Home essential

First Class Experience

With effect from 19 April 2024, Mr. Lam has been appointed as an executive director of Hon Kwok Land Investment Company, Limited ("Hon Kwok") (stock code: 0160) and then became the chairman of the board since April 2025. He is responsible for the overall management of Hon Kwok. From 19 April 2024 to 10 December 2025, he served as an executive director of Century Enterprise Capital Limited (stock code: 1450) and he has also been appointed as an independent non-executive director of Best Food International Holdings Limited (stock code: 2488) with effect from 25 June 2024, and of Sunlight International Holdings Limited (stock code: 1073) with effect from 1 July 2024. All the aforesaid companies are listed on the Hong Kong Stock Exchange.

All the executive directors of the Company are responsible for the various aspects of the management of the Group. These executive directors are regarded as the members of the senior management team of the Group.

The Directors acknowledge their responsibility for preparing financial statements of the Group which give a true and fair view of the state of affairs of the Group and of the profit or loss and cash flows of the Group for the year ended 31 December 2016 in accordance with International Financial Reporting Standards, comprising International Financial Reporting Standards and other pronouncements issued by the International Accounting Standards Board, and in the manner required by the Companies Act, 2006. The Directors also accept responsibility for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have made an assessment of the Group's ability to continue as a going concern.

For the statements of the auditor about its responsibility for reporting the financial statements, please refer to the section headed "Independent Auditor's Report — Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" on page 56 in this annual report.

For the year ended 31 March 2020

Notes

(a) Capital reserve arises from the acquisition of equity interests of certain subsidiaries through a corporate reorganisation to represent the difference between the nominal value of share capital of those subsidiaries at the date of acquisition and the nominal value of the shares issued by the Company as consideration for the acquisition.

(b) Other reserve arises from the acquisition of the additional equity interest or deemed disposal of equity interest of subsidiaries. It represents the difference between the carrying amount of the net assets of the subsidiaries attributable to the additional interests or disposal of equity interests by subsidiaries and the cash consideration paid or received or the fair value of consideration received or receivable by the Company.

(c) The statutory reserve represents the amounts transferred from accumulated profits of the subsidiaries established in the People's Republic of China (the "PRC") as required by the relevant laws and regulations in the PRC. Subject to certain conditions set out in the relevant laws and regulations in the PRC, the statutory reserve can be applied to offset certain losses of the relevant subsidiaries or increase capital.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES continued

FINANCIAL RISK MANAGEMENT – continued

(1) Financial risk factors – continued

[illegible]

(2) Capital risk management

[illegible]

Determining whether property, plant and equipment or intangible assets are impaired requires an estimation of the recoverable amount of the cash-generating unit to which asset and equipment has been allocated. Where the value in use calculation has been used, the carrying amount of the cash-generating unit is compared to the present value of the future cash flows expected to arise from the cash-generating unit. A recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the present value of future cash flows are less than the carrying amount, an impairment loss arises. Due to the continuous losses of the Company, management has determined that as an indication of impairment. Therefore, as management does not expect the benefits of the undernoted business drivers, and the results showed that an impairment provision should be recognized.

As at 31 March 2023, the Group provided for deferred tax liabilities of approximately [illegible] (2022: [illegible]) in relation to the estimated tax to be payable on the taxable temporary differences. However, there has never been provided for the distributable profits of certain subsidiaries that the Group plans to retain in the respective countries for their daily operations and other purposes. Deferred tax liabilities on profits are never made or provided, assessed tax liabilities will arise, either on the profits or loss for the period or when such profits are distributed as dividends to the Group's principal subsidiaries or to parties.

No deferred tax assets have been recognised in respect of the unused tax losses as the Group has [illegible] (2022: [illegible]) due to the unpredictability of future profit streams. Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Deferred tax assets are not recognised in respect of tax losses that have expired.

The Group's operations are geographically based on investments in various profitable and loss-making subsidiaries. Each subsidiary is responsible for its own operations and is subject to local tax laws and regulations. Tax losses can be carried forward to offset future taxable profits, subject to certain limitations. The Group's ability to utilize these losses depends on the future profitability of the subsidiaries in which they were incurred. Management has assessed the likelihood of future taxable profits and has recognized deferred tax assets only to the extent that it is probable that sufficient taxable profits will be available to utilize the losses. The unrecognized tax losses may be carried forward indefinitely, subject to certain conditions.

The Group's investment properties consist of commercial and residential properties that are held for rental income and capital appreciation. These properties are initially measured at cost, including transaction costs, and subsequently carried at fair value. Fair value is determined annually by independent professional valuers using recognized valuation techniques, such as the income capitalization approach and the discounted cash flow method. Changes in fair value are recognized in profit or loss for the period in which they arise. Investment properties are derecognized when they are disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The gain or loss on disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

The Group's investment properties consist of commercial and residential properties that are held for rental income and capital appreciation. These properties are initially measured at cost, including transaction costs, and subsequently carried at fair value. Fair value is determined annually by independent professional valuers using recognized valuation techniques, such as the income capitalization approach and the discounted cash flow method. Changes in fair value are recognized in profit or loss for the period in which they arise. Investment properties are derecognized when they are disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The gain or loss on disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

Amounts included in the statement of profit or loss

	2021	2020
Cost of inventories		
Employee benefits expense		
Depreciation and amortisation		
Lease expense		
Finance costs		
Other expenses		

For the year ended 31 March 2025

The Group generally allows a credit period of 30 to 90 days for customers. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits based on a wide range of information. The historical credit records of these customers, the ageing analysis of the Group's trade receivables and subsequent settlements, the reasons for late payments of trade receivables and the ageing of the relevant trade receivables are reviewed regularly by the management. The Group does not hold any collateral over these balances. The following is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

The following table reflects activity for the Company's share options for the three years ended December 31, 2021:

For the year ended 31 March 2025