB1,992.7 million), which was attributable to the facts that in the Reporting Year the Group recorded gains of approximately RMB1,202.7 million from the disposal of Hong Kong Tianhe Holdings Limited (香港天合控股有限公司) ("HK Tianhe") and its subsidiaries as well as Chongqing Yueyingya Enterprise Management Co., Ltd. ("Chongqing Yueyingya") and its subsidiaries, but recorded loss of approximately RMB336.6 million from resumption of lands of the Group by government authorities without compensation and recorded loss of approximately RMB459.5 million for impairment of financial assets including other receivables and other assets. In the Corresponding Period, the Group only recorded gains of approximately RMB306.5 million from the disposal of Founder Data Corporation International Limited ("Founder Data") and gains of approximately RMB667.7 million for the gain of deemed disposal of financial instruments and gains of approximately RMB382.0 million for recognition of impairment loss on other receivables and other assets;
- c. a decrease in total selling and distribution expenses and administrative expenses by approximately RMB79.6 million to approximately RMB234.7 million (year ended 31 March 2023: RMB314.3 million), which was attributable to the strict control of expenses implemented by the management;
- d. a net provision of approximately RMB196.0 million for the impairment of properties for sale was made in the Reporting Year (year ended 31 March 2023: a reversal of approximately RMB73.2 million for the impairment of properties for sale), which increased by approximately RMB269.2 million compared to the impairment of properties for sale recognised in the Corresponding Period as a result of the sharp downturn in the property market in 2023, leading to a significant decrease in the net realizable value of certain properties;



## Management Discussion and Analysis

- e. an increase in other expenses, net by approximately RMB195.7 million to approximately RMB842.7 million (year ended 31 March 2023: RMB647.0 million), which was attributable to the provision for expected guarantee liabilities by the Group to subsidiaries of Hong Kong Huzi Limited which was subsequently disposed of by the Group on 25 March 2022 with the guarantees continuing in effect, as well as the related litigations;
- f. a decrease in finance costs by approximately RMB154.1 million to approximately RMB112.4 million (year ended 31 March 2023: RMB266.5 million) attributable to a decrease in interest-bearing financial liabilities following the disposal of HK Tianhe by the Group in May 2023; and
- g. a decrease in income tax expenses by approximately RMB570.2 million to approximately RMB7.5 million (year ended 31 March 2023: RMB577.7 million) as a result of an decrease in corporate income tax and land appreciation tax in the PRC during the Reporting Year.

The loss attributable to owners of the Company for the Reporting Year was approximately RMB785.6 million (year ended 31 March 2023: profit of RMB966.7 million) and the profit attributable to non-controlling interests of the Group was RMB35.4 million (year ended 31 March 2023: RMB52.2 million).

Basic and diluted loss per share attributable to owners of the Company for the Reporting Year was approximately RMB8.24 cents (year ended 31 March 2023: profit of RMB13.71 cents).

### **Adjustment in Accounting Treatment of Revenue Generated from E-commerce and Distribution Segment**

Reference is made to the unaudited consolidated results of the Company for the six months ended 30 September 2023 (the "2023 Interim Period") published on 30 November 2023 (the "2023 Interim Results") and the interim report of the Company published on 21 December 2023 (the "2023 Interim Report").

During the Reporting Year, the Group began to engage in the trading of mineral concentrates (the "Trading Business"), which was included in the e-commerce and distribution segment. During the 2023 Interim Period, the Group sold mineral concentrates of RMB509,900,000 with cost of RMB509,600,000, which was respectively stated as revenue and cost of sales in the consolidated statement of profit or loss for the 2023 Interim Period, which in turn was disclosed in the 2023 Interim Results and 2023 Interim Report.

During the course of audit of the financial statements of the Group, the Group's management has further reviewed the nature of the trading of mineral concentrates and discussed with the Group's auditors, CCTH CPA Limited. Both the Group and the auditor of the Company agreed that the net method shall be adopted to recognise income for relevant transactions based on the underlying flow of transactions and in accordance with the relevant Hong Kong Financial Reporting Standard.

Having considered the view of the auditor of the Company, the Board, including the audit committee, resolved to adopt the net method to recognise income for the Trading Business transactions of the Group for the Reporting Year. As such, the income for transactions of the Group's Trading Business for the Reporting Year disclosed in this annual report is presented using the net method and recognised as other gains and losses, net in the profit or loss.



## Management Discussion and Analysis

Regarding the 2023 Interim Period, adopting the net method to recognise revenue for transactions of the Group's Trading Business for the 2023 Interim Period, certain items in the consolidated statement of profit or loss for the 2023 Interim Period would be adjusted (the "Adjustment"): (i) revenue would decrease by approximately RMB509,900,000 to approximately RMB763,100,000 (before the Adjustment: approximately RMB1,273,000,000); (ii) cost of sales would decrease by approximately RMB509,600,000 to approximately RMB709,400,000 (before the Adjustment: approximately RMB1,219,000,000); (iii) gross profit would decrease by approximately RMB300,000 to approximately RMB53,700,000 (before the Adjustment: approximately RMB54,000,000); and (iv) other gains and losses, net would increase by approximately RMB300,000 to approximately RMB1,673,700,000 (before the Adjustment: approximately RMB1,673,400,000).

The following table sets out the impact of the Adjustment on the consolidated statement of profit or loss for the 2023 Interim Period:

Affected Items	Amount	Amount	Amount
	before the Adjustment	Adjusted	after the Adjustment
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	1,272,964	(509,871)	763,093
Cost of sales	(1,218,962)	509,614	(709,348)
Gross profit	54,002	(257)	53,745
Other gains and losses, net	1,673,487	257	1,673,744
Profit before tax	182,246	–	182,246
Profit for the period	166,054	–	166,054

Save for the aforesaid, there was no other impact of the Adjustment on the consolidated financial statements of the Company for the 2023 Interim Period.

### 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 2024, the Group had interest-bearing bank and other borrowings of approximately RMB1,748.1 million (31 March 2023: RMB2,339.6 million), of which approximately RMB5.0 million (31 March 2023: RMBNil) bear interest at floating rates and RMB1,743.1 million (31 March 2023: RMB2,339.6 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 RMB636.4 million (31 March 2023: RMB1,745.9 million) were repayable within one year, approximately RMB781.7 million (31 March 2023: RMB293.0 million) were repayable within two years and approximately RMB330.0 million (31 March 2023: RMB300.7 million) 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 held for sale of the Group, investment properties, equity interests of certain subsidiaries of the Group, and assignment of return arising from the Group's certain properties under development and properties held for sale. The increase in other payables and accruals by 13.9% to approximately RMB2,377.7 million (31 March 2023: RMB2,087.8 million) was due to the acquisition of new subsidiaries.



## Management Discussion and Analysis

As at 31 March 2024, the Group recorded total assets of approximately RMB11,522.9 million (31 March 2023: RMB12,648.6 million), total liabilities of approximately RMB9,015.2 million (31 March 2023: RMB10,113.1 million), non-controlling interests of approximately RMB1,473.2 million (31 March 2023: RMB1,074.1 million) and equity attributable to owners of the Company of approximately RMB1,034.5 million (31 March 2023: approximately RMB1,461.5 million). The conversion from profit to loss was due to the loss for the Reporting Year. The Group's net asset value per share as at 31 March 2024 was RMB24.2 cents (31 March 2023: RMB27.8 cents). The decrease in net asset value per share was attributable to the loss for the Reporting Year.

As at 31 March 2024, the Group had total cash and cash equivalents and restricted cash of approximately RMB904.1 million (31 March 2023: RMB725.9 million). As at 31 March 2024, the Group's gearing ratio, calculated as a percentage of total borrowings over total equity, was 0.70 (31 March 2023: 0.92) while the Group's current ratio was 1.26 (31 March 2023: 1.18).

As at 31 March 2024, the capital commitments for contracted, but not provided for, properties under development were approximately RMB1,655.9 million (31 March 2023: RMB2,133.2 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.







## Management Discussion and Analysis

### 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 2024, properties under development of approximately RMBNil (31 March 2023: RMB848.2 million), properties held for sale of approximately RMB1,342.0 million (31 March 2023: RMB298 million), investment properties of approximately RMB295.8 million (31 March 2023: RMB295.8 million), accounts receivable of approximately RMBNil (31 March 2023: RMB32.1 million), bank deposits of approximately RMB13.9 million (31 March 2023: RMB29.8 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 2024, the Group had contingent liabilities as follows:

- (1) The Group had contingent liabilities relating to guarantees mainly in respect of mortgage facilities granted by certain banks to certain purchasers of the Group's properties amounting to approximately RMB915.3 million (31 March 2023: RMB1,339.7 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 real estate ownership certificates which are generally issued within three months after the purchasers take possession of the relevant properties; and (ii) repayment of the mortgage loans 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 such guarantees in the financial statements.

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



## Management Discussion and Analysis

### MAJOR LITIGATIONS

As at 31 March 2024, the Group has been involved in the following significant legal proceedings and has been proactively responding to such legal proceedings:

- (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 RMB1,458,500,000. 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 RMB1,458,500,000 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 has filed an application for enforcement with the Intermediate People’s Court of Xining; Minmetals International, Dongguan Yihui, Yuxi Runya and Chongqing Yingfeng are actively negotiating for the settlement of the repayment plan 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 were 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.

\* For identification purposes only



## Management Discussion and Analysis

- (3) 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 31 January 2024, the Zhejiang Hangzhou Intermediate People’s Court issued a civil judgment, which ruled that, among others, Zhejiang Resources shall pay approximately RMB50.1 million to the plaintiff. As at the latest practicable date, Zhejiang Resources appealed to the Higher People’s Court of Zhejiang Province.
- (4) 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, Western Trust has applied to the Intermediate People’s Court of Xi’an, Shaanxi Province for enforcement of the effective judgement; and Zhejiang Resources is actively negotiating with Western Trust for the settlement of the repayment plan under this litigation.
- (5) 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. In August 2023, the Higher People’s Court of Guizhou Province issued a civil judgement, which ruled to uphold the foregoing judgment. Currently, the plaintiff has filed an application for enforcement with the Intermediate People’s Court of Guiyang; Kaifeng Boyuan, Chongqing Yingfeng and Kaifeng Boming are actively negotiating with the plaintiff for the settlement of the repayment plan under this litigation. Details of the litigation are set out in the announcements of the Company dated 21 April 2023 and dated 21 August 2023.

\* For identification purposes only



## Management Discussion and Analysis

- (6) 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\* (北京金融法院) against Hong Kong Tianhe Holdings Limited (香港天合控股有限公司) (“HK Tianhe”), Tianhe Property Development Co., Limited\* (天合地產發展有限公司) (“Tianhe Property”) and Ezhou Jinfeng Property Development Co., Limited\* (鄂州金豐房地產開發有限公司) (“Ezhou Jinfeng”), an indirect subsidiary of the Company, 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 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. In August 2023, the court organized and conducted a trial of the case, and adjourned it to November 2023 with the addition of Suzhou Fengyutai Investment Company Limited\* (蘇州豐羽泰投資有限公司) and Yichang Fusheng Real Estate Development Company Limited\* (宜昌富盛房地產開發有限公司) (each of which is a subsidiary of Peking University Resources Group Co., Ltd. (北大資源集團有限公司), a former controlling shareholder of the Company) as defendants. The Group has sold the entire interest in HK Tianhe and Tianhe Property on 19 May 2023 (the “Disposal”). For details of the Disposal, please refer to the announcements of the Company dated 11 May 2023 and 2 June 2023. Upon completion of the Disposal, HK Tianhe and Tianhe Property ceased to be part of the Group and therefore, the obligation and liabilities of HK Tianhe and Tianhe Property under the litigation have been excluded from the consolidated financial statements of the Group. On 28 December 2023, the Court has issued a civil judgment in respect of the litigation and ruled that, among others, (i) HK Tianhe shall repay CITIC Trust the outstanding principal together with interest (calculated up to 6 April 2020) amounting to approximately RMB735.8 million, as well as overdue interest and damages for breach of contract; (ii) HK Tianhe shall pay CITIC Trust attorney fee of RMB150,000; (iii) Tianhe Property shall be jointly liable for the amount payable by HK Tianhe mentioned in (i) and (ii); and (iv) CITIC Trust shall have the priority in compensation over the proceeds from 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, Suzhou Fengyutai and Yichang Fusheng. Details of the litigation are set out in the announcements of the Company dated 8 April 2022, 4 January 2024 and 9 January 2024.
- (7) Beijing Financial Court issued a judgment on 29 December 2023 in respect of a civil legal proceeding filed by Beijing Branch of China Huarong Asset Management Co. Ltd.\* (中國華融資產管理股份有限公司北京市分公司) (“China Huarong”) against Chongqing Yingfeng, an indirect wholly-owned subsidiary of the Company, and certain former subsidiaries of the Company, namely, Dongguan Yihui, Dongguan Yida Property Co., Limited\* (東莞億達地產有限公司) (“Dongguan Yida”) and Kunshan Hi-Tech Electronic Arts Creative Industry Development Co., Limited\* (昆山高科電子藝術創意產業發展有限公司) (“Kunshan Hi-Tech”) in respect of a debt owed by Dongguan Yihui and Dongguan Yida to China Huarong (the “Debt”). According to the judgment, the Court has ruled that (i) Dongguan Yihui and Dongguan Yida shall jointly repay China Huarong the Debt with the principal amount of approximately RMB130.7 million, as well as the compensation for restructuring grace period (the “Restructuring Compensation”) and penalties for breach of contract; (ii) China Huarong shall have the priority in compensation over the proceeds from the auction or sale of several properties held by Chongqing Yingfeng and Kunshan Hi-Tech; and (iii) Dongguan Yihui, Dongguan Yida, Kunshan Hi-Tech and Chongqing Yingfeng shall pay China Huarong attorney fee of RMB150,000. The relevant parties have been negotiating with China Huarong over the settlement of the Debt and the litigation. Dongguan Yihui, Dongguan Yida and China Huarong entered into a debt settlement agreement (the “Debt Settlement Agreement”) on 30 June 2022, a supplemental agreement to the Debt Settlement Agreement (the “First Supplemental Agreement”) on 29 December 2022 and the second supplemental agreement to the Debt Settlement Agreement on 20 December 2023 (the “Second Supplemental Agreement”). Under the Second Supplemental Agreement, the parties agreed that (i) Dongguan Yihui and Dongguan Yida shall repay part of the principal amount of the Debt each quarter, and all outstanding principal amount of the Debt shall be repaid by 20 December 2024; (ii) Dongguan Yihui and Dongguan Yida shall repay the Restructuring Compensation with respect to the Debt by 20 December 2024; and (iii) Dongguan Yihui and Dongguan Yida shall repay costs incurred by China Huarong in recovering the Debt. As advised by the PRC legal advisors, despite the issue of the judgement, the Second Supplemental Agreement is still legally binding and enforceable between the parties. Details of the litigation are set out in the announcement of the Company dated 11 January 2024.

\* For identification purposes only



## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 31 March 2024, the Group did not have any specific future plans for material investments or capital assets (31 March 2023: 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 11 May 2023, Hong Kong Resources Rui Cheng Property Holdings Limited (香港資源睿成地產控股有限公司) (as 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) (as purchaser A) entered into the sale and purchase agreement, pursuant to which vendor A has conditionally agreed to sell, and purchaser A has conditionally agreed to acquire the entire issued share capital of HK Tianhe for the consideration of HK\$1,000,000. Chongqing Heyumei Commercial Information Consultancy Co., Ltd (重慶合裕美商務信息諮詢有限公司) (as vendor B), an indirect wholly-owned subsidiary of the Company, and Wuhan Yiyuan Enterprise Management Co., Ltd. (武漢憶園企業管理有限公司) (as purchaser B) entered into the sale and purchase agreement, pursuant to which vendor B has conditionally agreed to sell, and purchaser B has conditionally agreed to acquire the entire issued share capital of Chongqing Yueyingya for the consideration of RMB1,000,000. The disposal was completed during the Reporting Year in accordance with the terms of the sale and purchase agreement. Upon completion, HK Tianhe and Chongqing Yueyingya had ceased to be the subsidiaries of the Company. For further details of the disposals, please refer to the announcement of the Company dated 11 May 2023.
- (2) On 16 August 2023, Magic Key (Wuhan) Holding Co., Ltd.\* (魔法鑰匙(武漢)控股有限公司) (as purchaser), an indirectly wholly-owned subsidiary of the Company, and Suzhou Aoze Pharmaceutical Investment Partnership (Limited Partnership)\* (蘇州遨澤醫藥投資合夥企業(有限合夥)) (as seller) entered into an equity transfer agreement to purchase 55.5556% equity interest in Yekaitai Pharmaceutical from the seller at the consideration of RMB45,000,000. On 1 November 2023, Beijing Deyuehe Project Management Co., Ltd. (北京德悅合項目管理有限公司) (as purchaser), an indirect wholly-owned subsidiary of the Company, acquired additional 44.4444% equity interest in Yekaitai Pharmaceutical from the seller, for the consideration of RMB36,000,000. Upon completion, Yekaitai Pharmaceutical became an indirect wholly-owned subsidiary of the Company. For further details of the acquisition, please refer to the announcement of the Company dated 1 November 2023.

\* For identification purposes only



## Management Discussion and Analysis

### EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group has approximately 744 employees (31 March 2023: 454). The increase in the number of employees is mainly attributable to the acquisition of Yekaitai Pharmaceutical during the Reporting Year.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

On 29 May 2013, the Group adopted a share option scheme (the "2013 Share Option Scheme"), which is valid and effective for a period of 10 years from the date of adoption. The total number of shares of the Company (the "Shares") in respect of which options may be granted under the 2013 Share Option Scheme is not permitted to exceed 10% of the Shares in issue on the adoption date, i.e. 163,396,901 Shares. The Company has granted share options to certain eligible individuals to subscribe for up to a total of 147,051,211 Shares under the 2013 Share Option Scheme, and such share options granted had been exercised in full by the grantees before 31 March 2023. Details of the options granted under the 2013 Share Option Scheme are set out in the announcement of the Company dated 2 September 2022. As the 2013 Share Option Scheme has already expired on 28 May 2023, the share options for a total of 16,345,690 Shares available under the 2013 Share Option Scheme will not be granted.

On 28 August 2023, the Group adopted a new share scheme (the "2023 Share Scheme"), which is valid and effective for a period of ten (10) years from the date of adoption and ending on 27 August 2033. Upon termination of the 2023 Share Scheme, no further awards will be granted but in respect of all awards which have been granted but have not been exercised, the provision of the 2023 Share Scheme shall remain in full force and effect.

According to the 2023 Share Scheme, the Company may grant awards to the eligible participants during the scheme period, the nature and amount of which shall be determined by the Board during the scheme period, in the form of (a) share award which vests in the form of the right to receive such number of award shares at the issue price or the actual selling price of the award shares in cash, as the Board may in its absolute discretion determine in accordance with the terms of the scheme (the "Share Award(s)"), which is funded by the issuance of new Shares and/or the purchase of existing Shares by way of on-market transaction; or (b) share options which vest in the form of the right to subscribe for such number of award shares as the Board may determine during the exercise period at the exercise price in accordance with the terms of the scheme (the "Share Option(s)"), which is funded by the issuance of new Shares.

The purpose of the 2023 Share Scheme is to recognise and motivate the contribution of eligible participants, to provide eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage eligible participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole.





## Management Discussion and Analysis

Eligible participants of the 2023 Share Scheme include the following persons:

- (1) **Employee Participants:** any directors (including executive directors, non-executive directors and independent non-executive directors), chief executive and employees (full-time or part-time) of the Company or any of its subsidiaries (including persons who are granted award(s) under the 2023 Share Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries);
- (2) **Service Provider Participants:** any person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of the Group, including (a) suppliers of services to any member of the Group; and (b) advisers (professional or otherwise) or consultants to any area of business or business development of any member of the Group, but for the avoidance of doubt excludes (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition; and (ii) professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity; and
- (3) **Related Entity Participants:** the directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of the Company.

According to the 2023 Share Scheme, all awards to be granted that involve the issuance of Shares of the Company shall not exceed 10% of the total number of Shares in issue as at the adoption date, being 912,966,911 Shares, representing approximately 8.82% of the issued Shares of the Company as at the date of this report.

The maximum number of Shares in respect of which awards may be granted to a single eligible participant in any 12-month period up to and including the date of such grant shall not exceed 1% of the Shares in issue.

A Share Option may be exercised during such period as the Board may determine, save that such period shall not be more than 10 years from the offer date.

The vesting period for awards shall not be less than 12 months, provided that the Board, may at its discretion, grant awards to the Employee Participants with a shorter vesting period under such circumstances the Board may consider appropriate and in alignment with the purposes of the 2023 Share Scheme. Awards granted under the 2023 Share Scheme may be subject to vesting conditions which must be satisfied before an award shall become vested. The Board may in its absolute discretion determine the vesting conditions (if any) applicable to any award and specify such vesting conditions in offer letter of the award, which may be a time-based vesting condition and/or a performance-based vesting condition requiring the grantee to meet certain performance target, which may relate to the revenue, the profitability and/or the business goals of the Group or any of its business unit, to be assessed based on such method as the Board may determine in its absolute discretion.

For awards which take the form of Share Awards, the issue price for the awards shall be such price determined by the Board and notified to the grantee in the letter containing the offer of the grant of the award, taking into consideration factors such as the prevailing closing price of the Shares, the purpose of the scheme, the performance and profile of the relevant grantee(s). The Board may determine the issue price to be at nil consideration.



## Management Discussion and Analysis

For awards which take the form of Share Options, the exercise price for the exercise of such Share Options shall be such price determined by the Board in their absolute discretion and notified to the grantee in the letter containing the offer of the grant of the award but in any case the exercise price shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the relevant offer date in respect of such award, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding relevant offer date in respect of such award; or (iii) the nominal value of a Share. The Board may grant awards in respect of which the exercise price is fixed at different prices for certain periods during the exercise period.

The 2023 Share Scheme is a share incentive scheme established in accordance with Chapter 17 of the Listing Rules. On 29 December 2023, the Company granted an aggregate of 600,000,000 Share Options to subscribe for 600,000,000 Shares to certain employees of the Group in accordance with the terms of the 2023 Share Scheme, details of which are set out in the Company's announcement dated 29 December 2023.

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:

Name or category of participant	Position held	Date of grant	Vesting period	Closing price of the Shares immediately before the date of grant	Exercise period	Exercise price	Number of share options					Closing price (weighted average) of the Shares immediately before the dates on which the options were exercised	
							Outstanding as at 1 April 2023	Granted during the year	Exercised during the year	Cancelled/lapsed during the Reporting Year	Outstanding as at 31 March 2024		
Directors, chief executive, substantial shareholders and/or associates													
- Wong Kai Ho	Executive Director and Chairman of the Company and a director of several subsidiaries of the Company	29 December 2023	From the date of grant until the commencement of the exercise period	HK\$0.098	From vesting date (Note (1)) until 31 December 2027 (both days inclusive)	HK\$0.101 per Share (Note (2))	-	10,300,000	-	-	-	10,300,000	-
- Xia Ding	Co-chief executive officer, the chief operational officer of the Company and the president of several subsidiaries of the Company			HK\$0.098			-	23,000,000	-	-	-	23,000,000	-
- Jiang Xiaoping	Deputy chief executive officer of the Company and the president of several subsidiaries of the Company			HK\$0.098			-	22,000,000	-	-	-	22,000,000	-
Other employees				HK\$0.098			-	544,700,000	-	-	-	544,700,000	-
							-	600,000,000	-	-	-	600,000,000	-

### Notes:

- (1) The vesting period of the Share Options granted is subject to the terms of the 2023 Share Scheme and the decision of the Board: (i) one-third of the Share Options shall be vested and become exercisable on 31 December 2024; (ii) one-third of the Share Options shall be vested and become exercisable on 31 December 2025; and (iii) one-third of the Share Options shall be vested and become exercisable on 31 December 2026.
- (2) The exercise price is HK\$0.101 per Share, which is higher than the following: (i) the closing price of HK\$0.10 per Share on the date of grant; (ii) the average closing price of HK\$0.1002 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.



## Management Discussion and Analysis

Immediately following the grant of Share Options as described above, the number of Shares available for future grants under the 2023 Share Scheme is 312,966,911.

As a result of the Capital Reorganisation, immediately upon the Capital Reorganisation becoming effective on 8 May 2024 and pursuant to (i) the relevant terms and conditions of the 2023 Share Scheme; (ii) Rule 17.03(13) of the Listing Rules; and (iii) the Supplementary Guidance on Adjustments to the Exercise Price and Number of Share Options under the Listing Rule Requirements dated 5 September 2005 (the "Supplementary Guidance"), the exercise price of the outstanding share options granted under the 2023 Share Scheme is adjusted to HK\$0.404 per Share and the number of New Shares to be issued upon the exercise of the Share Options is adjusted to 150,000,000, and the total number of New Shares available for future grants will be adjusted to 78,241,727 pursuant to the terms of the 2023 Share Scheme. Please refer to the circular and the notice of special general meeting of the Company both dated 28 March 2024, and the announcement of the Company dated 7 May 2024.

### 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:

- (1)** A special resolution of the Company was passed at the special general meeting held on 6 May 2024 to carry out a capital reorganisation of the Company: (i) every four (4) issued and unissued existing shares in the share capital of par value of HK\$0.10 each be consolidated into one (1) consolidated share of par value of HK\$0.40 each; (ii) immediately following the Share Consolidation, a cancellation of HK\$0.39 of the paid-up capital of the Company on each issued Consolidated Share so that the par value of each issued New Share be reduced from HK\$0.40 to HK\$0.01; (iii) each authorised but unissued Consolidated Share be subdivided into forty (40) authorised but unissued New Shares of par value HK\$0.01 each. Upon completion of the Capital Reorganisation on 8 May 2024, the authorised share capital of the Company is HK\$1,500,000,000 divided into 150,000,000,000 New Shares of par value of HK\$0.01 each, of which 2,587,417,279 New Shares have been issued and fully paid and 147,412,582,721 New Shares remain unissued. Please refer to the circular and the notice of special general meeting of the Company both dated 28 March 2024, and the announcements of the Company dated 6 May 2024 and 7 May 2024.
- (2)** On 9 February 2024, the Company (as issuer) entered into subscription agreements with two subscribers in respect of the subscriptions of an aggregate of 600,000,000 subscription shares at the subscription price of HK\$0.10 per Share. On 28 March 2024, after taking into account the effect of the Capital Reorganisation, the Company entered into share subscription supplementary agreements with the two investors mentioned above to issue a total of 150,000,000 new shares to the two investors under the general mandate at a subscription price of HK\$0.228 per Share. Each of the subscribers is an independent private investor. According to the terms and conditions of the subscription agreements and its supplemental agreements, the completion of the subscriptions has taken place on 10 May 2024. The Company has issued and allotted an aggregate of 150,000,000 subscription shares to the subscribers. For further details of the related subscriptions, please refer to the announcements of the Company dated 9 February 2024, 2 April 2024 and 10 May 2024.
- (3)** On 16 May 2024, the Group entered into an agreement with an independent third party to dispose of 90% equity interest in a subsidiary, Ezhou Jinfeng, for an aggregate cash consideration of RMB9,000,000. The disposal was completed on 16 May 2024. Upon completion of the disposal, Ezhou Jinfeng ceased to be subsidiary of the Company.
- (4)** On 3 June 2024, the Group has successfully extended the repayment terms of other payables of RMB321,443,000 to eighteen months beyond the reporting period.



## Management Discussion and Analysis

### **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.

#### **Pharmaceutical Retail Business**

The present policies and market environment are both favorable for the development of pharmaceutical retail industry, and such industry possesses unique risk resistance capabilities amidst the dynamic external environment. Leading industry players leverage their economies of scale and brand advantages to fast-track store expansion and further enhance the advantage of regional layout. As a result, market competition will become more intense.

With years of business experience, Yekaitai has a leading position in the industry in terms of its Chinese medicine and pharmaceutical resources. Having a sound customer base and resources, it has garnered considerable reputation and influence in the local area. Capitalizing on the Chinese medicine and pharmaceutical resources of Yekaitai, the Company has developed its featured operations by upgrading some of its pharmacies to the model of "pharmacy + Chinese medicine + peripheral Chinese pharmaceuticals" such as Chinese herbal tea, Chinese medicinal cuisine since August 2023. Currently, 5 stores have realized featured operations of pharmacy + Chinese medicine, physical therapy and acupuncture. In the future, the Company will further expand the scale of Chinese medicine stores, which are expected to increase to 20 stores by the end of the year. According to the result of the preliminary operation, the pharmacies provided their existing customer resources with Chinese medicine and related services, which have also driven the sales of the original pharmaceuticals at the same time and thus induced two-way market flows. Satisfying customer demands for the integration of pharmaceuticals and medicine, the model of "pharmacy + Chinese medicine" has been upgraded from a merely pharmaceutical sales store to a multi-dimensional healthcare complex which covers medical services, health advice, healthcare and other services.

To this end, we will adhere to the development strategies of expanding scale of stores and building a differentiated and multi-channel sales network. We will expand the stores in Wuhan City and surrounding area by adopting the model of "new openings + mergers and acquisitions", in a bid to develop a mid-to-large scale local store network with adequate number of stores. Capitalizing on the Chinese medicine and pharmaceutical resources of "Yekaitai", we will set up Chinese medicine clinics in some of the physical stores to realize the integration of medicine and pharmaceutical. We will also devote vigorous efforts into developing the integrated model of "Chinese medicine diagnosis and treatment services + traditional Chinese medicine", and provide pharmaceutical and Chinese medicine services to customers, covering diagnosis, treatment, rehabilitation, physical therapy, medication consultation and other diversified and distinctive services. Building upon our existing online business, we will continue to increase investment and foster steady growth.

Besides, we shall continuously step up the trainings on pharmaceutical expertise for in-store staff so as to improve service quality and take part in the full medication process of patients. Shifting the focus from "pharmaceutical sales" to "patient services", we are gradually transforming from a single pharmaceutical sales channel to a comprehensive and multi-dimensional "patient-focused" channel.

#### **E-commerce Business**

China's e-commerce market is expected to maintain its high-speed growth. The impact of the post-pandemic era has driven the rapid expansion of domestic consumer market. Furthermore, the government will continue to implement policies to boost domestic demand and stimulate new consumption patterns, marking a new phase of growth for the e-commerce market.





## Management Discussion and Analysis

The Company will play a key intermediary role between brand operators and e-commerce platforms by offering them a full chain of integrated online operation and sales services. It will offer IT solutions, digital content marketing and other critical support services to help brand operators better promote and sell their products in the digital era. Further developing the existing business and actively strengthening our close cooperation and relationship with suppliers and partners, we are committed to collaborating with our partners to develop innovative products and services so as to meet the ever-changing needs of the market. Meanwhile, we will continue to optimize our existing product lines and expand into new product areas in a bid to provide more comprehensive and diversified solutions, thereby further consolidating our competitive advantages in the market.

In response to the challenges of the market, we will continue to develop and innovate with higher quality standards, broader vision and deeper cooperation, as well as constantly enhance our strengths to embrace the development opportunities in the future. In addition to the expansion of our product lines and scope of services, we will also strengthen our customer care and services to further enhance customer experience and satisfaction. By establishing closer customer relationships and gaining a deeper understanding of customer needs, we will be able to better customize our solutions and provide more professional and efficient services to our customers.

### Real Estate Business

Despite the various lingering challenges faced by the Chinese real estate market, it is clear that the government's policies are poised to bolster the recovery of the overall market. The real estate industry is still a pillar industry of the national economy, and there remain huge structural rigid demand and potential demand for upgraded homes in the market.

At the meeting of the Political Bureau of the CPC Central Committee held in December 2023, the central government continued the general principle of “pursuing progress while ensuring stability” in formulating the economic work plan for 2024, while proposing the idea of “promoting stability through progress, and establishing the new before abolishing the old”. It placed emphasis on strengthening counter-cyclical and cross-cyclical adjustments and continuing to support the general economy and real estate sector, including the introduction of mechanisms for meeting the reasonable financing needs of real estate enterprises under various forms of ownership, the speeding up of construction of the “three major projects”, the launch of the “whitelist” approach for supporting project financing of real estate enterprises, and the measures such as easing home purchase restrictions to various degrees in different cities. Since the meeting of the Political Bureau of the CPC Central Committee, a number of policy and measures to promote real estate development have been promptly introduced in various regions.

At the National Video Conference to Reinforce Work for Guaranteeing Home Delivery held in May 2024, it was pointed out that local governments should, where appropriate, acquire some of the commodity housing at a reasonable price for use as affordable housing. On the same day, the central bank also proposed at a regular policy briefing that it would offer a RMB300 billion refinancing facility for affordable housing to support local state-owned enterprises in acquiring completed but unsold commodity housing. Subsequently, the central bank and the National Financial Regulatory Administration launched a number of major favorable policies, including the lowering of the minimum down payment ratios to not less than 15% for first-home purchases and not less than 25% for second-home purchases; the abolition of the floor level of interest rates for housing mortgage policies across the country and delegation of the right of regulation to local governments; and the downward adjustment of the interest rates of the individual housing provident fund loans by 0.25 percentage points.



## Management Discussion and Analysis

Looking forward, the new round of easing purchase and sale restriction policies, as well as the latest adjustments to interest rates for housing mortgages and down payment standards by the central bank, will help enhance the willingness of residents to buy homes, further stimulate the demand for home purchases, and promote the rebound in the sales of new home. Meanwhile, it is also conducive to easing the funding pressure on real estate enterprises and hence eliminating the risks. To eliminate the industry risks that have accumulated over the years requires a process only through which new stimulus policies and measures can be effective.

In response to the prevailing challenges in the industry, the Group will continue to place strong emphasis on financial security, innovate the organisational structure and enhance management efficiency. Maintaining liquidity for operations, mitigating existing debt issues and expanding incremental business as appropriate are the Group's business priorities. Under the new norms of the industry, the Group currently follows the main operating approach of revitalizing inventories and exploring surplus stocks in combination with the operation model that focuses on distressed assets and expansion of incremental light asset business, thereby actively creating new profit growth points while maintaining robust cash flows. In terms of business operation, the Group will strive to rebuild and enhance the brand value of Resources Holdings, initiate strategic cooperation with the relevant financial institutions, and actively focus its endeavors on the investment, management and operation of distressed assets from existing businesses in the post-property era, namely the three main development tracks of "asset-light operations, agent construction and professional consultancy business". In addition, the Group will strengthen synergies with its other businesses to form a closed-loop business model of "investment, construction and management, operation and exit", which ensures that the Group precisely overcome the challenges of the industry, stagger the cyclical effect of the sector and seize the opportunities for future development.

### 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. Peking University Resources Asset Management Limited (the "Asset Management Company"), a wholly-owned subsidiary of 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).

In December 2023, Asset Management Company was appointed as the investment manager of the Hong Kong Gateway Special Opportunities Return Limited Partnership Fund (the "Hong Kong Gateway Fund"). The Group will leverage its extensive experience in the real estate industry and build on its expertise in planning, design, construction and management to provide management services for its affiliated real estate development projects.

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.

### DIVIDEND

No interim dividend was paid during the Reporting Year (six-month period ended 30 September 2022: Nil) and the Board did not recommend the payment of any final dividend for the Reporting Year (year ended 31 March 2023: Nil). As at the date of this annual report, there is no arrangement that any shareholder of the Company has waived or agreed to waive any dividend.





# CORPORATE GOVERNANCE REPORT

## 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 C1 (formerly known as 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 C3 (formerly known as 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 2024, 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 (retired on 28 August 2023)

Mr Hou Ruilin (appointed on 28 August 2023)

### Independent non-executive Directors

Mr Chin Chi Ho, Stanley

Mr Chung Wai Man

Mr Hua Yichun

## Corporate Governance Report

The biographical details of each current Director are disclosed on pages 108 to 112 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
<b>Executive Directors</b>			
Mr Wong Kai Ho ( <i>Chairman</i> )	13/13	1/1	2/2
Mr Wang Guiwu	11/13	0/1	1/2
Mr Huang Zhuguang	12/13	0/1	2/2
Mr Guo Langhua (retired on 28 August 2023)	2/6	0/1	1/1
Mr Hou Ruilin (appointed on 28 August 2023)	7/7	N/A	1/1
<b>Independent Non-executive Directors</b>			
Mr Chin Chi Ho, Stanley	13/13	1/1	2/2
Mr Chung Wai Man	12/13	1/1	2/2
Mr Hua Yichun	9/13	0/1	2/2

## Corporate Governance Report

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.

Mr Hou Ruilin, who was appointed as an executive Director on 28 August 2023, obtained the legal advice referred to in Declaration and Undertaking with Regard to Directors (Form B) pursuant to the relevant Listing Rules effective at the material time, which is equivalent to Rule 3.09D of the Listing Rules. Mr Hou Ruilin understood his obligations as a Director.

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
<b>Executive Directors</b>		
Mr Wong Kai Ho ( <i>Chairman</i> )	✓	✓
Mr Wang Guiwu	✓	✓
Mr Huang Zhuguang	✓	✓
Mr Hou Ruilin (appointed on 28 August 2023)	✓	✓
<b>Independent Non-executive Directors</b>		
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 and Mr Xia Ding are the co-chief executive officers of the Company. The co-chief executive officers are 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 2024, 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 2024 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 2024 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, including reviewing and approving matters relating to share schemes, 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 once 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.





## Corporate Governance Report

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 ( <i>Chairman</i> )      ( <i>Independent non-executive Director</i> )	1/1
Mr Wong Kai Ho      ( <i>Executive Director</i> )	1/1
Mr Chin Chi Ho, Stanley      ( <i>Independent non-executive Director</i> )	1/1

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
RMB2,000,000 to RMB3,000,000	2

In relation to the grant of share options on 29 December 2023, the share options were granted without performance targets. In view that (i) the grantees were employees of the Group who would contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; (ii) the grant was a recognition for the grantees' past contributions to the Group; and (iii) the share options were time-vesting and subject to terms of the 2023 Share Scheme, which already cover situations where the share options will lapse in the event that the grantees cease to be employees of the Group, the Remuneration Committee was of the view that the grant of share options to certain employees without performance targets was market competitive and aligned with the purpose of the 2023 Share Scheme.

### 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](http://www.pkurh.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://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.

## Corporate Governance Report

Out of the seven Directors comprising the Board as at 31 March 2024, three Directors were independent non-executive Directors, thereby promoting critical review and control of the management process. The implementation and effectiveness of the mechanism to ensure that independent views and input are available to the Board is reviewed on an annual basis. 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 2024, there was no female Director comprising the Board. Going forward, the Board intends to maintain at least one female Director by 26 August 2024 while the ultimate decision will be based on merits and contributions which the selected candidates will bring to the Board. The Company values gender diversity at all levels of the Group. The table below sets forth the gender ratio of the Group's employees.

As of 31 March 2024, the breakdown of the Group's employees within the Reporting Scope<sup>6</sup> was as follows:

	<b>As of 31 March 2024</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total employees	744	478	891	1,041	1,465
<b>By gender</b>					
Male	287	241	457	546	797
Female	457	237	434	495	668
<b>By age group</b>					
Aged under 35	191	184	401	506	852
Aged 35 to 55	477	269	468	518	595
Aged over 55	76	25	22	17	18
<b>By region</b>					
Hong Kong	10	7	3	–	–
Mainland China	733	470	888	–	–
Others	1	1	0	–	–

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.

<sup>6</sup> The number of employees within the Reporting Scope as of 31 March 2024 was 744, which was used for the calculation and disclosure of the relevant intensity. The number of employees in 2020 and 2019 did not include the number of employees by region (Hong Kong, Mainland China and others).

### 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.



## Corporate Governance Report

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 ( <i>Chairman</i> )	( <i>Executive Director</i> )	1/1
Mr Hua Yichun	( <i>Independent non-executive Director</i> )	0/1
Mr Chung Wai Man	( <i>Independent non-executive Director</i> )	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 on the Company's website ([www.pkurh.com](http://www.pkurh.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). As at 31 March 2024, 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 three 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.



## Corporate Governance Report

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 Chin Chi Ho, Stanley ( <i>Chairman</i> )	( <i>Independent non-executive Director</i> )	3/3
Mr Hua Yichun	( <i>Independent non-executive Director</i> )	3/3
Mr Chung Wai Man	( <i>Independent non-executive Director</i> )	3/3

### 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 covering all material controls, including financial, operational and compliance controls, resolving any material internal control defects 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 for the Reporting Period. 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 for risk management. 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. The Company considers its risk management and internal control systems effective and adequate.



### 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	2,765

### 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 122 to 128 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

Ms Leung Mei King was appointed as the company secretary of the Company since 11 July 2022. She is 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. She has 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 Board has reviewed the implementation and effectiveness of the shareholders' communication policy conducted during the Reporting Period, and the results thereof are satisfactory.

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 Chin Chi Ho, Stanley (an independent non-executive Director and a member of each of the Audit Committee and the Remuneration Committee) and Mr Chung Wai Man (an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee), have attended the annual general meeting of the Company held on 28 August 2023. 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](http://www.hkexnews.hk)) and the Company ([www.pkurh.com](http://www.pkurh.com)).

To provide effective communication, the Company maintains a website at [www.pkurh.com](http://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 Company did not make any changes in its Memorandum of Association and New Bye-laws during the Reporting Period.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 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", "Resources Holdings", "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 three major scopes of operation, namely the medical and pharmaceutical retail business, the e-commerce and distribution business, as well as the real estate development and property investment 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 Foshan, Hangzhou, Chengdu, Yuxi, Chongqing, Wuhan and Kaifeng. The

reporting scope has expanded to cover medical and pharmaceutical retail and e-commerce businesses, as well as the corresponding areas where the said businesses operate, in light of the Group's diversification of its operations during the Reporting Period (as defined below), including the acquisition of Wuhan Yekaitai Pharmaceutical Chain Co., Ltd.\* (武漢葉開泰藥業連鎖有限公司) and the transformation from a traditional IT distributor to an e-commerce platform during the Reporting Period. As the Group continues to refine its data collection system and promote sustainable development, it maintains a scope of disclosure that complies with the regulatory requirements.

### Benchmark of Preparation

The Report is prepared pursuant to the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") under Appendix C2 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 2024 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.



## Environmental, Social and Governance Report

Reporting Principles	Implications	Our Responses
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 2023 to 31 March 2024 for the year of 2023, 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 2023 to 31 March 2024 (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](http://www.hkexnews.hk)) and the Company’s website ([www.pkurh.com](http://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](mailto: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.



## Environmental, Social and Governance Report

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. It adopts various measures, including collecting, comparing and analysing data on a consecutive basis over the years, summarizing past experiences regularly, optimizing internal control and management and boosting cost-effectiveness ratio, to make targeted improvements.

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. It strengthens feasibility analysis and assessment and implements practical plans and measures to drive the continuous advancement of environmental and social performance, which becomes the development trend of this era and is 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 management 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. Our ESG governance structure 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 ESG 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, actions and measures 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 and Performance Highlights

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 environmental and social 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.

To support the United Nations' Sustainable Development Goals (SDGs), we take proactive actions to unite all stakeholders, in a bid to better leverage our corporate power to address social and environmental challenges. By mapping our sustainability strategy with SDGs, we 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. Eleven 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.



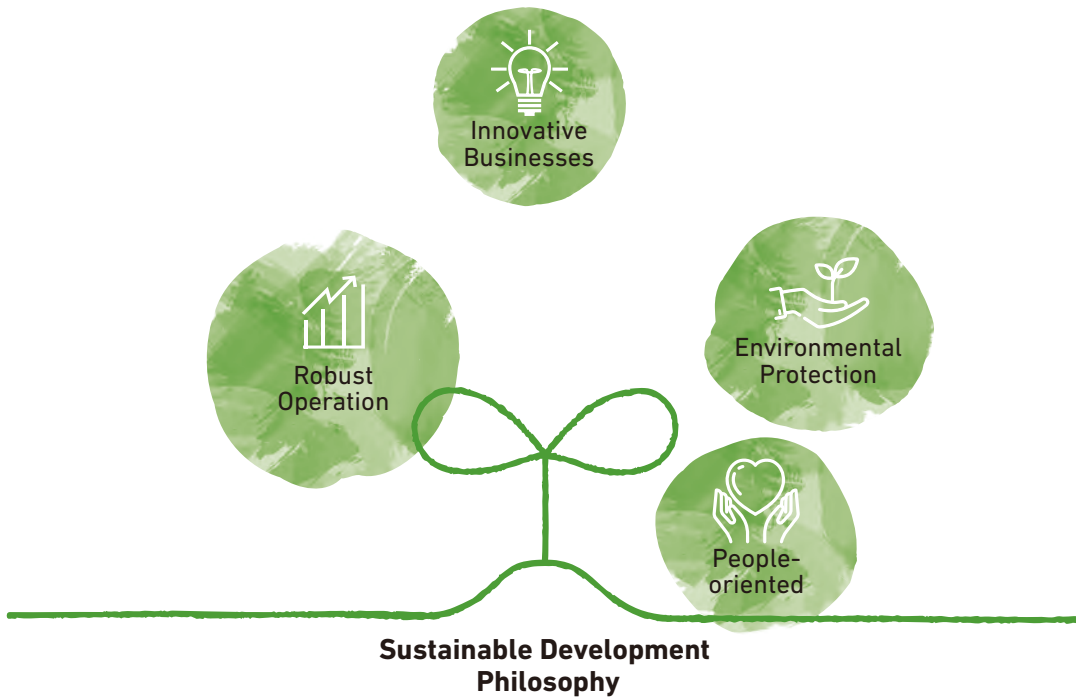
Eleven Sustainable Development Goals of the United Nations

SDGs	Our Actions
17 Partnerships for the Goals	Following the pattern of economic development, the Group adheres to the concept of win-win cooperation and actively explores partnerships for the goals to develop a new business service platform and hence provide quality services to customers. It also propels sound collaboration across upstream and downstream supply chains to promote joint development of its partners.
13 Climate Action	The Group establishes the climate change management framework and system, sets goals and plans for climate change management, and conducts regular reviews. It exercises stringent management and control over greenhouse gas emission in the course of production to facilitate low-carbon transformation of the enterprise, while encouraging employees to lead a low-carbon lifestyle.
9 Industry, Innovation and Infrastructure	Attaching great importance to product quality assurance and service innovation, the Group offers quality medical services and pharmaceutical products, IT information equipment products, as well as real estate and property management services. In addition, it opens up new sources of business growth by acquiring medical and pharmaceutical retail businesses and tapping into the big healthcare and medical industry.
11 Sustainable Cities and Communities	The Group operates its real estate business in compliance with laws and regulations, protects the legitimate rights and interests of property owners and enhances the property management services, with a view to building a model community for harmonious living.
12 Responsible Consumption and Production	The Group develops the medical and pharmaceutical retail businesses through acquisition and places emphasis on compliance operation, pharmaceutical safety and responsible marketing to avoid excessive publicity. Taking responsibilities for the health of customers, it employs specialists and adopts professional standards to guide customers to carry out appropriate treatments based on their needs.
1 No Poverty 2 Zero Hunger 8 Decent Work and Economic Growth	The Group puts in place a comprehensive Remuneration Management System and Performance Appraisal Management Plan, which are reviewed and updated annually, and provides attractive remuneration and benefits to employees. It actively pushes forward business transformation, pursues innovative development and acquires medical and pharmaceutical retail businesses to drive business growth. Apart from focusing on business development, the Group also takes the initiative to participate in community charity events, striving to promote the sustainable development of the community.



## Environmental, Social and Governance Report

SDGs	Our Actions
3 Good Health and Well-Being 5 Gender Equality 10 Reduced Inequalities	The Group is committed to building a healthy and safe working environment by providing safe working conditions and implementing protective measures to safeguard employees from occupational hazards. The Group also respects all employees and tolerates no discrimination against any employees due to differences in race, religion, gender, nationality, sexual orientation, marital status and disability during recruitment, training, performance management, selection, promotion and remuneration adjustment, in order to foster an inclusive and diverse workplace.





### 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 medical and pharmaceutical retail business, introducing international resources from Singapore and innovating medical services and products to enrich pharmaceutical product variety and upgrade various services;
- with regard to the e-commerce and distribution business, adjusting the product structure and optimizing services and products, controlling various operating risks and promoting the innovative development of e-commerce platform business; and
- with regard to the real estate business, innovating business model based on the macro policies, facilitating project delivery and providing high-quality property management services, so as to continuously create greater values for all customers.

Sustainability Performance Highlights

Indicator	Unit	2023	Year-on-year decline rate
Total other indirect GHG emissions (Scope 3)	tCO <sub>2</sub> e	63.22	86.97%
Total GHG emission	tCO <sub>2</sub> e	483.50	40.22%
Total GHG emissions intensity	tCO <sub>2</sub> e/employees	0.65	61.54%

Indicator	Unit	2023	Year-on-year decline rate
Density of non-hazardous waste disposed	tonnes/employees	0.034	32.00%

Indicator	Unit	2023	Year-on-year decline rate
Energy consumption density	kWh'000/employee	1.35	6.25%
Water consumption density	m <sup>3</sup> /employee	8.18	17.37%

Indicator	Unit	2023
Amount of loss due to climate change	RMB	0

Indicator	2023
Number of work-related fatality and injury	0 employee
Work-related injury rate	0%
Lost days due to work injury	0 day

## 2.4 ESG Rating

In order to achieve the sustainable development goals, the Group constantly optimises its comprehensive ESG management and thoroughly implements its ESG philosophy, striving to enhance ESG performance. The Group's ESG proposition and management practices have attracted attention from multiple ESG rating organisations, and the Group was rated BBB in the Wind ESG Rating with an overall score ranking at the intermediate level in the industry.

## 2.5 ESG Development Planning

### Joining ESG International or Industry Organisations

The Group recognises the importance of joining ESG international or industry organisations for the sustainable development of an enterprise. Adopting a multi-pronged approach, the Group has actively explored diversified channels to participate in the overall ESG development and enhance its ESG management. In the future, the Group will select and seek to join ESG international or industry organisations that are in line with the Group's business and development, thereby contributing to the promotion of global sustainable development.

### Conducting Research on Performance-linked Remuneration

The Group has noted that the International Sustainability Standards Board (ISSB) is currently promoting ESG performance-linked remuneration, which is actively supported and implemented by leading enterprises in the industry. The Group also actively studies the feasibility of ESG performance-linked remuneration, and is committed to integrating ESG goals with business and compliance objectives to formulate the assessment indicators for the Group's development. Looking ahead, ESG will connect the value between each business segment, which will

drive the Group to optimise its sustainable development strategies and determine the ESG objectives and ways to achieve them for each business segment.

### Conducting Research on the Third-party Assurance of ESG Report

The Group is well aware of the domestic and international ESG development trends and actively participates in ESG ratings and ESG awards based on its actual business. Meanwhile, assurance of ESG report is an integral part of an ESG report. In order to further enhance the transparency of information and enable stakeholders to have a better understanding of the ESG progress of enterprises, the Group will strengthen the research on third-party assurance of ESG reports and improve the standardisation and digitisation of the ESG workflow, so as to further enhance the quality of ESG report disclosures in the future.

## 2.6 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.



### Risk Control and Compliance Management

The Group has established a risk management and internal control organisational structure comprising the Board, the Audit Committee and the senior management of the Company. The Board has the ultimate responsibility for maintaining an appropriate and effective risk management and internal control system of the Group. The Audit Committee is responsible for assessing and determining the nature and level of risks that the Group is willing to take in achieving its strategic goals, and overseeing the management of the Group in design, implementation and monitoring of the risk management and internal control system. The Group has formulated and adopted risk management policies to provide guidance on effective identification, assessment and management of significant risks. The Group has also developed an internal audit function to assist the Board and the Audit Committee to monitor the Group's risk management and internal control system on an ongoing basis, identify deficiencies in the design and operation of internal controls and make recommendations for improvement.

### Adherence to Scientific and Ethical Standards

Strictly complying with the scientific and ethical standards and upholding the four principles of usable, knowable, reliable and controllable innovation, the Group actively promotes responsible business innovation, actively satisfies practical needs through innovation and implements the requirements of technological ethics throughout the entire innovation process. The Group organises regular training for technical staff and maintains regular communication with them. Only technical staff with sound awareness and understanding of technological ethics can better practice the concept of tech for good.

### Intellectual Property Rights and Information Protection

#### Protection of Intellectual Property Rights

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. The Group has formulated measures and procedures for the management of intellectual property rights to strengthen the Group's management of intellectual property rights such as patents, copyrights and trademarks. For example, it is stipulated that the names of new companies or new products must undergo trademark screening or patent registration before establishment or launch to comply with the relevant regulations on intellectual property rights. The Group shall file trademark or patent applications timely and follow up on the feedback of the applications on an ongoing basis with the relevant documents filed by respective business segments in a standardised manner. The Group has formulated the Marketing and Promotion Guidelines, stipulating that all marketing materials shall meet regulatory requirements, and in addition, certain materials that may be subject to copyright or license restrictions could only be reproduced, distributed or used when permissions are obtained and the fees are paid.



### Protection of Customers' Privacy

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. The Group has adopted an encrypted document management system, which regulates that only authorised staff can access the collected personal data. The Group has also closely monitored the processing of personal data collected from customers and put in place a Personal Information Collection Statement to ensure the appropriate use of customers' information.

### Advertising and Labelling Management

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.

### Anti-monopoly and Fair Competition

The Group places great emphasis on improving the compliance management in respect of anti-monopoly and fair competition,

and has formulated and issued institutional documents in relation to anti-monopoly and fair competition compliance. For compliance management process, it has established anti-monopoly and fair competition compliance management mechanisms and procedures with regular update and review, which clarify the responsibilities of various departments in the compliance management process, improve the compliance risk assessment process and reinforce internal audit procedures. 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 has also organised training on anti-monopoly and fair competition for employees, covering topics such as basic regulations of anti-monopoly, operational guidelines on business compliance and typical case studies of anti-monopoly, with an aim to actively guide and help them understand and comply with the principle of fair competition as well as provide guidelines on conducting business activities in compliance with laws and regulations.

### ESG Risks and Opportunities

Mishandling of ESG risks may lead to significant financial losses and reputational damage to an enterprise, and thus early identification of ESG opportunities would help the Group enhance its market competitiveness. Based on the characteristics of our business development, the Group conducted analysis and research on significant ESG risks and opportunities, and identified six categories of ESG risks and four categories of ESG opportunities that are of utmost significance. The ESG risks are mainly focus on climate change, product responsibility, transition risk, operational risk, regulatory disclosure risk and negative public opinion risk, while the ESG opportunities include aspects of revenue growth opportunity, cost reduction, productivity improvement, and responsible investment and asset enhancement.



### 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	<ul style="list-style-type: none"> <li>Annual general meeting and other general meetings</li> <li>Financial reports</li> <li>Announcements and circulars</li> </ul>	<ul style="list-style-type: none"> <li>Complying with relevant laws and regulations</li> <li>Disclosing the latest corporate information in due course</li> <li>Financial results</li> <li>Corporate sustainable development</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Customer service centre</li> <li>Customer manager</li> <li>Complaint review meetings</li> <li>Hotline</li> <li>Social media platform</li> <li>Email and website</li> </ul>	<ul style="list-style-type: none"> <li>Perform product and service responsibility</li> <li>Customer information protection</li> <li>Compliant operation</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Supplier meetings and events</li> <li>Supplier on-site audit and management</li> </ul>	<ul style="list-style-type: none"> <li>Fair competition</li> <li>Business ethics and reputation</li> <li>Cooperation with mutual benefits</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee opinion survey</li> <li>Channels for employees’ feedback (forms, suggestion boxes, etc.)</li> <li>Work performance reviews</li> <li>Internal media platforms</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Equal opportunities</li> <li>Remuneration and benefits</li> <li>Career development</li> </ul>
Government and Regulatory Bodies	<ul style="list-style-type: none"> <li>Regular performance reports</li> <li>Written response to public consultation</li> </ul>	<ul style="list-style-type: none"> <li>Tax payment in accordance with laws</li> <li>Business ethics</li> <li>Complying with relevant laws and regulations</li> </ul>
Communities, NGOs and Media	<ul style="list-style-type: none"> <li>Public and community activities</li> <li>Community investment programs</li> <li>ESG reports</li> </ul>	<ul style="list-style-type: none"> <li>Giving back to society</li> <li>Environmental protection</li> <li>Compliant operation</li> </ul>



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 14 social issues were selected to be of high importance from the sustainability issues pool based on the operational focus for the financial year 2023, 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 2023 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 2023 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 2023, the Group modified "paper consumption" to "biodiversity conservation", "anti-corruption" to "anti-corruption and integrity management", and "diversity and equal opportunity" to "anti-discrimination, diversity and equal opportunity", and incorporated new issues, including "responsible investment", "responsible marketing", "sustainable innovation and development planning" and "healthcare accessibility and inclusion", into the sustainability issues pool for the financial year 2023. After review and update, the sustainability issues pool of the Group for the financial year 2023 comprises a total of 10 environmental issues and 16 social issues.



## Environmental, Social and Governance Report

The following table outlines the sustainability issues of the Group for the financial year 2023:

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. Biodiversity conservation <sup>#</sup>	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 and integrity management <sup>#</sup>
9. Social development	10. Development and training
11. Anti-discrimination, diversity and equal opportunity <sup>#</sup>	12. Operational risk control and management
13. Responsible investment <sup>#</sup>	14. Responsible marketing <sup>#</sup>
15. Sustainable innovation and development planning <sup>#</sup>	16. Healthcare accessibility and inclusion <sup>#</sup>

<sup>#</sup> Issues that are added into the sustainability issues pool in the financial year 2023

### 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 14 social issues were considered to be of high importance for the financial year 2023.

### 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 2023.

### 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 2023 regarding the 8 environmental issues and the 14 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.





## Environmental, Social and Governance Report

The following table lists out the issues of high importance to the Group for the financial year 2023:

<b>Issues of High Importance</b>	<b>Aspect</b>	<b>Corresponding Sections in the Report</b>
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. Biodiversity conservation <sup>#</sup>	Environment	6.2 Use of Resources
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 and Integrity Management
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 <sup>#</sup>	Social	7.1 Employment
17. Operational risk control and management	Social	2.6 Robust Operation
18. Social development	Social	7.9 Charity
19. Responsible investment <sup>#</sup>	Social	5. Business Transformation and Innovation
20. Responsible marketing <sup>#</sup>	Social	7.3 Development and Training
21. Sustainable innovation and development planning <sup>#</sup>	Social	2.6 Robust Operation
22. Healthcare accessibility and inclusion <sup>#</sup>	Social	7.2 Health and Safety

<sup>#</sup> Issues that were newly added in the financial year 2023 and were considered to be of high importance



## 5. BUSINESS TRANSFORMATION AND INNOVATION

Founded in 1975 and listed on the Main Board of the Stock Exchange since 1991, the Group has developed a diversified eco-development pattern that integrates businesses such as medical and pharmaceutical retail, e-commerce and distribution of information products, real estate development and property investment after almost five decades of development. Upholding the mission of “creating technology-driven and quality life with happiness”, the corporate vision of “achieving corporate excellence and creating quality life” and the corporate values of “innovation, creation and enjoyment”, the Group is committed to the exploration, research and development of green and low-carbon eco-products, the implementation of an asset-light and high-quality development model and the improvement of the integrated operation of the industrial ecosystem, so as to establish a new strategic structure. In view of the sustainable development in the future, the Group will facilitate global resource integration based on the concepts of culture, technology, intelligence, quality, health and ecology. Adhering to innovation and sustainability, the Group will develop a brand new business with a new mission through business restructuring as well as merger and acquisition of quality projects.

### The United Nations Principles for Responsible Investment

The Group actively supports and implements the six principles for responsible investment of the United Nations Principles for Responsible Investment (PRI) during business transformation, and follows the relevant requirements of the PRI in business transformation, mergers and acquisitions, as shown in the table below:

Principles	Our Actions
1. Incorporating ESG issues into investment analysis and decision-making processes	<ul style="list-style-type: none"> <li>Promoting the development of ESG-related tools, metrics and analyses</li> <li>Assessing the capabilities of internal and external investment managers to incorporate ESG issues</li> <li>Integrating ESG factors into evolving research and analysis</li> <li>Encouraging ESG-related academic research and ESG training for investors</li> </ul>
2. Being active owners	<ul style="list-style-type: none"> <li>Incorporating ESG issues into management policies and practices</li> <li>Developing an engagement capability in management practices</li> <li>Engaging with professional firms on ESG issues</li> <li>Motivating invested entities to carry out and report on ESG-related activities</li> </ul>
3. Seeking appropriate disclosure on ESG issues by invested entities	<ul style="list-style-type: none"> <li>Asking invested entities for standardised reporting on ESG issues by using tools such as the Global Reporting Initiative (GRI) and the reporting guide</li> <li>Asking invested entities for integrating ESG issues in annual report for disclosure</li> <li>Asking invested entities for the compliance with ESG-related norms, standards and codes of conduct</li> </ul>



## Environmental, Social and Governance Report

Principles	Our Actions
4. Promoting acceptance and implementation of the PRI within the investment industry	<ul style="list-style-type: none"> <li>Aligning investment monitoring procedures and mechanisms accordingly, and facilitating investment management processes with a focus on long-term development</li> <li>Communicating ESG expectations to invested entities and re-evaluating partnerships with invested entities that fail to meet ESG requirements</li> <li>Supporting formulation of ESG policies and regulatory policies for facilitating the implementation of the PRI</li> </ul>
5. Working together to enhance the effectiveness in implementing the PRI	<ul style="list-style-type: none"> <li>Supporting and participating in information platforms for responsible investment to pool resources</li> <li>Collectively addressing ESG-related news and issues</li> <li>Supporting appropriate collaborative initiatives</li> </ul>
6. Reporting on activities and progress towards implementing the PRI	<ul style="list-style-type: none"> <li>Communicating with stakeholders on ESG issues and the PRI</li> <li>Striving to determine the impact of the implementation of the PRI and actively disclosing relevant information to raise awareness of responsible investment</li> </ul>

### Medical and Pharmaceutical Retail Business

With the deepening of medical reform policies in China, various factors such as “separating dispensing from prescription” and “outflow of prescriptions” have fueled further expansion of the scale of pharmaceutical retail industry. The main income source of medical institutions will shift from pharmaceutical sales to medical services in the future, and the main platform for promoting pharmaceutical sales will gradually shift from hospitals, outpatient clinics and other medical institutions to retail pharmacies, which have huge market potential for future development. Meanwhile, with the enhanced awareness of disease prevention and treatment among residents, proactive disease prevention and investment in health have become an increasingly common trend, resulting in a growing demand for health management, health care, disease prevention and other services.

During the financial year 2023, capitalizing on the in-depth reforms, the Group remained optimistic about the development prospects of the big healthcare industry and actively responded to the call of the “Healthy China 2030 Strategy (健康中國2030戰略)”.

The Group successively acquired the equity interests in Wuhan Yekaitai Pharmaceutical Chain Co., Ltd. (“Yekaitai Pharmaceutical”) with its shareholding therein increased to 100%, and fostered the synergistic development of its diversified businesses in pursuit of high-quality development. Yekaitai Pharmaceutical operates its retail pharmacies in the PRC under the domestically and internationally reputable brand of “Yekaitai (葉開泰)”, continuing the tradition and ancient motto of “Dedication comes from the heart that no one else can see”. The brand of Yekaitai has a history of nearly 400 years and is widely regarded as one of the four major pharmacy brands in the PRC, along with “Beijing Tong Ren Tang (北京同仁堂)”, “Hangzhou Huqingyutang (杭州胡慶餘堂)” and “Guangzhou Chan Li Chai (廣州陳李濟)”. Yekaitai was recognised by the Ministry of Domestic Trade (國內貿易部) (now the Ministry of Commerce (商務部)) of the PRC as a “China Time-honored Brand (中華老字號)” in 1994. Yekaitai Pharmaceutical was awarded the title of “Wuhan City Famous Trademark (武漢市著名商標)” by the Wuhan Municipal Government in 2014 and is influential and reputable in Wuhan City, the PRC.



## Environmental, Social and Governance Report

Yekaitai Pharmaceutical not only provides traditional Chinese medicine diagnosis and treatment, traditional Chinese medicine health care, massage, acupuncture and other special medical services, but also expands and diversifies its health management services by introducing Singapore's advanced international medical resources as well as establishing beauty and dermatology specialist clinics, thereby forming a "Big Healthcare +" service system that integrates "chronic disease care, light aesthetic medicine and scientific health care" with the combination of Chinese and Western medicines. Yekaitai Pharmaceutical utilises information technology to carry out such services as online remote prescription review, medication guidance, customized health management plans and medical big data query. Through developing online multi-channel marketing such as B2C and O2O, Yekaitai Pharmaceutical is reforming its retail pharmacies and endeavours to becoming an integrated platform for Chinese and Western medicine resources.

### **E-commerce and Distribution Business**

As digital transformation further unfolded, enterprises' demand for information products and digital e-commerce also increased continuously. In 2023, China's information product distribution and digital e-commerce business achieved faster growth, while the rise of emerging technologies such as IT infrastructure, cloud computing, big data, artificial intelligence and the Internet of Things brought new growth momentum to information products and the digital e-commerce market.

The Group has, to a large extent, gradually transformed its e-commerce and distribution business from traditional IT distribution into an e-commerce platform. In addition, the Group has reduced the scale of information products distribution to concentrate more resources on the transformation and development of its e-commerce business. During the financial year 2023, the Group continued to optimize the distribution business and its product structure, strengthen the management of cost and expenses and maintain effective control

over market risks. Meanwhile, upholding the principle of "Technology Connects Future Life" for its digital e-commerce platform, the Group has been committed to building a "world-leading integrated e-commerce service platform for all categories", which empowers the digital transformation of the industry and development of digital economy. Leveraging the advantage of traditional channel suppliers in the distribution business, as well as its extensive sales channel resources and professional operation capabilities, the Group has developed six distinctive service modules for its e-commerce platform, namely store diagnosis, operation and maintenance, digital marketing, content marketing, live streamers and private domain operation, through which the Group has tapped into all stages of the distribution chain from product research and development to marketing, thereby realizing integrated marketing that combines platform operation, digital marketing and public and private domains, hence becoming a "super brand partner for digital operation".

### **Real Estate Business**

In response to the new situation in the real estate sector, the regulatory authorities carried out city-specific policies and rolled out a number of favourable policies with increasing policy supports in the areas ranging from the demand side to the enterprise side. 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.



## Environmental, Social and Governance Report

During the financial year 2023, the Group adjusted its real estate and property development strategies to adapt to changes in the industry, while proactively facilitating resumption of work and production activities and delivery of its projects. The Group also explored innovative business operating models and devoted great efforts in rebuilding and enhancing its brand value through the asset-light operation model of “revitalizing inventories + focusing on distressed assets to expand incremental business”. In addition, it strategically cooperated with financial institutions with a focus on the three main development tracks of “asset-light operations, agent construction and consultancy business, and property management services” from existing businesses in the post-property era. In terms of management, the Group implemented various measures to reinforce its internal strengths, including optimizing internal mechanisms, reforming operation flow and enhancing organizational efficiency. In terms of operation, it carried out measures such as in-depth customer analysis, product optimization and stringent selection of suppliers for property development projects. Taking into account the regional market competition, the Group also implemented differentiated competitive strategies. The Group will further focus on the expansion of its regional property development business and actively facilitate the delivery of its projects.

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 business, 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.

In the face of changes in both the internal and the external environment, the Group will prudently take on the challenges in the industry, proactively control risks, place strong emphasis on financial security, innovate its organizational structure and enhance management efficiency, striving to make deployment for new areas with growth potentials ahead of the market and realize the Group’s strategic objectives of diversifying stream of business revenue and sustainable development.





### 6. ENVIRONMENT

From the strategic perspective of promoting sustainable development of both the environment and the society, the Group has incorporated the concept of green operation across all business segments with due consideration given to the impact of each business segment on the environment and the society, exerting its utmost to create environmentally-friendly communities. Fully aware that the construction process of the real estate business would potentially affect the environment to a certain extent, the Group has therefore proactively set up measures to mitigate the negative impact of the construction projects and the construction process on the environment, such as practising the concept of green development, adopting green building practices and incorporating green elements into the design, construction and operation. Furthermore, the Group practically promoted resource conservation, environmental protection and pollution reduction, and provided people with healthy, suitable and efficient spaces for living and working in an effort to foster the harmonious coexistence with the nature. Meanwhile, the Group recognizes that it is an integral part of environmental protection to raise environmental awareness among its staff, and proactively promotes environmental education in various project sites and offices to encourage all staff to develop sound environmentally-friendly practices.

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 Management Objectives

In echo with the national strategy of “Carbon Peak and Carbon Neutrality”, the objective of the Group’s environmental actions is to highlight the importance of environmental protection in practicing corporate social responsibility and sustainable development. In this regard, the Group proactively formulated environmental indicator targets and initiatives thereof, and reviewed whether its performance is in line with the targets, in a bid to promote the construction, implementation and execution of the environmental protection management system.



**Environmental Goals for Financial Year 2030**

Taking 2021 as the baseline year, the Group aims to exceed compliance requirements and accomplish the Group’s long-term objectives 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 and the sustainable development of domestic green and low-carbon construction business, aiming to maximize resource conservation, protect the environment and reduce pollution, and realize energy conservation and emission reduction of

construction projects, thereby contributing to the successful realization of the dual carbon goals in the construction field, as well as providing 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.



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### Exhaust Gas Emissions

In compliance with the “Integrated Emission Standard of Air Pollutants of the People’s Republic of China” (GB16297-1996) and other relevant laws and regulations, the Group has formulated the “Exhaust Gas Management System” and complied with various exhaust gas-related laws, regulations and industry standards applicable of the places in which it operates. In addition, the Group has optimized its exhaust gas management system with proactive efforts made to monitor, control and manage the exhaust gases emitted during the course of its business activities, through which it has ensured compliant emission of exhaust gases consistently, hence protecting and improving the lives of its customers and working environment of its staff as well as their physical and mental health, at the same time preventing pollution caused by exhaust gases. The Technical Department is responsible for overseeing the inspection of the operation, repair and maintenance of the exhaust gas treatment facilities by each responsible unit, which shall be accountable for organizing regular monitoring.

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 that fail to meet environmental protection requirements, strictly enforce national quality and technological standards and fuel control standards; and
- When the Group replaces its vehicles, it gives priority to new energy vehicles that are environmentally-friendly, in line with national policies.

During the Reporting Period, the Group’s exhaust gas emission<sup>1</sup> performance is summarized below:

Type of exhaust gas	Unit	2023	2022	2021	2020	2019
Sulphur oxides (SO <sub>x</sub> )	kg	0.78	0.60	2.21	0.22	0.19
Nitrogen oxides (NO <sub>x</sub> )	kg	107.60	85.63	90.63	84.08	103.33
Particulate matter (PM)	kg	9.32	7.51	6.67	8.06	9.90

<sup>1</sup> The main sources of emissions during the statistical period are vehicle emissions, and the main air pollutants emitted are nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) and particulate matter (PM).





### GHG Emissions

The first step in managing carbon emissions is to inventory and analyse GHG data. The Group has developed a GHG (Greenhouse Gas) inventory based on the major sources of carbon emissions. 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 product materials, outsourced logistics and transportation, sewage treatment, employees' business trips and commutes, as well as the waste paper disposed to landfills.

From the GHG emissions inventory, petrol, diesel and electricity consumption are the major emission sources of the Group's Scope 1 and Scope 2 GHG emissions. The ESG Report also focuses on disclosing relevant data and performance comparison. Since Scope 3 involves difficulties in collecting and coordinating a substantial amount of external data, it is not yet possible to calculate such statistics. However, the Group is actively promoting the feasibility of relevant data collection and studying the calculation methods, and will gradually improve them in the future.

In order to mitigate the environmental impact of GHG emissions, the Group has strictly regulated the unnecessary use of various vehicles to reduce fuel consumption and exhaust emissions; motivated employees to use public transportation systems more frequently, which can reduce people's reliance on private car; and encouraged the use of major transport means such as airport buses or metro lines during business trips. Advocating electricity conservation, the Group has also implemented practical measures to reduce electricity consumption in the daily use of electrical appliances, such as lighting, computers and air-conditioners. In addition, it has promoted the use of online video conferencing and paperless office to effectively lower other indirect GHG emissions. Through the implementation of such measures, employees' awareness of GHG emissions reduction has been raised.

During the Reporting Period, the Group's total GHG emissions intensity reduced significantly to approximately 0.65 tCO<sub>2</sub>e/employees, down by approximately 61.54% as compared with 2022. The total GHG emission decreased by approximately 40.22% over 2022, and the GHG emissions reduction target of 10% has been attained ahead of schedule.



## Environmental, Social and Governance Report

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

Indicator	Unit	2023	2022	2021	2020	2019
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	155.32	95.89	399.43	25.62	34.33
Energy indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	264.97	227.55	902.93	191.02	300.34
Total other indirect GHG emissions (Scope 3)	tCO <sub>2</sub> e	63.22	485.38	–	16.32	2.15
Total GHG emission <sup>2</sup>	tCO <sub>2</sub> e	483.50	808.82	1,302.36	232.97	336.81
Total GHG emissions intensity <sup>3</sup>	tCO <sub>2</sub> e/ employees <sup>2</sup>	0.65	1.69	1.46	0.22	0.23

### Sewage Discharge

The Group adopted the design concept of 'Sponge City' to better 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 pipes 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.

<sup>2</sup> 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, and "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange. For calculating GHG emissions in 2023, the electricity emission factor for Hong Kong is 0.608kg CO<sub>2</sub>/kWh, which is derived from the "Sustainability Report 2023" published by HK Electric Investments, and that for Mainland China is 0.66kg CO<sub>2</sub>/kWh, which is derived from the "China Regional Power Grids Carbon Dioxide Emission Factors Research Report 2023" issued by the Ministry of Ecology and Environment.

<sup>3</sup> During the Reporting Period, the Group had a total of 744 employees (2022: 478 employees; 2021:891 employees; 2020:1,041 employees; 2019:1,465 employees) in respect of the scope of reporting (including Beijing headquarters and 36 points-of-sales and places of business in Hong Kong and Guangdong, Hangzhou, Chengdu, Chongqing, Guiyang, Kunming, Wuhan and Kaifeng in Mainland China). The data is also used for calculating other density data.



### Hazardous Waste Emissions

The Group manages its hazardous wastes in accordance with the “National Catalogue of Hazardous Wastes” and the “Standard for Pollution Control on Hazardous Waste Storage”, and collects and stores them in categories by purpose, source, nature and harmfulness. In compliance with the requirements of “Measures for the Management of Hazardous Waste Transfer Manifest”, it transfers the wastes to qualified organisations for disposal. Besides, the Group has strengthened employees’ understanding of and protection skills against hazardous wastes to ensure safety and efficiency during the transfer process, adopted preventive measures against leakage of hazardous wastes to avoid contamination, and pressed ahead with its waste reduction goals. Meanwhile, in order to mitigate the environmental impact of its operations, the Group has developed and implemented a corresponding environmental assessment and prevention system to better identify and avoid 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 381 waste batteries and 61 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 emissions for the time being.

### Non-hazardous Waste Emissions

During the Reporting Period, the total non-hazardous waste disposed increased by approximately 3.20% over 2022, while the density of non-hazardous waste disposed decreased by approximately 32.00% as compared with that in 2022. The non-hazardous waste emission reduction target of 8% has been attained ahead of schedule.

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 and food waste treatment, qualified suppliers engaged by the Group will adopt advanced craftsmanship and technology to mitigate the environmental impact of waste and its derivatives, reduce waste discharge and boost the recycling and utilization rates of resources.



## Environmental, Social and Governance Report

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. Meanwhile, the Group places importance on increasing greenery in all the areas of its residential and commercial properties that are under construction or have been delivered, and continuously enhances the greening ratio of the property areas by means of planting trees and lawns, etc.

- emptying rubbish bins regularly to reduce the frequency of replacing plastic rubbish bin bags;
- reducing the use of disposable cups for serving guests;
- providing reusable utensils for employees to cut down on the use of disposable tableware;
- placing waste paper collection boxes next to printers for reuse by employees; and
- putting waste newspapers and paper in recycling bins for paper recycling.

The Group has implemented waste reduction measures in its offices. Such waste reduction measures include:

- recycling and reusing express packaging;

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

Indicator	Unit	2023	2022	2021
Total non-hazardous waste disposed <sup>4</sup>	tonnes	25.51	24.72	117.00
Density of non-hazardous waste disposed	tonnes/employees	0.03	0.05	0.13

<sup>4</sup> Non-hazardous waste mainly includes office and food waste, and is not accounted for in 2020 and 2019.



### Noise Control

The Group's noise pollution is emanated from the construction processes of its real estate business. To reduce noise pollution, the Group has established the "Noise Protection Management System" for noise-generating areas. With a focus on controlling the noise sources and blocking noise transmission path, the Group has taken the initiative to adopt different noise reduction measures based on the features of different equipment, including installing sound absorbing panels, sound insulation cotton and other sound dampening materials, enhancing the efficiency of construction works and strictly controlling the hours and periods of the construction. The Group also regularly monitors the noise level in the vicinity of the project construction area to ensure that the noise level generated from the construction process complies with relevant standards and requirements, so as to reduce and prevent noise nuisance to neighbouring residents.

### 6.2 Use of Resources

Improving resource efficiency and reducing energy consumption are both 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 gradually establishes an energy management system and policies, while exploring objectives and plans for energy management. It also strictly regulates the use of energy, promotes energy conservation, consumption reduction, quality improvement, as well as efficiency enhancement, and encourages employees to actively propose energy-saving and consumption reduction measures, seeking opportunities to reduce the use of energy with concerted efforts.

In active response to energy conservation and environmental protection initiatives, the Group has adopted a series of effective measures, such as optimizing the thermal insulation system of its enclosure structure, installing energy efficient facilities, upgrading and revamping the lighting equipment, maintaining, iterating and upgrading air conditioning units and strictly implementing paperless office practices. It has also determined a reasonable frequency and duration for using lighting, water dispensers, refrigerators, monitors and other electrical appliances, promoted the use of energy-saving appliances and phased out appliances with low efficiency and high energy consumption, with a view to achieving better results in terms of energy conservation and emission reduction.

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 the design concept of "green building" 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.



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During the Reporting Period, the Group's total energy consumption was approximately 1,005.29 kWh'000, and the energy consumption intensity was 1.35 kWh'000/employee, representing a decrease of approximately 6.25% as compared to 2022.

The Group places emphasis on the publicity and education on energy conservation and environmental protection. It has organised regular employee trainings on such topics and posted relevant promotional materials at the offices and business areas of the Company, in a bid to foster the awareness of energy conservation and environmental protection among employees. The Group has also urged all employees to actively practice the aforementioned concepts and participate in various related activities of the Group and the community.

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;
- adjusting the number of light fixtures for public lighting within the industry park and shifting to low-power energy-saving light bulbs;
- 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;
- adjusting the number of power transformers based on the power load and switching off transformers with no load;
- 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;



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- 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; and
- immediately reporting, stopping and correcting any energy wastage.

Through the above measures, the Group has improved employees' awareness of energy conservation and emission reduction, effectively controlled its total energy consumption and significantly enhanced the energy efficiency.

### Case:

During the financial year 2023, Qingdao Weida Property Management Co., Ltd. (青島威達物業管理有限公司), a subsidiary of the Group, saved up to 4,480 kWh of electricity (including the common areas) by adopting the above essential measures.





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

Types of energy	Unit	2023	2022	2021	2020	2019
Direct energy consumption	kWh'000	570.01	292.96	1,487	94	126
Indirect energy consumption (electricity)	kWh'000	435.28	396.77	1,030	216	340
Total energy consumption <sup>5</sup>	kWh'000	1,005.29	689.74	2,517	310	466
Density	kWh'000/ employee	1.35	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. In the financial year 2023, water consumption density was approximately 8.18 m<sup>3</sup>/employee, representing a year-on-year decrease of approximately 17.37% and a decrease of approximately 26.70% as compared to that of 2021. Hence, the Group has achieved its 2030 target ahead of schedule.

The target was achieved mainly 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;

<sup>5</sup> 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.





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- 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; and
- 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	2023	2022	2021	2020	2019
Total water consumption	m <sup>3</sup>	6,083.77	4,731.50	9,946.51	2,362.00	3,549.00
Density	m <sup>3</sup> /employee	8.18	9.90	11.16	2.30	2.40

### Use of Paper and Packaging Materials

In the financial year 2023, the Group continued to push forward the development of an electronic and paperless office. In addition, it took proactive actions such as saving and reusing paper in offices, storing old newspapers and magazines, as well as collecting and sorting courier packaging materials in an effort to protect the environment and conserve the use of resources.

The Company's annual reports are available in Chinese and English versions, and are delivered to shareholders in their preferred language. Shareholders are encouraged to receive the reports in electronic form in order to reduce the number of printed copies and save paper. The paper used for the annual report is derived from responsible forest resources and certified by the Forest Stewardship Council.

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. During the Reporting Period, the Group's packaging consumption was approximately 57.00 tonnes, with an average of approximately 0.08 tonnes per employee.

### Biodiversity Protection

The Group is committed to mitigating the adverse environmental impact of its corporate production and operations. Incorporating biodiversity protection into its development strategies as an integral part of corporate environmental management, the Group has also proactively implemented a number of measures to promote biodiversity protection in the course of its business development.



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In selecting sites for and carrying out its production activities, the Group has strictly adhered to the philosophy of striking a balance among green development, ecological protection and economic development. With an aim to protect the key ecological functional zones, ecological protection red lines, nature reserve areas, as well as other areas with important ecological functions or ecologically sensitive and vulnerable areas located in the vicinity of its production and operation sites, the Group has also designated certain key biodiversity protection zones where production activities are prohibited. Furthermore, the Group has undergone technological transformations and improved craftsmanship for environmental protection to enhance the efficiency of resource utilization, at the same time reducing natural resource consumption and pollutant emissions, thereby mitigating its impact on the ecological environment.

### 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

Energy conservation and environmental protection is everyone's responsibility. The Group proactively promotes the concept of energy conservation and environmental protection, focuses on environmental education and the cultivation of environmental awareness among employees, encourages employees to actively participate in various public welfare activities in respect of environmental protection in the community, and guides employees to integrate environmental awareness into their daily work and life. In order to achieve sustainable development, the Group expects its employees to put environmentally-friendly lifestyles into practice and hence enhance their awareness and practices 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 GHGs 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;
- switching off lights and air-conditioners when leaving the office for a long period of time and after using the meeting room;
- turning off office equipment when not in use, including but not limited to computers, LED displays, printers, projectors, etc., for example, put the computer to sleep for each short-term absence from work;
- setting air conditioning systems to 24-26 degrees Celsius, and no heating is allowed in winter;
- turning off the tap after washing hands to reduce unnecessary water use;
- implementing a trade-in principle when re-collecting office supplies;
- promoting a paperless office to reduce paper consumption by using black and white and duplex or multi-sided printing where possible, as well as showing preview and making on-demand settings before printing to avoid excessive printing copies and reduce unnecessary waste;
- 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; and
- reducing the use of high-emission vehicles for corporate business, and encouraging employees to travel by public transport or reasonable car-pooling.



### 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, proceeds with the establishment of a climate change management system and works to manage climate risks.

### Climate Change Management System

Through the establishment of a climate change management system, the formulation of climate change rules and the setting of short-, medium- and long-term goals for climate change risk control to identify and respond to climate change risks and opportunities, the Group has established a comprehensive climate change management system within the Group in various aspects.

The Board of the Group acts as the ultimate decision-making body responsible for overseeing the management of climate change. The Group clarifies the responsibilities and collaboration mechanism of each business unit, formulates policies on climate change management, specifies the goals of various stages in addressing climate change, while assessing climate risks and formulating strategies to cope with climate change. The ESG Taskforce analyses the impact of climate change on the business development of the Group and is responsible for the implementation of specific measures as well as evaluating the effectiveness of policies and procedures.

The Group has integrated climate change response into the overall management strategies and ESG strategies of the enterprise, established a GHG emission management system, an energy management system and a supply chain management system, and strengthened publicity and training on climate adaptation to improve the overall climate resilience of the business.



### Climate Change Management Goals

The Group has formulated a systematic plan for climate change management by setting short-term, medium-term and long-term goals as guidelines for the Group to cope with the challenges of climate risks at different stages and enhance the sustainable development of the business.

#### Short-term goals

The Group will pay attention to the direct impact of climate change on its business and avoid actual losses caused by natural disasters such as extreme weather, so as to prevent them from happening in the first place. At the same time, by splitting the climate goals into specific targets of various environmental indicators, such as GHG emission reduction, energy efficiency and resource consumption, and through the implementation of specific measures, the Group aims to enhance corporate environmental performance and lay the foundation for medium- and long-term climate response.

#### Medium-term goals

After achieving the milestones, the Group will focus more on the research and development and certification of green products. Through green innovations in various areas such as innovative design and supply chain reforms, the Group aims to significantly reduce GHG emissions and build up an image of sustainable development, for example, increasing the proportion of green buildings among the Group's development projects to reduce the adverse impact of construction and development on the environment, and improving measures for property management to enhance the efficiency of resource utilisation during management process.

#### Long-term goals

Focusing on the realisation of comprehensive transformation and sustainable development of the business in the field of climate change, the Group will, on the basis of achieving the medium-term goals, further level up the target through continuous energy conservation, emission reduction and green power projects, and focus on realising carbon neutrality and net-zero emission of the business, promoting the development of a circular economy, and driving the climate transition of the whole society with its own strength.

To address the impact of climate change on business operation and development, the Group continues to improve its climate change management system and update the climate change management rules to cope with the impact of climate change and extreme weather events on business operation. The Group actively responds to the Paris Agreement and understands the significance of "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels" to the world. Starting from its own business, the Group has split the target of "pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels" into specific business processes, and set milestones in terms of resource utilisation, GHG emissions reduction, energy substitution, and research and development of low-carbon products, and made revisions depending on the actual progress and the climate change situation in order to ensure the active role played by the Group in mitigating climate change.



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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. In respect of force majeure factors such as natural disasters, the Group has formulated an emergency evacuation and rescue plan to respond promptly and ensure employees' safety, and strengthened regular inspection on and maintenance of the working environment and equipment to ensure normal operation under adverse weather conditions. The Group will continue to improve contingency response plans to further reduce the vulnerability of our office operations and our response to extreme weather events.

In the course of operation of its business segments, the Group always takes into account the impact of extreme weather brought by weather changes. During the development of construction projects, the Group fully considers the impact of extreme weather on the facade and stability of buildings, and endeavours to develop buildings with better performance and resistance. Meanwhile, during the selection of project location, the Group fully considers the risk of extreme weather in different locations, and prioritises areas less affected by the impact of extreme weather, so as to ensure the long-term stability of the project. In the process of property management, the Group optimises the workflow to enhance management efficiency, while focusing on the maintenance and updating of equipment, as well as strengthening employee training to improve their emergency response capability. In the medical and pharmaceutical retail segment, the Group is well aware of the importance of a stable supply chain to the operation of its business. Therefore, the Group selects suppliers that are more stable, sustainable and less affected by weather conditions, and establishes long-term and stable relationships with those high-quality suppliers to minimise the impact of extreme weather conditions and ensure the stable operation of its business.

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. Through the adoption of advanced energy-saving technologies and equipment and the optimisation of management processes, the Group is committed to further improving the efficiency of resource utilisation, reducing the impact on the environment and mitigating climate change.

The Group is clearly aware of the importance of identifying and managing the associated climate change risks arising from its operations and seeks to continuously minimise the environmental impact of its business activities to the best of its ability and safeguard the long-term interests of the Group. By strengthening internal management and training, the Group enhances employees’ awareness of and participation in environmental protection work, with an aim to jointly safeguarding the long-term interests of the Group. Besides, the Group strengthens external publicity through various channels and methods, with greater efforts and intensity to promote the concepts of environmental protection and ESG, thus building up a more sustainable corporate image, maintaining the long-term reputation of the business and gaining the recognition of the society and the public.

### 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 to ensure that its business practices are adaptive, forward-looking, closely follow the changing environmental rules and are adjustable in a timely manner. In the process of transition, the Group also focuses on, monitors and reviews transition risks to make sure that the Group moves forward resiliently in responding to climate change.

#### 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.



## Environmental, Social and Governance Report

### 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 and also provide strong data support for the Group's green transformation in the future.

## 7. SOCIETY

Talent is the core competitiveness for corporate development. The Group values each employee and protects the legitimate rights and interests of employees by improving the emolument distribution and performance appraisal system, as well as providing employees with multi-level welfare protection and occupational health and safety protection. The Group also established an open and democratic communication platform to improve employees' well-being and motivation at work.

### 7.1 Employment

Adhering to a people-oriented employment philosophy, the Group firmly believes that talent is a crucial factor for corporate success and that employees are important assets for the sustainable development of an enterprise. Through the establishment of a complete system for the protection of the legitimate rights and interests of employees and the creation of a diversified, equal and inclusive working environment, the Group aims to promote the mutual growth with its employees.

The Group strictly complies with relevant laws and regulations, including 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 to respect and protect the legitimate rights and interests of employees. The Group creates a quality career development platform for its employees through the formulation of a comprehensive human resources management system and 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), which regulate the management of recruitment and dismissal, remuneration and promotion, working hours and leave, etc.







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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. 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.

During the Reporting Period, the Group was not aware of any material breach of the employment-related laws and regulations that would have a significant impact on the Group.

### Remuneration and Welfare

The Group is fully committed to promoting a scientific and standardised remuneration management system, and continues to provide competitive working conditions and remuneration packages for its employees. Insisting on the “market-based salary, job-based salary, performance-based salary and ability-based salary” rules, the Group motivates employees with incentives distributed according to the performance appraisal based on their value of position, working performance and level of skills, ensuring that the personal value of all employees will be maximized. In addition, the Group makes contribution to the social security funds on time and continuously improves its welfare protection system to eliminate employees’ worries. The Group also regulates employment management, provides public holidays and paid annual leaves, and

implements systems relating to health check-ups, employee health records and leave. The Group respects the rights of employees to take rests and holidays, 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 wages, overtime compensation, paid holidays, etc. The Group fully cares for its female employees and actively protects their legitimate rights and interests, as reflected by the provision of paid leaves such as pregnancy check-up leave, maternity leave and breastfeeding leave, and the setting up of baby-sitting and nursery rooms in the office building to provide a comfortable and safe environment for female employees during their breastfeeding period.

In order to further improve the sense of belonging and well-being of its employees, the Group provides various amenities, cultural and sports activities, welfare and care and psychological counselling to enhance employee satisfaction, relieve employees’ hardship, balance their work and life, help them form a positive and healthy mindset and jointly create a harmonious working environment.



## Environmental, Social and Governance Report

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



### Recruitment, Promotion and Dismissal

Focusing on its overall strategy for human resources, the Group aims to attract, cultivate and develop a large group of diversified, compound and international high-quality professionals. The Group continuously improves its internal talent planning system, identifies recruitment needs and launches efficient and systematic recruitment campaigns through various recruitment channels to enrich the talent pool and ensure sufficient talent resources for the development of the Group. The Group has established a diversified talent acquisition mechanism for the effective supply of talents and optimisation of talent structure.

The Group attaches great importance to the value of talents. Having given full consideration to the career development of its employees, the Group has established comprehensive employee career paths and stimulated employee development with an established performance appraisal mechanism. The Group conducts performance appraisals for its regular employees on a periodic basis, the results of which will be taken into account for salary adjustment, promotion and bonus in order to further boost employee engagement and motivate them more effectively. During the period of annual appraisal for promotion, all employees are eligible, by means of nomination or self-nomination, to gain a promotion upon evaluating their values, performance and competence, so as to ensure the fairness, impartiality and openness of the whole promotion process, as well as the authority and effectiveness of the results, which not only enables the development of all employees, but also motivates and retains talented people.

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



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### 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; and
- 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; and
- Employees have the right to enjoy public holidays and paid annual leave.



### Anti-Discrimination, Diversity and Equal Opportunity

The Group offers equal opportunities and strives for implementing the concepts of diversity and anti-discrimination, so that every employee, regardless of his/her position, gender, race and age, could feel respected. Creating a fair and respectful working environment and treating every employee equally enable employees to maximise their potential. To this end, the Group is committed to creating a fair mechanism and working environment that promote respect and equality, and adheres to the principles of fair recruitment and fair development. The Group continuously identifies and removes barriers that cause inequality and establishes systems to promote both bottom-up and top-down changes. Besides, the Group keeps exploring new practices to create a fair working environment, where resources are allocated to employees based on their abilities and strengths, so that everyone has an equal opportunity to achieve success.

In the course of recruiting talents, we avoid taking personal attributes such as nationalities, races, religious beliefs, cultural backgrounds, 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.

## Environmental, Social and Governance Report

As of 31 March 2024, the breakdown of the Group's employees within the Reporting Scope<sup>6</sup> was as follows:

	As of 31 March 2024	2022	2021	2020	2019
Total employees	744	478	891	1,041	1,465
<b>By gender</b>					
Male	287	241	457	546	797
Female	457	237	434	495	668
<b>By age group</b>					
Aged under 35	191	184	401	506	852
Aged 35 to 55	477	269	468	518	595
Aged over 55	76	25	22	17	18
<b>By region</b>					
Hong Kong	10	7	3	–	–
Mainland China	733	470	888	–	–
Others	1	1	0	–	–

<sup>6</sup> The number of employees within the Reporting Scope as of 31 March 2024 was 744, which was used for the calculation and disclosure of the relevant intensity. The number of employees in 2020 and 2019 did not include the number of employees by region (Hong Kong, Mainland China and others). All employees within the reporting scope are full-time employees.

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During the Reporting Period, the employee turnover rate<sup>7</sup> of the Group was approximately 17%. 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 2024	744	149	893	17%
	2022	478	431	909	47%
	2021	891	345	1,236	28%
	2020	1,041	628	1,669	38%
	2019	1,465	618	2,083	30%
<b>By gender</b>					
Male	As of 31 March 2024	287	70	357	20%
	2022	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 2024	457	79	536	15%
	2022	237	213	450	47%
	2021	434	146	580	25%
	2020	495	205	700	29%
	2019	668	194	862	23%
<b>By age group</b>					
Aged under 35	As of 31 March 2024	191	42	233	18%
	2022	184	192	376	51%
	2021	401	147	548	27%
Aged 35 to 55	As of 31 March 2024	477	100	577	17%
	2022	269	226	495	46%
	2021	468	193	661	29%
Aged over 55	As of 31 March 2024	76	7	83	8%
	2022	25	13	38	34%
	2021	22	5	27	19%

<sup>7</sup> 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).



## Environmental, Social and Governance Report

Statistical period		Total employees (A)	Number of employees left during the Reporting Period (B)	Employee turnover rate	
				Sum (A+B)	B/(A+B) x100%
<b>By region</b>					
Hong Kong	As of 31 March 2024	10	3	13	23%
	2022	7	0	7	0%
	2021	3	1	4	25%
Mainland China	As of 31 March 2024	733	146	879	17%
	2022	470	431	901	48%
	2021	888	344	1,232	28%
Others	As of 31 March 2024	1	0	1	0%
	2022	1	0	1	0%
	2021	0	0	0	0%





### Diversity

#### Board diversity

The Company endeavours to maintain an appropriate balance in the diversity of skills, experience and views and perspectives of the Board members so as to support the execution of business strategies and the efficient operation of the Board. The Company has established a policy for the nomination of directors. The Nomination Committee is responsible for identifying individuals suitably qualified to be a member of the Board and may select individuals for nomination as Directors. In making recommendations to the Board for the appointment of Directors (including independent non-executive Directors), the Nomination Committee will consider various criteria for the evaluation and selection of candidates for appointment as Directors, including, inter alia, (i) character, integrity and reputation; (ii) qualifications relevant to the Group's business and corporate strategy, including professional qualifications, skills, knowledge and experience; (iii) willingness to devote sufficient time to perform the duties as a member of the Board and other directorships as well as significant commitments; (iv) the number of current directorships and other commitments that may require the attention of the relevant candidates; (v) the requirement for the Board to have independent non-executive Directors as required under the Listing Rules and whether the relevant candidates will be considered independent by reference to the requirements under the Listing Rules; (vi) the Company's policy on Board diversity and any measurable objectives adopted by the Board to achieve Board diversity, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience,

skills, knowledge and length of service; and (vii) such other aspects as appropriate to the Group's business.

The composition of the Board of the Group provides the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business. The Company reviews its Board composition from time to time by taking into account the specific needs of the Group's business. In the future, the Board will introduce one or more female members after identifying suitable candidates. A pipeline of potential female successors already exists at the senior management level of the Company to achieve gender diversity.

#### Employee diversity

The Group firmly 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. The Group fully recognises, accepts and values the differences among individuals, regardless of gender, race, age, beliefs, values and life experiences, so that employees of different backgrounds can be treated with respect and equality in the enterprise, allowing them to give full play to their strengths to innovate and create. The Group believes that the diverse perspectives and styles of employees will make our team more creative, empathetic and responsible, which is helpful to the refinement of our products and services to customers. Therefore, during recruitment, the Group not only considers the 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 has established an anti-discrimination and diversity management system and policies, which advocate a diverse and inclusive working environment that enables people with different backgrounds to work together and thrive in the business. 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, harassment or revenge on the grounds of employees' age, gender, marital status, pregnancy, disability, family status, race, colour, nationality or religion, sexual orientation, gender identity or expression, veteran status, etc. is not tolerated in order to build a culture and system of pluralism, equity and inclusion. The Group actively promotes democratic management by providing diversified channels of communication, incorporating diversified opinions, viewpoints and ways of thinking, and establishing a free and open working atmosphere to facilitate mutual respect and strong synergy among teams with different attributes. The Group encourages employees to provide feedback timely and listen to their suggestions on all aspects of the Group's business, with a view to enhancing employee satisfaction in all respects.

For the financial year 2023, female members accounted for approximately 61.42% 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 earnestly implements the policy of "safety first, prevention oriented (安全第一、預防為主)", implements the safety responsibility system, and clarifies the responsibilities of each unit under the safety management system. 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. In the process of business development, the Group has always implemented the principle of safety first, and formed a health and safety culture through organizational construction, strengthening employees' health and safety awareness, as well as establishing health and safety systems and other measures. The Group has long formulated safety training programs with a combination of online and offline modes to provide employees with various forms of safety and health training, including safe construction, safety protection, safety responsibilities, hazard sources, traffic safety, fire fighting, emergency response, occupational disease prevention, psychological counseling, etc., to strengthen the safety awareness of all employees and improve their risk prevention capabilities.



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The Group provides staff engaging in engineering construction with personal safety protection equipment that meet national standards, and provides employees with guaranteed labour protection equipment based on their working environment.

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. It has formed a medical team for patients in need, created staff rest areas and provided fitness equipment. We encourage employees to actively participate in the safety and health activities organized by the Group to enhance their awareness and vigilance towards workplace health, safety, and well-being.

### Health and Safety in the Office

The Group attaches great importance to the health and safety of its employees in the office and has formulated relevant policies and measures. The Group describes in the Employee Handbook (《員工手冊》) the precautions to be taken for health and safety in the office working environment and has formulated the Anti-smoking Policy (《反吸煙政策》) to prohibit smoking in the office. 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. The Group provides annual medical check-ups for its employees, organizes health seminars, safety education seminars and emergency preparedness training on cold and freezing prevention from time to time, places green plants in the office, and conducts cleaning of the air-conditioning system and carpet

disinfection in the office on a regular basis. The Group also pays close attention to the mental health of its employees, and through daily communication, it understands the mental health status of its employees and provides them with relevant counseling in a timely manner. In addition, a number of the Group's offices are leased from Grade A office buildings in the CBD, and its employees regularly participate in simulated elevator entrapment drills, fire drills and fire safety training seminars organized by the property management company of the office buildings, to enhance the employees' ability to respond to fire emergencies.

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

### Epidemic Prevention and Control and Safety

In order to improve the health standard of its employees, the Group continuously improves the disease prevention and control, infectious disease quarantine and medical check-ups management. During the financial year 2023, epidemics such as influenza A and B continued to recur. The Group strictly implemented the measures and requirements of the epidemic prevention and control policy by conducting regular sanitation and disinfection of office premises, organized seminars on the prevention of common occupational diseases as well as seminars on stress relief in the workplace and the change of roles of females in the workplace, created conditions for the establishment of rest areas for employees, installed relevant fitness equipment, and encouraged employees to balance work and rest and to do workout after work, so as to comprehensively protect the physical and mental health and safety of employees.



### 7.3 Development and Training

The Group values talents, regards them as an important component of the sustainable development of the Company, employs the concept of “selection, employment, education, promotion and preservation”, and is committed to improving the employee training system by providing diversified training contents, reasonable motivation measures and promotion channels to attract, motivate and retain precious talents, so as to continuously strengthen and stabilize the talent team.

In order to further promote the popularity and effectiveness of training resources, the Group conducts professional training through a combination of online and offline training, integrates training resources and solves the limitations of time and geographical location on training courses. In order to ensure the effectiveness of training, the Group conducts evaluation and feedback on the effectiveness of training, and assesses the professional competence, work performance and other aspects of its employees during the training process.

The human resources department of the Group is responsible for updating employees' training plans and strategies annually, establishing scientific and comprehensive annual training plans, and considering the actual needs of employees at different levels by continuously expanding and optimizing course resources and providing multi-level and all-round training courses and corresponding examinations for employees at different positions and levels, so as to assist employees in achieving skill upgrading and self-development.

Training includes:

- New employment training: Through the promotion of corporate culture, learning of relevant systems, forums with senior management and other different forms, we have developed a growth plan that focuses on the individual qualities of our employees 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;
- 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; and
- Seminars with middle-level-to-senior management: These seminars are organized in different formats, including strategic transformation, compliance and risk management, innovation and motivation, and action learning, providing a platform for middle-level-to-senior management, core staff and innovation team members to share their thoughts on management, business exploration, compliance, innovation, and work planning and other topics.



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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; and
- Evaluate trainings to continuously improve the quality of trainings.

### Case:

In the financial year 2023, Qingdao Weida Property Management Co., Ltd. (青島威達物業管理有限公司), a subsidiary of the Group, held a number of training sessions on topics such as “Strategy for Improving Property Satisfaction and Cost Collection Skills in the New Era” (《新時期物業滿意度提升策略及費用催繳技巧》), “How to Manage Traces” (《如何做好痕跡管理》), “Fire Fighting Drill” (《火災撲救演練》), “Notes for Drawing Review and Acceptance” (《審圖與驗收注意事項》), “Property Complaint Handling Skills” (《物業投訴處理技巧》) and “Safety Training for Limited Space Operation” (《有限空間作業安全培訓》), which enhanced the professional skills and service satisfaction of its employees.





**Case:**

In the financial year 2023, the Group organized a number of orientations for new employees, product knowledge training and staff professional skills training for its medical and pharmaceutical retail business, covering topics such as corporate culture, service etiquette and standards, pharmaceutical laws and regulations and new policies on medical insurance, product knowledge, knowledge of common seasonal illnesses and the use of medicines, and knowledge of chronic diseases for the middle-aged and elderly, which enhanced the service awareness and professional skills of its employees.



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During the Reporting Period, the Group has achieved an approximately 63.84% overall training rate<sup>8</sup>, total training hours of approximately 5,107.5 hours and total average training hours of approximately 6.86 hours. The average training hours of employees<sup>9</sup> 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(%) <sup>8</sup>		
	As of		
	31 March		
Statistical period	2024	2022	2021
<b>Employee gender</b>			
Male	21%	58%	49%
Female	79%	42%	36%
<b>Employee category</b>			
Directors	0.63%	2.92%	9.43%
Accounting and finance team	9.89%	12.87%	45.71%
Company secretary	0.63%	0.00%	57.89%
Administration	8.42%	47.37%	47.29%
Construction and operation	13.26%	33.33%	43.40%
Property development sales staff	67.16%	3.51%	45.34%

Employee training data	Average training hours of employees <sup>9</sup>		
	As of		
	31 March		
Statistical period	2024	2022	2021
<b>Employee gender</b>			
Male	3.89	17.38	13.18
Female	8.74	8.69	15.40

<sup>8</sup> 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%

<sup>9</sup> 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 human resources department of the Group is committed to identifying and developing high-calibre talents. The management evaluates the performance and potential of employees according to the standards of the Group's employment policy, and attracts and retains outstanding talents by offering market-competitive remuneration and comprehensive welfare system to maintain the competitiveness of the Group.

The Group provides a variety of career development channels and diversified training support for each employee, builds a broad platform for employees to show their talents and creativity, broadens the development paths for employees, and provides a variety of career development options for employees to promote the comprehensive growth of employees.

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. The Group also actively creates a warm and comfortable working atmosphere through comprehensive professional health services and colorful cultural team-building activities to enhance employees' happiness.

The Group also focuses on reshaping and upgrading its corporate culture in the process of business transformation and upgrading. Through new employee training, system training, monthly regular meetings and team-building activities, the Group enables employees to understand the basic situation, corporate culture, development strategy, rules

and regulations of the Group, so as to enable employees to understand the core values of the Group, promote recognition of the corporate culture, and enhance employees' centripetal force and sense of belonging to the Group.

The Group is committed to innovation and development, actively explores new business opportunities, and encourages employees to actively explore business innovation methods. It inspires employees to innovate and improves their professional skills through expert sharing, mutual exchange and innovation motivation programs, with a view to bringing more development opportunities to the Group.

#### 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, the human resources department will conduct background checks on employees and will not appoint those who do not meet the employment criteria. After employment, both parties shall specify the job positions, duties, locations and working hours, and 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 to protect the legitimate rights and interests of employees. The Group promises not to force or compel labour, and not to compel employees to work against their will under any circumstances. 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**

In order to ensure product quality, the Group has established a new and effective supplier management, screening, and rating system, which mainly includes three major components:

In terms of supplier assessment, the Group selects potential suppliers rigorously according to the procurement management system, 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. For the purposes of ensuring the quality and efficiency of the Group's supplier bases, all suppliers shall go through a series of strict screening and assessment procedures before being officially selected, including tender invitation, competitive negotiable bidding, and direct negotiable bidding for procurement, aiming to ensure that the qualifications, product quality, price competitiveness, and service level of suppliers can meet the needs of the Group. 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. Openness and transparency are needed in reviewing suppliers' qualifications, and all departments shall cooperate actively, communicate comprehensively, share information, make collective decisions, announce results, and eliminate non-compliant operations. Further, all kinds of procurement documents during this process, including supplier qualification review, supplier assessment, supplier rating, supplier privacy documents, agreement and contracts, are important confidential information of the Company and cannot be disclosed. 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



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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 respect of the management of suppliers, the Group updates the supplier management system and process annually, and manages suppliers according to their categories, ratings, and affiliated enterprises. The supplier management system is established based on four major management procedures, namely qualification review, performance evaluation, rating management, and interactive communication. The suppliers are ranked and eliminated pursuant to their performance results. The Group selects suppliers from the qualified supplier pool according to the procurement requirements of the project, in the order of manufacturer, general agent, qualified agent, and others. Each qualified supplier signs a quality agreement. The Group conducts daily management of suppliers through performance monitoring, process auditing, quality statistics, etc., with a focus on the proportion of supplier's order allocation and supplier candidate tiers, to control the stability and safety of the supply chain as a whole, as well as the overall efficiency ratio of supply quality, price, after-sales and other aspects.

In the financial year 2023, the Group has a list of 627 suppliers, all from Mainland China, with 87 suppliers eliminated.

### Green Procurement

The Group takes the concept of sustainable development as an important consideration factor, giving priority to suppliers with sustainable development concepts. We attach great importance to the responsibilities and actions of supply chain partners in building green supply chains. By establishing long-term and stable cooperative relationships with these suppliers, the Group encourages and guides partner suppliers to practice environmental responsibilities and jointly promote the green development of the industry. The Group shares environmental protection concepts and practical experience with suppliers to help them enhance their environmental awareness. The Group also adds green supply chain indicators in the annual supplier review to examine the actions and effectiveness of each supplier in environment protection, economic, and social aspects, promoting supply chain enterprises and the products provided by them to meet the requirements of green and sustainable development of environment, industry, and society, and reducing adverse impacts on the environment.

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. The Group requires suppliers to strictly comply with national and industry safety production standards, ensuring the physical health and life safety of employees during their work. We expect supply chain labour to operate in a safe and healthy working environment to prevent and reduce the occurrence of work-related accidents. Meanwhile, the Group firmly opposes any form of forced and child labour, and we will strictly verify the situation of suppliers' employees to ensure that there is no illegal employment behavior. 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. Through continuous improvement and optimization of its service processes, the Group strives to reduce and prevent the occurrence of complaints and enhance customers' satisfaction. The Group believes that only by truly putting itself in the shoes of



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its customers and focusing on their needs and improvements, can it win the trust and support of its customers.

During the Reporting Period, the Group has not received any serious complaints regarding products and services and had no products that need to be recalled for safety or health reasons. It has responded to and resolved 100% of minor complaints about its products and services.

### 7.8 Anti-corruption and Integrity Management

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.

### Anti-corruption Policy and Integrity Management

The Group attaches great importance to the integrity of its employees and is committed to maintaining ethical standards in its business operations, with zero tolerance for corruption and bribery. The Group strictly complies with anti-corruption laws and regulations that have a significant impact on the Group's operations, reviews and updates its anti-corruption related policies on an annual basis, improves the relevant systems in accordance with the industry practices of each business, implements the concept of integrity, increases regular searches and monitoring of business partners on anti-corruption and bribery, and cautiously cooperates with or suspends the cooperation with any business partners who are involved in major corruption incidents, so as to build a clean working atmosphere and business partnership. During the financial year 2023, the Group was not aware of any confirmed incidents or public legal proceedings relating to corruption involving the Group or its employees, nor was the Group aware of any incidents breaching laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, which had a material impact on the Group's operations.



### 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. Since 2020, all employees of the Group have been required to complete various forms of anti-corruption training, and new employees are also required to receive

integrity-related training. 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 review the Group's ethical code. In addition, employees are required to complete examinations on business compliance and ethical standards, so as to re-emphasize the importance of anti-corruption and strengthen employees' anti-corruption awareness.

### Case:

In December 2023, the Group held an anti-corruption training with the theme of "Facing the Existence and Harmfulness of Micro-corruption" (《面向「微腐败」的存在性和危害性》).





### Reporting and Complaint Mechanism and Process

The Group has established a reporting and complaint mechanism and process, as well as formulated a reporting channel and handling rules. The Group will follow up on the reports in a serious and highly confidential manner, and is committed to protecting victims and whistleblowers to ensure that the reports are handled in a timely and appropriate manner. If employees discover suspected violations of the relevant mechanism, they can choose to report under their real names or anonymously. The Group encourages whistleblowers to leave their names and contact information so as to facilitate follow-up investigations and provide necessary feedback on the progress of the investigations.

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.

### 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”. In addition to focusing on business development, the Group has also actively participated in social welfare activities to convey more warmth and care to the society. To this end, the Group has formulated community investment management systems and policies, allocated a certain proportion of the annual operating budget as project funds, formulated an annual plan, and reviewed the plan regularly.

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! During the Reporting Period, under the guidance of the Xinan Sub-district General Union of Sanshui District, Foshan City (佛山市三水區西南街道總工會), the Group carried forward the spirit of model workers and built a green and beautiful Xinan by planting trees at the “Two New (兩新)” forest and making donations.



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Over the years, the Group has continued to express care for groups with different needs in the society, deepen cooperation and exchange among industries and support the development of cultural undertakings. During the Reporting Period, the Group was awarded “Livable Quality Project (宜居品質項目)” by Sanshui District Real Estate Industry Association of Foshan City (佛山市三水區房地產行業協會). In recent years, the Group has paid further attention to the future development of youth and strived to provide youth with a variety of development opportunities by providing diversified exchange and internship activities, so as to help youth pave the way for future success.

The Group requires its employees in the regions where it operates to comply with local laws and regulations and respect local cultures and customs, protects employees’ wages and benefits, arranges holidays in accordance with legal requirements, advocates work-life balance for its employees, and encourages its employees to take care of their own health by undergoing annual medical check-ups and strengthening physical exercises. The Group continues to promote energy saving, emission reduction and cost efficiency, advocate waste management classification and prioritize green travel to address stakeholders’ concerns and promote sustainable development in the community.

### Case:

During the financial year 2023, the Group launched the “Two New (兩新)” forest planting activities.





## 8. LIST OF LAWS AND REGULATIONS

In the financial year 2023, the Company is not aware of any incidents of legal violation that had a significant impact on the Company. 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)





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



## 9. ESG REPORTING GUIDE CONTENT INDEX

General Disclosures and KPIs	Description	Relevant Sections in this Report
<b>Aspect A1: Emissions</b>		
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
<b>Aspect A2: Use of Resources</b>		
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



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General Disclosures and KPIs	Description	Relevant Sections in this Report
<b>Aspect A3: The Environment and Natural Resources</b>		
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
<b>Aspect A4: Climate Change</b>		
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
<b>Aspect B1: Employment</b>		
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
<b>Aspect B2: Health and Safety</b>		
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



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General Disclosures and KPIs	Description	Relevant Sections in this Report
<b>Aspect B3: Development and Training</b>		
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
<b>Aspect B4: Labour Standards</b>		
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
<b>Aspect B5: Supply Chain Management</b>		
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



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<b>General Disclosures and KPIs</b>	<b>Description</b>	<b>Relevant Sections in this Report</b>
<b>Aspect B6: Product Responsibility</b>		
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.	2.6, 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.	2.6
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.	2.6
<b>Aspect B7: Anti-corruption</b>		
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
<b>Aspect B8: Community Investment</b>		
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



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr Wong Kai Ho (“Mr Wong”)**, aged 44, 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 18 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 6,604,039 shares (long position) of the Company (representing approximately 0.24% of the Company’s issued share capital) and is deemed to be interested in 604,500,000 shares (long position) and 125,000,000 shares (short position) of the Company (representing approximately 22.08% and 4.57%, respectively, of the Company’s issued share capital) under the Securities and Futures Ordinance (the “SFO”) by virtue of his interest in ULTRA FOUNDER INTERNATIONAL LTD and Eagle Wings Limited Partnership Fund.

**Mr Wang Guiwu**, aged 63, is an executive Director of the Company since 8 October 2021.

He has more than 21 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.

\* For identification purposes only

## Biographical Details of Directors and Senior Management

**Mr Huang Zhuguang (“Mr Huang”)**, aged 61, is an executive Director of the Company since 1 December 2021.

Mr Huang has over 31 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 319,203,743 shares (long position) of the Company (representing approximately 11.66% 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 Hou Rui Lin (“Mr Hou”)**, aged 62, is an executive Director of the Company since 28 August 2023. He has over 26 years of experience in corporate management.

Mr Hou worked at Chinese People’s Armed Police Force Gold Command\* (中國人民武裝警察部隊黃金指揮部) from August 1984 to May 1997, and his last position was the director of computer centre of Gold Research Institute\* (黃金研究所). He joined Beijing Xinlei Mining Company\* (北京鑫磊礦業公司) as the deputy general manager in May 1997 and left the company in October 2002 with his last position as the chairman. He worked as the secretary of the board and office manager of CITIC Guoan Mengguli Power Co., Ltd.\* (中信國安盟固利電源公司) from January to October 2000. Mr Hou served as the director and deputy general manager of Shandong Guoan Information Industry Co., Ltd.\* (山東國安信息產業有限公司) from October 2000 to October 2002, and as the director and general manager of the company from November 2002 until March 2022. He was also the deputy general manager of CITIC Guoan Technology Co., Ltd.\* (中信國安科技有限公司) from August 2007 to March 2012, and the deputy general manager of Beijing Honglian Nine Five Information Industry Co., Ltd.\* (北京鴻聯九五信息產業有限公司) from May 2015 to March 2022.

Mr Hou obtained a bachelor’s degree in mechanization from the College of Mining Engineering of Taiyuan University of Technology (太原理工大學) in 1984.

As at the date of this annual report, Mr Hou is deemed to be interested in 290,307,782 shares (long position) of the Company (representing approximately 10.61% of the Company’s issued share capital) under the SFO by virtue of his interest in Wealth Elite Group Investment Limited.

\* For identification purposes only



## Biographical Details of Directors and Senior Management

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr Chin Chi Ho, Stanley (“Mr Chin”)**, aged 41, is an independent non-executive Director of the Company since 8 October 2021.

Mr Chin has over 16 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 65, is an independent non-executive Director of the Company since 8 October 2021.

Mr Chung has over 25 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.





## Biographical Details of Directors and Senior Management

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 41, 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 16 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.



## Biographical Details of Directors and Senior Management

### SENIOR MANAGEMENT

**Mr Shi Lei (“Mr Shi”)**, aged 50, 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 Biomedicine 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 22 years of experience in business management and the finance industry.

**Mr Xia Ding**, aged 56, 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 33 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 9,500,000 shares (long position) of the Company (representing approximately 0.35% of the Company’s issued share capital).

**Mr Jiang Xiaoping (“Mr Jiang”)**, aged 60, 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 8,500,000 shares (long position) of the Company (representing approximately 0.31% of the Company’s issued share capital).

\* For identification purposes only





## REPORT OF THE DIRECTORS

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 129 to 262 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 26 of this annual report.

The financial risk management objectives and policies of the Group are set out in note 49 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 26 and "Financial Highlights" on page 266 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 40 to 107 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 265 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 pages 263 to 264 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.

## TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief or exemption available to its shareholders by reason of their holding of the Company's securities.

## ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("2024 AGM") will be held on 30 August 2024. The notice of the 2024 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 Tuesday, 27 August 2024 to Friday, 30 August 2024 (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 2024 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 Monday, 26 August 2024.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY AND USE OF PROCEEDS

Saved as disclosed in the table below, there has been no purchase, redemption or sale of any of its listed securities during the Reporting Year.

Date of the announcement or circular for further details	Fundraising activities	Subscribers	Market price per Share when the terms were fixed	Aggregate nominal value	Subscription price per share	Net proceeds	Intended use of proceeds	Actual use of proceeds up to the date of this report
						raised (approximately)		
15 March 2023 and 23 March 2023	Issue and allotment of 1,161,231,129 Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 15 September 2022	Wealth Elite Group Investment Limited	HK\$0.112 (15 March 2023)	HK\$116,123,112.9	HK\$0.10	HK\$116,023,000	It was agreed between the Company and the subscriber that the total subscription price shall be satisfied by setting off against the equivalent amount of the debt owed by the Group to the subscriber on a dollar-for-dollar basis	The total subscription price was used to set off against the equivalent amount of the debt owed by the Group to the subscriber on a dollar-for-dollar basis as intended



## Report of the Directors

Date of the announcement or circular for further details	Fundraising activities	Subscribers	Market price per Share when the terms were fixed	Aggregate nominal value	Subscription price per share	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds up to the date of this report
9 March 2023, 17 March 2023 and 27 March 2023	Issue and allotment of 122,000,000 Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 15 September 2022	Ms Ru Hua Mr Leung Wing Tai	HK\$0.110 (9 March 2023)	HK\$12,200,000	HK\$0.10	HK\$12,100,000	(i) Repayment of the debts of the Group; and  (ii) General working capital	Fully applied as intended
25 October 2023 and 29 November 2023	Issue and allotment of 1,220,000,000 Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 28 August 2023	CHEERING NOBLE LIMITED, SEA RAY INVESTMENT GROUP PTE. LTD., SLEEK CHARM PTE. LTD. and Whimsy Star Developments Limited	HK\$0.113 (25 October 2023)	HK\$122,000,000	HK\$0.10	HK\$121,500,000	General working capital	Fully utilised as intended
9 February 2024, 2 April 2024 and 10 May 2024	Issue and allotment of 150,000,000 Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 28 August 2023	SEA RAY INVESTMENT GROUP PTE. LTD. and SLEEK CHARM PTE. LTD.	HK\$0.063 (9 February 2024)	HK\$15,000,000	HK\$0.228	HK\$34,000,000	General working capital	Unutilized, which is expected to be fully utilised by 30 September 2024

There has been no change in the intended use of proceeds as previously disclosed. The Group has been gradually utilizing the proceeds according to the manner and proportions disclosed.

### CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

Save as disclosed in this annual report, the Company did not have any other disclosure obligations under Rules 13.20, 13.21, 13.22, 14.36B and 14A.63 of the Listing Rules.

### 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.

### DONATIONS

During the Reporting Period, the Group made charitable donations and other contributions in the total amount of RMB10,000.



## Report of the Directors

### **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 2024, 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 2024, 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 33.2% of the total sales for the Reporting Period and sales to the largest customer included therein amounted to 27.5%. Purchases from the Group's five largest suppliers accounted for 29.7% of the total purchase for the Reporting Period and purchase from the largest supplier included therein amounted to 13.7%.

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 and customers.

### **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 Guo Langhua (retired on 28 August 2023)

Mr Hou Ruilin (appointed on 28 August 2023)

#### **Independent non-executive Directors**

Mr Chin Chi Ho, Stanley

Mr Chung Wai Man

Mr Hua Yichun

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received annual confirmations of independence from each of its independent non-executive Directors as at 31 March 2024, and still considers them to be independent as at 31 March 2024.

### **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 108 to 112 of this annual report.



## Report of the Directors

### CHANGE IN DIRECTORS' INFORMATION

During the Reporting Period and up to the date of this report, there has been no change in the Directors' information which has been disclosed or is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

### 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 2024, 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:

Name of Director	Notes	Number of ordinary shares held, capacity and nature of interest			Percentage of the Company's issued share capital
		Directly beneficially owned	Through controlled corporation	Total	
Mr Wong Kai Ho	1	26,416,155 (long position)	2,418,000,000 (long position)	2,444,416,155 (long position)	23.62 (long position)
			500,000,000 (short position)	500,000,000 (short position)	4.83 (short position)

## Report of the Directors

Name of Director	Notes	Number of ordinary shares held, capacity and nature of interest			Percentage of the Company's issued share capital
		Directly beneficially owned	Through controlled corporation	Total	
Mr Huang Zhuguang	2	–	1,276,814,973 (long position)	1,276,814,973 (long position)	12.34
Mr Hou Ruilin	3	–	1,161,231,129 (long position)	1,161,231,129 (long position)	11.22
Mr Xia Ding	4	38,000,000 (long position)	–	38,000,000 (long position)	0.37
Mr Jiang Xiaoping	5	34,000,000 (long position)	–	34,000,000 (long position)	0.33

### Notes:

- Mr Wong Kai Ho is interested in 2,444,416,155 shares (long position) and 500,000,000 shares (short position) comprising 26,416,155 shares (long position) directly owned by him, 2,418,000,000 shares (long position) through his interest in ULTRA FOUNDER INTERNATIONAL LTD and Eagle Wings Limited Partnership Fund, and 500,000,000 shares (short position) through his interest in Eagle Wings Limited Partnership Fund.
- Mr Huang Zhuguang is interested in 1,276,814,973 shares through his interest in Firstunion Animation Technology (HK) Co., Limited.
- Mr Hou Ruilin is interested in 1,161,231,129 shares (long position) through his interest in Wealth Elite Group Investment Limited.
- Mr Xia Ding directly owns 38,000,000 shares.
- Mr Jiang Xiaoping directly owns 34,000,000 shares.

Save as disclosed above, as at 31 March 2024, 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.

\* For identification purposes only



## Report of the Directors

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

At 31 March 2024, 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:

Name	Notes	Capacity and nature of interest	Long positions		Short positions	
			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
Mr Wong Kai Ho	1	Through controlled corporations	2,418,000,000	23.36	500,000,000	4.83
		Directly beneficially owned	26,416,155	0.26	–	–
ULTRA FOUNDER INTERNATIONAL LTD	2	Directly beneficially owned	1,918,000,000	18.53	–	–
Firstunion Animation Technology (HK) Co., Limited ("Firstunion")	3	Directly beneficially owned	1,276,814,973	12.34	–	–
廣東順聯動漫科技有限公司 (Guangdong First Union Animation Technology Co., Ltd.*) ("Guangdong Firstunion")	4	Through a controlled corporation	1,276,814,973	12.34	–	–
廣東貫成實業投資有限公司 (Guangdong Guancheng Industrial Investment Co., Ltd*) ("Guangdong Guancheng")	5	Through a controlled corporation	1,276,814,973	12.34	–	–
Mr Huang Zhuguang	6	Through a controlled corporation	1,276,814,973	12.34	–	–
Wealth Elite Group Investment Limited	7	Directly beneficially owned	1,161,231,129	11.22	–	–
Mr Hou Ruilin	8	Through a controlled corporation	1,161,231,129	11.22	–	–



## Report of the Directors

### Notes:

1. Mr Wong Kai Ho directly holds 26,416,155 shares of the Company and is deemed to be interested in 2,418,000,000 shares of the Company under the SFO by virtue of his interest in ULTRA FOUNDER INTERNATIONAL LTD and Eagle Wings Limited Partnership Fund. He is deemed to have a short position in 500,000,000 shares of the Company under the SFO by virtue of his interest in Eagle Wings Limited Partnership Fund.
2. ULTRA FOUNDER INTERNATIONAL LTD is interested in 1,918,000,000 shares of the Company.
3. Firstunion is interested in 1,276,814,973 shares of the Company.
4. 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.
5. 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.
6. 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.
7. Wealth Elite Group Investment Limited is interested in 1,161,231,129 shares of the Company.
8. Mr Hou Ruilin 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.

Save as disclosed above, so far it is known to the Directors of the Company, as at 31 March 2024, 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 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.

Certain related party transactions, as disclosed in note 44 to the consolidated financial statements in this report, also constituted connected transactions or continuing connected transactions of the Company but these transactions are fully exempt from the requirements under Chapter 14A of the Listing Rules pursuant to Rules 14A.76 and 14A.95 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.



## Report of the Directors

### **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 2024 AGM and, being eligible, will offer itself for re-appointment at the 2024 AGM.

### **AUDIT COMMITTEE**

The audit committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the annual report, consolidated financial statements and results of the Group for the year ended 31 March 2024.

ON BEHALF OF THE BOARD

**Wong Kai Ho**

*Chairman*

Hong Kong

28 June 2024

# INDEPENDENT AUDITOR'S REPORT



## 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)*

### 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 129 to 262, which comprise the consolidated statement of financial position as at 31 March 2024, 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 material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024 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 OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 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 2024, the current liabilities of the Group amounted to RMB7,676,516,000 in which RMB437,047,000 of the interest-bearing bank and other borrowings was due and unpaid as at the report date, while its cash and cash equivalents amounted to RMB890,197,000. 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 matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### KEY AUDIT MATTERS (continued)

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

Refer to notes 22 and 23 to the consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group had properties for sale – under development and properties for sale – completed amounted to approximately RMB3,689,574,000 and RMB3,732,430,000 respectively as at 31 March 2024. 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”).</p> <p>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 for sale – under development and properties for sale – completed is considered relatively higher due to uncertainty of significant assumptions used.</p> <p>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.</p>	<p>Our procedures in relation to the assessment of NRV of properties for sale – under development and properties for sale – completed included:</p> <ul style="list-style-type: none"><li>– 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;</li><li>– We understood, evaluated and tested the internal controls over the assessment of NRV of properties for sale – under development and properties for sale – completed;</li><li>– We compared the relevant properties for sale – under development and properties for sale – completed balances as at 31 March 2024, 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</li><li>– 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.</li></ul>

## Independent Auditor's Report

### 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
<p>The Group's investment properties is stated at fair value of RMB1,387,261,000 as at 31 March 2024.</p> <p>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.</p> <p>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.</p>	<p>Our procedures in relation to the fair value of investment properties included:</p> <ul style="list-style-type: none"><li>– 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;</li><li>– We evaluated the competence, capabilities and objectivity of the Valuer and obtained an understanding of the Valuer's scope of work;</li><li>– We obtained an understanding of the valuation process and techniques adopted by the Valuer to assess if they are consistent with industry norms; and</li><li>– 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.</li></ul>

## Independent Auditor's Report

### **OTHER INFORMATION**

The directors of the Company 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 of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of 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 of the Company 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 of the Company 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 HKSAAs 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 HKSAAs, 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.

## Independent Auditor's Report

### **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, 28 June 2024

#### **Shek Man Hei Kimmy**

Practising Certificate Number P07274

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 2024

	Notes	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
REVENUE	7	1,440,982	5,174,870
Cost of sales		(1,310,193)	(4,414,062)
Gross profit		130,789	760,808
Other gains and losses, net	7	515,933	1,992,732
Selling and distribution expenses		(68,041)	(104,617)
Administrative expenses		(166,637)	(209,728)
Impairment of inventories (recognised)/reversed, net		(1,674)	15,249
Impairment of properties for sale (recognised)/reversed, net			
– under development		(167,883)	46,061
– completed		(28,166)	27,094
Fair value loss on financial assets at fair value through profit or loss		(2,000)	(17,618)
Other expenses	8	(842,654)	(646,963)
Finance costs	9	(112,434)	(266,479)
(LOSS)/PROFIT BEFORE TAX	8	(742,767)	1,596,539
Income tax expense	12	(7,475)	(577,684)
(LOSS)/PROFIT FOR THE YEAR		(750,242)	1,018,855
(Loss)/profit attributable to:			
Owners of the Company		(785,629)	966,690
Non-controlling interests		35,387	52,165
		(750,242)	1,018,855
		<b>RMB cents</b>	<b>RMB cents</b>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	14	(8.24)	13.71

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
(LOSS)/PROFIT FOR THE YEAR	<b>(750,242)</b>	1,018,855
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of non-Mainland China entities' operations	<b>19,649</b>	9,679
	<b>19,649</b>	9,679
Item that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	<b>74,679</b>	136,250
	<b>74,679</b>	136,250
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<b>94,328</b>	145,929
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<b>(655,914)</b>	1,164,784
Total comprehensive (loss)/income attributable to:		
Owners of the Company	<b>(691,301)</b>	1,112,619
Non-controlling interests	<b>35,387</b>	52,165
	<b>(655,914)</b>	1,164,784

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	31 March 2024 RMB'000	31 March 2023 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	53,718	66,144
Investment properties	16	1,387,261	1,230,559
Right-of-use assets	17(a)	17,814	2,773
Other intangible assets	18	13,839	–
Investment in an associate	19	–	30,000
Financial assets at fair value through profit or loss	20	94,200	96,200
Goodwill	21	38,597	–
Prepayments, other receivables and other assets	26	170,454	169,492
Deferred tax assets	34	55,048	43,785
<b>Total non-current assets</b>		<b>1,830,931</b>	<b>1,638,953</b>
<b>CURRENT ASSETS</b>			
Properties for sale			
– under development	22	3,689,574	5,456,655
– completed	23	3,732,430	3,756,808
Inventories	24	89,555	91,581
Trade and bills receivables	25	224,598	82,374
Prepayments, other receivables and other assets	26	1,051,808	896,308
Restricted cash	27	13,856	29,832
Cash and cash equivalents	28	890,197	696,114
<b>Total current assets</b>		<b>9,692,018</b>	<b>11,009,672</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	29	1,285,623	2,013,608
Other payables and accruals	30	2,377,655	2,087,780
Provisions	31	1,328,338	584,273
Contract liabilities	32	896,949	1,171,845
Interest-bearing bank and other borrowings	33	636,377	1,745,916
Lease liabilities	17(b)	9,761	1,729
Income tax payable		1,141,813	1,714,879
<b>Total current liabilities</b>		<b>7,676,516</b>	<b>9,320,030</b>
<b>NET CURRENT ASSETS</b>		<b>2,015,502</b>	<b>1,689,642</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,846,433</b>	<b>3,328,595</b>

continued/...

## Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	31 March 2024 RMB'000	31 March 2023 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	33	1,111,680	593,704
Lease liabilities	17(b)	8,624	1,507
Deferred tax liabilities	34	218,387	197,827
<b>Total non-current liabilities</b>		<b>1,338,691</b>	<b>793,038</b>
<b>Net assets</b>		<b>2,507,742</b>	<b>2,535,557</b>
<b>EQUITY</b>			
Share capital	35	898,647	787,555
Reserves	37	135,857	673,939
<b>Equity attributable to owners of the Company</b>		<b>1,034,504</b>	<b>1,461,494</b>
<b>Non-controlling interests</b>		<b>1,473,238</b>	<b>1,074,063</b>
<b>Total equity</b>		<b>2,507,742</b>	<b>2,535,557</b>

The consolidated financial statements on pages 129 to 262 were approved and authorised for issue by the board of directors on 28 June 2024 and were signed on its behalf by:

**Wong Kai Ho**  
*Director*

**Huang Zhuguang**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company												Total equity RMB'000
	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	Non-controlling interests		
											Total	Total	
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 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)
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

## Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company												
	Share capital	Share premium account	Share option reserve	Merger reserve	Contributed surplus	Non-controlling interest		Exchange fluctuation reserve	Other reserve	General reserve	Accumulated losses	Non-controlling interests	Total equity
						reserve	reserve						
						RMB'000	RMB'000						
At 1 April 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
(Loss)/profit for the year	-	-	-	-	-	-	-	-	-	(785,629)	(785,629)	35,387	(750,242)
Other comprehensive income for the year:													
Exchange differences on translation of non-Mainland China entities' operations	-	-	-	-	-	-	19,649	-	-	-	19,649	-	19,649
Exchange differences on translation of financial statements of the Company	-	-	-	-	-	-	74,679	-	-	-	74,679	-	74,679
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	94,328	-	-	(785,629)	(691,301)	35,387	(655,914)
Recognition of equity settled share based payment	-	-	5,466	-	-	-	-	-	-	-	5,466	-	5,466
Issue of shares:													
- Subscription	111,092	-	-	-	-	-	-	31,006	-	-	142,098	-	142,098
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	228,610	228,610
Acquisition of additional interest in subsidiaries and an associate	-	-	-	-	-	116,747	-	-	-	-	116,747	142,678	259,425
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(7,500)	(7,500)
At 31 March 2024	898,647	11,754	5,466*	(238,675)*	1,297,299*	(18,065)*	57,102*	588,246	620,035*	(2,187,305)*	1,034,504	1,473,238	2,507,742

\* The consolidated reserve surplus amounted to RMB135,857,000 (31 March 2023: surplus of RMB673,939,000) 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 2024

	Notes	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		<b>(742,767)</b>	1,596,539
Adjustments for:			
Finance costs	9	<b>112,434</b>	266,479
Bank interest income	7	<b>(6,341)</b>	(5,464)
Fair value gain on investment properties, net	7	<b>(9,417)</b>	(356,815)
Fair value loss on financial assets at fair value through profit or loss		<b>2,000</b>	17,618
Fair value gain on transfers from properties for sale – completed to investment properties	7	<b>(64,250)</b>	(99,597)
Gain on disposal of right-of-use assets	7	<b>–</b>	(164)
Gain on disposal of subsidiaries	7	<b>(1,202,668)</b>	(306,469)
Depreciation of property, plant and equipment	8	<b>5,330</b>	4,684
Depreciation of right-of-use assets	8	<b>17,890</b>	1,895
Amortisation of other intangible assets	8	<b>–</b>	393
Loss/(gain) on disposal of property, plant and equipment	7	<b>27</b>	(88)
Gain on disposal of investment properties	7	<b>(673)</b>	–
Recognition/(reversal) of impairment loss on trade receivables, net	7	<b>1,852</b>	(22,323)
Recognition/(reversal) of impairment loss on financial assets included in prepayments, other receivables and other assets, net	7	<b>28,799</b>	(381,955)
Impairment of inventories recognised/(reversed), net		<b>1,674</b>	(15,249)
Impairment of properties for sale – under development recognised/(reversed), net		<b>167,883</b>	(46,061)
Impairment of properties for sale – completed recognised/(reversed), net		<b>28,166</b>	(27,094)
Loss on irrecoverable receivables	7	<b>430,742</b>	–
Gain on deemed disposal of financial instruments	7	<b>–</b>	(667,680)
Gain on debt restructuring	7	<b>–</b>	(82,373)
Gain on waive of other payables	7	<b>–</b>	(36,166)
Share-based payment expense		<b>5,466</b>	–
Loss on resumption of land parcels	7	<b>336,594</b>	–
		<b>(887,259)</b>	(159,890)
(Increase)/decrease in properties for sale			
– under development		<b>(56,396)</b>	(149,369)
– completed		<b>829,327</b>	1,481,384
Decrease in inventories		<b>21,652</b>	414,477
(Increase)/decrease in trade and bills receivables		<b>(140,420)</b>	324,567
(Increase)/decrease in prepayments, other receivables and other assets		<b>(1,037,825)</b>	405,156
Decrease in restricted cash		<b>15,976</b>	12,139
(Decrease)/increase in trade and bills payables		<b>(44,242)</b>	183,677
Increase/(decrease) in other payables and accruals		<b>696,104</b>	(739,517)
Increase in provisions		<b>744,065</b>	368,711
Decrease in contract liabilities		<b>(6,228)</b>	(2,246,608)
Effect of foreign exchange rate changes, net		<b>94,333</b>	145,929
Cash generated from operations		<b>229,087</b>	40,656
Interest received		<b>6,341</b>	5,464
Interest paid		<b>(328,662)</b>	(48,108)
Mainland China corporate income tax paid		<b>(7,605)</b>	(40,320)
Land appreciation tax paid		<b>(25,983)</b>	(65,681)
Net cash flows used in operating activities		<b>(126,822)</b>	(107,989)

continued/...

## Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	15	(11,274)	(7,504)
Purchase of investment properties	16	–	(57,683)
Proceeds from disposal of property, plant and equipment and investment properties		5,008	208
Capital injection on interest in associates		–	(30,000)
Cash outflow from acquisition of a subsidiary	45	(75,295)	–
Cash outflow from disposal of subsidiaries	46	(43,117)	(63,366)
<b>Net cash flows used in investing activities</b>		<b>(124,678)</b>	<b>(158,345)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from new bank and other borrowings		359,700	317,753
Repayments of bank and other borrowings		(35,000)	(223,646)
Principal portion of lease payments		(16,844)	(6,457)
Issue of shares		142,098	228,794
Exercise of share options		–	24,922
Dividends paid to non-controlling shareholders		(7,500)	(24,390)
<b>Net cash flows generated from financing activities</b>		<b>442,454</b>	<b>316,976</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the year		696,114	641,949
Effect of foreign exchange rate changes, net		3,129	3,523
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>890,197</b>	<b>696,114</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	28	890,197	696,114
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		890,197	696,114

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 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 medical and pharmaceutical retail, e-commerce and distribution of appliances and information products, property development as well as property investment and management in Mainland China (the “PRC”), Singapore and Hong Kong.

In the opinion of the directors of the Company, the Company has no controlling party.

## 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 2024, the Group’s current liabilities amounted to RMB7,676,516,000 in which, RMB437,047,000 of the interest-bearing bank and other borrowings was due and unpaid as at the report date, while its cash and cash equivalents amounted to RMB890,197,000.

In addition, considering the decreased demand in the property market of the PRC, the Group expected it will take longer time to generate cash from sale of its properties. Consequently, the Group intends to seek external financing to fulfill its liabilities and obligations.

### 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 reevaluate the performance of the subsidiaries within the Group, dispose of non-performing asset in a timely manner, and optimize the overall resources allocation of the Group. Subsequent to the reporting period, the Company disposed the 90% equity interest in Ezhou Jinfeng Property Development Limited (“Ezhou”). The disposal was completed on 16 May 2024, upon the completion, Ezhou ceased to be subsidiary of the Group. As at 31 March 2024, Ezhou’s current liabilities were approximately RMB672,280,000.
- (b) The Group has secured a new financial facility from a third party in the amount of RMB35,000,000. This facility is available for withdrawal when the Group experiences financial needs. As at 31 March 2024, the Group had unutilised loan facilities of approximately RMB179,000,000.
- (c) Subsequent to the reporting period, the Group has successfully negotiated with various lenders to extend the repayment terms of other payables of RMB321,443,000. The repayment period has been extended eighteen months beyond the reporting period.
- (d) The Group continues to generate positive operating cash flows for the next eighteen months by implementing various strategies to improve the Group’s income from medical and pharmaceutical retail and e-commerce and distribution of information products to generate additional operating cash inflows and putting extra efforts on the collection of outstanding trade receivables.
- (e) 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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

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

#### Going concern basis (continued)

By taking above business strategy plan, the Group is expected to alleviate its liabilities and generate positive cashflow to meet its financial obligation for next twelve months from the reporting period.

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 2024. 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.

#### 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.

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.

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

### Basis of preparation (continued)

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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the June 2020 and December 2021 Amendments to HKFRS 17)	<i>Insurance contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of accounting policies</i>
Amendments to HKAS 8	<i>Definition of accounting estimates</i>
Amendments to HKAS 12	<i>Deferred tax related to assets and liabilities arising from a single transaction</i>
Amendments to HKAS 12	<i>International tax reform – Pillar two model rules</i>

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)

##### Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements 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.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRS Accounting Standards, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the 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.

### 3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

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

##### Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has assessed a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

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



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

#### New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	<i>Sale or contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to HKFRS 16	<i>Lease Liabilities in a Sale and Leaseback<sup>2</sup></i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current<sup>2</sup></i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants<sup>2</sup></i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements<sup>2</sup></i>
Amendments to HKAS 21	<i>Lack of Exchangeability<sup>3</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

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.

### 4. MATERIAL ACCOUNTING POLICY INFORMATION

#### 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;

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 4.1 Basis of consolidation (continued)

- 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.

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.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 4.1 Basis of consolidation (continued)

#### 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.

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.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 4.1 Basis of consolidation (continued)

#### Business combinations or asset acquisitions (continued)

##### 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.

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.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 4.1 Basis of consolidation (continued)

#### Business combinations or asset acquisitions (continued)

##### Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net 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.

### 4.2 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. MATERIAL ACCOUNTING POLICY INFORMATION (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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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.

##### (d) Medical and pharmaceutical retail

Revenue from providing medical services are recognised overtime when the services are rendered and there are rights to invoice. Revenue from sales of pharmaceuticals are recognised at point in time when the relevant pharmaceuticals are delivered to customers.

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 4.4 Revenue from contracts with customers (continued)

##### 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.

##### 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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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 neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. 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. MATERIAL ACCOUNTING POLICY INFORMATION (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 used 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. MATERIAL ACCOUNTING POLICY INFORMATION (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 or 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. MATERIAL ACCOUNTING POLICY INFORMATION (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.

##### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

##### Brand name

Brand name acquired in a business combination with indefinite useful lives 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.



**4. MATERIAL ACCOUNTING POLICY INFORMATION** (continued)

**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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 4.18 Properties for sale – under development/completed

Properties for sale – under development which are intended to be sold upon completion of development and properties for sale – completed 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 sale – under development/completed 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 for sale – under development are transferred to properties for sale – completed 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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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:

#### 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 for sale – under development if the properties are intended for sale after completion. Upon completion of construction, properties for sale – under development are transferred to properties for sale – completed 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.

### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### 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 2024 was RMB1,387,261,000 (31 March 2023: RMB1,230,559,000). 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.

##### Net realisable value of properties for sale – under development and completed

The Group writes down properties for sale – under development and completed to net realisable value based on assessment of the realisability of properties for sale – under development and completed 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 for sale – under development and completed is adjusted in the period in which such estimate is changed.

##### 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.

### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### Provision for expected credit losses on trade receivables (continued)

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 25 to the consolidated financial statements.

##### Fair value of financial assets at fair value through profit or loss

As at 31 March 2024, the carrying amount of the Group's unlisted equity interests, classified under financial assets at fair value through profit or loss of approximately RMB94,200,000 (31 March 2023: RMB96,200,000) 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.

##### Estimated impairment of goodwill and intangible assets with indefinite useful lives

Determining whether the goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill and intangible assets with indefinite useful lives have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 March 2024, the carrying amount of goodwill and other intangible assets are RMB38,597,000 and RMB13,839,000, respectively. Details of the recoverable amount calculation are disclosed in notes 21 and 18.

##### 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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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.

During the year ended 31 March 2024, the Group acquired a new business engaged in medical and pharmaceutical retail, detail are set out in note 45.

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the medical and pharmaceutical retail provide Chinese medical, pharmaceutical retail and consultation services;
- (b) e-commerce and distribution segment sells appliances online and distributes information products;
- (c) the property development segment sells properties; and
- (d) 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 (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group’s (loss)/profit 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, 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.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 6. OPERATING SEGMENT INFORMATION (continued)

For the year ended 31 March 2024

	Medical and pharmaceutical retail RMB'000	E-commerce and distribution RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
<b>Segment revenue, other gains and losses, net (note 7)</b>					
Revenue from external customers*	87,812	621,395	558,202	173,573	1,440,982
Other gains and losses, net	395	377	223,010	285,810	509,592
	<b>88,207</b>	<b>621,772</b>	<b>781,212</b>	<b>459,383</b>	<b>1,950,574</b>
<b>Segment profit/(loss)</b>	<b>3,798</b>	<b>30,785</b>	<b>(117,302)</b>	<b>(29,759)</b>	<b>(112,478)</b>
Bank interest income					6,341
Corporate and unallocated expenses					(524,196)
Finance costs					(112,434)
Loss before tax					<b>(742,767)</b>
<b>Segment assets</b>	<b>383,257</b>	<b>4,310,439</b>	<b>14,691,294</b>	<b>11,474,486</b>	<b>30,859,476</b>
Elimination of inter-segment receivables					(22,451,581)
Corporate and other unallocated assets					3,115,054
Total assets					<b>11,522,949</b>
<b>Segment liabilities</b>	<b>297,718</b>	<b>2,022,438</b>	<b>11,638,803</b>	<b>9,348,419</b>	<b>23,307,378</b>
Elimination of inter-segment payables					(22,451,581)
Corporate and other unallocated liabilities					8,159,410
Total liabilities					<b>9,015,207</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 6. OPERATING SEGMENT INFORMATION (continued)

	Medical and pharmaceutical retail RMB'000	E-commerce and distribution RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
<b>Other segment information</b>					
Impairment of trade receivables (recognised)/reversed, net	(344)	1,130	18	(2,656)	(1,852)
Impairment of financial assets included in prepayments, other receivables and other assets reversed/ (recognised), net	1,490	458	(31,645)	898	(28,799)
Impairment of inventories recognised, net	-	1,674	-	-	1,674
Impairment of properties for sale recognised, net					
- under development	-	-	167,883	-	167,883
- completed	-	-	28,166	-	28,166
Loss on disposal of property, plant and equipment	-	-	(27)	-	(27)
Fair value gain on investment properties, net	-	-	-	9,417	9,417
Depreciation	15,729	465	3,577	3,449	23,220
Capital expenditure <sup>#</sup>	1,606	94	726	9,400	11,826
Fair value gain on transfer from properties for sale – completed to investment properties	-	-	-	64,250	64,250
Other expenses					
- Penalty on loan defaults	-	-	35,360	-	35,360
- Tax overdue charge	-	-	61,018	-	61,018
- Provision for expected guarantee liability	-	-	290,574	-	290,574
- Provision for litigation	-	-	453,491	-	453,491

\* 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 and investment properties.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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
<b>Segment revenue, other gains and losses, net (note 7)</b>				
Revenue from external customers*	1,907,221	3,219,727	47,922	5,174,870
Other gains and losses, net	40,923	733,460	1,212,885	1,987,268
	1,948,144	3,953,187	1,260,807	7,162,138
<b>Segment (loss)/profit</b>	(55,430)	1,851,919	84,959	1,881,448
Bank interest income				5,464
Corporate and unallocated expenses				(23,894)
Finance costs				(266,479)
Profit before tax				1,596,539
<b>Segment assets</b>	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
<b>Segment liabilities</b>	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

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 6. OPERATING SEGMENT INFORMATION (continued)

	E-commerce and distribution RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
<b>Other segment information</b>				
Share of losses of associates	-	-	-	-
Impairment of trade receivables reversed/ (recognised), net	22,816	(490)	(3)	22,323
Impairment of financial assets included in prepayments, other receivables and other assets (recognised)/reversed, net	(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
Gain/(loss) on disposal of property, plant and equipment	9	(8)	87	88
Fair value gain on investment properties, net	-	-	356,815	356,815
Depreciation and amortisation	1,219	5,519	234	6,972
Capital expenditure <sup>#</sup>	19	280	63,456	63,755
Fair value gain on transfer from properties for sale – completed to investment properties	-	-	99,597	99,597
Other expenses				
– 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	-	37,746	-	37,746
– Provision for litigation	-	330,965	-	330,965

\* 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 and investment properties.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 6. OPERATING SEGMENT INFORMATION (continued)

#### Geographic information

##### (a) Revenue from external customers

	Medical and pharmaceutical retail RMB'000	E-commerce and distribution RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
<b>Year ended 31 March 2024</b>					
Mainland China	78,674	621,395	558,202	173,573	1,431,844
Singapore	9,138	–	–	–	9,138
	<b>87,812</b>	<b>621,395</b>	<b>558,202</b>	<b>173,573</b>	<b>1,440,982</b>
<b>Year ended 31 March 2023</b>					
Mainland China	–	1,907,221	3,219,727	47,922	5,174,870

The revenue information above is based on the locations of the customers.

##### (b) Non-current assets

	31 March 2024 RMB'000	31 March 2023 RMB'000
Mainland China	1,625,950	1,498,762
Hong Kong	1,338	206
Singapore	1,959	–
	<b>1,629,247</b>	<b>1,498,968</b>

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets, goodwill and other intangible assets.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 6. OPERATING SEGMENT INFORMATION (continued)

#### Information about major customers

There were 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 2024 (31 March 2023: Nil).

### 7. REVENUE, OTHER GAINS AND LOSSES, NET

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

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
<i>Revenue from contracts with customers</i>		
Medical and consultation services	9,353	–
Pharmaceutical retail income	78,459	–
Sale of properties	558,202	3,219,727
Sale of appliances and information products	621,395	1,907,221
Property management services	17,744	10,609
	<b>1,285,153</b>	5,137,557
<i>Revenue from other sources</i>		
Gross rental income	155,829	37,313
	<b>1,440,982</b>	5,174,870
<i>Timing of revenue recognition</i>		
At point in time	1,258,056	5,126,948
Over time	27,097	10,609
	<b>1,285,153</b>	5,137,557

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 7. REVENUE, OTHER GAINS AND LOSSES, NET (continued)

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.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2024 and 31 March 2023 are as follows:

	31 March 2024 RMB'000	31 March 2023 RMB'000
<i>Amounts expected to be recognised as revenue</i>		
Within one year	<b>624,737</b>	614,789
In the second year	<b>149,031</b>	494,958
	<b>773,768</b>	1,109,747

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 2024 and 31 March 2023 are as follows:

	31 March 2024 RMB'000	31 March 2023 RMB'000
Amounts expected to be recognised as revenue within one year	<b>2,395</b>	836

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 7. REVENUE, OTHER GAINS AND LOSSES, NET (continued)

An analysis of other gains and losses, net is as follows:

	Notes	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
<b>Other income</b>			
Management and consultancy service fee income		6,528	8,420
Other service income		–	1,242
Commission income		–	3,574
Bank interest income		6,341	5,464
Government grants (note (i))		124	33
Others		23,749	20,364
		<b>36,742</b>	<b>39,097</b>
<b>Gains and losses</b>			
Gain on disposal of subsidiaries	46	1,202,668	306,469
(Loss)/gain on disposal of property, plant and equipment	15	(27)	88
Gain on disposal of right-of-use assets		–	164
Gain on disposal of investment properties	16	673	–
(Recognition)/reversal of impairment loss on trade receivables, net	25	(1,852)	22,323
(Recognition)/reversal of impairment loss on financial assets included in prepayments, other receivables and other assets, net	26	(28,799)	381,955
Loss on irrecoverable receivables		(430,742)	–
Gain on deemed disposal of financial instruments (note (ii))		–	667,680
Fair value gain on transfers from properties for sale – completed to investment properties	16	64,250	99,597
Fair value gain on investment properties, net	16	9,417	356,815
Gain on debt restructuring (note (iii))		–	82,373
Gain on waive of other payables		–	36,166
Loss on resumption of land parcels (note (iv))		(336,594)	–
Others		197	5
		<b>479,191</b>	<b>1,953,635</b>
		<b>515,933</b>	<b>1,992,732</b>



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 7. REVENUE, OTHER GAINS AND LOSSES, NET (continued)

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) 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.
- (iii) 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.
- (iv) Refer to the announcement of the Company on 25 September 2023, two land parcels owned by an indirect subsidiary of the Company were resumed by the Kaifeng Bureau of Natural Resources and Planning without compensation, therefore, loss on resumption of RMB336,594,000 was recognised in the profit or loss for the year ended 31 March 2024.

### 8. (LOSS)/PROFIT BEFORE TAX

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

	Notes	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
Cost of inventories sold		794,349	1,876,937
Cost of properties sold		515,844	2,537,125
<b>Cost of sales</b>		<b>1,310,193</b>	<b>4,414,062</b>
Auditor's remuneration		2,474	2,493
Depreciation of property, plant and equipment	15	5,330	4,684
Less: Depreciation capitalised in properties under development		–	(9)
		<b>5,330</b>	<b>4,675</b>
Depreciation of right-of-use assets	17(a)	17,890	1,895
Amortisation of other intangible assets	18	–	393

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 8. (LOSS)/PROFIT BEFORE TAX (continued)

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

	Notes	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
Other expenses (note (i))			
– Penalty on loan defaults		35,360	158,027
– Default penalty on late delivery of development properties sold		–	25,018
– Tax overdue charge		61,018	80,968
– Provision for expected guarantee liability	31	290,574	37,746
– Provision for litigation	31	453,491	330,965
– Others		2,211	14,239
		<b>842,654</b>	<b>646,963</b>
Lease payments not included in the measurement of lease liabilities	17(c)	2,608	836
Employee benefit expenses (including the directors' remuneration) (note (iii)):			
Wages and salaries		112,296	138,955
Share-based payment		5,466	–
Pension scheme contributions (note (ii))		16,884	11,034
		<b>134,646</b>	<b>149,989</b>

Notes:

- (i) These items are included in "Other expenses" in the consolidated statement of profit or loss.
- (ii) At 31 March 2024 and 31 March 2023, the Group had not forfeited contributions available to reduce its contributions to the pension schemes in future years.
- (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 RMB1,348,000 (2023: RMB1,114,000) and RMB513,000 (2023: RMB1,165,000) respectively.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 9. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
Interest on interest-bearing bank and other borrowings	111,049	272,297
Interest expense arising from revenue contracts	–	40,313
Interest on discounted bills	–	157
Interest expense arising from lease contracts	2,463	638
<b>Total interest expense</b>	<b>113,512</b>	<b>313,405</b>
Less: Interest capitalised	(1,078)	(46,926)
	<b>112,434</b>	<b>266,479</b>

### 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, 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 2024

	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	–	2,228	1,750	–	563	4,541
Independent non-executive directors	441	–	–	–	–	441
	<b>441</b>	<b>2,228</b>	<b>1,750</b>	<b>–</b>	<b>563</b>	<b>4,982</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

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
Independent non-executive directors	735	–	–	–	–	735
	735	2,430	–	145	370	3,680

\* Amount less than RMB1,000.

#### (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
<b>Year ended 31 March 2024</b>						
Executive directors:						
Mr Wong Kai Ho	–	1,570	660	–	174	2,404
Mr Wang Guiwu	–	–	–	–	–	–
Mr Huang Zhuguang	–	–	–	–	–	–
Mr Guo Langhua (note (i))	–	–	–	–	–	–
Mr Hou Ruilin (note (ii))	–	–	–	–	–	–
	–	1,570	660	–	174	2,404
Co-chief executives:						
Mr Shi Lei	–	–	–	–	–	–
Mr Xia Ding (note (iii))	–	658	1,090	–	389	2,137
	–	658	1,090	–	389	2,137
	–	2,228	1,750	–	563	4,541

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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
Year ended 31 March 2023						
Executive directors:						
Mr Zheng Fu Shuang	-*	-	-	-	-	-*
Mr Wong Kai Ho	-*	1,762	-	-	370	2,132
Mr Wang Guiwu	-*	-	-	-	-	-*
Mr Huang Zhuguang	-*	-	-	-	-	-*
Mr Guo Langhua (note (i))	-*	-	-	-	-	-*
	-*	1,762	-	-	370	2,132
Chief executive:						
Mr Shi Lei	-	668	-	145	-	813
	-*	2,430	-	145	370	2,945

\* Amount less than RMB1,000.

#### (b) Independent non-executive directors

The fees paid to independent non-executive directors were as follows:

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
Mr Chu Kin Wang, Peleus (note (iv))	-	90
Mr Chin Chi Ho, Stanley	147	180
Mr Chung Wai Man	147	180
Mr Hua Yichun	147	180
Mr Wang Bingzhong (note (v))	-	105
	441	735

There were no other emoluments payable to the independent non-executive directors for the reporting period.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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 (2023: Nil).

Notes:

- (i) Mr Guo Langhua retired as executive director on 28 August 2023.
- (ii) Mr Hou Ruilin was appointed as executive director on 28 August 2023.
- (iii) Mr Xia Ding was appointed as co-chief executive on 4 July 2023.
- (iv) Mr Chu Kin Wang, Peleus resigned as independent non-executive director on 1 October 2022.
- (v) Mr Wang Bingzhong resigned an independent non-executive director on 31 October 2022.

### 11. FIVE HIGHEST PAID EMPLOYEES

During the year, the five highest remuneration employees included one director and one chief executive (2023: Nil), whose remuneration has been disclosed in Note 10. The remuneration of the remaining three individuals (2023: five individuals), who are neither directors nor the chief executive of the Company, is as follows:

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
Salaries, allowances and benefits in kind	2,725	3,897
Performance related bonuses	3,500	3,276
Pension scheme contributions	128	199
Equity-settled share based payments	1,116	7,092
	<b>7,469</b>	<b>14,464</b>

The number of the highest-paid employees, who are neither directors nor the chief executive of the Company, whose remuneration fell within the following bands, is as follows:

	Number of employees	
	Year ended 31 March 2024	Year ended 31 March 2023
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	1	–
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	1	–
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
	<b>3</b>	<b>5</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 12. INCOME TAX EXPENSE

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
Provision:		
Hong Kong profits tax	132	–
PRC corporate income tax	(790)	211,015
PRC LAT	3,567	226,300
	2,909	437,315
Deferred tax charge (note 34)	4,566	140,369
	7,475	577,684

#### Hong Kong profits tax

Under the two-tiered profits tax rates regime which was effective on 21 March 2018, the first Hong Kong dollar (“HK\$”) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the Group, since the group entities did not have tax assessable profit subject to Hong Kong Profits Tax for both years.

#### Singapore corporate income tax

Singapore corporate income tax is calculated at 17% on the taxable profits of the Group's Singapore subsidiaries for the year. No provision for taxation in Singapore has been made as no taxable profit subject to Singapore corporate income tax for both years.

#### 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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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 2024

	Hong Kong and Singapore		Mainland China		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
Loss before tax	(104,466)		(638,301)		(742,767)	
Tax at the statutory tax rate	(17,461)	16.7	(159,575)	25.0	(177,036)	23.8
Income not subject to tax	(373)	0.4	(40,800)	6.4	(40,800)	5.5
Expenses not deductible for tax	14,065	(13.5)	87,465	(13.7)	101,530	(13.7)
Utilisation of tax losses previously not recognised	–	–	(6,744)	1.1	(6,744)	0.9
Tax losses not recognised	4,041	(3.9)	36,305	(5.7)	40,346	(5.4)
Temporary differences not recognised	–	–	88,016	(13.8)	88,016	(11.8)
LAT	–	–	3,567	(0.6)	3,567	(0.5)
Tax effect of LAT	–	–	(892)	0.1	(892)	0.1
Others	(139)	0.1	–	–	(139)	–
Tax charge at the Group's effective rate	133	(0.1)	7,342	(1.2)	7,475	(1.0)

#### 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



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 13. DIVIDENDS

No dividends have been declared and paid by the Company during the year ended 31 March 2024 (For the year ended 31 March 2023: Nil).

### 14. (LOSS)/EARNINGS PER SHARE

#### (a) Basic (loss)/earnings per share

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

	Year ended 31 March 2024	Year ended 31 March 2023
<b>Earnings for the purpose of basic (loss)/earnings per share</b> (Loss)/profit for the year attributable to owners of the Company (RMB'000)	<b>(785,629)</b>	966,690
<b>Number of shares for the purpose of basic (loss)/earnings per share</b> Weighted average number of ordinary shares during the year (‘000)	<b>9,543,002</b>	7,049,110

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the Share Subscription on 29 November 2023.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 14. (LOSS)/EARNINGS PER SHARE (continued)

#### (b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share attributable to owners of the Company is based on following data:

#### (i) (Loss)/earnings for the purpose of diluted (loss)/earnings per share

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
(Loss)/profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss/(earnings) per share	(785,629)	966,690

#### (ii) Weighted average number of ordinary shares

	Year ended 31 March 2024 '000	Year ended 31 March 2023 '000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	9,543,002	7,049,110
Effect of dilution – share option (note)	357,914	2,261
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	9,900,916	7,051,371

Note: The computation of diluted loss (2023: earnings) per share does not assume conversion of the Company's outstanding share options since their assumed exercise would result in decrease in loss per share (2023: increase in earning per share).

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 15. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2024

	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 April 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
Net carrying amount at 1 April 2023	63,042	427	2,675	-	66,144
Additions, at cost	5,968	2,640	3	2,663	11,274
Transfer to investment properties (note 16)	(22,940)	-	-	-	(22,940)
Disposals	-	(2)	(25)	-	(27)
Acquisition of a subsidiary (note 45)	-	787	-	11,473	12,260
Disposal of subsidiaries (note 46)	(6,891)	(60)	(717)	-	(7,668)
Depreciation charged for the year	(3,145)	(1,074)	(550)	(561)	(5,330)
Exchange realignments	-	5	-	-	5
Net carrying amount at 31 March 2024	36,034	2,723	1,386	13,575	53,718
At 31 March 2024					
Cost	55,472	14,147	13,363	18,243	101,225
Accumulated depreciation	(19,438)	(11,424)	(11,977)	(4,668)	(47,507)
Net carrying amount	36,034	2,723	1,386	13,575	53,718

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 15. PROPERTY, PLANT AND EQUIPMENT (continued)

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
At 31 March 2023					
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 (note 23)	23,435	-	-	-	23,435
Disposals	-	(64)	(56)	-	(120)
Disposal of subsidiaries (note 46)	-	(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 2024					
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

As at 31 March 2024, the building ownership certificates of one of the Group's buildings (with an aggregate carrying amount of approximately RMB23,456,000 (31 March 2023: RMB25,457,000)) registered under the name of the respective subsidiaries of the Group were not yet issued.

During the reporting period, the Group disposed of certain of its property, plant and equipment for an aggregate consideration of RMBNil (31 March 2023: RMB208,000), which gave rise to a loss on disposal amounted to RMB27,000 (31 March 2023: gain RMB88,000) recognised in profit or loss in respect of the year.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 16. INVESTMENT PROPERTIES

		<b>31 March 2024</b>	31 March 2023
	Notes	<b>RMB'000</b>	RMB'000
Fair value at the beginning of the year		<b>1,230,559</b>	520,261
Transfer from properties for sale – completed	23	<b>96,750</b>	196,203
Transfer from property, plant and equipment	15	<b>22,940</b>	–
Additions during the year		–	57,683
Disposal during the year		<b>(36,655)</b>	–
Net gain from fair value change of investment properties	7	<b>73,667</b>	456,412
<b>Fair value at end of the year</b>		<b>1,387,261</b>	1,230,559

The Group's investment properties consist of commercial properties located in Mainland China. The Group's investment properties with the fair value of approximately RMB1,387,261,000 at 31 March 2024 (31 March 2023: RMB1,230,559,000) was estimated by reference to the valuations performed by Ravia Global Appraisal Advisory 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.

During the year ended 31 March 2024, certain of the Group's properties held for sale – completed and property, plant and equipment with an aggregate carrying amount of RMB96,750,000 and RMB22,940,000, respectively, were transferred to investment properties. For the properties transferred to investment properties, tenancy agreements were entered by the Group as lessor during the year with the lease terms between 3 and 15 years.

During the year, the Group disposed the investment properties with carrying amount of RMB32,320,000 and RMB4,335,000 at the consideration of RMB32,320,000 included in other receivables and RMB5,008,000 settled by cash, RMB673,000 gain on disposal of investment properties was recognised.

As at 31 March 2024, the building ownership certificate of the Group's investment properties with the carrying amount of RMB7,630,000 (31 March 2023: RMB811,269,000) registered under the name of the corresponding subsidiaries of the Group were not yet issued.

As at 31 March 2024, 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 2023: RMB295,800,000).

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 263 to 264.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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 2024			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Commercial properties	–	–	1,387,261	1,387,261

	Fair value measurement as at 31 March 2023			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Commercial properties	–	–	1,230,559	1,230,559

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 (31 March 2023: Nil).

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 16. INVESTMENT PROPERTIES (continued)

#### Fair value hierarchy (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	<b>Commercial properties</b> RMB'000
Carrying amount at 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 gains and losses, net in profit or loss	456,412
Carrying amount at 31 March 2023 and 1 April 2023	1,230,559
Transfer from properties for sale – completed	96,750
Transfer from property, plant and equipment	22,940
Disposal	(36,655)
Net gain from fair value change recognised in other gains and losses, net in profit or loss	73,667
Carrying amount at 31 March 2024	1,387,261

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range	
			Year ended 31 March 2024	Year ended 31 March 2023
Commercial properties	Market approach	Adjustment on market unit price (per sq.m.)	-32% to 1%	-10% to 10%

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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.

### 17. LEASES

#### The Group as a lessee

The Group has lease contracts for various buildings and retail shops 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 and retail shops 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 year are as follows:

	<b>Buildings and retail shops</b> RMB'000
As at 1 April 2022	4,530
Additions	3,514
Disposal of subsidiaries (note 46)	(3,376)
Depreciation charged for the year	(1,895)
As at 31 March 2023 and 1 April 2023	2,773
Acquisition of a subsidiary (note 45)	10,563
Additions	22,408
Depreciation charged for the year	(17,890)
Exchange realignments	(40)
As at 31 March 2024	17,814



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 17. LEASES (continued)

#### The Group as a lessee (continued)

##### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	31 March 2024 RMB'000	31 March 2023 RMB'000
Carrying amount at beginning of the year	3,236	5,541
Lease liabilities arising from new leases	21,740	3,514
Acquisition of a subsidiary (note 45)	10,283	–
Accretion of interest recognised during the year	2,463	638
Payments	(19,307)	(6,457)
Exchange realignments	(30)	–
<b>Carrying amount at end of the year</b>	<b>18,385</b>	<b>3,236</b>
Lease liabilities payable		
– within one year	9,761	1,729
– more than one year	8,624	1,507
	<b>18,385</b>	<b>3,236</b>
Analysed into:		
Current portion	9,761	1,729
Non-current portion	8,624	1,507
	<b>18,385</b>	<b>3,236</b>

The weighted average incremental borrowing rates applied to lease liabilities ranged from 2.50% to 10.00% (31 March 2023: 4.3% to 10.00%) per annum and lease liabilities are denominated in Hong Kong dollars, Singapore dollars and RMB.

##### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
Interest on lease liabilities	2,463	638
Depreciation charge of right-of-use assets	17,890	1,895
Expense relating to short-term leases and other leases with remaining lease terms ended on or before year end (included in administrative expenses)	2,608	836
<b>Total amount recognised in profit or loss</b>	<b>22,961</b>	<b>3,369</b>

##### (d) The total cash outflow for leases is disclosed in note 40(c) to the consolidated financial statements.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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 year was RMB155,829,000 (2023: RMB37,313,000), 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 2024	31 March 2023
	RMB'000	RMB'000
Within one year	44,087	59,608
After one year but within two years	44,973	58,905
After two years but within three years	46,552	56,609
After three years but within four years	47,941	53,946
After four years but within five years	47,979	45,705
After five years	515,927	549,044
	<b>747,459</b>	823,817

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 18. OTHER INTANGIBLE ASSETS

	Computer software RMB'000	Brand name RMB'000	Total RMB'000
<b>31 March 2024</b>			
At 1 April 2023	-	-	-
Accumulated amortisation	-	-	-
Net carrying amount	-	-	-
Net carrying amount at 1 April 2023	-	-	-
Acquisition of subsidiaries (note 45)	-	13,839	13,839
Net carrying amount at 31 March 2024	-	13,839	13,839
At 31 March 2024:			
Cost	-	13,839	13,839
Accumulated amortisation	-	-	-
Net carrying amount	-	13,839	13,839
<b>31 March 2023</b>			
At 1 April 2022	10,020	-	10,020
Accumulated amortisation	(7,002)	-	(7,002)
Net carrying amount	3,018	-	3,018
Net carrying amount at 1 April 2022	3,018	-	3,018
Disposal of subsidiaries (note 46)	(2,625)	-	(2,625)
Amortisation provided for the year	(393)	-	(393)
Net carrying amount at 31 March 2023	-	-	-
At 31 March 2023:			
Cost	-	-	-
Accumulated amortisation	-	-	-
Net carrying amount	-	-	-

Note: The intangible asset, brand name, arose from the acquisition of subsidiaries with indefinite useful life. No remaining useful life for other intangible assets as at 31 March 2024 and 31 March 2023.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 19. INVESTMENT IN AN ASSOCIATE

	31 March 2024 RMB'000	31 March 2023 RMB'000
Share of net assets	–	30,000

Particulars of the Group's associate are as follows:

Name	Particulars of capital	Place of incorporation/ registration and business	Percentage of						Principal activities
			ownership interest		voting power		profit sharing		
			As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	
Harmony Times (Tianjin) International Business Factoring Ltd("Harmony Times (Tianjin)")	Paid-in capital	Mainland China	note	30%	note	30%	note	30%	Account receivables trade financing business

Note: 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, the Group has significant influence in Harmony Times (Tianjin) and therefore it is classified as an associate of the Group. On 31 May 2023, the Group entered into an agreement with a third party to acquire 100% equity interest in Wing Fu Capital Limited which hold 25% equity interest in Harmony Times (Tianjin), for an aggregate cash consideration of approximately HK\$1. The acquisition was completed on the same day. Upon the completion of the acquisition, Harmony Times (Tianjin) becomes a subsidiary of the Group.

### 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2024 RMB'000	31 March 2023 RMB'000
Unlisted equity investment	94,200	96,200

The unlisted equity investment as at 31 March 2024 and 31 March 2023 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.

The fair value of the Group's unlisted equity investment as at 31 March 2024 was estimated to be RMB94,200,000 (31 March 2023: RMB96,200,000), 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 RMB2,000,000 (31 March 2023: RMB17,618,000) was charged to profit or loss.

Details regarding the fair value measurement are set out in note 48.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 21. GOODWILL

	<b>2024</b>
	<b>RMB'000</b>
At 1 April	
Cost	–
Accumulated impairment loss	–
Net carrying amount	–
Net carrying amount at 1 April	–
Acquisition of a subsidiary (note 45)	<b>38,597</b>
Net carrying amount at 31 March	<b>38,597</b>
At 31 March	
Cost	<b>38,597</b>
Accumulated impairment losses	–
Net carrying amount	<b>38,597</b>

#### **Impairment testing of goodwill and other intangible assets with indefinite useful lives**

For the purpose of impairment testing, goodwill and other intangible assets with indefinite useful lives set out in note 21 and note 18 have been allocated to medical and pharmaceutical retail cash generating units (“CGUs”).

The recoverable amount of medical and pharmaceutical retail CGUs has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 13.23%. This growth rate of 6.00% is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for medical and pharmaceutical retail’s industry. Other key assumptions for the value in use calculations related to estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on past performance and management expectations for the market development. The recoverable amount is significantly above the carrying amount of goodwill and brand name. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 22. PROPERTIES FOR SALE – UNDER DEVELOPMENT

	31 March 2024 RMB'000	31 March 2023 RMB'000
Properties in Mainland China		
– At cost	–	1,651,208
– At cost less impairment	<b>3,689,574</b>	3,805,447
	<b>3,689,574</b>	5,456,655

Movements during the year are as follows:

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
At beginning of the year	5,456,655	7,551,322
Additions, at cost	56,396	196,295
Resumption of land parcels (note)	(336,594)	–
Transfer to completed properties held for sale	(1,319,000)	(2,337,023)
Impairment loss (recognised)/reversed	(167,883)	46,061
At end of the year	<b>3,689,574</b>	5,456,655
Properties under development expected to be completed within normal operating cycle:		
– Within one year	<b>1,709,759</b>	2,502,000
– After one year	<b>1,979,815</b>	2,954,655
	<b>3,689,574</b>	5,456,655

Note: On 25 September 2023, two land parcels of a subsidiary of the Company, Kaifeng Boyuan Real Estate Development Co., Ltd. with the carrying amount at RMB336,594,000, has been resumed by Kaifeng Municipal Planning and Natural Resources Bureau without providing any compensation.

All of the Group's properties under development are situated in Mainland China.

As at 31 March 2024, certain of the Group's properties under development with an aggregate carrying amount of approximately RMBNil (31 March 2023: RMB848,212,000) were pledged to banks and financial institutions to secure loans granted to the Group (note 33).

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 23. PROPERTIES FOR SALE – COMPLETED

All of the Group's properties for sale – completed are situated in Mainland China and are stated at cost less impairment, if any.

As at 31 March 2024, certain of the Group's properties for sale – completed with an aggregate carrying amount of approximately RMB1,341,992,000 (31 March 2023: RMB297,966,000) were pledged to banks and financial institutions to secure loans granted to the Group (note 33).

### 24. INVENTORIES

	31 March 2024 RMB'000	31 March 2023 RMB'000
Appliances and information products	59,060	91,581
Medical products	30,495	–
	<b>89,555</b>	91,581

### 25. TRADE AND BILLS RECEIVABLES

	31 March 2024 RMB'000	31 March 2023 RMB'000
Trade and bills receivables	228,152	84,501
Impairment loss on trade receivables	(3,554)	(2,127)
	<b>224,598</b>	82,374

As at 31 March 2024, certain trade receivables with aggregate carrying amount of RMBNil (31 March 2023: RMB32,104,000) were pledged to financial institutions to secured loan granted to the Group (note 33).

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 25. TRADE AND BILLS RECEIVABLES (continued)

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 receivables, less loss allowance recognised, based on the invoice date and net of loss allowance, is as follows:

	31 March 2024 RMB'000	31 March 2023 RMB'000
Within 6 months	116,266	70,547
7 to 12 months	40,631	11,827
13 to 24 months	67,651	–
	<b>224,548</b>	82,374

Movements in the loss allowance for impairment of trade and bill receivables are as follows:

	31 March 2024 RMB'000	31 March 2023 RMB'000
At beginning of the year	2,127	38,283
Disposal of subsidiaries (note 46)	(425)	(13,833)
Impairment loss recognised/(reversed) (note 7)	1,852	(22,323)
At end of the year	<b>3,554</b>	2,127

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.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 25. TRADE AND BILLS RECEIVABLES (continued)

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 2024

	Current	Past due		Total
		Less than 1 year	1 to 2 years	
Expected credit loss rate	1.95%	1.00%	0.59%	1.56%
Gross carrying amount (RMB'000)	135,000	89,724	3,378	228,102
Expected credit losses (RMB'000)	2,639	895	20	3,554

As at 31 March 2023

	Current	Past due		Total
		Less than 1 year	1 to 2 years	
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

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	31 March 2024 RMB'000	31 March 2023 RMB'000
Prepayments for inventories		140,532	104,691
Other prepayments	(a)	205,936	201,008
Deposits and other receivables		243,293	237,060
Maintenance fund receivables		16,569	23,515
Amount due from non-controlling shareholder	(b)	196,337	198,514
Amounts due from former group companies	(c)	447,343	309,473
		<b>1,250,010</b>	1,074,261
Less: impairment loss recognised	(d)	(27,748)	(8,461)
		<b>1,222,262</b>	1,065,800
Analysed into:			
Current portion		1,051,808	896,308
Non-current portion		170,454	169,492
		<b>1,222,262</b>	1,065,800

Notes:

- (a) The other prepayments include the partial payment made for acquisition of investment properties from the former subsidiaries amounted to RMB169,431,000 (31 March 2023: RMB169,492,000) and control of the properties not yet transferred.
- (b) The amount due from non-controlling shareholder is unsecured, interest free and repayable on demand.
- (c) The amounts due from former group companies include the receivables from former group companies accounted to approximately RMB447,343,000 (31 March 2023: RMB309,473,000) arose from the disposal of subsidiaries during the reporting period, details of which are set out in Note 46.

The amounts due from former group companies are unsecured, interest free and repayable on demand.

- (d) Movements in the loss allowance for impairment loss recognised on deposits and other receivables, are as follows:

	31 March 2024 RMB'000	31 March 2023 RMB'000
At beginning of the year	8,461	9,808
Impairment losses recognised, net (note 7)	28,799	381,955
Disposal of subsidiaries (note 46)	(9,512)	(383,302)
At end of the year	<b>27,748</b>	8,461

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 27. RESTRICTED CASH

The Group's bank deposits at 31 March 2024 with aggregate amounts of RMB10,000,000 (31 March 2023: RMB10,000,000) and RMB3,856,000 (31 March 2023: RMB19,832,000) were pledged to banks to secure the Group's borrowings 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 2024 RMB'000	31 March 2023 RMB'000
Cash and bank balances	890,197	696,114

At 31 March 2024, certain of bank accounts amounted to RMB13,856,000 (31 March 2023: 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 RMB749,829,000 (31 March 2023: RMB629,204,000). 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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 29. TRADE AND BILLS PAYABLES

	31 March 2024 RMB'000	31 March 2023 RMB'000
Trade and bills payables	1,285,623	2,013,608

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date is as follows:

	31 March 2024 RMB'000	31 March 2023 RMB'000
Within 6 months	506,005	897,454
Over 6 months	779,618	1,116,154
	1,285,623	2,013,608

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 2024 RMB'000	31 March 2023 RMB'000
Other payables	1,961,050	1,482,617
Other tax and VAT payables	15,753	65,713
Accruals	3,127	5,837
Accrued staff costs	25,124	23,978
Provisions for penalties (note (i))	70,724	207,251
Amount due to non-controlling shareholder (note (ii))	299,533	300,121
Dividend payable to a non-controlling shareholder	2,344	2,263
	2,377,655	2,087,780

Notes:

- (i) The provisions related to the borrowing overdue penalty and overdue tax penalty.
- (ii) The balance is non-interest-bearing and repayable within one year.

Other payables have an average term of less than one year.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 31. PROVISIONS

	31 March 2024	31 March 2023
	RMB'000	RMB'000
At beginning of the year	584,273	215,562
Provision for the year (notes (i) and (ii))	744,065	368,711
At end of the year	1,328,338	584,273

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.

The management of the Group estimated that the total payables to be approximately RMB739,909,000 as at 31 March 2024 (31 March 2023: RMB289,004,000), after having considered the fair value of the assets and liabilities of Dongguan Yihui, including its property development project located in the PRC and based on the final court order. Provision of expected guarantee liabilities amounted to RMB94,574,000 (2023: RMB73,442,000) and provision of litigation amounted to RMB356,331,000 (2023: RMBNil) were recognised in the Group's consolidated financial statements for the year ended 31 March 2024.

- (ii) In April 2019, 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.

The management of the Group estimated that the total payables to be approximately RMB588,429,000 as at 31 March 2024 (31 March 2023: RMB295,269,000), after having considered the fair value of the assets and liabilities of Kaifeng Boming, including its property development project located in the PRC and based on the final court order. Provision of expected guarantee liabilities amounted to RMB196,000,000 (2023: RMB295,269,000) and provision of litigation amounted to RMB97,160,000 (2023: RMB Nil) were recognised in the Group's consolidated financial statements for the year ended 31 March 2024.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 32. CONTRACT LIABILITIES

	31 March 2024 RMB'000	31 March 2023 RMB'000
Advance from customers	896,949	1,171,845

Note:

Movements of contract liabilities are as follows:

	31 March 2024 RMB'000	31 March 2023 RMB'000
At beginning of the year	1,171,845	3,488,096
Increase in advance from customers during the year	698,422	1,587,994
Acquisition of a subsidiary (note 45)	1,210	–
Disposal of subsidiaries (note 46)	(269,878)	(116,569)
Revenue recognised that was included in the contract liabilities balance at beginning of the year	(169,899)	(2,622,787)
Revenue recognised from performance obligations satisfied during the year	(525,905)	(1,154,833)
Refund to customers	(8,846)	(10,056)
At end of the year	896,949	1,171,845

Details of contract liabilities are as follows:

	31 March 2024 RMB'000	31 March 2023 RMB'000
Advance from customers from:		
Sale of products	879	–
Sale of properties	878,657	1,155,119
Lease of properties	17,413	16,726
Total contract liabilities	896,949	1,171,845

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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 33. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 March 2024 RMB'000	31 March 2023 RMB'000
Bank borrowings repayable:		
Within one year or on demand	70,000	–
Other borrowings repayable:		
Within one year or on demand	566,377	1,745,916
Within a period more than one year	1,111,680	593,704
	<b>1,678,057</b>	2,339,620
Total bank and other borrowings	<b>1,748,057</b>	2,339,620
Less: Bank and other borrowings due within one year and included in current liabilities	<b>(636,377)</b>	(1,745,916)
Bank and other borrowings not due within one year and included in non-current liabilities	<b>1,111,680</b>	593,704

Notes:

(a) Details of the bank and other borrowings are as follows:

	Outstanding at 31 March 2024			Outstanding at 31 March 2023		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
Bank loans – secured	3.9%–4.6%	2024	65,000	–	–	–
Bank loans – secured <sup>①</sup>	Loan Prime Rate (“LPR”) – 5 basis points	2024	5,000	–	–	–
			<b>70,000</b>			–
Other loans – secured <sup>②</sup>	9.7%–11.0%	2024–2025	126,210	9.7%–11%	2023	484,701
Other loans – secured <sup>③</sup>	10.4%	On demand	379,802	10%–11%	On demand	1,189,283
Other loans – secured <sup>④</sup>	9.7%–11.0%	2025–2026	881,980	5.8%–11%	2024–2025	593,704
Other loans – secured <sup>⑤</sup>	7.8%	On demand	3,120	–	–	–
Other loans – secured <sup>⑥</sup>	7.8%	2026	180,000	–	–	–
Other loans – unsecured <sup>⑦</sup>	10.0%	On demand	3,281	10%	2023	3,327
Other loans – unsecured <sup>⑧</sup>	4.7%	On demand	53,964	4.7%	On demand	68,605
Other loans – unsecured <sup>⑨</sup>	2.8%	2026	49,700	–	–	–
			<b>1,678,057</b>			2,339,620
			<b>1,748,057</b>			2,339,620

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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 borrowings were obtained from financial institutions.

\* These borrowings amounted to RMB53,964,000 at 31 March 2024 (31 March 2023: RMB68,605,000) was obtained from former shareholder, 北大方正集團有限公司 (Peking University Founder Group Company Limited) ("Peking Founder").

^ The balance includes the principal of RMB180,000,000 due on 13 December 2026 and default interest of approximately RMB3,120,000 which was repayable on demand.

As at 31 March 2024, default and other interests on bank and other borrowings amounted to approximately RMB318,784,000 (31 March 2023: RMB420,012,000) were accrued.

(b) The Group's bank and other borrowings are denominated in Renminbi.

(c) As at the end of the reporting period, certain of the Group's bank and other borrowings are secured by the pledge of the following assets of the Group:

	Notes	31 March 2024 RMB'000	31 March 2023 RMB'000
Properties for sale – under development	22	–	848,212
Properties for sale – completed	23	1,341,992	297,966
Investment properties	16	295,800	295,800
Trade receivables	25	–	32,104
Restricted cash	27	10,000	10,000
		<b>1,647,792</b>	1,484,082

In addition, (i) certain of the Group's bank and other borrowings 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) former shareholders, Peking Founder, 北大資源集團有限公司 (Peking University Resources Group Co., Ltd.\*) ("Resources Group") and Founder Information (Hong Kong) Limited ("Founder Information") have provided corporate guarantees for loans amounting to RMB465,094,000 (31 March 2023: RMB1,182,113,000); and (iii) Resources Group has provided properties as security for the Group's loans amounting to RMBNil (31 March 2023: RMB988,889,000) as at the end of the reporting period.

\* For identification purposes only



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 33. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (d) During the year, in respect of the other borrowings with a carrying amount of approximately RMB437,047,000 as at 31 March 2024 (2023: RMB975,500,000), the Group breached the repayment terms of the borrowing. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the borrowing with the relevant lenders. On 31 March 2024, 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 borrowing has been classified as a current liability as at 31 March 2024. 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 borrowing, 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	Fair value adjustments arising from acquisition of a subsidiary RMB'000	Total RMB'000
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 and 1 April 2023	311,930	(114,103)	197,827
Deferred tax charged to profit or loss (note 12)	16,165	–	16,165
Acquisition of a subsidiary (note 45)	–	(4,471)	(4,471)
Disposal of subsidiaries (note 46)	8,866	–	8,866
At 31 March 2024	336,961	(118,574)	218,387

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 34. DEFERRED TAX (continued)

#### Deferred tax assets

	Impairment RMB'000	Provision for LAT RMB'000	Significant financing component from receipt in advance RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Total RMB'000
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 and 1 April 2023	(11,409)	30,392	(5,667)	30,469	43,785
Deferred tax (charged)/credit to profit or loss (note 12)	(3,064)	4,943	–	9,720	11,599
Disposal of subsidiaries (note 46)	–	–	–	(336)	(336)
At 31 March 2024	(14,473)	35,335	(5,667)	39,853	55,048

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 2024 RMB'000	Year ended 31 March 2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	55,048	43,785
Net deferred tax liabilities recognised in the consolidated statement of financial position	(218,387)	(197,827)
	(163,339)	(154,042)

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 34. DEFERRED TAX (continued)

#### Deferred tax assets (continued)

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

	31 March 2024	31 March 2023
	RMB'000	RMB'000
Tax losses	177,750	1,443,986
Deductible temporary differences	607,044	2,023,398
	<b>784,794</b>	3,467,384

The Group has tax losses arising in Hong Kong of RMB34,155,000 (31 March 2023: RMB95,540,000) 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 RMB143,595,000 (31 March 2023: RMB1,348,446,000) 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 2024, 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, as the Group is able to control on the declaration of dividend and it is not probable that these subsidiaries will distribute such earnings to oversea shareholders 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 RMB2,303,946,000 at 31 March 2024 (31 March 2023: RMB1,791,226,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 35. SHARE CAPITAL

	Number of shares		Share capital	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Ordinary shares of HK\$0.10 each	'000	'000	HK\$'000	HK\$'000
<b>Authorised</b>				
At beginning of the year and at end of the year	<b>15,000,000</b>	15,000,000	<b>1,500,000</b>	1,500,000

	Number of shares			Share capital		
	31 March 2024	31 March 2023	31 March 2024	31 March 2024	31 March 2023	31 March 2023
			HK\$'000	RMB'000 (Equivalent)	HK\$'000	RMB'000 (Equivalent)
<b>Issued and fully paid</b>						
At beginning of the year	<b>9,129,669,116</b>	6,416,155,647	<b>912,967</b>	<b>787,555</b>	641,616	545,335
Issue of shares (notes (i), (iii), (iv) and (v))	<b>1,220,000,000</b>	2,566,462,258	<b>122,000</b>	<b>111,092</b>	256,646	228,794
Issue of shares upon exercise of share options (note (ii))	–	147,051,211	–	–	14,705	13,426
At end of the year	<b>10,349,669,116</b>	9,129,669,116	<b>1,034,967</b>	<b>898,647</b>	912,967	787,555

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.
- (v) On 29 November 2023, the Company has issued of 1,220,000,000 shares at HK\$0.10 per share in accordance with subscription agreement dated 25 October 2023.

## 36. SHARE OPTION SCHEME

### (a) 2013 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)

#### (a) 2013 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.

#### (b) 2023 Share Option Scheme

On 28 August 2023, the Company operates a share option scheme (the "2023 Share 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), chief executive and employees (full-time or part-time) of the Company or any of its subsidiaries; (ii) any one or entity who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of the Group; and (iii) the directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of the Company. The 2023 Share Scheme is valid and effective for a period of ten (10) years from the date of adoption and ending on 27 August 2033. Upon termination of the 2023 Share Scheme, no further awards will be granted but in respect of all awards which have been granted but have not been exercised, the provision of the 2023 Share Scheme shall remain in full force and effect.

According to the 2023 Share Scheme, all awards to be granted that involve the issuance of Shares of the Company shall not exceed 10% of the total number of Shares in issue as at the adoption date, being 912,966,911 Shares, representing approximately 8.82% of the issued Shares of the Company as at the date of this report. The maximum number of Shares in respect of which awards may be granted to a single eligible participant in any 12-month period up to and including the date of such grant shall not exceed 1% of the Shares in issue. A Share Option may be exercised during such period as the Board may determine, save that such period shall not be more than 10 years from the offer date. The vesting period for awards under the 2023 Share Scheme shall generally not be less than 12 months, subject to a shorter vesting period for awards granted under the specific circumstances as stipulated in the 2023 Share Scheme.

On 29 December 2023, the Company granted an aggregate of 600,000,000 Share Options to subscribe for 600,000,000 Shares to certain employees of the Group in accordance with the terms of the 2023 Share Scheme.

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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 36. SHARE OPTION SCHEME (continued)

#### (b) 2023 Share Option Scheme (continued)

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.

The exercise price of HK\$0.101 per share and subject to the following vesting terms: (i) one-third of the Share Options shall be vested and become exercisable on 31 December 2024; (ii) one-third of the Share Options shall be vested and become exercisable on 31 December 2025; and (iii) one-third of the Share Options shall be vested and become exercisable on 31 December 2026.

The fair value of the share options at the date of grant is estimated to be HK\$39,712,000 (equivalent to RMB36,003,000) using the binominal option pricing model, which was partially recognised as equity settled share option expenses for the year ended 31 March 2024 based on the vesting period.

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	Options granted on 29 December 2023
Risk-free rate	3.13%	3.46%
Expected volatility	79.24%	100.1%
Dividend yield	0%	0%
Expected life of options (year)	4.16	4
Share price of the Company's shares (HK\$ per share)	0.119	0.1

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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				Principal activities
			Direct	Indirect			
			As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	
			%	%	%	%	
Yongqin Limited ("Yongqin")	British Virgin Islands/ Hong Kong	HK\$2	100	100	-	-	Property investment
Chongqing Yayuan Henghui Information Technology Co., Limited ("Yayuan Henghui") <sup>#</sup>	PRC/Mainland China	RMB2,000,000,000	-	-	100	100	Intragroup funding
Chongqing Yingfeng Property Co., Limited <sup>#</sup>	PRC/Mainland China	RMB80,000,000	-	-	100	100	Property development
Chongqing Yuefeng Property Co., Limited <sup>#</sup>	PRC/Mainland China	RMB50,000,000	-	-	70	70	Property development



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 38. SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	
%	%	%	%				
Chongqing Yinghe Yiyuan Enterprise Management Co., Limited ("Yinghe Yiyuan") <sup>**</sup>	PRC/Mainland China	RMB2,000,000,000	-	-	-	100	Intragroup funding
Foshan Peking University Resources Property Co., Limited <sup>®</sup>	PRC/Mainland China	RMB100,000,000	-	-	51	51	Property development
Guiyang Henglong Property Co., Limited <sup>†</sup> ("Guiyang Henglong")	PRC/Mainland China	RMB50,000,000	-	-	-	70	Property development
Kaifeng Boyuan Property Development Co., Limited	PRC/Mainland China	RMB20,000,000	-	-	100	100	Property development
Tianhe Property Development Co., Limited <sup>®</sup>	PRC/Mainland China	RMB300,000,000	-	-	-	100	Property development
Zhejiang Peking University Resources Property Co., Limited ("Zhejiang Resources") <sup>‡</sup>	PRC/Mainland China	RMB1,114,558,000	-	-	91	91	Property development
Chengdu Founder Yuancheng Information Technology Co., Limited ("Founder Yuancheng")	PRC/Mainland China	RMB100,000,000	-	-	25	25	Property development
Wuhan Jinyuexiang Trading Co., Limited <sup>‡</sup>	PRC/Mainland China	RMB1,000,000	-	-	100	100	Business management
Wuhan Heliang Investment Development Co., Limited <sup>†</sup>	PRC/Mainland China	RMB2,000,000	-	-	100	100	Capital management

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 38. SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			As at 31 March 2024 %	As at 31 March 2023 %	As at 31 March 2024 %	As at 31 March 2023 %	
Ezhou Jinfeng Real Estate Development Co., Limited <sup>#</sup>	PRC/Mainland China	RMB10,000,000	-	-	100	100	Property development
Beijing Ruihe Century Information Technology Co., Limited <sup>#</sup>	PRC/Mainland China	RMB100,000,000	-	-	100	100	Distribution of information products
Yuxi Runya Property Company Limited <sup>#</sup>	PRC/Mainland China	RMB10,000,000	-	-	100	100	Property development
Wuhan Yekaitai Pharmaceutical Chain Co., Ltd. ("Yekaitai")	PRC/Mainland China	RMB72,321,000	100	-	100	-	Medical and pharmaceutical retail

<sup>#</sup> Registered as a wholly-foreign-owned enterprise under PRC law

<sup>^</sup> Registered as a limited liability company under PRC law

<sup>⊗</sup> Registered as a Sino-foreign joint venture under PRC law

<sup>\*</sup> Deregistered during the year 2024

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 to Consolidated Financial Statements

For the year ended 31 March 2024

### 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	
		31/3/2024	31/3/2023	Year ended 31/3/2024	Year ended 31/3/2023	31/3/2024	31/3/2023
				RMB'000	RMB'000	RMB'000	RMB'000
Zhejiang Peking University Resources Property Co., Limited (Note b)	Mainland China	9.46%	9.45%	(2,998)	(36,578)	175,403	160,414
Chongqing Yuefeng Property Co., Limited (Note c)	Mainland China	30%	30%	9,528	37,998	113,032	113,184
Chengdu Founder Yuancheng Information Technology Co., Limited (Note d)	Mainland China	75.01%	75.01%	17,196	(188,529)	183,939	356,054
Guiyang Henglong Property Co., Limited ("GY Henglong") (Note a, e)	Mainland China	N/A	30%	N/A	(704)	N/A	177,091
Foshan Peking University Resources Property Co., Limited (Note f)	Mainland China	49%	49%	339	21,016	356,486	356,144
Wuhan Tianhe Jincheng Property Development Co., Limited (Note g)	Mainland China	30%	30%	(5,172)	(16,224)	96,811	101,983
Subsidiaries with individual immaterial non-controlling interests						547,568	(190,807)
						1,473,238	1,074,063

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes:

(a) During the reporting period, the Group disposal of GY Henglong 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 2024	31 March 2023
Percentage of equity interest held by non-controlling interests (%)	9.46	9.45
Loss for the year allocated to non-controlling interests (RMB'000)	(2,998)	(36,578)
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	175,403	160,414

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 2024 RMB'000	In respect of year ended 31 March 2023 RMB'000
Revenue	5,985	2,072
Total cost, expenses and other income, net	(37,683)	(389,140)
Loss for the year and total comprehensive loss for the year	(31,698)	(387,068)
Loss for the year allocated to non-controlling interests	(2,998)	(36,578)
Current assets	2,584,919	2,516,226
Non-current assets	196,224	99,625
Current liabilities	(926,796)	(918,350)
Net assets	1,854,347	1,697,501
Net assets allocated to non-controlling interests	175,236	160,414
Net cash flows (used in)/generated from operating activities	(173,958)	99,012
Net cash flows generated from investing activities	174,948	–
Net cash flows used in financing activities	–	(99,000)
Net increase in cash and cash equivalents	990	12

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(c) Chongqing Yuefeng Property Co., Limited

	31 March 2024	31 March 2023
Percentage of equity interest held by non-controlling interests (%)	30	30
Profit for the year allocated to non-controlling interests (RMB'000)	9,528	37,998
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	113,032	113,184

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 2024 RMB'000	In respect of year ended 31 March 2023 RMB'000
Revenue	36,047	78,421
Total cost, expenses and other income, net	(4,286)	48,240
Profit for the year and total comprehensive income for the year	31,760	126,661
Profit for the year allocated to non-controlling interests	9,528	37,998
Current assets	527,202	567,259
Non-current assets	187,433	187,483
Current liabilities	(329,553)	(369,462)
Non-current liabilities	(8,310)	(8,000)
Net assets	376,772	377,280
Net assets allocated to non-controlling interests	113,032	113,184
Net cash flows generated from/(used in) operating activities	356	(7,186)
Net cash flows used in investing activities	(495)	–
Net cash flows (used in)/generated from financing activities	(47)	7,397
Net (decrease)/increase in cash and cash equivalents	(186)	211

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(d) Chengdu Founder Yuancheng Information Technology Co., Limited

	31 March 2024	31 March 2023
Percentage of equity interest held by non-controlling interests (%)	75.01	75.01
Loss for the year allocated to non-controlling interests (RMB'000)	17,196	(188,529)
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	183,939	356,054

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 2024 RMB'000	In respect of year ended 31 March 2023 RMB'000
Revenue	104,720	40,061
Total cost, expenses and other income, net	(81,795)	(291,400)
Loss for the year and total comprehensive loss for the year	22,925	(251,339)
Loss for the year allocated to non-controlling interests	17,196	(188,529)
Current assets	80,255	161,054
Non-current assets	440,316	790,929
Current liabilities	(255,358)	(457,313)
Non-current liabilities	(19,994)	(19,994)
Net assets	245,219	474,676
Net assets allocated to non-controlling interests	183,939	356,054
Net cash flows generated from/(used in) operating activities	3,747	(3,405)
Net increase/(decrease) in cash and cash equivalents	3,747	(3,405)

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(e) Guiyang Henglong Property Co., Limited

	31 March 2024	31 March 2023
Percentage of equity interest held by non-controlling interests (%)	N/A	30
Loss for the year allocated to non-controlling interests (RMB'000)	N/A	(704)
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	N/A	177,091

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 2024 RMB'000	In respect of year ended 31 March 2023 RMB'000
Revenue	N/A	376,102
Total cost, expenses and other income, net	N/A	(378,447)
Loss for the year and total comprehensive loss for the year	N/A	(2,345)
Loss for the year allocated to non-controlling interests	N/A	(704)
Current assets	N/A	1,382,367
Non-current assets	N/A	7,966
Current liabilities	N/A	(799,704)
Non-current liabilities	N/A	(327)
Net assets	N/A	590,302
Net assets allocated to non-controlling interests	N/A	177,091
Net cash flows used in operating activities	N/A	(31,844)
Net decrease in cash and cash equivalents	N/A	(31,844)

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(f) Foshan Peking University Resources Property Co., Limited

	31 March 2024	31 March 2023
Percentage of equity interest held by non-controlling interests (%)	49	49
Loss for the year allocated to non-controlling interests (RMB'000)	339	21,016
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	356,486	356,144

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 2024 RMB'000	In respect of year ended 31 March 2023 RMB'000
Revenue	118,729	262,108
Total cost, expenses and other income, net	(118,037)	(219,217)
(Loss)/profit for the year and total comprehensive (loss)/income for the year	692	42,891
(Loss)/profit for the year allocated to non-controlling interests	339	21,016
Current assets	1,406,604	1,512,087
Non-current assets	55,641	57,677
Current liabilities	(734,722)	(842,938)
Net assets	727,523	726,825
Net assets allocated to non-controlling interests	356,486	356,144
Net cash flows (used in)/generated from investing activities	(28,953)	29,142
Net (decrease)/increase in cash and cash equivalents	(28,953)	29,142



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes: (continued)

(g) Wuhan Tianhe Jincheng Property Development Co., Limited

	31 March 2024	31 March 2023
Percentage of equity interest held by non-controlling interests (%)	30	30
Loss for the year allocated to non-controlling interests (RMB'000)	(5,172)	(16,224)
Accumulated balances of non-controlling interests at the end of the reporting period (RMB'000)	96,811	101,983

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 2024 RMB'000	In respect of year ended 31 March 2023 RMB'000
Revenue	35,873	22,469
Total cost, expenses and other income, net	(53,112)	(76,548)
Loss for the year and total comprehensive loss for the year	(17,239)	(54,079)
Loss for the year allocated to non-controlling interests	(5,172)	(16,224)
Current assets	190,990	220,851
Non-current assets	308,758	308,759
Current liabilities	(177,044)	(189,667)
Net assets	322,704	339,943
Net assets allocated to non-controlling interests	96,811	101,983
Net cash flows used in operating activities	(308,752)	(5)
Net cash flows generated from investing activities	308,753	–
Net increase/(decrease) in cash and cash equivalents	1	(5)

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

##### (i) Disposal of subsidiaries

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 46 to the consolidated financial statements.

##### (ii) Leased assets

During the reporting period, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB22,408,000 (31 March 2023: RMB3,514,000) and RMB21,740,000 (31 March 2023: RMB3,514,000), respectively, in respect of lease arrangements for buildings and retail shops.

#### (b) Changes in liabilities arising from financing activities

##### Year ended 31 March 2024

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 April 2023	2,339,620	3,236	2,342,856
Changes from financing cash flows	324,700	(16,844)	307,856
New leases	–	21,740	21,740
Acquisition of a subsidiary (note 45)	35,000	10,283	45,283
Interest expense	111,049	2,463	113,512
Interest paid classified as operating cash flows	(327,277)	(2,463)	(329,740)
Disposal of subsidiaries (note 46)	(735,035)	–	(735,035)
Exchange realignments	–	(30)	(30)
At 31 March 2024	1,748,057	18,385	1,766,442

##### Year ended 31 March 2023

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 April 2022	4,940,150	5,541	4,945,691
Changes from financing cash flows	(25,577)	(5,819)	(31,396)
New leases	–	3,514	3,514
Interest expense	272,297	638	272,935
Interest paid classified as operating cash flows	(274,451)	(638)	(275,089)
Gain on debt restructuring	(77,973)	–	(77,973)
Disposal of subsidiaries (note 46)	(2,494,826)	–	(2,494,826)
At 31 March 2023	2,339,620	3,236	2,342,856

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 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 2024 RMB'000	Year ended 31 March 2023 RMB'000
Within operating activities	7,534	1,474
Within financing activities	16,844	6,457
	<b>24,378</b>	7,931

### 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 note 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 RMB915,300,000 (2023: RMB1,339,731,000). 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 year ended 31 March 2024 and 31 March 2023.

### 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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 43. COMMITMENTS

The Group had the following commitments for the Group's development properties at the end of the reporting period:

	31 March 2024 RMB'000	31 March 2023 RMB'000
Contracted for:		
Properties under development	1,655,872	2,133,196

### 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:

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
Transactions with former fellow subsidiaries:		
Rental expenses	774	–
Transactions with associate:		
Interest expenses	–	525

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(b) Compensation of key management personnel (including the directors and chief executive of the Company) of the Group:

	Year ended 31 March 2024 RMB'000	Year ended 31 March 2023 RMB'000
Salaries, allowances and benefits in kind	3,177	4,901
Bonuses	3,550	1,540
Retirement benefits	40	110
Equity-settled share based payments	935	5,072
Total compensation paid to key management personnel	7,702	11,623

Further details of the directors' and chief executive's emoluments are included in note 10.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 45. ACQUISITION OF A SUBSIDIARY

During the year ended 31 March 2024, the Group acquired entire 100% equity interest at the consideration of RMB81,000,000 in Wuhan Yekaitai Pharmaceutical Chain Co., Ltd. ("Yekaitai"). The acquisition was completed on 16 August 2023. Yekaitai provides traditional Chinese medicine diagnosis and treatment, traditional Chinese medicine health care, massage, acupuncture and other special medical services. The acquisition has been accounted for as acquisition of business using the acquisition method.

#### Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
<b>Assets</b>	
Property, plant and equipment	12,260
Right-of-use assets	10,563
Other intangible assets	13,839
Inventories	21,300
Trade receivables	9,256
Prepayments, other receivables and other assets	47,497
Tax recoverable	736
Cash and cash equivalents	5,705
<b>Total assets</b>	<b>121,156</b>
<b>Liabilities</b>	
Trade payables	16,462
Other payables and accruals	11,327
Contract liabilities	1,210
Interest-bearing bank and other borrowings	35,000
Deferred tax liabilities	4,471
Lease liabilities	10,283
<b>Total liabilities</b>	<b>78,753</b>
<b>Total identifiable net assets acquired</b>	<b>42,403</b>

The trade and other receivables acquired with a fair value of RMB56,753,000 at the date of acquisition had gross contractual amount of RMB56,753,000. No contractual cash flows from the receivables are expected to be irrecoverable.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 45. ACQUISITION OF A SUBSIDIARY (continued)

#### Goodwill arising on acquisition

	RMB'000
Consideration transferred	81,000
Less: recognised amounts of identifiable net assets acquired	(42,403)
<b>Goodwill arising on acquisition</b>	<b>38,597</b>

Goodwill arose on the acquisition of Yekaitai because synergies from combining operations of Yekaitai and the Group was expected. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash outflow in respect of the acquisition of Yekaitai is as follows:

	RMB'000
Consideration paid in cash	81,000
Cash and bank balances acquired	(5,705)
<b>Net cash outflow</b>	<b>75,295</b>

No contingent arrangement entered in the acquisition.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 46. DISPOSAL OF SUBSIDIARIES

During the reporting periods, the Group disposed of certain subsidiaries as follows:

#### (I) 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:

	<b>Founder Data Group</b> RMB'000
<b>Assets and liabilities disposed of</b>	
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)
<b>Net liabilities disposed of</b>	<b>(305,730)</b>
<b>Gain on disposal of subsidiaries</b>	
Consideration for the disposal	739
Net liabilities disposed of	305,730
<b>Gain on disposal of subsidiaries</b>	<b>306,469</b>
Cash received on disposal	739
Less: bank balance and cash disposed of	(64,105)
<b>Net cash outflow arising on the disposal of subsidiaries</b>	<b>63,366</b>

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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 46. DISPOSAL OF SUBSIDIARIES (continued)

#### (II) For the year ended 31 March 2024

- (a) During the year, the Group entered into a sale and purchase agreement with a third party not connected with the Group for the disposal of (i) the 100% interest in Hong Kong Tianhe Holdings Limited, a direct wholly-owned subsidiary of the Company and (ii) entire equity interest in Tianhe Property Development Co., Limited, an indirect non-wholly owned subsidiary of the Company at a cash consideration of approximately HK\$1,000,000 (equivalent to approximately RMB881,000). Hong Kong Tianhe Holdings Limited and Tianhe Property Development Co., Limited (collectively referred to the “Tianhe Group”) were principally engaged in property development in Mainland China. The disposal was completed on 30 April 2023.
- (b) During the year, the Group entered into a sale and purchase agreement with a third party not connected with the Group for the disposal of (i) the Group’s 100% interest in Chongqing Yueyingya Property Management Limited, a indirect wholly-owned subsidiary of the Company and (ii) the Group’s interest in Guiyang Henglong Property Co., Limited, an indirect owned subsidiary of the Company and (iii) the Group’s interest in 70% in Guiyang Yingsheng Property Development Co., Limited, an indirect owned subsidiary of the Company at a cash consideration of approximately RMB1,000,000. Chongqing Yueyingya Property Management Limited, Guiyang Henglong Property Co., Limited and Guiyang Yingsheng Property Development Co., Limited (collectively referred to the “Chongqing Yueyingya Group”) were principally engaged in property development in Mainland China. The disposal was completed on 30 April 2023.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 46. DISPOSAL OF SUBSIDIARIES (continued)

#### (II) For the year ended 31 March 2024 (continued)

The asset 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:

	Tianhe Group RMB'000	Chongqing Yueyingya Group RMB'000	Immaterial subsidiaries RMB'000	Total RMB'000
<b>Assets and liabilities disposed of</b>				
Property, plant and equipment	38	7,630	–	7,668
Deferred tax assets	–	336	–	336
Property for sales – completed	82,400	306,735	–	389,135
Trade receivables	2,960	2,640	–	5,600
Prepayment, other receivables and other assets	379,551	44,583	11	424,145
Amounts due from the Group	257,591	–	80,040	337,631
Cash and cash equivalents	446	44,552	–*	44,998
Trade payables	(348,286)	(351,919)	–	(700,205)
Other payables and accruals	(127,893)	(102,933)	(80,000)	(310,826)
Contract liabilities	(6,558)	(263,320)	–	(269,878)
Amounts due to the Group	–	(106,729)	–	(106,729)
Interest-bearing bank and other borrowings	(735,035)	–	–	(735,035)
Tax payables	(432,231)	(75,140)	–	(507,371)
Deferred tax liabilities	–	(8,866)	–	(8,866)
<b>Net (liabilities)/assets disposal of</b>	<b>(927,017)</b>	<b>(502,431)</b>	<b>51</b>	<b>(1,429,397)</b>
<b>Gain on disposal of subsidiaries</b>				
Consideration for disposal	881	1,000	–	1,881
Non-controlling interests	(110,188)	(118,422)	–	(228,610)
Net liabilities/(assets) disposed of	927,017	502,431	(51)	1,429,397
<b>Gain/(loss) on disposal of subsidiaries</b>	<b>817,710</b>	<b>385,009</b>	<b>(51)</b>	<b>1,202,668</b>
<b>Net cash outflow arising on disposal</b>				
Cash received on disposal	881	1,000	–	1,881
Less: bank balances and cash disposed of	(446)	(44,552)	–*	(44,998)
<b>Net cash inflow/(outflow) arising on disposal of subsidiaries</b>	<b>435</b>	<b>(43,552)</b>	<b>–*</b>	<b>(43,117)</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 47. 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 2024

	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	94,200	–	94,200
Financial assets at amortised cost			
Trade and bills receivables	–	224,598	224,598
Financial assets included in prepayments, other receivables and other assets	–	875,794	875,794
Restricted cash	–	13,856	13,856
Cash and cash equivalents	–	890,197	890,197
	<b>94,200</b>	<b>2,004,445</b>	<b>2,098,645</b>

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
	<b>96,200</b>	<b>1,568,421</b>	<b>1,664,621</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 47. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

#### Financial liabilities

	Financial liabilities at amortised cost	
	31 March 2024	31 March 2023
	RMB'000	RMB'000
Trade and bills payables	1,285,623	2,013,608
Financial liabilities included in other payables and accruals	2,377,655	2,087,780
Lease liabilities	18,385	3,236
Interest-bearing bank and other borrowings	1,748,057	2,339,620
	5,429,720	6,444,244

### 48. 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 and bills 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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### 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			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>As at 31 March 2024</b>				
Financial assets at fair value through profit or loss	–	–	94,200	94,200
<b>As at 31 March 2023</b>				
Financial assets at fair value through profit or loss	–	–	96,200	96,200

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Range	
	31 March 2024 RMB'000	31 March 2023 RMB'000				Year ended 31 March 2024	Year ended 31 March 2023
Financial assets at fair value through profit or loss	94,200	96,200	Level 3	Asset-based valuation approach – in this approach, the net asset value as at the Date of Valuation and estimated replacement cost were adopted	Adjustment on market unit price (per sq.m) for properties held by the financial assets (note)	-6% to -2%	-6% to -2%

Note: A slight increase in the adjustment on market unit price used in isolation would result in a increase in the fair value measurement of the financial assets at fair value through profit or loss, and vice versa. A 100 basis point of increase in the adjustment on market unit price holding all other variables constant would increase the carrying amount of the financial assets at fair value through profit or loss by RMB800,000 (2023: RMB800,000).

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy (continued)

The Group did not have any financial liabilities measured at fair value as at 31 March 2024 and 31 March 2023.

During the year, 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 2023: Nil).

### 49. 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 (loss)/profit before tax (through the impact on floating rate borrowings) and prior to interest capitalisation.

	Increase/ (decrease) in basis points %	(Increase)/ decrease in loss before tax 31 March 2024 RMB'000	(Decrease)/ increase in profit before tax 31 March 2023 RMB'000
RMB	100	(50)	–
RMB	(100)	50	–

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Foreign currency risk

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 %	(Increase)/ decrease in loss before tax 31 March 2024 RMB'000	(Decrease)/ increase in profit before tax 31 March 2023 RMB'000
If the HK\$ weakens against US dollars	(5)	139,721	174,685
If the HK\$ strengthens against US dollars	5	(139,721)	(174,685)

#### 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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Maximum exposure and year-end staging (continued)

As at 31 March 2024

	12-month expected credit losses	Lifetime expected credit losses			Total RMB'000
		Stage 1	Stage 2	Stage 3	
		RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	–	–	–	228,152	228,152
Financial assets included in prepayments, other receivables and other assets					
– Normal**	267,003	636,539	–	–	903,542
– Doubtful**	–	–	–	–	–
Restricted cash					
– Not yet past due	13,856	–	–	–	13,856
Cash and cash equivalents					
– Not yet past due	890,197	–	–	–	890,197
	<b>1,171,056</b>	<b>636,539</b>	<b>–</b>	<b>228,152</b>	<b>2,035,747</b>

As at 31 March 2023

	12-month expected credit losses	Lifetime expected credit losses			Total RMB'000
		Stage 1	Stage 2	Stage 3	
		RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	–	–	–	84,501	84,501
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
	<b>1,494,508</b>	<b>–</b>	<b>–</b>	<b>84,501</b>	<b>1,579,009</b>

\* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 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, except for the amount under Stage 2 of expected credit losses, there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. The amount included in Stage 2 of expected credit losses was past due but without being credit-impaired and considered as recoverable. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 49. 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 2024

	Within 1 year RMB'000	Over 1 year RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and bills payables	506,005	779,618	1,285,623	1,285,623
Financial liabilities included in other payables and accruals	2,377,655	–	2,377,655	2,377,655
Lease liabilities	10,479	8,849	19,328	18,385
Interest-bearing bank and other borrowings	687,284	1,157,460	1,844,744	1,748,057
	<b>3,581,423</b>	<b>1,945,927</b>	<b>5,527,350</b>	<b>5,429,720</b>

#### 31 March 2023

	Within 1 year RMB'000	Over 1 year RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and bills payables	2,013,608	–	2,013,608	2,013,608
Financial liabilities included in other payables and accruals	2,087,780	–	2,087,780	2,087,780
Lease liabilities	2,018	1,764	3,782	3,236
Interest-bearing bank and other borrowings	1,881,587	761,821	2,643,408	2,339,620
	<b>5,984,993</b>	<b>763,585</b>	<b>6,748,578</b>	<b>6,444,244</b>



## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 49. 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 2024 and 31 March 2023.

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 2024 RMB'000	31 March 2023 RMB'000
Interest-bearing bank and other borrowings	1,748,057	2,339,620
Total equity attributable to owners of the Company	1,034,504	1,461,494
Debt to equity ratio	1.69	1.60

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 50. 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 2024 RMB'000	31 March 2023 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	141	206
Right-of-use assets	1,338	415
<b>Total non-current assets</b>	<b>1,479</b>	621
<b>CURRENT ASSETS</b>		
Prepayments, other receivables and other assets	889	1,234
Cash and cash equivalents	133,665	66,310
<b>Total current assets</b>	<b>134,554</b>	67,544
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	89,337	155,661
Lease liabilities	830	–
<b>Total current liabilities</b>	<b>90,167</b>	155,661
<b>NET CURRENT LIABILITIES</b>	<b>44,387</b>	(88,117)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>45,866</b>	(87,496)
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	576	–
<b>Net liabilities</b>	<b>45,290</b>	(87,496)
<b>EQUITY</b>		
Share capital	898,647	787,555
Reserves (note)	(853,357)	(875,051)
<b>Total equity</b>	<b>45,290</b>	(87,496)

The Company's statement of financial position was approved and authorised for issue by the board of directors on 28 June 2024 and signed on its behalf by:

**Wong Kai Ho**  
Director

**Huang Zhuguang**  
Director

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 50. 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 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 and 1 April 2023	11,754	–	1,306,591	(171,273)	(2,022,123)	(875,051)
Recognition of equity settled share based payment	–	5,466	–	–	–	5,466
Loss for the year	–	–	–	–	(42,411)	(42,411)
Other comprehensive loss for the year						
Exchange differences on translation of financial statements of the Company	–	–	–	58,639	–	58,639
At 31 March 2024	11,754	5,466	1,306,591	(112,634)	(2,064,534)	(853,357)

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.

### 51. LITIGATIONS

As at 31 March 2024, the Group has been involved in the following significant legal proceedings and has been proactively responding to such legal proceedings:

- 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 has filed an application for enforcement with the Intermediate People's Court of Xining; Minmetals International, Dongguan Yihui, Yuxi Runya and Chongqing Yingfeng are actively negotiating for the settlement of the repayment plan under this litigation. Details of the litigation are set out in the announcement of the Company dated 30 September 2022.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 51. LITIGATIONS (continued)

- (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 being 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) 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 31 January 2024, the Zhejiang Hangzhou Intermediate People's Court issued a civil judgment, which ruled that, among others, Zhejiang Resources to pay approximately RMB50.1 million to the plaintiff. As at the latest practicable date, Zhejiang Resources appealed to the Higher People's Court of Zhejiang Province.
- (4) 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, Western Trust has applied to the Intermediate People's Court of Xi'an, Shaanxi Province for enforcement of the effective judgement; and Zhejiang Resources is actively negotiating with Western Trust for the settlement of the repayment plan under this litigation.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 51. LITIGATIONS (continued)

- (5) 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. In August 2023, the Higher People's Court of Guizhou Province issued a civil judgement, which ruled to uphold the foregoing judgment. Currently, the plaintiff has filed an application for enforcement with the Intermediate People's Court of Guiyang; Kaifeng Boyuan, Chongqing Yingfeng and Kaifeng Boming are actively negotiating with the plaintiff for the settlement of the repayment plan under this litigation. Details of the litigation are set out in the announcements of the Company dated 21 April 2023 and dated 21 August 2023.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 51. LITIGATIONS (continued)

- (6) 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\* (北京金融法院) against Hong Kong Tianhe Holdings Limited (香港天合控股有限公司) (“HK Tianhe”), Tianhe Property Development Co., Limited\* (天合地產發展有限公司) (“Tianhe Property”) and Ezhou Jinfeng Property Development Co., Limited\* (鄂州金豐房地產開發有限公司) (“Ezhou Jinfeng”), an indirect subsidiary of the Company, 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 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. In August 2023, the court organized and conducted a trial of the case, and adjourned it to November 2023 with the addition of Suzhou Fengyutai Investment Company Limited\* (蘇州豐羽泰投資有限公司) and Yichang Fusheng Real Estate Development Company Limited\* (宜昌富盛房地產開發有限公司) (each of which is a subsidiary of Peking University Resources Group Co., Ltd. (北大資源集團有限公司), a former controlling shareholder of the Company) as defendants. The Group has sold the entire interest in HK Tianhe and Tianhe Property on 19 May 2023 (the “Disposal”). For details of the Disposal, please refer to the announcements of the Company dated 11 May 2023 and 2 June 2023. Upon completion of the Disposal, HK Tianhe and Tianhe Property ceased to be part of the Group and therefore, the obligation and liabilities of HK Tianhe and Tianhe Property under the litigation have been excluded from the consolidated financial statements of the Group. On 28 December 2023, the Court has issued a civil judgment in respect of the litigation and ruled that, among others, (i) HK Tianhe shall repay CITIC Trust the outstanding principal together with interest (calculated up to 6 April 2020) amounting to approximately RMB735.8 million, as well as overdue interest and damages for breach of contract; (ii) HK Tianhe shall pay CITIC Trust attorney fee of RMB150,000; (iii) Tianhe Property shall be jointly liable for the amount payable by HK Tianhe mentioned in (i) and (ii); and (iv) CITIC Trust shall have the priority in compensation over the proceeds from 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, Suzhou Fengyutai and Yichang Fusheng. Details of the litigation are set out in the announcements of the Company dated 8 April 2022, 4 January 2024, and 9 January 2024.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 51. LITIGATIONS (continued)

- (7) Beijing Financial Court issued a judgment on 29 December 2023 in respect of a civil legal proceeding filed by Beijing Branch of China Huarong Asset Management Co. Ltd.\* (中國華融資產管理股份有限公司北京市分公司) (“China Huarong”) against Chongqing Yingfeng, an indirect wholly-owned subsidiary of the Company, and certain former subsidiaries of the Company, namely, Dongguan Yihui, Dongguan Yida Property Co., Limited\* (東莞億達地產有限公司) (“Dongguan Yida”) and Kunshan Hi-Tech Electronic Arts Creative Industry Development Co., Limited\* (昆山高科電子藝術創意產業發展有限公司) (“Kunshan Hi-Tech”) in respect of a debt owed by Dongguan Yihui and Dongguan Yida to China Huarong (the “Debt”). According to the Judgment, the Court has ruled that (i) Dongguan Yihui and Dongguan Yida shall jointly repay China Huarong the Debt with the principal amount of approximately RMB130.7 million, as well as the compensation for restructuring grace period (the “Restructuring Compensation”) and penalties for breach of contract; (ii) China Huarong shall have the priority in compensation over the proceeds from the auction or sale of several properties held by Chongqing Yingfeng and Kunshan Hi-Tech; and (iii) Dongguan Yihui, Dongguan Yida, Kunshan Hi-Tech and Chongqing Yingfeng shall pay China Huarong attorney fee of RMB150,000. The relevant parties have been negotiating with China Huarong over the settlement of the Debt and the litigation. Dongguan Yihui, Dongguan Yida and China Huarong entered into a debt settlement agreement (the “Debt Settlement Agreement”) on 30 June 2022, a supplemental agreement to the Debt Settlement Agreement (the “First Supplemental Agreement”) on 29 December 2022 and the second supplemental agreement to the Debt Settlement Agreement on 20 December 2023 (the “Second Supplemental Agreement”). Under the Second Supplemental Agreement, the parties agreed that (i) Dongguan Yihui and Dongguan Yida shall repay part of the principal amount of the Debt each quarter, and all outstanding principal amount of the Debt shall be repaid by 20 December 2024; (ii) Dongguan Yihui and Dongguan Yida shall repay the Restructuring Compensation with respect to the Debt by 20 December 2024; and (iii) Dongguan Yihui and Dongguan Yida shall repay costs incurred by China Huarong in recovering the Debt. As advised by the PRC legal advisors, despite the issue of the judgement, the Second Supplemental Agreement is still legally binding and enforceable between the parties. Details of the litigation are set out in the announcement of the Company dated 11 January 2024.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2024

### 52. 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:

#### (i) Disposal of subsidiary

On 16 May 2024, the Group entered into an agreement with an independent third party to dispose of 90% equity interest in a subsidiary, Ezhou Jinfeng Property Development Limited ("Ezhou"), for an aggregate cash consideration of RMB9,000,000. The disposal was completed on 16 May 2024. Upon completion of the disposal, Ezhou ceased to be subsidiary of the Company.

#### (ii) Extension of other payables

On 3 June 2024, the Group has successfully extended the repayment terms of other payables of RMB321,443,000 to eighteen months beyond the reporting period.



## PARTICULARS OF INVESTMENT PROPERTIES

31 March 2024

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	Long 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

## Particulars of Investment Properties

31 March 2024

Location	Use	Tenure	Percentage of interest attributable to the Group
The commercial street located at Block A No. 30 Yueshan Road Yuelai Street Yubei District Chongqing City The PRC	Commercial	Medium term lease	70
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	Medium term lease	49
The commercial street located at No. 10, Xicheng Road Zhangluo Community Zhangmutou Town Dongguan City The PRC	Commercial	Medium term lease	32
Various office units on various levels of Botai City Located at intersection of Huancheng West Road and Renmin West Road Xishan District Kunming City Yunnan Province The PRC	Commercial	Medium term lease	100

## FIVE-YEAR FINANCIAL SUMMARY

31 March 2024

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

	<b>Year ended 31 March 2024</b>	Year ended 31 March 2023	Period from 1 January 2021 to 31 March 2022	<b>Year ended 31 December</b>	
	<b>RMB'000</b>	RMB'000	RMB'000	2020	2019
	<b>RMB'000</b>	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	<b>1,440,982</b>	5,174,870	11,799,624	9,085,402	24,131,590
(LOSS)/PROFIT FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	<b>(785,629)</b>	966,690	1,509,499	(2,025,393)	(2,421,877)

### ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	<b>As at 31 March 2024</b>	As at 31 March 2023	As at 31 March 2022	<b>As at 31 December</b>	
	<b>RMB'000</b>	RMB'000	RMB'000	2020	2019
	<b>RMB'000</b>	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	<b>11,522,949</b>	12,648,625	18,267,389	38,190,572	38,541,413
TOTAL LIABILITIES	<b>(9,015,207)</b>	(10,113,068)	(15,878,852)	(38,898,530)	(37,437,773)
NON-CONTROLLING INTERESTS	<b>(1,473,238)</b>	(1,074,063)	(2,850,618)	(1,136,177)	(962,845)
	<b>1,034,504</b>	1,461,494	(462,081)	(1,844,135)	140,795

# FINANCIAL HIGHLIGHTS

31 March 2024

	Year ended 31 March 2024 RMB'million	Year ended 31 March 2023 RMB'million	+ / (-) Change
<b>FINANCIAL PERFORMANCE</b>			
Revenue	1,441	5,175	-72.29%
Gross profit margin	9.08%	14.70%	
(Loss)/profit for the year	(750)	1,019	-173.90%
<b>KEY FINANCIAL INDICATORS</b>			
Cash and cash equivalents	890	696	27.87%
Net current assets	2,016	1,690	-18.88%
Total assets	11,523	12,649	-8.86%
Total liabilities	9,015	10,113	-10.79%
Interest-bearing bank and other borrowings	1,748	1,920	-8.96%
Total equity	2,508	2,536	-1.22%
Current ratio (times)	1.26	1.18	
Gearing ratio	0.70	0.80	
Basic and diluted (loss)/profit per share (RMB cents)	(8.24)	13.71	