中國萬天控股有限公司

CHINA WANTIAN HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1854

2022 Annual Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Hooy Kok Wai *(Chairman)*
Mr. Liu Chi Ching *(Vice-chairman)*
Mr. Zhong Xueyong *(Chief executive officer)*

Independent non-executive Directors
Mr. Ng Ki Man
Mr. Leung Sui Chung
Mr. Siu Chun Pong Raymond

BOARD COMMITTEES

Audit committee
Mr. Ng Ki Man *(Chairman)*
Mr. Leung Sui Chung
Mr. Siu Chun Pong Raymond

Nomination committee
Mr. Hooy Kok Wai *(Chairman)*
Mr. Ng Ki Man
Mr. Leung Sui Chung
Mr. Siu Chun Pong Raymond

Remuneration committee
Mr. Leung Sui Chung *(Chairman)*
Mr. Liu Chi Ching
Mr. Ng Ki Man
Mr. Siu Chun Pong Raymond

COMPANY SECRETARY

Mr. Lau Yau Chuen Louis

AUTHORISED REPRESENTATIVES

Mr. Liu Chi Ching
Mr. Lau Yau Chuen Louis

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAW

K. B. Chau & Co.
Unit B, 31/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Exchange Tower
33 Wang Chiu Road, Kowloon Bay
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 2211, 22/F, T7
One Shenzhen Bay
No. 3008 Zhongxin Road, Nanshan District
Shenzhen, the PRC

PRINCIPAL BANKS

OCBC Wing Hang Bank Limited
Bank of China (Hong Kong) Limited

INVESTORS AND MEDIA RELATIONS

Anli Financial Communications Limited
Room 1901-02, 19/F
Shanghai Industrial Investment Building
48-62 Hennessy Road, Wanchai
Hong Kong

STOCK CODE

1854

COMPANY WEBSITE

http://chinawantian.etnet.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Wantian Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I would like to present the Group's annual report for the year ended 31 March 2022 (the "**year**" or the "**financial year under review**").

BUSINESS OVERVIEW

The Group engages principally in sourcing, processing and supplying food ingredients, with a focus on providing fruit and vegetables to food service operators in Hong Kong. It supplies in excess of 1,300 types of food ingredients to more than 480 customers. During the financial year under review, global supply chains remained affected by recurring outbreaks of Novel Coronavirus ("**COVID-19**" or the "**pandemic**") and geopolitical uncertainties, amid which logistics costs increased and transportation suffered delays. Hong Kong's catering industry faced persistent challenges such as restrictive social distancing measures and significantly shortened operating hours. Reduced reliability in supplies of imported fresh ingredients also caused difficulties in the industry.

Fortunately, when the pandemic stabilised during the first quarter of 2021, the government of Hong Kong relaxed social distancing measures, and in the second quarter, it released the first phase of the 2021 Consumption Voucher Scheme, which had significantly improved consumer sentiment and contributed to an improvement in the overall business environment starting from the second quarter of the previous year. During the year, we actively addressed changes in the market and food consumption patterns in Hong Kong, while working closely with our business partners to leverage efficient logistics and operational solutions to provide customers with stable supplies of goods, in order to avail ourselves of an increased range of business opportunities and boost the overall revenue. Despite a fifth wave of COVID-19 that began in Hong Kong in the first quarter of 2022, the Group recorded positive revenue growth during the year.

As a supplier to food service operators, we have a deep understanding of the importance of food supply stability amid the pandemic. The Group therefore fully supports the government's anti-pandemic measures by, among others, adopting stricter precautionary measures at its offices and facilities, regularly disinfecting them to ensure they are clean, and requiring employees to undergo thorough disinfection before entering premises, to prevent COVID-19 impacting its ability to operate as a reliable supplier of food ingredients.

RESULTS FOR THE YEAR

During the year, the operating environment in Hong Kong's catering industry gradually improved. Leveraging the relaxation of social distancing measures and the government's 2021 Consumption Voucher Scheme, the Group benefited from an increase in orders with signs of revival in the food and beverage sector, leading to significant growth in the Group's revenue from the second to the fourth quarter of 2021 compared to the same period of the previous year. Although social distancing measures were tightened again in January 2022 due to the fifth wave of COVID-19, the Group recorded growth in its overall revenue during the year.

For the year ended 31 March 2022, the Group generated a total revenue of approximately HK$127.7 million, representing an increase of approximately 19.7% compared with the previous year's figure of HK$106.7 million. On the back of this revenue growth, the Group's gross profit surged 41.7% to approximately HK$18.7 million from HK$13.2 million in the previous year. To support its business development and expansion, the Group incurred higher operating expenses during the year, among which were legal and professional fees accrued in relation to the general offer. A provision for expected credit losses of approximately HK$5.4 million was recognised following the assessment of the credit history of customers and the market conditions during the year, loss for the year of approximately HK$11.0 million was incurred with basic loss per share of HK$0.77 cent. In addition, the Group did not receive any government grants from the Employment Support Scheme or other programmes under the Anti-Epidemic Fund for 2021 as it had the previous year (31 March 2021: HK$3.8 million).

Amid recurring outbreaks of the pandemic, the market environment in which the Group operates remains challenging, and the outlook for global supply chains remains uncertain, even as the Group makes every effort to accelerate the development of its business. In view of these factors, the Board considers that it is necessary for the Group to maintain a responsible risk-management posture and does not recommend the payment of a final dividend for the year (31 March 2021: Nil).

OUTLOOK

Following the phased easing of social gathering restrictions by the government, the catering business environment has improved significantly, and the Group expects its business in the city to develop steadily. Insights from iResearch Consulting Group suggest that in Mainland China, as the impact of the pandemic gradually subsides, the catering industry's online and offline channels will further integrate. In addition, as the disposable income of Mainland Chinese continues to increase, the catering industry is expected to gradually recover and grow. The Group is optimistic about the development prospects of the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"), with Shenzhen being an important growth engine, and it stepped up efforts to develop its business in the Greater Bay Area during the year. In the long run, the importance of the Group's Mainland China business will gradually increase and become the main driver of profit growth in its business. We expect China's economy to recover rapidly during the post-pandemic era, and the Group will seize opportunities to enhance the development of its business in the Greater Bay Area.

In May 2022, the Group established its Greater Bay Area headquarters in Shenzhen's Nanshan district, marking its official debut in the Greater Bay Area market. As one of China's most open and economically vital regions, the Greater Bay Area is essential for the nation's continued development. With its huge market, unique regional advantages, open trade environment and dynamic industry structure, the Greater Bay Area will create unprecedented development opportunities for the Group. Leveraging the extensive experience of our management and the Group's strong business networks, we will expand our Hong Kong business into this market with a potentially large customer base.

The establishment of the Group's Greater Bay Area headquarters in Shenzhen is the first part of its business development strategy for the Greater Bay Area. In the future, the Group will focus on developing three main businesses in this market, including fresh food supply, retail and catering, as well as environmental protection and technology. The Group will establish a whole-industry supply chain that includes upstream, midstream and downstream businesses in the Greater Bay Area, and boost its market share by leveraging its unique competitive advantages. We believe that the three main business initiatives, with their strong synergies, will open up unique opportunities and lay strong foundations for the Group's future development.

In its fresh food supply business, the Group plans to expand its existing supply chain activities in Hong Kong to the Greater Bay Area to provide fresh ingredients such as seafood, meat and vegetables to customers' stores. Capitalising on the advantages its Hong Kong supply chain business enjoys, the Group will be able to exercise superior task management in respect of procurement, orders, inventory, receipt and delivery, boosting efficiency to deliver fresh ingredients to customers in a safe, efficient and cost-effective manner. We aim to replicate our successful experience in the local market in the Greater Bay Area market. At the same time, we will also identify suitable acquisition targets in this new market to expedite development by working with leading partners and efficiently sharing resources.

With regard to the Group's retail and catering business, the outlook in China for the sector is promising according to industry statistics, with revenue of the nation's catering industry expected to exceed RMB6 trillion in 2024 and with a compound annual growth rate of 8.8% predicted for the next three years. During the pandemic, Mainland China's catering industry has become intensely competitive, prompting weaker businesses to exit the market and reducing the number of participants. This provides an ideal opportunity for the Group to enter the retail and catering business and facilitates its exploration of the market by leveraging its supply chain advantages. Starting from Zhongshan, in Guangdong Province, the Group plans to grow its retail- and catering-related downstream business in the Greater Bay Area, including opening restaurants specialising in dishes using fresh ingredients. We will gradually scale up and establish the food and beverage brand "Wantian Catering" and aim to develop the business throughout the Greater Bay Area.

In the Group's environmental protection and technology business, several recently launched national policies offer bright prospects for enterprises involved in "modern agricultural technology and environmental protection". In line with national policies, the Group will endeavour to promote its "Sky Farm" project and expand urban green areas as a first step. The second step will involve promoting green education, targeting primary and secondary schools in the Greater Bay Area, to support the region's sustainable development.

APPRECIATION

The Group officially changed its name to "China Wantian Holdings Limited" in December 2021, marking a milestone in the strategic development of our business. With new targets identified, we will devote ourselves to exploring opportunities in the fresh food supply industry in the Greater Bay Area.

Developing businesses ranging from modern agriculture, fresh food supply to retail and catering, our goal is to build an environmentally responsible and sustainable fresh food supply chain system in the Greater Bay Area. The Group will enhance the coordinated development of its various business segments, facilitating the establishment of a leading green brand in the region, promoting the transformation and upgrading of fresh food industry in China, and enhancing efficiency. Looking ahead, we will remain true to our original commitment to continuing to uphold the Group's mission and development philosophy while expediting advances in the new market with a view to achieving a business development breakthrough.

On behalf of the Board, I would like to extend my sincere gratitude to all shareholders, investors and business partners for their continued support. The growth of the business that we have seen could not have been attained without the efforts of the Group's management team and the unwavering commitment of our staff, and I would like to express my appreciation to all Directors, management and staff for overcoming the challenges we have faced and leading the Group to excel in a difficult business environment. We have every confidence that our exploration of the Greater Bay Area market and elevation into the front ranks of the industry will create increased long-term value for our shareholders and investors.

Hooy Kok Wai
Chairman and Executive Director

Hong Kong, 28 June 2022

FINANCIAL INFORMATION

The Group's operating results for the year ended 31 March 2022 (the "**Year**") were contributed by the sourcing, processing and supplying of food ingredients to food service operators in Hong Kong.

Revenue

The Group's revenue for the Year was approximately HK$127.7 million, representing an increase of approximately 19.7% from approximately HK$106.7 million for the year ended 31 March 2021, which was primarily contributed by the revenue growth prior to the outbreak of the fifth wave of COVID-19 in Hong Kong, reflecting an improvement in local consumer sentiment in 2021 as benefited from the relaxation of social distancing measures and the launch of 2021 Consumption Voucher Scheme by the government of Hong Kong.

Gross profit and gross profit margin

The Group's gross profit for the Year was approximately HK$18.7 million, which improved by approximately 41.7% from approximately HK$13.2 million for the year ended 31 March 2021. The Group's gross profit margin for the Year was approximately 14.6%, representing an increase of approximately 2.2 percentage points as compared to approximately 12.4% for the year ended 31 March 2021, which was primarily attributable to the implementation of cost control measures to reduce excessive costs by improving workflow efficiencies through streamlining the operations.

Impairment of trade receivables

The Group recorded an impairment loss of trade receivables of approximately HK$5.4 million for the Year (2021: HK$6.9 million), which was primarily due to overdue payment from the customers as a result of the prolonged pandemic.

Other income

The Group's other income for the Year was approximately HK$0.3 million as compared to approximately HK$4.0 million for the year ended 31 March 2021. Such decrease was primarily attributable to the receipt of non-recurring government grants of approximately HK$3.8 million from the Employment Support Scheme and other programmes under the Anti-Epidemic Fund for the year ended 31 March 2021, which were absent in the Year.

Finance costs

The Group's finance costs for the Year was approximately HK$0.6 million, representing a decrease of approximately 45.5% from approximately HK$1.1 million for the year ended 31 March 2021, which was mainly due to the repayment of bank borrowings during the Year.

Selling and administrative expenses

The Group's selling and administrative expenses for the Year were approximately HK$23.8 million, representing an increase of approximately 31.5% from approximately HK$18.1 million for the year ended 31 March 2021, which was primarily due to legal and professional fees incurred in relation to the general offer and an increase in the operating expenses to cope with the future development and expansion of the Group.

Loss for the year

Taking into consideration the above-mentioned factors, loss for the year increased by 34.1% to approximately HK$11.0 million, as compared with loss of approximately HK$8.2 million for the year ended 31 March 2021.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the prospectus of the Company dated 30 September 2016 (the "**Prospectus**") with its actual business progress up to 31 March 2022. The net proceeds from the listing of the ordinary shares with a nominal value of HK$0.01 each in the share capital of the Company (the "**Shares**") on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of placing (the "**Listing**") on 13 October 2016 (the "**Listing Date**") were used for the purposes in accordance with these business plans.

Business plan as set out in the Prospectus	Progress up to 31 March 2022
Enhancement of sales channels	
Enhance the sales channels such as upgrading mobile sales application and developing an internet sales platform	Mobile sales application has been upgraded and internet sales platform is launched

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the issue of new Shares at the time of Listing through a placement of 320,000,000 Shares at the placing price of HK$0.225 per Share, after deduction of the underwriting commission and the actual expenses paid by the Group in connection thereto, were approximately HK$47.8 million. Up to 31 March 2022, the net proceeds from the Listing had been used as follows:

	Planned use of net proceeds from Listing Date to 31 March 2022 HK$ million	Actual use of net proceeds from Listing Date to 31 March 2022 HK$ million	Unutilised net proceeds up to 31 March 2022 HK$ million
Acquisition of new processing base, facilities and equipment	23.7	23.7	–
Further strengthening the manpower	9.1	9.1	–
Expansion of logistic team	9.7	9.7	–
Enhancement of sales channels	0.5	0.5	–
General working capital	4.8	4.8	–
Total	47.8	47.8	–

During the Year, the net proceeds from the Listing were fully utilised in the manner as disclosed in the Prospectus and there has been no change in the use of the net proceeds.

USE OF NET PROCEEDS FROM SHARE SUBSCRIPTION

On 6 July 2021, it was announced that the Company and Ace Source Holdings Limited ("**Ace Source**") entered into a subscription agreement (the "**Subscription Agreement**") on 29 June 2021, pursuant to which Ace Source conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 252,000,000 Shares (the "**Subscription Share(s)**") to Ace Source at a cash consideration of HK$37.8 million (the "**Share Subscription**"). The Share Subscription was carried out for the purpose of (i) forming part and parcel of the transactions contemplated under the share purchase agreement dated 29 June 2021 entered into between Classic Line Holdings Limited ("**Classic Line**") and Ace Source relating to the transfer of 520,000,000 Shares beneficially owned by Classic Line to the completion of the said transfer of Shares; and (ii) bringing in new capital to the Group and broadening its capital base without incurring interest costs.

Based on the nominal value of HK$0.01 per Subscription Share and the closing market price of HK$0.14 per Subscription Share, as quoted on the Stock Exchange on 29 June 2021, being the date of the Subscription Agreement, the aggregate nominal value and the total market value of the Subscription Shares were HK$2.52 million and HK$35.28 million respectively.

The gross and net issue price per Subscription Share from the Share Subscription were approximately HK$0.15 and HK$0.1496 respectively.

The Share Subscription was completed on 16 August 2021. The net proceeds of the Share Subscription amounted to approximately HK$37.7million after deducting all relevant professional fees and other related expenses.

As at 31 March 2022, approximately HK$22.1 million out of the net proceeds from the Share Subscription had not been utilised. The remaining net proceeds are expected to be allocated as originally disclosed in the circular of the Company dated 28 July 2021 (the "**Circular**") and to be utilised on or before 31 December 2022. The utilisation of the net proceeds from the Share Subscription is summarised as follows:

	Planned use of net proceeds as shown in the Circular HK$ million	Actual use of net proceeds up to 31 March 2022 HK$ million	Unutilised net proceeds up to 31 March 2022 HK$ million
Repayment of bank loans	22.0	15.6	6.4
Establishment of two retail outlets	10.0	–	10.0
General working capital	5.7	–	5.7
Total	37.7	15.6	22.1

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the Year and up to the date of this report. The capital of the Group only comprises ordinary Shares.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded the liquidity and capital requirements principally from cash generated from operations and bank borrowings.

As at 31 March 2022, the Group had bank borrowings of approximately HK$23.6 million, which were denominated in Hong Kong dollars (31 March 2021: approximately HK$43.4 million). The Group's bank borrowings were primarily obtained at variable rates and used in financing the working capital requirement for its operations and the purchase of the existing premises.

As at 31 March 2022, the Group had approximately HK$45.0 million in bank balance (31 March 2021: approximately HK$37.4 million). The Group had no bank overdraft as at 31 March 2022 (31 March 2021: Nil). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

As at 31 March 2022, total assets, which included current assets of approximately HK$74.6 million (31 March 2021: approximately HK$65.8 million) and non-current assets of approximately HK$80.9 million (31 March 2021: approximately HK$79.8 million), increased by 6.8% to approximately HK$155.5 million (31 March 2021: approximately HK$145.6 million), which was primarily attributable to the increase in bank balance.

As at 31 March 2022, total liabilities, which included current liabilities of approximately HK$30.7 million (31 March 2021: HK$50.6 million) and non-current liabilities of approximately HK$4.7 million (31 March 2021: HK$1.7 million), decreased by 32.3% to approximately HK$35.4 million (31 March 2021: HK$52.3 million), which was mainly due to repayment of bank borrowings.

As at 31 March 2022, the current ratio of the Group, being current assets divided by current liabilities, increased to 2.4 (31 March 2021: approximately 1.3) as a result of new funding raised from the Share Subscription.

GEARING RATIO

As at 31 March 2022, the gearing ratio of the Group, being total borrowings (including total lease liabilities) divided by total equity, decreased to approximately 23.4% (31 March 2021: approximately 46.5%) following the issuance of new Shares upon the completion of the Share Subscription and repayment of bank borrowings.

CHARGE ON GROUP ASSETS

As at 31 March 2022, the Group has pledged its leasehold land under right-of-use assets and buildings with a net book value amounting to approximately HK$44.9 million (31 March 2021: approximately HK$63.3 million) for certain banking facilities granted to the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer accounted for approximately 9.0% (31 March 2021: approximately 10.3%) of the Group's total revenue while the Group's five largest customers in aggregate accounted for approximately 31.1% (31 March 2021: approximately 35.5%) of the Group's total revenue for the Year.

The Group's largest supplier accounted for approximately 51.9% (31 March 2021: approximately 53.0%) of the Group's total purchases while the Group's five largest suppliers in aggregate accounted for approximately 75.6% (31 March 2021: approximately 76.2%) of the Group's total purchases for the Year.

None of the Directors, or any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the issued Shares) has any beneficial interest in the Group's five largest customers or suppliers.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET

Save as disclosed in this report, the Group had no significant investment with a value of 5% or more of the Group's total assets as at 31 March 2022. There was no material acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the Year. There were no other plans for material investment or capital asset as at 31 March 2022.

FOREIGN EXCHANGE EXPOSURE

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is a food ingredients supplier and most of its transactions are settled in Hong Kong dollars. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2022 (31 March 2021: Nil).

CAPITAL COMMITMENTS

As at 31 March 2022, the Group did not have capital commitments in respect of acquisition of property, plant and equipment (31 March 2021: Nil).

SEGMENT INFORMATION

The Group principally operates in one business segment, which is the sourcing, processing and supplying of food ingredients to food service operators in Hong Kong.

INFORMATION ON EMPLOYEES

As at 31 March 2022, the Group had 69 employees working in Hong Kong (31 March 2021: 81). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonuses. Various types of trainings are provided to the employees from time to time. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the Year amounted to approximately HK$18.4 million (31 March 2021: approximately HK$17.0 million).

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the Year (31 March 2021: Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group is exposed to credit risk primarily arising from cash and cash equivalents, trade receivables and deposits. Trade receivables are substantially from local food service operators with good collection track records with the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risks. The Group is subject to concentration of credit risk with respect to trade receivables as approximately 73.0% (31 March 2021: 64.8%) of the total trade receivables were due from the five largest debtors as at 31 March 2022. For the trade receivables under collective assessment, in view of the history of business dealings with these customers and the sound collection history of the receivables due from them, the management communicates to the customers on the expected repayment terms with significant overdue balance and believes that there is no material credit risk inherent in the Group's outstanding receivable balances due from these customers. For the trade receivables that are individually proved to be impaired, management has provided sufficient provision on those balances. For the year ended 31 March 2022, the Group has made a loss allowance of approximately HK$5,364,000 (31 March 2021: HK$6,866,000) for trade receivables under the expected credit loss model, based on assessment of the credit history of the customers and the current market condition.

Cash and cash equivalents are mainly deposits with banks with good credit ratings assigned by international credit-rating agencies or with good reputation. For deposits, the Group adopts the policy of dealing only with high credit quality counterparties.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as of the end of each reporting period in relation to each class of recognised financial assets was the carrying amounts of those assets as stated in the statement of financial position. For details of credit risk, please refer to note 5(a) to the consolidated financial statements.

Liquidity risk

As at 31 March 2022, 91.0% (31 March 2021: 100%) of the Group's financial liabilities were due within the next 12 months, of which approximately 39.0% (31 March 2021: 78.4%) were bank borrowings which matured at more than 1 year with a repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements. The Group manages the liquidity risk by maintaining sufficient cash and banking facilities to enable the Group to meet its normal operating and capital commitments. For details of the liquidity risk, please refer to note 5(b) to the consolidated financial statements.

Price fluctuation risk

A rise in the purchase costs of food ingredients may be caused by several external factors, such as extreme weather, fluctuations in supply and demand and other economic conditions. If the Group is unable to obtain the requisite quantities of food ingredients at commercially reasonable prices, the Group's business operations could be adversely affected. The Group continuously communicates with suppliers on the material price trends and seeks more sources of supplies to diverse the risk of relying on a small number of suppliers.

Macroeconomic risk

Most of the Group's customers are catering groups and restaurant operators which run various restaurant brands and chains in Hong Kong. The Group's sustainable growth, therefore, relies on the profitability of its customers, which may be significantly affected by general economic conditions such as changes in competitive conditions, consumer tastes and discretionary spending patterns in the markets. In addition, macroeconomic factors may also affect the business of the Group's customers, such as economic recession, increase in the unemployment rate, political instability, fall in disposable consumer income and general consumer confidence. It is necessary for the Group to diversify the products and sales channels to reduce its reliance on the catering segment, as well as to impose greater cost control as a whole.

Impact on business performance due to outbreak of the COVID-19

The principal business of the Group is engaged in the sourcing, processing and supplying of food ingredients to food service operators in Hong Kong. The economy of Hong Kong has been suffering due to the tightening of the social distancing measures from time to time in response to the various waves of the pandemic. The cessation of nighttime dine-in services at catering businesses, coupled with temporary school closure, generally led to a lower demand for food ingredients from food service operators, which had exerted pressure on the performance of the Group. It is therefore necessary for the Group to adopt timely strategic adjustments to diversify the business scope and to broaden its revenue base.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Hooy Kok Wai, aged 63, was appointed as chairman of the Board and an executive Director on 19 August 2021. He is the chairman of the nomination committee of the Company (the "**Nomination Committee**") and also serves as a director of certain subsidiaries of the Company. Mr. Hooy has overall responsibilities for formulating business strategies and development plans for the Group.

Mr. Hooy is a Singaporean Chinese entrepreneur and has extensive experience in investment and corporate management. He is the co-founder and has served as chairman of China Wantian International Group Limited ("**China Wantian International**"), which is principally engaged in modern agriculture in the People's Republic of China ("**PRC**") through the indirect holding of its subsidiaries. He is also the co-founder and has served as vice-chairman of Perfect (China) Co., Ltd. since 1995, a company which is principally engaged in research, development, manufacturing and sale of personal care products, cosmetics, health food and household cleaning necessities through direct sales in the PRC. Mr. Hooy has also been a director of Yen Lee Holdings Pte Ltd. since April 1980, a corporation based in Singapore which is principally engaged in wholesale and retail of various industrial tools, and firefighting, safety, rescue and life-saving equipment in Southeast Asia. Mr. Hooy is the founding president of Guangdong-Hong Kong-Macau Greater Bay Area Industry and Commerce Federation and the honorary president of Chung Shan Association (Singapore). He is a controlling shareholder and a director of Ace Source, which has an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**").

Mr. Liu Chi Ching, aged 56, is the founder of the Group. He was appointed as a Director on 6 April 2016, re-designated as an executive Director and chairman of the Board on 27 May 2016, and subsequently re-designated as vice-chairman of the Board on 19 August 2021. He is a member of the remuneration committee of the Company (the "**Remuneration Committee**") and also serves as a director of certain subsidiaries of the Company. Mr. Liu is responsible for the overall strategic management of the Group's business operation.

Mr. Liu has over 21 years of experience in the food trading and processing industry. He worked as a chef at various restaurants of well-known clubs and hotels from 1983 to 1993, including The American Club Hong Kong and Hyatt Regency Hong Kong. Prior to founding the Group, Mr. Liu has been operating his business under the trade name of 'C.Y. Trading Company' since March 1993. He established CY Food Trading Limited in May 1998 and acted as a director of such company from May 1998 to March 2001. He is the sole shareholder and director of Classic Line, which has an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Zhong Xueyong, aged 38, was appointed as an executive Director on 19 August 2021 and became the chief executive officer of the Company on 29 September 2021. He also serves as a director of certain subsidiaries of the Company. Mr. Zhong is responsible for overseeing the overall management, business operation and development of the Group.

Mr. Zhong is the founder and acted as chairman of Guangdong Wangu Industrial Development Company Limited, which is principally engaged in property development and investment, and hotel operation in the PRC. He is the co-founder and has served as the chief executive officer of China Wantian International. Mr. Zhong is the co-founding chairman of Guangdong-Hong Kong-Macau Greater Bay Area Industry and Commerce Federation. He was accredited as the 'Outstanding Young Entrepreneur of Zhongshan' in 2020 and the 'Outstanding Young Entrepreneur' by the 2nd Guangdong-HK-Macao Bay Area Entrepreneurs Union in 2021. He is a controlling shareholder and a director of Ace Source.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Ki Man, aged 36, was appointed as an independent non-executive Director on 26 September 2016. He is the chairman of the audit committee of the Company (the "**Audit Committee**") and a member of each of the Remuneration Committee and the Nomination Committee. Mr. Ng is responsible for providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Ng holds a bachelor of Business Administration (Honours) degree in Information Systems from City University of Hong Kong. He is a member of each of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Ng has more than 13 years of experience in auditing and accounting. He has been an independent non-executive director of Basetrophy Group Holdings Limited (stock code: 8460), a company listed on the Growth Enterprise Market of the Stock Exchange since June 2017.

Mr. Leung Sui Chung, aged 46, was appointed as an independent non-executive Director on 29 September 2021. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Leung is responsible for providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Leung holds a bachelor's degree in Business Administration from The University of Hong Kong. He has over 10 years of experience in the financial services industry and has extensive experience in capital markets. From February 2008 to January 2009, he was the senior business development manager (Asia Pacific) of Informa Group Plc. From March 2011 to December 2020, he was the associate director of Success Finance Group. Mr. Leung is the co-founder and the chief marketing officer of UNO Co-working Space. He now also acts as the chief marketing officer of Fortune Capital Strategy Limited and the associate director of Asset Management of Chief Securities Limited. He is currently licensed with the Securities and Futures Commission of Hong Kong as a Representative of Chief Commodities Limited for Type 2 (dealing in futures contracts), and of Chief Securities Limited for Type 1 (dealing in securities) and Type 9 (asset management) regulated activities.

Mr. Siu Chun Pong Raymond, aged 42, was appointed as an independent non-executive Director on 29 September 2021. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Siu is responsible for providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Siu holds a bachelor's degree in Laws from The University of Hong Kong and a master's degree in Laws from University College London. He has been a practising solicitor of The High Court of Hong Kong since 2005 and has over 16 years of practical experience in corporate finance and regulatory compliance. Mr. Siu was a partner of F. Zimmern & Co., Solicitors & Notaries from July 2012 to August 2017. He established his own law firm, Raymond Siu & Lawyers, in September 2017 and is now the senior partner of the firm. Mr. Siu is currently also the company secretary of three listed companies in Hong Kong, namely Allied Sustainability and Environmental Consultants Group Limited (stock code: 8320), EC Healthcare (stock code: 2138) and UTS Marketing Solutions Holdings Limited (stock code: 6113).

SENIOR MANAGEMENT

Ms. Wu Hau Kam, aged 58, is the director of Procurement of the Group. Ms. Wu is responsible for procurement of food ingredients and raw materials. Before joining the Group, Ms. Wu worked in Dongguan Liaobu Town Liangbian Management Area Knitwear Factory as a worker from 1978 to 1985. She then worked as a purchasing officer in Shui Hing Long Fresh Vegetables and Fruits Company from 1998 to December 2004. She worked as a purchasing officer in C.Y. Food Trading Company Limited from January 2005 to September 2005. Ms. Wu joined the Group as a purchasing manager in September 2005 and was promoted to her current position in January 2010.

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Mr. Lau Yau Chuen Louis, aged 45, graduated from City University of Hong Kong and holds a master's degree in Business Administration from the University of Greenwich in the United Kingdom. He is currently a member of the Association of Chartered Certified Accountants. He has over 21 years of experience in accounting, financial management and listing compliance gained from international certified public accounting firms and listed companies.

Mr. Lau was an independent non-executive director of IAG Holdings Limited (stock code: 8513) from June 2018 to May 2019. He was the chief financial officer and the company secretary of China Shandong Hi-Speed Financial Group Limited (stock code: 412) from May 2015 to May 2017. He was also an executive director and the financial controller of Artini Holdings Limited (stock code: 789) from May 2010 to July 2011. He has been serving as an independent non-executive director of i.century Holding Limited (stock code: 8507) since March 2018. He is currently the chief financial officer of WG International Group Limited (formerly known as WG Sky Farm International Group Limited) and a director of Ace Source.

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands with limited liability. The principal activity of the Company is investment holding. The Group is principally engaged in the sourcing, processing and supplying of food ingredients with a focus on the provision of vegetables and fruits to food service operators in Hong Kong. It supplies and offers more than 1,300 types of food ingredients to over 480 customers. Details of the principal activities of its subsidiaries are set out in note 29 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2022 and the state of affairs of the Company and of the Group at 31 March 2022 are set out in the consolidated financial statements on pages 94 to 161 of this annual report. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2022.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Monday, 19 September 2022 (the "**2022 AGM**"). For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Wednesday, 14 September 2022 to Monday, 19 September 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2022 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022), not later than 4:30 p.m. on Tuesday, 13 September 2022.

BUSINESS REVIEW

A fair review of the Group's business during the year and an indication of the likely future development of the Group's business are set out in the section headed "Chairman's Statement" in this annual report. A description of the principal risks and uncertainties facing the Group and financial key performance indicators are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. The financial risk management objectives and policies of the Group are set out in note 5 to the consolidated financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 162 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

DONATION

Charitable donations made by the Group during the year ended 31 March 2022 amounted to approximately HK$266,000 (31 March 2021: approximately HK$230,000).

SHARES ISSUED

On 16 August 2021, 252,000,000 Subscription Shares were allotted and issued to Ace Source at a subscription price of HK$0.15 per Subscription Share under a specific mandate pursuant to the Subscription Agreement.

After deducting professional fees and other related expenses, net proceeds of approximately HK$37.7 million (representing a net price of approximately HK$0.1496 per Subscription Share) were raised for the following use: (i) approximately HK$22 million was to be used for repayment of bank loans; (ii) approximately HK$10 million was to be used for establishment of two retail outlets; and (iii) approximately HK$5.7 million was to be used as general working capital of the Company.

Details of movements in the share capital of the Company are set out in note 25 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to the resolutions passed on 26 September 2016 so as to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

Under the Share Option Scheme, the Board may, at their absolute discretion and subject to the terms of the Share Option Scheme, grant any employee (full-time or part-time), Director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe for the Shares. The basis of eligibility of any participant to the grant of any option shall be determined by the Board from time to time on the basis of his/her contribution or potential contribution to the development and growth of the Group.

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme is 128,000,000 Shares, representing 10% of all the Shares in issue upon the date on which the Shares are listed and permitted to be dealt in the Stock Exchange and approximately 8.47% of the Shares in issue as at the date of this annual report. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the Shares in issue. Where any further grant of options in excess of such limit, such further grant must be separately approved by shareholders of the Company in general meeting with such grantee and his/her close associates abstaining from voting.

Options granted to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee). Where any options granted to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective close associates would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue and having an aggregate value in excess of HK$5 million must be approved by the Company's shareholders at a general meeting of the Company, with voting to be taken by way of poll.

An offer for the grant of options must be accepted in writing within 7 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The subscription price shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Share on the offer date of grant of the option.

The Share Option Scheme does not set out any performance targets that must be achieved before an option may be exercised. However, the Board may at its absolute discretion determine to include conditions of the exercise of the options such as fixing a minimum period for holding the options and setting specific performance targets. The Share Option Scheme will remain in force for a period of ten years commencing on 26 September 2016 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders at a general meeting of the Company.

For the year ended 31 March 2022, no option was granted, exercised, cancelled or lapsed. As at 1 April 2021 and 31 March 2022, there was no outstanding option under the Share Option Scheme since its adoption.

On 13 April 2022, the Board resolved to grant 79,100,000 options at the exercise price of HK$0.32 per Share to certain eligible persons under the Share Option Scheme, of which 45,000,000 options and 23,000,000 options conditionally granted to Mr. Hooy Kok Wai and Mr. Zhong Xueyong, respectively, were approved at the extraordinary general meeting of the Company held on 8 June 2022 in accordance with Note to Rule 17.03(4) and Rule 17.04(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Details of the grant were set out in the circular of the Company dated 13 May 2022 and the announcements of the Company dated 13 April 2022 and 8 June 2022.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 30 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association (the "**Articles of Association**") or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

TAX RELIEF

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

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, the Company did not enter into any equity-linked agreement for the year ended 31 March 2022, nor was there any equity-linked agreement entered into by the Company subsisting as at 31 March 2022.

CONNECTED TRANSACTION

On 29 June 2021, the Company and Ace Source entered into the Subscription Agreement in relation to the allotment and issuance of 252,000,000 Subscription Shares by the Company to Ace Source at a cash consideration of HK$37.8 million. A brief description of the Share Subscription and its purpose is set out in the section headed 'Management Discussion and Analysis' on page 9 of this annual report.

As Ace Source would become a controlling shareholder of the Company upon completion of the Share Subscription and hence a connected person of the Company, the entering into of the Subscription Agreement between the Company and Ace Source therefore constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

An extraordinary general meeting of the Company was held on 12 August 2021 and approvals for the Subscription Agreement and the transactions contemplated thereunder were granted by the then independent shareholders of the Company. Details of the Share Subscription were set out in the Circular.

Save as disclosed herein, the Company did not have any transaction with connected persons of the Group that were subject to the reporting, announcement or independent shareholders' approval requirements as required under the Listing Rules during the year ended 31 March 2022.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with "related parties" as defined under applicable accounting standards during the year ended 31 March 2022, which were disclosed in note 10 (employee benefit expenses – including Directors' emoluments) and note 28 (related party transactions) to the consolidated financial statements. Save for these related party transactions which constitute continuing connected transactions fully exempt from the connected transaction requirements under Rule 14A.76(1) or Rule 14A.95 of the Listing Rules, to the best knowledge of the Directors, no related party transaction disclosed in the consolidated financial statements constitutes a connected transaction as defined under Chapter 14A of the Listing Rules.

The Company complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DISTRIBUTABLE RESERVES

As at 31 March 2022, the Company's reserves available for distribution to equity holders comprising share premium account less accumulated losses, amounted to approximately HK$71.8 million.

DIRECTORS

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors

Mr. Hooy Kok Wai [1] *(Chairman)*
Mr. Liu Chi Ching [2] *(Vice-chairman)*
Mr. Zhong Xueyong [3] *(Chief executive officer)*
Ms. Wu Shuk Kwan [4]

Non-executive Director

Mr. Wong Chung Yeung [5]

Independent non-executive Directors

Mr. Ng Ki Man
Mr. Leung Sui Chung [6]
Mr. Siu Chun Pong Raymond [6]
Ms. Li On Lei [7]
Mr. Lo Siu Kit [7]

Notes:

1. Mr. Hooy Kok Wai was appointed as chairman of the Board and an executive Director on 19 August 2021.
2. Mr. Liu Chi Ching was re-designated from chairman to vice-chairman of the Board on 19 August 2021.
3. Mr. Zhong Xueyong was appointed as an executive Director on 19 August 2021 and became the chief executive officer on 29 September 2021.
4. Ms. Wu Shuk Kwan resigned as an executive Director and the chief executive officer on 29 September 2021.
5. Mr. Wong Chung Yeung resigned as a non-executive Director on 29 September 2021.
6. Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond were appointed as independent non-executive Directors on 29 September 2021.
7. Ms. Li On Lei and Mr. Lo Siu Kit resigned as independent non-executive Directors on 29 September 2021.

Each of Ms. Wu Shuk Kwan, Mr. Wong Chung Yeung, Ms. Li On Lei and Mr. Lo Siu Kit resigned as a Director on 29 September 2021 as a result of the change of control of the Company. The Board expressed its gratitude to the resigned Directors for their valuable contribution to the Company during their terms of office.

Mr. Hooy Kok Wai and Mr. Zhong Xueyong were appointed as executive Directors on 19 August 2021 and each was respectively re-elected as an executive Director at the annual general meeting of the Company held on 16 September 2021. Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond were appointed as independent non-executive Directors on 29 September 2021 and each was respectively re-elected as an independent non-executive Director at the extraordinary general meeting of the Company held on 3 November 2021. Details of the aforesaid change of directorships were set out in the announcements of the Company dated 16 August 2021 and 29 September 2021.

In accordance with article 108 of the Articles of Association, Mr. Liu Chi Ching, Mr. Zhong Xueyong and Mr. Ng Ki Man will retire from office by rotation at the 2022 AGM. Mr. Ng Ki Man has indicated to the Board that he would not offer himself for re-election as he wishes to devote more time to pursue his personal business. Accordingly, he will retire as a Director at the conclusion of the 2022 AGM. Mr. Liu Chi Ching and Mr. Zhong Xueyong, being eligible, have offered themselves for re-election at the 2022 AGM.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may incur or sustain in or about the execution of the duties in his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group for the year ended 31 March 2022.

DIRECTORS' SERVICE CONTRACTS

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

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders (the "**Controlling Shareholders**") or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries, during the year.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 14 to 16 of this annual report.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2022 are set out in note 4(r)(i) to the consolidated financial statements of this annual report.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as disclosed in this annual report, there was no transaction, arrangement or contract of significance entered into for the year ended 31 March 2022 or subsisted at any time during the financial year in which a Director or an entity connected with a Director was materially interested, either directly or indirectly.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 March 2022.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 March 2022 was the Company or any of its associated corporations a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors or their spouses or children under 18 years of age was granted any right to subscribe for any shares in, or debentures of, the Company or any of its associated corporations.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 March 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

(i) Long positions in the shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Hooy Kok Wai [1]	Member of concert party group	927,080,000	61.31%
Mr. Zhong Xueyong [1]	Member of concert party group	927,080,000	61.31%
Mr. Liu Chi Ching [2]	Interest of a controlled corporation	200,000,000	13.23%

Notes:

1. These Shares were held by Ace Source, which is a company incorporated in the British Virgin Islands. The shareholding of Ace Source is set out under the section headed 'Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares'. As Mr. Hooy Kok Wai and Mr. Zhong Xueyong are parties acting in concert with Ace Source, each of them is deemed to be interested in the same number of Shares in which Ace Source is interested for the purposes of the SFO.

   On 13 April 2022, Mr. Hooy Kok Wai and Mr. Zhong Xueyong have been conditionally granted 45,000,000 options and 23,000,000 options under the Share Option Scheme, respectively, which were each approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 8 June 2022.

2. These Shares were held by Classic Line, which is wholly-owned by Mr. Liu Chi Ching. Therefore, Mr. Liu Chi Ching is deemed, or taken to be, interested in the Shares held by Classic Line for the purposes of the SFO. Mr. Liu Chi Ching is the sole director of Classic Line.

(ii) Long positions in the shares of associated corporations of the Company

Name of Director	Name of associated corporation Note	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding
Mr. Hooy Kok Wai	Ace Source	Interest of a controlled corporation	81	81%
	China Wantian International	Interest of a controlled corporation	6,000	60%
	Wise Global Holding Limited ("**Wise Global**")	Beneficial owner	1	100%
Mr. Zhong Xueyong	Ace Source	Interest of a controlled corporation	81	81%
	China Wantian International	Interest of a controlled corporation	4,000	40%

Note: The respective shareholdings of these associated corporations are set out under the section headed 'Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares'.

Save as disclosed above, as at 31 March 2022, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors, as at 31 March 2022, the following persons (other than the Directors and chief executives of the Company) had or were deemed to have, interests or short positions in the shares, underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO:

Long positions in the shares and underlying shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Ace Source [1, 2]	Beneficial owner/member of concert party group	927,080,000	61.31%
China Wantian International [1, 2]	Member of concert party group	927,080,000	61.31%
Courage Rise Holdings Limited ("**Courage Rise**") [1, 2]	Member of concert party group	927,080,000	61.31%
Wise Global [1, 2]	Member of concert party group	927,080,000	61.31%
Hooy Investment Limited [2]	Member of concert party group	927,080,000	61.31%
Yap Global Investment Limited [2]	Member of concert party group	927,080,000	61.31%
Mr. Hooy Kok Kuen [2]	Member of concert party group	927,080,000	61.31%
Mr. Hooy Kwok Pun [2]	Member of concert party group	927,080,000	61.31%
Mr. Hooy Say Kai [2]	Member of concert party group	927,080,000	61.31%
Ms. Hooy Siew Kuen [2]	Member of concert party group	927,080,000	61.31%
Ms. Leong Kwai Ho [2]	Member of concert party group	927,080,000	61.31%

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Yap Fong Kee [2]	Member of concert party group	927,080,000	61.31%
Ms. Yap Hong Akiw [2]	Member of concert party group	927,080,000	61.31%
Ms. Yap Hong Kek [2]	Member of concert party group	927,080,000	61.31%
Ms. Yap Hong Leng [2]	Member of concert party group	927,080,000	61.31%
Mr. Yap Kong Meng [2]	Member of concert party group	927,080,000	61.31%
Ms. Yap Siew Chow [2]	Member of concert party group	927,080,000	61.31%
Ms. Yap Siew Ngoh [2]	Member of concert party group	927,080,000	61.31%
Ms. Yap Su Chai [2]	Member of concert party group	927,080,000	61.31%
Ms. Yap Yuk Kiew [2]	Member of concert party group/ interest of spouse	927,080,000	61.31%
Mr. Yek Hon Su [2]	Member of concert party group	927,080,000	61.31%
Classic Line	Beneficial owner	200,000,000	13.23%
Ms. Wu Shuk Kwan [3]	Interest of spouse	200,000,000	13.23%

Notes:

1. These Shares were held by Ace Source, which is owned as to 81% equity interest by China Wantian International. China Wantian International is a company incorporated in Hong Kong with limited liability and is owned as to 60% and 40% equity interest by Wise Global and Courage Rise respectively. Each of Wise Global and Courage Rise is wholly-owned by Mr. Hooy Kok Wai and Mr. Zhong Xueyong respectively.

2. As China Wantian International, Courage Rise, Wise Global, Hooy Investment Limited, Yap Global Investment Limited, Mr. Hooy Kok Kuen, Mr. Hooy Kwok Pun, Mr. Hooy Say Kai, Ms. Hooy Siew Kuen, Ms. Leong Kwai Ho, Mr. Yap Fong Kee, Ms. Yap Hong Akiw, Ms. Yap Hong Kek, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai, Ms. Yap Yuk Kiew (the spouse of Mr. Hooy Kok Wai) and Mr. Yek Hon Su are parties acting in concert with Ace Source, each of them is deemed to be interested in the same number of Shares in which Ace Source is interested for the purposes of the SFO.

3. Ms. Wu Shuk Kwan is the spouse of Mr. Liu Chi Ching. Under the SFO, Ms. Wu Shuk Kwan is deemed to be interested in the same number of Shares in which Mr. Liu Chi Ching is interested.

Save as disclosed above, as at 31 March 2022, the Company had not been notified of any other persons (other than the Directors and chief executives of the Company) who had or were deemed to have, interests or short positions in the shares, underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

COMPETITION AND CONFLICT OF INTERESTS

During the year ended 31 March 2022, none of the Directors or the Controlling Shareholders and their respective associates had any interests in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Ace Source, China Wantian International, Wise Global, Courage Rise, Mr. Hooy Kok Wai and Mr. Zhong Xueyong (each a "**Covenantor**" and collectively the "**Covenantors**") entered into a deed of non-competition with the Company (for itself and on behalf of all members of the Group) on 8 June 2022 (the "**Deed of Non-competition**").

Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and on behalf of all members of the Group) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors has further undertaken that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its close associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 30 days after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest, including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" on pages 31 to 50 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed minimum public float under the Listing Rules as the date of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent nonexecutive Directors to be independent.

INDEPENDENT AUDITOR

PricewaterhouseCoopers ("**PwC**") resigned as the auditor of the Company on 15 December 2021 as the Company could not reach a consensus with PwC on the audit fee in respect of the audit of the Group's consolidated financial statements for the year ended 31 March 2022.

The Board, with the recommendation from the Audit Committee, has resolved to appoint BDO Limited ("**BDO**") as the new auditor of the Company on 15 December 2021 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the 2022 AGM.

The consolidated financial statements for the year ended 31 March 2022 have been audited by BDO, which will retire and, being eligible, will offer itself for re-appointment at the 2022 AGM. A resolution will be proposed at the 2022 AGM to re-appoint BDO as auditor of the Company.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the values in protecting the natural environment for the benefits of earth. The Group has implemented a wide variety of green measures, including responsible use of resources, energy saving programme, waste management and carbon emissions reduction to alleviate the intensity of environmental impact to the community. To help protect the environment, the Group implements green practices such as reusing and recycling papers, separating paper waste from other waste for easier collection, recycling paper waste instead of direct disposal at landfill, reducing energy consumption by replacing majority of the lighting system of the processing facilities with LED lights and switching off air conditioning and electrical appliances when they are not in use. The Group's operations were in compliance with all material aspects of applicable environmental protection laws and regulations in Hong Kong during the year.

Details of the environmental, social and governance performance of the Group are set out in the section headed "Environmental, Social and Governance Report" on pages 51 to 88 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2022, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining good relationships with its suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the year ended 31 March 2022, there was no material or significant dispute between the Group and its suppliers, customers and/or stakeholders.

EVENTS AFTER THE REPORTING PERIOD

On 13 April 2022, the Board resolved to grant 79,100,000 options at the exercise price of HK$0.32 per Share to certain eligible persons under the Share Option Scheme, of which 45,000,000 options and 23,000,000 options conditionally granted to Mr. Hooy Kok Wai and Mr. Zhong Xueyong, respectively, were approved at the extraordinary general meeting of the Company held on 8 June 2022 in accordance with Note to Rule 17.03(4) and Rule 17.04(1) of the Listing Rules. Details of the grant were set out in the circular of the Company dated 13 May 2022 and the announcements of the Company dated 13 April 2022 and 8 June 2022.

Save as disclosed herein, there was no significant event after the year ended 31 March 2022 and up to the date of this report.

Save as otherwise stated, all references above to other sections, reports or notes in this annual report form part of this Directors' Report.

On behalf of the Board

Hooy Kok Wai
Chairman and Executive Director

Hong Kong, 28 June 2022

INTRODUCTION

Corporate governance is a collective responsibility of the members of the Board. The Board is committed to preserving high standards of corporate governance practices within the Company and devotes considerable effort to identify and enact best practices that align with Company's strategies. We believe good corporate governance is fundamental to the proper management of the Company in the interests of all stakeholders and to the creation of a long-term value for the shareholders of the Company.

CORPORATE GOVERNANCE PRACTICE

The Group is dedicated to achieving and maintaining high standards of corporate governance as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders and other stakeholders of the Company, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to promote the interests of its shareholders of the Company. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

The Company's corporate governance practices are based on the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules and amended from time to time. To the best knowledge and belief of the Directors, the Company has complied with the applicable code provisions of the CG Code throughout the year ended 31 March 2022, except for the deviations from code provisions C.1.6 and F.2.2, which are explained as follows:

Code provision C.1.6 provides that independent non-executive directors and other non-executive directors, as equal board members, generally should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Li On Lei, being the then independent non-executive Director, was unable to attend the annual general meeting of the Company held on 16 September 2021 (the "**2021 AGM**") due to her other overseas business engagement. Nevertheless, other members of the Board attended the 2021 AGM to ensure effective communication with the shareholders of the Company.

Code provision F.2.2 provides that the chairmen of the board and board committees should attend the annual general meeting to be available to answer questions. Each of Mr. Hooy Kok Wai, being the chairman of the Board and the Nomination Committee, and Ms. Li On Lei, being the then chairman of the Remuneration Committee, was unable to attend the 2021 AGM due to his or her other overseas business engagement. Nevertheless, Ms. Wu Shuk Kwan, being the then executive Director and the then chief executive officer of the Company, took the chair at the 2021 AGM, and the chairman of the Audit Committee and the then auditor of the Company attended the 2021 AGM. The Company considers that their presence was sufficient for effective communication with the shareholders of the Company at the 2021 AGM.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code as the code of conduct regarding Directors' transactions in securities of the Company. Based on specific enquiry with the Directors, all Directors confirmed that they had complied with the Model Code throughout the year ended 31 March 2022.

The Company has also established a code of conduct and ethical guidelines (the "**Code of Conduct**") for the purpose of, among others, to govern and regulate securities transactions by employees who are likely to be in possession of inside information relating to the Company, the terms of which are no less exacting than those of the Model Code. No incident of non-compliance of the Code of Conduct was noted by the Company for the year ended 31 March 2022.

THE BOARD

Responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

Delegation by the Board

The Board determines and oversees the Company's strategies and direction as a whole. The Group's daily operation and management including, inter alia, the implementation of strategies, are delegated to the executive Directors along with other senior executives who report periodically to the Board on their work and business decisions. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions or commitments entered into on the Company's behalf.

Corporate Governance Function

The Board is responsible for performing the corporate governance functions as set out in the code provision A.2.1 of the CG Code including, among other matters:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct applicable to the Directors and employees; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2022, the Board has reviewed the Company's corporate governance practices and the Company's compliance with the CG Code.

Board Composition

As at the date of this annual report, the Board comprises three executive Directors and three independent non-executive Directors. The number of independent non-executive Directors has met the minimum requirement of the Listing Rules, and represents not less than one-third of the total Board members. Further, at least one of the independent non-executive Directors possesses appropriate professional accounting qualifications and/or financial management expertise.

For the year ended 31 March 2022 and up to date of this annual report, the members of the Board are as follows:

Executive Directors

Mr. Hooy Kok Wai [1] *(Chairman)*
Mr. Liu Chi Ching [2] *(Vice-chairman)*
Mr. Zhong Xueyong [3] *(Chief executive officer)*
Ms. Wu Shuk Kwan [4]

Non-executive Director

Mr. Wong Chung Yeung [5]

Independent non-executive Directors

Mr. Ng Ki Man
Mr. Leung Sui Chung [6]
Mr. Siu Chun Pong Raymond [6]
Ms. Li On Lei [7]
Mr. Lo Siu Kit [7]

Notes:

1. Mr. Hooy Kok Wai was appointed as chairman of the Board and an executive Director on 19 August 2021.
2. Mr. Liu Chi Ching was re-designated from chairman to vice-chairman of the Board on 19 August 2021.
3. Mr. Zhong Xueyong was appointed as an executive Director on 19 August 2021 and became the chief executive officer on 29 September 2021.
4. Ms. Wu Shuk Kwan resigned as an executive Director and the chief executive officer on 29 September 2021.
5. Mr. Wong Chung Yeung resigned as a non-executive Director on 29 September 2021.
6. Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond were appointed as independent non-executive Directors on 29 September 2021.
7. Ms. Li On Lei and Mr. Lo Siu Kit resigned as independent non-executive Directors on 29 September 2021.

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise conducive to the business operation and development of the Group. The executive Directors as well as the independent non-executive Directors come from diverse background with varied expertise in accounting, finance, legal and business fields. Biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 16 of this annual report. The Company has maintained an updated list of Directors identifying their roles and functions on the websites of the Company and the Stock Exchange.

Save and except that each of Mr. Hooy Kok Wai and Mr. Zhong Xueyong is a director and a controlling shareholder of Ace Source, and Mr. Liu Chi Ching is the sole director and shareholder of Classic Line as disclosed in the section headed "Biographical Details of Directors and Senior Management", there is no relationship (including financial, business, family, or other material/relevant relationship(s)) among the Board members.

Practices and Conduct of Meetings

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each regular Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

The meetings are structured to allow open discussion. All Directors participate in discussing the strategy, operational and financial performance, internal control and risk management of the Group.

The company secretary of the Company (the "**Company Secretary**") is responsible to take and keep minutes of all Board and committee meetings. Draft minutes are normally circulated to the Directors for comments within a reasonable time after each meeting and the final version is open for the Directors' inspection.

According to the current Board practice, any material transaction, which involves conflict of interests on a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles of Association also contain provisions requiring the Director to abstain from voting and not to be counted as a quorum at meetings for approving transactions in which such Director or any of his close associates has/have a material interest.

Independent non-executive Directors

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensuring that the interests of all shareholders of the Company are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any securities of the Company.

The Company has received a written annual confirmation from each of the independent non-executive Directors of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Company considers all the independent non-executive Directors to be independent.

The independence of each independent non-executive Director is reviewed annually by the Nomination Committee based on the definition of independence defined in the Listing Rules. The Nomination Committee is satisfied as to the independence of Mr. Ng Ki Man, Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond, each of whom has fulfilled all the criteria for independence as stated in Rule 3.13 of the Listing Rules.

Appointment and Re-election

Each of the executive Directors and the independent non-executive Directors has signed a letter of appointment with the Company. The letter of appointment with each of the Directors is for a term of three years and is subject to retirement by rotation. According to the Articles of Association and the code provision of the CG Code, every Director (including those appointed for a specific term) should be subject to retirement by rotation at least once every three years.

According to article 112 of the Articles of Association, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Mr. Hooy Kok Wai and Mr. Zhong Xueyong, who were appointed as executive Directors on 19 August 2021 as additions to the existing Board, had been re-elected at the 2021 AGM. Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond, who were appointed as independent non-executive Directors on 29 September 2021 to fill causal vacancies on the Board, had been re-elected at the extraordinary general meeting of the Company held on 3 November 2021.

According to article 108 of the Articles of Association, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and is subject to re-election at annual general meeting at least once every three years. Mr. Liu Chi Ching, Mr. Zhong Xueyong and Mr. Ng Ki Man will retire from office by rotation at the 2022 AGM. Mr. Ng Ki Man has indicated to the Board that he would not offer himself for re-election. Accordingly, he will retire as a Director at the conclusion of the 2022 AGM. Mr. Liu Chi Ching and Mr. Zhong Xueyong, being eligible, have offered themselves for re-election at the 2022 AGM.

At the 2022 AGM, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Mr. Liu Chi Ching and Mr. Zhong Xueyong as executive Directors.

Directors' and officers' liability insurance

The Company has arranged directors' and officers' liability insurance for indemnifying the Directors and the senior management of the Company for the year ended 31 March 2022. The insurance covers them against costs, charges, losses, expenses and liabilities incurred arising out of the corporate activities.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual so as to ensure the balance of power and authority.

The positions of the chairman and the chief executive officer are currently held by Mr. Hooy Kok Wai and Mr. Zhong Xueyong respectively.

The chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, he is also responsible for ensuring that the Directors receive adequate, complete and reliable information and appropriate briefing on issues arising at Board meetings in a timely manner.

The chief executive officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's daily management and operations.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years unless terminated by three month's written notice.

The appointment of all the Directors are subject to the retirement by rotation requirements under article 108 of the Articles of Association.

Induction and Continuing Professional Development

All directors should participate in continuous professional development to develop and enhance their knowledge and skills in the hope that their contribution to the Board remains informed and relevant.

Every newly appointed Director received a comprehensive, formal and tailored induction upon his appointment. All Directors are provided with a tailored training programme on topics relating to best practices in corporate governance, legal and regulatory updates. The table below summarises the participation of each of the Directors in continuous professional development during the year ended 31 March 2022:

Name of Directors	Training attended [1]
Executive Directors	
Mr. Hooy Kok Wai [2]	✔
Mr. Liu Chi Ching	✔
Mr. Zhong Xueyong [2]	✔
Ms. Wu Shuk Kwan [3]	N/A
Non-executive Director	
Mr. Wong Chung Yeung [3]	N/A
Independent non-executive Directors	
Mr. Ng Ki Man	✔
Mr. Leung Sui Chung [4]	✔
Mr. Siu Chun Pong Raymond [4]	✔
Ms. Li On Lei [3]	N/A
Mr. Lo Siu Kit [3]	N/A

Notes:

1. The Directors attended the training and received training materials from the Company's external legal advisor on topics relating to directors' duties, amendments to the CG Code and related Listing Rules, inside information disclosure, etc.

2. Appointed on 19 August 2021.

3. Resigned on 29 September 2021.

4. Appointed on 29 September 2021.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which set out the committees' major duties and are posted on the websites of the Stock Exchange and the Company. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Remuneration Committee

The Remuneration Committee was established on 26 September 2016 and comprises one executive Director, namely Mr. Liu Chi Ching and three independent non-executive Directors, namely Mr. Leung Sui Chung (Chairman), Mr. Ng Ki Man and Mr. Siu Chun Pong Raymond.

The Remuneration Committee is responsible for, among other matters, the following:

- to advise the Board on and to review the remuneration policy and structure for all remuneration of the Directors and senior management;
- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management by consideration of factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group;
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to review and approve compensations payable to executive Directors and senior management for any loss or termination of office or appointment;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- to ensure that no Director nor any of his/her associates is involved in deciding his/her own remuneration.

Emolument Policy

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonuses and other merit payments), taking into account factors such as the experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The emoluments of the Directors are recommended or determined (in the case of executive Directors) by the Remuneration Committee, decided by the Board, and authorised by the shareholders in the annual general meeting of the Company, having regard to the Company's operating results, individual performance, experience, responsibility, time commitment and market data of comparable listed companies in Hong Kong. No Director is involved in deciding his own remuneration.

In addition, the Share Option Scheme has been adopted for rewarding good performers as well as retaining talented staff for the continual operation and development of the Group.

Remuneration Paid to Members of Senior Management

Details of remuneration paid to members of senior management (excluding the Directors) fell within the following bands:

Remuneration band	Number of individuals
Up to HK$1,000,000	3

Particulars relating to Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 10 to the consolidated financial statements as set out on pages 135 to 139 of this annual report.

During the year ended 31 March 2022, the Remuneration Committee held four meetings, during which it conducted a review of the remuneration packages and emoluments of the Directors and the senior management, and made recommendations to the Board on the remuneration packages of the newly appointed Directors and senior management members.

Nomination Committee

The Nomination Committee was established on 26 September 2016 and comprises one executive Director, namely Mr. Hooy Kok Wai (Chairman) and three independent non-executive Directors, namely Mr. Ng Ki Man, Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond.

The Nomination Committee is responsible for, among other matters, the following:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

- to develop and maintain a policy for the nomination of Board members, which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select and recommend candidates for directorship during the year, and to review periodically and disclose in the corporate governance report annually and the progress made towards achieving the objectives set in the policy;

- to develop and maintain a board diversity policy and to ensure its effectiveness and review the measurable objectives that the Board set for implementing the board diversity policy, and the progress on achieving the objectives; and to disclose the board diversity policy or a summary of the policy in the corporate governance report annually;

- to assess the independence of independent non-executive Directors;

- to make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer;

- where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

  - the process used for identifying the candidate and why the Board believes the candidate should be elected and the reasons why it considers the candidate to be independent;

  - if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, the reasons why the Board believes the candidate would still be able to devote sufficient time to the Board;

  - the perspectives, skills and experience that the candidate can bring to the Board; and

  - how the candidate can contribute to the diversity of the Board; and

- to review annually the time commitment required of Directors and to evaluate whether Directors have committed adequate time to discharge their responsibilities.

During the year ended 31 March 2022, the Nomination Committee held four meetings. Following is a summary of work performed by the Nomination Committee during the year:

- reviewed the structure, size, composition and diversity of the Board, and made recommendations to the Board in this regard;
- assessed the independence of independent non-executive Directors;
- made recommendations to the Board on the retirement and re-appointment of Directors by rotation at the annual general meeting of the Company; and
- proposed the appointment of Directors.

Nomination Policy

The Board adopted a nomination policy (the "**Nomination Policy**") on 28 December 2018, which sets out the process and criteria for identifying and recommending candidates for election to the Board.

When making recommendations regarding the appointment of any proposed candidate(s) to the Board or re-appointment of any existing member(s) to the Board, the Nomination Committee shall consider, among others, the following criteria (the "**Criteria**") in assessing the suitability of the proposed candidate(s):

- diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;
- number of directorships of other listed and non-listed companies held and the adequacy of time to effectively carry out their duties;
- qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;
- independence;
- reputation for integrity;
- potential contributions that the candidate(s) can bring to the Board; and
- commitment to enhance and maximise shareholders' value.

Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) to develop a list of desirable skills, perspectives and experience at the outset to focus the search effort by giving due consideration to the current composition and size of the Board;

(b) to consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;

(c) to adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(d) to hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment upon considering a candidate suitable for the directorship;

(e) to make recommendations to the Board in relation to the proposed appointment; and

(f) to seek approval from the Board, which will have the final authority on determining the selection of nominees.

For re-election of a Director at a general meeting, the Nomination Committee will review the overall contribution and service to the Company of the retiring Director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board. The Nomination Committee will also review and determine whether the retiring Director continues to meet the Criteria. The Nomination Committee and/or the Board shall then make the recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

Board Diversity Policy

The Board adopted a board diversity policy (the "**Board Diversity Policy**") on 28 December 2018, which sets out its approach to achieve and maintain diversity on the Board. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board on the appointment of new Directors from time to time to ensure that it has a balanced composition of skills, experience and expertise appropriate to the requirements of the business of the Company.

In designing the Board's composition, board diversity is considered from a number of perspectives, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on the merits and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

In implementing the Board Diversity Policy, the Nomination Committee evaluates the composition of the Board and director candidates from time to time against objectives such as increasing gender diversity and broadening the educational background, industry experience and professional experience of the members of the Board. The Nomination Committee will consider setting measurable objectives to implement the Board Diversity Policy and regularly review such objectives to ensure their appropriateness and ascertain the progress made towards achieving those objectives. For the year ended 31 March 2022, the Nomination Committee is of the view that the Board composition satisfied the objectives of the Board Diversity Policy in terms of age, educational background, professional experience, skills and knowledge.

The Nomination Committee has also considered the changes to the CG Code which came into effect on 1 January 2022, including the requirement for listed issuers with a single gender board to appoint a director of a different gender before the end of the 3-year transition period, and will continue to review the composition of the Board and make its recommendations to the Board as appropriate in due course and in any event, no later than 31 December 2024.

Audit Committee

The Audit Committee was established on 26 September 2016 and comprises three independent non-executive Directors, namely Mr. Ng Ki Man (Chairman), Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond, with Mr. Ng Ki Man possessing the appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include, among other matters, the following:

- to review the financial information and consider any significant or unusual items raised by the staff responsible for the accounting and financial reporting function, compliance officer or the external auditor;

- to review the relationship with the external auditor by reference to the work performed by the auditor, its remuneration and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the external auditor; and

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

During the year ended 31 March 2022, the Audit Committee held three meetings. Following is a summary of work performed by the Audit Committee during the year:

- reviewed the Group's annual results for the year ended 31 March 2021 and the interim results for the six months ended 30 September 2021 and related announcements including the related disclosures, integrity of financial reporting and the accounting policies adopted by the Group prior to the submission to the Board's approval;

- considered the independence and the re-appointment of the external auditor;

- proposed the appointment of the new external auditor of the Company and selected the replacement for the resigned auditor; and

- reviewed the financial reporting system, compliance procedures, internal control and risk management systems of the Group.

The Group's consolidated financial statements for the year ended 31 March 2022 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2022 comply with applicable accounting standards and the Listing Rules, and that adequate disclosures have been made.

PwC resigned as the auditor of the Company on 15 December 2021 as the Company could not reach a consensus with PwC on the audit fee in respect of the audit of the Group's consolidated financial statements for the year ended 31 March 2022. The Board, with the recommendation from the Audit Committee, has resolved to appoint BDO as the new auditor of the Company on 15 December 2021 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the 2022 AGM.

The Board has not taken any different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditor.

AUDITOR'S REMUNERATION

For the year ended 31 March 2022, the remuneration paid/payable to BDO in respect of audit services amounted to HK$900,000 and none of the non-audit service was provided by BDO.

The Audit Committee reviewed the independence of BDO and has concluded that it is satisfied with the professional performance, and therefore recommended to the Board that BDO be re-appointed as the Company's auditor at the 2022 AGM.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2022 and presenting a balanced, clear and comprehensive assessment for the Group's performance, position and prospects.

The Directors 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.

The statement of BDO, being the external auditor of the Company, reporting their responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 89 to 93.

ATTENDANCE RECORDS OF MEETINGS

During the year ended 31 March 2022, the attendance records of each Director at the Board and Board committee meetings and the general meetings of the Company held are set out in the table below. The chairman of the Board had a meeting with all independent non-executive Directors without the presence of the other Directors.

	Number of meetings attended/held					
	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Annual general meeting	Extraordinary general meeting
Executive Directors						
Mr. Hooy Kok Wai [1]	18/18			2/2	0/1	1/1
Mr. Liu Chi Ching [2]	22/22		4/4	2/2	1/1	2/2
Mr. Zhong Xueyong [3]	18/18				0/1	1/1
Ms. Wu Shuk Kwan [4]	8/8				1/1	1/1
Non-executive Director						
Mr. Wong Chung Yeung [5]	8/8				1/1	1/1
Independent non-executive Directors						
Mr. Ng Ki Man	22/22	3/3	4/4	4/4	1/1	2/2
Mr. Leung Sui Chung [6]	14/14	2/2	2/2	1/1	N/A	1/1
Mr. Siu Chun Pong Raymond [7]	14/14	2/2	2/2	1/1	N/A	1/1
Ms. Li On Lei [8]	8/8	1/1	2/2	3/3	0/1	1/1
Mr. Lo Siu Kit [9]	8/8	1/1	2/2	3/3	1/1	1/1

Notes:

1. Mr. Hooy Kok Wai was appointed as an executive Director and chairman of the Nomination Committee on 19 August 2021.

2. Mr. Liu Chi Ching resigned as chairman of the Nomination Committee on 19 August 2021.

3. Mr. Zhong Xueyong was appointed as an executive Director on 19 August 2021.

4. Ms. Wu Shuk Kwan resigned as an executive Director on 29 September 2021.

5. Mr. Wong Chung Yeung resigned as a non-executive Director on 29 September 2021.

6. Mr. Leung Sui Chung was appointed as an independent non-executive Director, chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 29 September 2021.

7. Mr. Siu Chun Pong Raymond was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 29 September 2021.

8. Ms. Li On Lei resigned as an independent non-executive Director, chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 29 September 2021.

9. Mr. Lo Siu Kit resigned as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 29 September 2021.

COMPANY SECRETARY

Mr. Lau Yau Chuen Louis was appointed as the Company Secretary by the Board on 21 October 2021 in place of Ms. Yim Sau Ping following her resignation. Mr. Lau Yau Chuen Louis plays an important role in supporting the Board by ensuring good information flow within the Board and that the Board policy and procedures are followed.

The Company Secretary has day-to-day knowledge of the Company's affairs. All Directors may have access to the advice and services of the Company Secretary, who regularly updates the Board on governance and regulatory matters.

The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

During the year ended 31 March 2022, Mr. Lau Yau Chuen Louis has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective internal control and risk management system. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders and the Group's assets at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aiming at providing reasonable assurance against material errors, losses or fraud, the Company has established risk management procedures, which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

- Risk assessment: Assess and evaluate the identified risks according to their likely impact and the likelihood of occurrence; and

- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each function or operation are documented in the Risk Registry to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 March 2022 and considered that they are effective and adequate. The Board assessed the effectiveness of the internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 March 2022 as required under code provision D.2.5 of the CG Code. The Audit Committee and the Board, have considered the internal control review report prepared by an independent consultancy company and have communications with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information, which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- defining the requirements of periodic financial and operational reporting to the Board and the Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;

- controlling the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public; and

- establishing procedures of communicating with the Group's stakeholders, including shareholders, investors and analysts, in ways which are in compliance with the Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHT

One of the measures to safeguard the shareholders' interests and rights is to separate resolutions proposed at the shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at the shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange and the Company after the relevant shareholders' meetings.

Convening an extraordinary general meeting

In accordance with article 64 of the Articles of Association, one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings may request the convening of an extraordinary general meeting. A requisition requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition shall be made in writing to the Board or the Company Secretary at its principal place of business in Hong Kong at Suite 2106A, 21/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong. Such meeting shall be held within two 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, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward proposals at general meetings

To put forward proposals at general meetings, the shareholders should submit a written notice of proposal(s) with their detailed contact information to the Board or the Company Secretary at Suite 2106A, 21/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong, with a copy of the proposal delivered to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022). Detailed procedures for the shareholders to propose a person for election as a Director can be accessed on the Company's website.

Shareholders' enquiries

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary by post at Suite 2106A, 21/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong, or by email to investor@cwth.com.hk. Shareholders may also contact the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, if they have any enquiries about their shareholdings.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted its shareholders' communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with its shareholders as follows:

i. corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the websites of the Stock Exchange and the Company;

ii. periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

iii. corporate information is made available on the Company's website;

iv. annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

v. the Hong Kong branch share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The chairman of the Board (or failing him, the vice-chairman and the chief executive officer) and the Directors (including the chairmen and/or the members of the various Board Committees) are available at the annual general meeting to answer questions raised by the shareholders. The Company has reviewed its shareholders' communication policy and is of the view that the policy is effective for the year ended 31 March 2022.

Dividend policy

The Board adopted a dividend policy (the "**Dividend Policy**") on 28 December 2018. The declaration and payment of dividends shall be determined at the discretion of the Board after taking into account, inter alia:

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each member of the Group;
- the level of the Group's debt to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;

- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Constitutional documents

During the year ended 31 March 2022, the Company's memorandum of association and the Articles of Association (collectively, the "**Memorandum and Articles of Association**") have been amended to, inter alia, reflect the change of name of the Company, update the address of the registered office of the Company and insert the financial year end date of the Company. The amended and restated Memorandum and Articles of Association are available on the websites of the Stock Exchange and the Company.

The Stock Exchange has announced various amendments to the Listing Rules to implement the proposals under the "Consultation Conclusion Paper on Listing Regime for Overseas Issuers" published on 19 November 2021.

The amendments to the Listing Rules have already taken effect from 1 January 2022 and include the introduction of one common set of core shareholder protection standards (set out in Appendix 3 to the Listing Rules) that will apply to all listed issuers to provide the same level of protection to all investors. The Directors recommended that the Memorandum and Articles of Association be amended in order to, among others, (i) bring the Memorandum and Articles of Association in line with the core shareholder protection standards; (ii) allow general meetings to be held as a hybrid meeting or an electronic meeting where shareholders may attend general meetings by electronic means in addition to attending physical meetings in person so as to provide flexibility over the conduct of general meetings; and (iii) make other miscellaneous and house-keeping amendments to update and clarify certain provisions of the Memorandum and Articles of Association. A proposal on amending the Memorandum and Articles of Association and adopting a second amended and restated Memorandum and Articles of Association will be put forward at the 2022 AGM. Details of the proposed amendments are set out in the circular of the 2022 AGM.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

The environmental, social and governance report (the "**Report**") describes the performance of environmental, social and governance ("**ESG**") aspects of China Wantian Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**" or "**we**").

The Group operates in Hong Kong and is principally engaged in the sourcing, processing and supplying of food ingredients with a focus on the provision of vegetables and fruits to over 480 customers across Hong Kong. In addition to generating an economic return for our stakeholders, the Group is also committed to fulfilling its social responsibilities. As part of our core values, it is our goal to safeguard the environment, provide a harmonious workplace for our employees, and contribute to the local community. The Group strongly believes that this is the key to our continued success in the future and has made it as a core part of our business strategy.

ESG Governance Structure

The Group conducts a top-down management approach regarding its ESG issues. The board (the "**Board**") of directors (the "**Directors**") of the Company oversees and sets out ESG strategies for the Group. It is also responsible for ensuring the effectiveness of the Group's risk management and internal controls, evaluating, prioritising and managing material ESG-related issues, as well as setting up ESG-related targets.

In order to have systematic management of the Group's ESG issues, the Group has set up an ESG working group (the "**ESG Working Group**") composed of executive Directors and representatives from different departments. The ESG Working Group is responsible to collect relevant ESG data and compile the Report. It assists in the assessment and identification of the Group's ESG risk management, implements the ESG-related strategies and policies of the Group, and reports to the Board on its progress and effectiveness periodically. It also reviews the Group's ESG performance, including environmental aspects, employment and labour practices and other ESG issues.

In response to stakeholders' expectations for the Group in materiality assessment, and to further enhance the Group's performance in ESG aspects, the Group has set environmental targets, including emission reduction, waste management and resource conservation. The Board will review progress towards the relevant targets annually and ensure that the ESG Working Group has sufficient resources to achieve these targets. The Group believes that through the setting of targets and the implementation of relevant measures, the Group will continuously enhance the ESG awareness of employees, promote behavioural changes, and gradually integrate the concept of sustainability into the operation and development of the Group.

SCOPE OF REPORTING

The Report generally covers the Group's business activities in Hong Kong, namely its office in Kowloon Bay, warehouses in Cheung Sha Wan, Kwai Chung and Sha Tin, Hong Kong, which is consistent with the Group's annual report for the year ended 31 March 2022. The Group will continue to assess the major ESG aspects of different businesses and to extend the scope of disclosure when and where applicable.

REPORTING FRAMEWORK

The Report covers environmental and social subject areas in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 27 of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**HKEX**"). Corporate governance is addressed separately in the Corporate Governance Report on pages 31 to 50 of this annual report.

During the preparation for this Report, the Group has applied the following reporting principles:

Materiality: The materiality of issues was reviewed and confirmed by the Board and the ESG Working Group. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: The standards, methodologies and applicable assumptions used in the calculation of key performance indicators ("**KPIs**") data were supplemented by explanatory notes.

Consistency: Unless otherwise stated, the preparation approach of this Report is consistent with the previous report for comparison. If there are any changes in the scope of disclosure or calculation methodologies that may affect the comparison with previous reports, explanations will be provided to the corresponding data.

Balance: The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

REPORTING PERIOD

Unless otherwise stated, the reporting period of this Report shall cover from 1 April 2021 to 31 March 2022 (the "**Reporting Period**" or "**2022**").

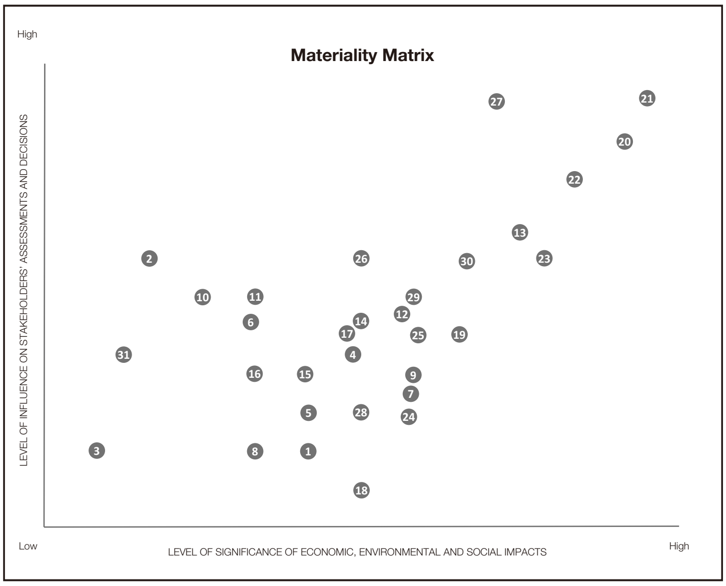
STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a key success factor in the formulation of our environmental and social strategy. It helps us define our key objectives and establish relevant policies, as well as to identifying and assessing areas of materiality. Our key stakeholders include but are not limited to customers, employees, suppliers, shareholders and the community. To fully understand, respond and address the core concerns of various stakeholders, we have been maintaining close communication with key stakeholders through the use of surveys and discussions, which enables us to provide effective responses to better suit their needs and expectations, balance the interests of all parties and foster sustainable development. Stakeholder inputs are consolidated and prioritised accordingly for us to continuously improve our performance and provide better value to our stakeholders.

Stakeholders	Expectations and Concerns	Communication Channels
Customers	• Quality products and services • Integrity operation	• After-sales services • Feedback channels
Employees	• Rights and interests protection • Staff salary and benefits • Healthy and safety working environment • Career development	• Training • Performance review and interviews • Internal announcements and publications • Suggestion box
Suppliers	• Timely payment	• Site visits • Business meetings • Performance selection and assessment
Shareholders	• Compliance operation • Return on investment	• General meetings • Financial reports • Press releases and announcements • Company website
Community	• Community involvement • Environmental protection awareness	• Community activities • Subsidies and charitable donations

MATERIALITY ASSESSMENT

The Group has performed a materiality assessment by inviting various stakeholders of the Group to participate in the materiality survey and assess the importance of potential material ESG issues based on the level of influence on stakeholders' assessments and decisions as well as level of significance of economic, environmental, and social impacts. It covers a variety of topics related to our economic, environmental and social performance. The objective of the assessment is to identify the key concerns and interests of the Group's internal and external stakeholders. The results of the assessment are consolidated in the form of a materiality matrix as shown below:



1. Air Emissions
2. Greenhouse Gas ("**GHG**") Emissions
3. Sewage Discharge
4. Waste Management
5. Energy Consumption
6. The Environment and Natural Resources
7. Environmental Compliance
8. Climate Change
9. Talent Management
10. Equal Opportunity and Diversity
11. Anti-discrimination
12. Employee Communication
13. Occupational Safety and Health
14. Training and Development
15. Child Labour and Forced Labour Management
16. Human Right Protection
17. Supply Chain Management
18. Green Product Management
19. Raw Materials Management
20. Product Quality Management
21. Product Health and Safety
22. Customer Satisfaction
23. Data Security and Customer Privacy Management
24. Intellectual Property Rights
25. Product Advertising and Labelling
26. Generation of Economic Value
27. Group Profitability
28. Social and Economic Compliance
29. Whistle-blowing Mechanism
30. Anti-corruption
31. Community Investment

During the Reporting Period, the Group established appropriate and effective management policies and internal control systems for material ESG issues and confirms that the disclosed contents comply with the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestion or opinion, please share the views with us by email at enquiries@cwth.com.hk.

GROUP PROFITABILITY

The Group sees economic performance as a material factor as we believe our business economic viability is important to our stakeholders. We aim to attain sustainable economic growth to provide desirable returns to our shareholders annually.

The consolidated financial statements of the Group can be found on pages 94 to 161 of this annual report.

ENVIRONMENTAL

EMISSIONS

The Group recognises the importance of protecting the natural environment for the benefit of the earth. Therefore, we are committed to integrating the philosophy of sustainable development into our business activities to limit any negative impacts on the environment and to fulfil the social responsibilities of the Group. The Group has formulated the Environmental Policy that outlines its commitment to environmental protection by introducing a series of environmental measures and practices in its operations. We strive to implement relevant monitoring measures to minimise our impacts on the environment, raise employees' environmental awareness and comply with relevant laws and regulations.

The Group strictly complies with the Air Pollution Control Ordinance, Waste Disposal Ordinance, Water Pollution Control Ordinance, Product Eco-responsibility Ordinance and other legislations regarding environmental protection of Hong Kong. During the Reporting Period, there was no incident of non-compliance with the relevant local environmental laws and regulations relating to air emissions and GHG emissions, discharges into water and land, and generation of hazardous or non-hazardous wastes that have a significant impact on the Group.

Air Emissions

The majority of our air emissions originated from vehicles, which are used for the delivery of products to customers. The consumption of fossil fuels results in the emissions of various compounds into the atmosphere which is responsible for air pollution, including nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM). The Group's air emissions performance is summarised as follows:

Indicators[1]	Unit	2022	2021
Nitrogen oxides (NOx)	kg	306.4	361.7
Sulphur oxides (SOx)	kg	0.7	0.7
Particulate matter (PM)	kg	16.7	18.5

Note:

1. The calculation method of air emissions and the related emission factors were based on, including but not limited to, "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX.

To reduce the environmental impact, we are committed to minimising the air emissions from the business operations. The following are the emission reduction measures we have taken on vehicle emissions:

- Adopting a green logistics management approach and choose the most eco-friendly transportation mode for delivering the incoming materials from suppliers and outgoing products to customers;
- Optimising transportation routes to reduce the overall travel distance;
- Ensuring trucks used for long-distance transportation are filled to optimal capacity;
- Maintaining vehicles properly, including maintaining proper tyre inflation pressure, checking tyre wear and replacing fuel filters at the proper intervals;
- Maintaining the cleanliness of vehicle filters, air vents and ducts to ensure good airflow and efficient fuel combustion; and
- Reminding the employees to consider environmental impacts in their daily commuting decisions.

GHG Emissions

Certain gases commonly released into the atmosphere have the ability to absorb and re-emit infrared radiation which intensifies the greenhouse effect. Such gases are commonly referred to as GHG, and examples of them include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), chlorofluorocarbons (CFCs), hydrofluorocarbons (HCFCs), perfluorocarbons and sulphur hexafluoride. GHG is also referred to as carbon footprints, and are commonly presented in the form of metric tons of equivalent carbon dioxide ("**tCO_2e**"), which takes into account the aggregate contribution from the emissions of the various GHG.

The most significant sources of the Group's GHG emissions were generated from petrol consumption in vehicles and consumption of refrigerants (Scope 1), electricity consumed during operation (Scope 2), paper waste disposed of at landfills, and fresh water and sewage processing (Scope 3). The Group has set a target to gradually reduce its GHG emissions intensity (tCO_2e/revenue (HK$'000)) by 2% in the next 3 years compared with the 2022 baseline.

Apart from the measures described above in the section headed "Air Emissions", the Group has actively adopted the following measures with regard to different emission sources to reduce GHG emissions.

Direct Emissions from Fossil Fuel Consumption

In view of the Group's business nature, no significant direct emissions were generated from the business operation at offices and warehouses. The majority of our direct emissions originated from transportation vehicles, which are used for the delivery of products to customers.

Direct Emissions from Fugitive Emissions of Refrigerants

In order to apply optimal refrigerants in selected applications, the Group assessed various refrigerants based on their environmental impact, energy efficiency, safety and cost-effectiveness. Besides, we regularly inspect the refrigeration systems, especially checking for potential gas leaks and investing in good pipe insulation to avoid lost cooling capacity and reduced compressor efficiency.

Indirect Emissions from Electricity Consumption

The Group encourages staff to switch off lights upon idle, maintain lamp conditions, install energy-efficient lighting, and make use of standby mode for all electrical appliances, including computers, photocopiers and printers to limit electricity consumption when they are not in use. Air conditioning is required to be set no lower than 25℃. The Group also requires windows and doors to remain properly closed while air-conditioning is on, and the air conditioning is to be switched off after office hours or after the usage of meeting rooms. The operating performances of office air conditioning systems are regularly inspected for leaks and operations efficiency.

Indirect Emissions from Paper Waste Disposed at Landfills

In order to minimise indirect emissions relating to paper waste disposed of at landfills, the Group encourages its employees to utilise electronic means such as emails and data storage devices to reduce paper consumption. Unnecessary printing or copying is to be avoided. In case printing is required, our employees are recommended to make use of efficient document formatting and duplex printing to optimise paper usage. Recycling boxes have been provided next to photocopiers for the collection of paper for recycling, and designated trays are assigned at the photocopiers for papers that can be reused for printing.

Indirect Emission from Fresh Water and Sewage Processing

The Group uses cheaper and reclaimed water to meet water needs such as for the functioning of cooling towers, and other non-potable water uses. We also strive to promote clean production technologies and adopt a variety of measures to reduce water consumption, including recycling cooling water for non-processing use, such as for cleaning purposes. The Group also possesses eco-friendly technology to manage the disinfectant process of our products, and the disinfectants used for sanitising our products will return into the form of water prior to disposal.

Indirect Emissions from Business Travel by Employees

The Group recognises the environmental impacts from indirect GHG emissions associated with business travel by employees, and encourages employees to utilise teleconference instead of overseas meetings, and adopt rail travel where feasible so as to reduce the carbon footprint of business travel. During the Reporting Period, no instances of business air travel were recorded as part of the Group's operations.

The total GHG emissions intensity (tCO_2e/revenue (HK$'000)) decreased significantly in 2022. The decrease was mainly due to reduced refrigerant consumption as the Group conducted maintenance to refrigeration systems of cold storage and reduced related leakage.

The Group's GHG emissions performance is summarised as follows:

Indicators[2]	Unit	2022	2021
Scope 1 – GHG Direct Emissions	**tCO_2e**	**170**	**421**
• Fuel consumption	tCO_2e	116	118
• Refrigerant consumption	tCO_2e	54	303
Scope 2 – Energy Indirect Emissions	**tCO_2e**	**325**	**303**
• Electricity consumption	tCO_2e	325	303
Scope 3 – Other Indirect Emissions	**tCO_2e**	**27**	**27**
• Paper waste disposed of at landfills	tCO_2e	24	24
• Fresh water processing	tCO_2e	2	2
• Sewage processing	tCO_2e	1	1
Total GHG Emissions	**tCO_2e**	**522**	**751**
Total GHG Emissions Intensity[3]	**tCO_2e/tonnes of finished products**	**0.08**	**0.07**
	tCO_2e/revenue (HK$'000)	**0.0041**	**0.0070**

Notes:

2. GHG emissions data are presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX and Sustainability Report 2021 published by CLP Power Hong Kong Limited.

3. During 2022, the weight of the products sold by the Group was approximately 6,377.13 tonnes (2021: 10,778.73 tonnes) and the Group recorded a revenue of approximately HK$127,674,000 (2021: HK$106,706,000). The data are also used for calculating other intensity data.

Sewage Discharge

Due to the Group's business nature of processing food ingredients, no significant amount of sewage is generated. As the sewage created by the Group is discharged directly into the municipal sewage pipe network to the regional water purification plant, the water consumed by the Group is considered as sewage discharged. The data on water consumption and corresponding water-saving initiatives are described in the section "Water Consumption".

Waste Management

The internal guidance encourages employees to handle generated waste in a proper and environmentally friendly manner.

Hazardous Waste

Hazardous waste include substances that may pose substantial or potential threats to the public health and the environment. Examples of such wastes include chemicals, heavy metals, medical waste and radioactive materials.

The Group strictly regulates the temporary storage, processing and disposal of hazardous waste. We ensure that all products or parts do not contain any chemicals banned by law and comply fully with environmental laws, directives, standards and customer requirements. Retirement of fluorescent lamps and electronic equipment such as computers, printers and fax machines, which may contain traces of hazardous materials, will be handled by recyclers registered under the Environmental Protection Department. To minimise the waste, the Group requires employees to maintain the equipment well to prolong life span through preventive maintenance scheduling, purchasing and reworking used equipment etc. We have also participated in official recycling programmes for safe disposal of hazardous waste, including the Computer Recycling Programme, Waste Electrical and Electronic Equipment (WEEE) Recycling Programme, Fluorescent Lamp Recycling Programme, and Rechargeable Battery Recycling Programme.

Due to the nature of the Group's food processing business, no significant quantity of hazardous waste was generated during the Reporting Period. Thus, no related target has been set. In case any hazardous waste is produced, the Group will engage authorised chemical waste collectors to handle and separate such waste and make a record for collection to comply with relevant environmental laws and regulations.

Non-hazardous Waste

Non-hazardous waste produced from operation includes food waste, domestic waste and packaging waste from the processing factory, logistics centre, warehouse and offices. The Group has set a target to gradually reduce the non-hazardous waste intensity (tonnes/revenue (HK$'000)) by 1% in the next 3 years compared with the 2022 baseline.

The Group promotes waste reduction practices including waste reduction at source, reuse, clean recycling, recovery and reduction of disposal at landfills. We have installed recycling bins in designated areas to collect recyclables and make sure that they are collected by recyclers for proper recycling. To minimise waste generation, we purchase supplies or equipment with an option to be upgraded and with longer lifespans. In terms of food waste, the Group donates vegetables and fruit with minor appearance defects or close to the end of their shelf life to local food rescue organisations. This initiative not only reduces unnecessary food waste but also provides food support to those in need. In addition, the packaging waste, including plastic and paper waste, is separated for collection and recycled.

Various waste reduction campaigns are also in place at the offices to reduce waste generation over day-to-day operations and to improve employees' awareness and commitment to environmental protection. For example, we provide the employees with in-house prepared meals, as part of the fringe benefits, to reduce the amount of packaging waste. In addition, stationery items such as paper clips, folders and binders are reused as much as possible to reduce wastage.

As a result of the Coronavirus Disease 2019 ("**COVID-19**"), the supply chains of fresh produce have been severely disrupted and the Group increased stocks to maintain the stability of products provided to its customers. However, the demand for such products has been shattered under the government's anti-pandemic measures in response to the changing severity of various waves of the pandemic. Therefore, the general waste, including food waste, increased significantly given the short shelf life of fresh produce and overstock. As a result, the total non-hazardous waste intensity (tonnes/revenue (HK$'000)) increased significantly in 2022.

The Group's non-hazardous waste disposal performance is summarised as follows:

Non-hazardous Waste	Unit	2022	2021
General waste	tonnes	63	24
Total Non-hazardous Waste	**tonnes**	**63**	**24**
Total Non-hazardous Waste Intensity	**tonnes/tonnes of finished products**	**0.010**	**0.002**
	tonnes/revenue (HK$'000)	**0.00049**	**0.00022**

USE OF RESOURCES

The Group acknowledges that effective use of resources, including energy, water and other raw materials, is crucial for the protection of the environment. Therefore, we are dedicated to monitoring the resource consumption in various aspects of our operations, including processing, storage, transportation, buildings, and electronic equipment. Electricity and water consumption data presented in the following sections are referred to bills from utility providers. Minor discrepancies may exist between the billing cycles and the Reporting Period of this Report, which we believe do not constitute significant materiality to the results. To address the minor discrepancies, we have undertaken our best efforts to present an accurate estimate of our consumption during the Reporting Period by performing minor interpolation and extrapolation based on the raw data.

Energy Consumption

The Group has established the aforementioned Environmental Policy and measures to increase the use of clean energy, maximise energy efficiency and reduce energy consumption at the operations stage, including assessment of energy efficiency, and monitoring of energy consumption. The Group has set targets to gradually reduce its energy consumption intensity (kWh/revenue (HK$'000)) by 2% in the next 3 years compared with the 2022 baseline and to change all office lighting to LED bulbs by the year ending 31 March 2025.

Procurement of electrical appliances with high energy efficiency ratings will be prioritised over those with lower energy efficiency performance. The majority of the lighting systems in the processing factory are installed with LED lights. The Group encourages minimising the utilisation of lighting and electric equipment as much as possible to reduce energy usage. The Group has also participated in the Earth Hour organised by World Wide Fund during the Reporting Period to make a contribution to protecting the earth, and strive to minimise the impact made by the Group on the environment. Also, we promote the use of devices capable of performing multiple functions (for example, one device handling all of printing, scanning, photocopying and fax) to reduce the quantity of electrical equipment and associated energy consumption at our facilities. Furthermore, employees are reminded to turn off the power supply when electrical appliances are not in use. Further energy-saving measures that have taken place in the office are explained in the section "GHG Emissions".

The total energy consumption intensity (kWh/revenue (HK$'000)) decreased by approximately 16% in 2022 given the increase of the Group's revenue as the intensity base.

During the Reporting Period, the energy consumption performance is summarised as follows:

Type of Energy[4]	Unit	2022	2021
Direct Energy Consumption			
• Petrol	kWh	86,954	77,698
• Diesel	kWh	358,273	376,910
Indirect Energy Consumption			
• Electricity consumption	kWh	832,483	819,689
Total Energy Consumption	**kWh**	**1,277,710**	**1,274,297**
Total Energy Consumption Intensity	**kWh/tonnes of finished products**	**200.36**	**118.22**
	kWh/revenue (HK$'000)	**10.01**	**11.94**

Note:

4. The calculation of unit conversion refers to the "Energy Statistics Manual" issued by the International Energy Agency.

Water Consumption

Water consumption has a direct effect on the Group's environmental footprint as well as the operational costs. To achieve efficient use of water, relevant policies are in place to control the usage of water to limit wastage. The Group has set a target to gradually reduce its water consumption intensity (m^3/revenue (HK$'000)) by 2% in the next 3 years compared with the 2022 baseline.

The Group widely adopts water-efficient devices at the facilities, including the food processing factory, logistics centre, warehouse and offices. Devices include water taps with automatic open or close devices or automatic closing mechanisms, dual flush cisterns for toilets, and high efficiency plumbing fixtures and appliances.

During the planning stage of the Group's warehouse, water availability assessment is performed to assess water supply sustainability, including the likelihood of water scarcity in the future. It is also of priority to ensure that necessary engagements are arranged with stakeholders of local water resources. Moreover, the water consumption in the food processing procedures is monitored as it involves a large amount of washing and peeling work. Employees have also taken measures to minimise daily water usage and improve the efficiency of water sources, and they are encouraged to turn off water taps after use, check faucets and pipes for any potential leakage and adopt the use of water saving appliances.

The total water consumption intensity (m^3/revenue (HK$'000)) decreased significantly in 2022 given the reduction of water consumption and the increase of the Group's revenue as the intensity base.

The Group does not have any issues in sourcing water that is fit for purpose. The Group's water consumption performance is summarised as follows:

Indicators	Unit	2022	2021
Total Water Consumption	**m^3**	**3,835**	**4,316**
Total Water Consumption Intensity	**m^3/tonnes of finished products**	**0.60**	**0.40**
	m^3/revenue (HK$'000)	**0.030**	**0.040**

Use of Packaging Materials

The disposal of products and packaging materials at the end of a consumption phase is a growing environmental challenge. The Group endeavours to adopt the lifecycle assessment approach to consider the environmental impact of products and packaging materials throughout their lifecycle, from covering material selection, acquisition, processing, consumption, disposal, and recycling. A "design for manufacturing" approach has also been adopted with the objective of optimising project design to minimise resources needed during our operation. The Group encourages employees to use recycled or renewable packaging materials, and aims to design the packaging to be returnable, reusable, and renewable where possible.

The Group will continuously improve our packaging strategies both in short term and long term so as to deliver the products in a manner that minimises packaging materials consumption. The total packaging materials consumption intensity (tonnes/revenue (HK$'000)) decreased significantly in 2022 given the reduction of packaging materials consumption and the increase of the Group's revenue as the intensity base.

The Group's packaging materials consumption performance is summarised as follows:

Indicators	Unit	2022	2021
Total Packaging Materials Consumption	**tonnes**	**19**	**22**
Total Packaging Materials Consumption Intensity	**tonnes/tonnes of finished products**	**0.003**	**0.002**
	tonnes/revenue (HK$'000)	**0.00015**	**0.00021**

THE ENVIRONMENT AND NATURAL RESOURCES

As a responsible business, the Group recognises its role to optimise resource utilisation across the operations and advocates the importance of environmental protection within its sphere of influence. We strive to incorporate environmental considerations into the operations and engage with employees, customers, business partners and the wider community to achieve environmental stewardship. Due to its business nature, the Group's activities pose immaterial impacts to the environment and natural resources, other than raw materials, the electricity and water used for food processing and storage, the fuel used for transportation, packaging materials, and air emissions and GHG emissions induced by the Group's operations, as described in the sections headed "Emissions" and "Use of Resources". To effectively manage and minimise the impacts on the environment, the Group has formulated the aforementioned Environmental Policy, which describes the Group's approaches to environmental impact assessment and raising employees' awareness.

Raising Employees' Awareness

The Group provides resources to support environmental initiatives and promote environmental awareness among our employees. In addition to requiring employees to follow the guidance and implement environmental measures formulated by the Group, we organised various environmental protection campaigns for all employees, including site visits, material reuse and recycling, etc. We also encourage employees to put forward ideas about new ways to protect the environment and contribute to the improvement of the environmental performance of the Group therefore to fulfil the commitment to the environment.

CLIMATE CHANGE

The management of the Group understands that climate change may adversely impact our business and the global economy as a whole. Therefore, other than reducing the environmental footprint caused by the Group's business, the Group also strives to identify any physical and transition risks caused by climate change, and formulated the Climate Change Policy, to adapt to and/or mitigate major impacts associated with identified risks.

Physical Risks

Extreme weather events are occurring more frequently with increasing severity, disasters including floods, rainstorms and typhoons, can greatly impact the Group's supply chain and assets. Events such as typhoons pose risks to the Group's operations as they may affect power supply and damage the operation sites. Employees of the Group are also at risk of work disruption, injuries and casualties. Damage to the Group's assets and interruption to its supply chain and the suppliers' production are detrimental to the Group's business due to increasing repair costs and interrupted business operations.

In order to deal with these physical risks, the Group will regularly review the risks of business interruption relating to extreme weather and, where appropriate, develop countermeasures to mitigate negative impacts, thereby reducing the negative impacts. At the same time, the Group has specified special work arrangements under potential environmental disasters, typhoons and rainstorms in accordance with relevant laws and regulations to avoid any chaotic situations that may lead to safety incidents.

Transition Risks

Governments around the world are tightening environmental regulations and enacting climate-related legislation under the global movement for decarbonisation. The government of Hong Kong has also announced the "Hong Kong's Climate Action Plan 2050" with the participation of the whole community in order to achieve the carbon neutrality before 2050. It is expected that the government authorities will implement more stringent policies and regulations to reduce GHG emissions and waste in order to promote the awareness of the public on the climate change.

Other than tightening emission regulations, businesses are also required to comply with increasingly stringent disclosure and compliance rules for the ESG reporting. Investors are also becoming more aware of the sustainability of different businesses and their commitment to conducting green businesses. Thus, the Group recognises the potential compliance risks such as lawsuits and claims, as well as reputational risks if non-compliance occurs. The Group will closely monitor the changes in the business environment and policy, and capitalise on the opportunities whenever possible to fulfil our role as a global citizen. In addition, the Group may also adjust its business strategies, where appropriate, in line with the government's efforts to support the global vision of decarbonisation.

SOCIAL

EMPLOYMENT

The Group believes that human resources are the Group's most valuable asset and the core of its competitive advantage, as well as the foundation for corporate sustainable development. Therefore, we strive to improve the employment system and establish a harmonious relationship with the employees to attract, cultivate and retain talents. The Group has established a thorough Human Resources Management Policy, Code of Conduct and Ethical Guidelines, and Employee Handbook covering compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, as well as other benefits and welfare. During the Reporting Period, the Group had no incident of non-compliance with laws and regulations relating to employment that would have a significant impact on the Group.

Recruitment, Remuneration, Promotion and Dismissal

Talent Management

The Group attracts talent through a fair, flexible and transparent recruitment strategy to provide sufficient talent reserves for the Group's business and strengthen the competitiveness of the business. There are probation periods given to all new employees to determine whether or not the selected candidates are suitable for the position depending on their work performance.

The Group offers competitive remuneration to attract and retain talented staff members in accordance with relevant laws and regulations on minimum wage and statutory social benefits. The Group conducts annual employees' appraisal and determines employees' salaries and discretionary bonuses based on their work performance, ability, experience, responsibility and efficiency, combined with the Group's financial status, life index and market trends, etc. Remuneration packages are reviewed periodically and benchmarked against industry norms and the Group's annual profitability to ensure consistency against the employment market.

The Group is keen on offering internal competitive selection and promotion opportunities so as to improve the positivity and mobility of the employees. Promotion of the staff is based on an annual assessment of their performance, suitability for the roles of respective positions and the needs of the Group. The Human Resources Department sets out a complete career path, making a variety of career choices across the business available for the right candidates.

In terms of employee dismissal, the Group follows the procedures and provides reasonable compensation to the dismissed employees in compliance with employment laws and regulations. Dismissal based purely on employees' gender, marital status, pregnancy, disability, age or family status is strictly prohibited. For its retrenched employees, the Group provides counselling and assistance to help them locate alternative job opportunities and/or introduce them to public employment services provided by the Employment Services Division of the Labour Department.

As at 31 March 2022, the Group employed 69 (2021: 81) employees who were all based in Hong Kong. Demographic data of our staff, with breakdown by gender, age group, employment type and employee category are presented below:

	2022		2021	
	No. of employees	**Approximate percentage of the total no. of employees**	**No. of employees**	**Approximate percentage of the total no. of employees**
By gender				
Male	31	45%	35	43%
Female	38	55%	46	57%
By age group				
30 or below	4	6%	7	9%
31–40	14	20%	16	20%
41–50	18	26%	18	22%
51 or above	33	48%	40	49%
By employment type				
Full-time	59	86%	69	85%
Part-time	10	14%	12	15%
By employee category				
Directors	3	4%	2	2%
Senior management	4	6%	4	5%
Middle management	7	10%	4	5%
General staff	55	80%	71	88%

The employee total turnover rate[5] of the Group in 2022 is 52% and the respective employee turnover rates by gender, age group and geographical region are as follows:

	2022	2021
By gender[6]		
Male	45%	31%
Female	58%	28%
By age group[6]		
30 or below	125%[7]	14%
31–40	36%	38%
41–50	28%	39%
51 or above	64%	25%
By geographical region[6]		
Hong Kong	52%	30%

Notes:

5. Employee total turnover rate = Total number of employees leaving employment during 2022/Total number of employees as at 31 March 2022*100%.

6. Employee turnover rate by category = Total number of employees leaving employment during 2022 by category/Total number of employees as at 31 March 2022 by category*100%.

7. The total number of employees aged 30 or below who left employment during 2022 was 5, and the total number of employees aged 30 or below as at 31 March 2022 was 4.

Work-Life Balance and Other Employee Benefits

The employees are spending at least one-third of their time at work. As the employer, it is our responsibility to ensure that we foster a culture that can help the employees to achieve a work-life balance. We do this by improving coordination of work and production plans to enhance work efficiency and minimise the requirements of overtime work. The Group encourages employees to enjoy leisure and sports activities outside of the workplace, to enhance work-life balance, personal development and a sense of belonging among employees. Further information regarding working hours of the employees is explained in the section “Human Right Protection”.

The Group also offers benefits and rights to its employees, including injury insurance, paid annual leave and other leaves, such as sick leave, maternity leave and paternity leave. The Group also participates in the Mandatory Provident Fund (MPF) Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees employed.

Equal Opportunities, Diversity and Anti-Discrimination

The Group is an equal opportunity employer and we make every effort to provide a fair workplace for the employees and we adhere to principles of equality and non-discrimination. Recruitment, remuneration, promotion and benefits are required to be handled based on objective assessment. We believe that the staff should be provided with equal opportunity, regardless of gender, race, age, colour, nationality, religion, disability, sexual orientation, pregnancy, marriage or family status, and other areas that are protected by local laws. The Group expects all its employees to follow the principles. To ensure fair and equal protection for all its employees, the Group does not tolerate any form of workplace sexual harassment or bullying.

The Group also complies with all laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, including but not limited to, the Employment Ordinance, the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance, the Race Discrimination Ordinance and other existing laws and regulations in Hong Kong.

Employee Communication

The Group attaches great importance to employees' communication. Therefore, we have established various communication channels such as holding regular meetings and arranging informal gatherings to enhance and maintain close relationships between management and employees. We respect employees' views and are devoted to growing along with the employees. Therefore, we also encourage them to provide feedback on business operations, workplace practice and sustainability.

HEALTH AND SAFETY

The Group is committed to maintaining a healthy and safe workplace for employees and to preventing workplace injuries and illnesses. The Group has established an Occupational Health and Safety Policy (the "**OHS Policy**") which outlines the responsibilities and duties of each party, identifies potential hazards and corresponding measures, and sets targets for the safety of employees. We have also established a Health, Safety and Environmental Committee, whose duties include the formulation, implementation and auditing of OHS Policy and associated programmes.

Occupational Safety and Health

We strictly comply with the Occupational Safety and Health Ordinance and other relevant laws and regulations of Hong Kong. There was no significant incident of safety and work-related fatalities within three years (including the Reporting Period), and there were 4 reported cases of work-related injury, resulting in a total of 745 lost working days during the Reporting Period (2021: 1 reported case resulting in 27 lost working days). One employee got involved in a traffic accident, another got hurt during delivery of goods and the remaining two were hurt due to the misuse of machinery. The Group provided assistance to the four employees involved in accordance with the relevant policies by arranging sufficient work-related injury leave for them. Meanwhile, the Group has also provided more safety training for its employees to enhance their safety awareness.

The Group is not in any non-compliance with health and safety laws and regulations that would have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

To limit potential hazards arising from our business activities and to ensure compliance with laws and regulations, our workplaces are maintained to remain safe and hygienic by regularly monitoring the physical conditions of the processing factory, logistics centre, warehouse and offices with regard to cleanliness, pest controls, security, first aid supplies and applicable fire safety measures.

While our Group possesses the key responsibility of maintaining a safe workplace for the employees, we believe the provision of safety awareness education is an effective method of reducing the occurrence of accidents. One of our strategies for protecting employees from occupational hazards is to train them to protect themselves from psychological and physical hazards. The Group requires such training to be delivered to employees, especially those who operate equipment and tools.

The Outbreak of COVID-19

In response to the outbreak of COVID-19, the Group has taken measures to enhance health and safety precautions in the office to ensure the health of our employees, the Group's internal safety and business continuity. In addition to increasing the frequency of cleaning and disinfection in the office and food processing areas, the Group strictly requires all staff and visitors to wear surgical masks in the office and food processing areas, conducts stringent temperature checks, sanitises their hands, and reminds employees of the importance of maintaining personal hygiene. Furthermore, entrances of food processing areas are equipped with sanitising carpets. All visitors are also required to fill in the health declaration form upon arrival at the Group's premises.

TRAINING AND DEVELOPMENT

The Group is committed to continuous professional development culture and strives to provide adequate training to its employees to improve their knowledge and skills for discharging duties at work. To this end, the Group has established a training management system and documented relevant practices in its Human Resources Management Policy.

To cater for the needs of employees from different positions, we encourage employees to participate in diversified training programmes, including formal training courses, staff coaching and guidance, meetings, on-the-job training and job rotation, which are provided internally or externally. We also arrange work-related subscriptions or educational materials so that employees can refer to the news, articles and other materials that help them to complete their work more effectively.

The Board and top management are required to participate in continuous professional development by attending training courses and reading materials on topics related to corporate governance and regulations. During the Reporting Period, the Directors attended a training session with regard to directors' duties, amendments to the Listing Rules and inside information disclosure to reinforce their understanding of and/or update on the relevant regulations under the Listing Rules and the Securities and Futures Ordinance (Cap. 571). For our operations team, we provided a variety of workshops, covering subjects concerning hygiene and work safety standards, occupational health and international food preparation standards such as ISO 22000. We also continue to provide our Mentorship Programme for our mid-level staff. In this programme, senior executives serve as mentors to provide guidance and to share their valuable industry experience to enhance the growth and career development of the mentees.

To improve employees' knowledge and skills for their job positions, all qualified employees who have worked for more than three months are eligible to participate in the external training programme. The Group will subsidise the costs fully or partially within an annual training budget for each employee. The Group will also engage third party experts occasionally and bear all training costs to offer training to our employees. Examples of such training and development include food safety training, and accounting and reporting training.

During the Reporting Period, approximately 25%[8] of the Group's employees received a total of approximately 109.5 hours (2021: 72 hours) of training. A breakdown of the Group's training statistics is presented in the below table:

	2022		2021	
	Breakdown of employees trained[9]	**The average training hours completed per employee[10]**	**Breakdown of employees trained**	**The average training hours completed per employee**
By gender				
Male	59%	7.0	49%	N/A
Female	41%	5.7	51%	N/A
By employee category				
Directors	18%	1.5	7%	N/A
Senior management	12%	13.3	1%	N/A
Middle management	24%	4.5	18%	N/A
General staff	46%	7.6	74%	N/A

Notes:

8. Total percentage of employees trained = Total employees trained during the Reporting Period/Total number of employees as of 31 March 2022*100%.

9. Breakdown of employees trained = Total employees trained during the Reporting Period by category/Total employees trained during the Reporting Period*100%.

10. The average training hours completed per employee = Total training hours completed during the Reporting Period by category/Total number of employees trained as of 31 March 2022 by category. The average training hours completed per employee by gender and employee category were disclosed starting from 2022.

LABOUR STANDARDS

Child Labour and Forced Labour Management

The Group has established policies and procedures related to child and forced labour in its Code of Conduct and Ethical Guidelines and Human Resources Management Policy. The Group has strictly complied with all applicable labour standards related to Hong Kong laws and regulations, including but not limited to, the Employment Ordinance. During the Reporting Period, the Group was not in any non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group.

The Group neither tolerates the use of child labour, nor exploitation of children in any of its operations and facilities. The Human Resources and Administration Department and the user departments work together to identify and prevent the use of child labour in the workforce. We require all new employees to provide true and accurate personal identification information. All personal information, including identity cards and bank accounts, will be strictly scrutinised by the Human Resources and Administration Department. The Group has established a refined recruitment process for checking candidates' backgrounds and formal reporting procedures to handle any exceptional cases.

Human Right Protection

We prohibit forced labours to protect human rights and create a workplace with respect, fairness and free will for our employees. Working hours and relevant policies have been clearly outlined in the Employee Handbook and the employment contract. The Group's employees work overtime only on a voluntary basis to avoid any violation of the labour standards. The Group also prohibits any punitive measures, management practices and behaviours involving verbal abuse, physical punishment, oppression, sexual harassment (including inappropriate languages, postures and physical contact), etc. against its employees for any reason. If any violation of child or forced labour is discovered, it will be handled strictly according to the Group's internal policies.

SUPPLY CHAIN MANAGEMENT

Supply chain management is a key area of the Group's business and we take great care to manage the environmental and social risks of the supply chain. We thus established the Procurement Management Policy to regulate the supply chain. The Group requires suppliers to provide products and services that are up-to-standard in terms of quality, health and safety to ensure compliance with relevant laws and regulations. In addition, the Group is aware of the environmental and social practices of its suppliers and tries to engage them with responsible acts to society in the view of green supply chain management, and will give priorities to suppliers who will promote environmentally friendly products and services. All suppliers are evaluated and selected based on their specification, quality, service, price and applicable environmental and social considerations. The Group also expects its suppliers to have and uphold similar standards and abide by national management laws in the countries where they operate. During the Reporting Period, the Group had a total of 52 suppliers (2021: 68 suppliers), and all passed the relevant practices of engaging suppliers. The breakdown of suppliers by geographical region is presented in the below table.

	2022	**2021[11]**
Hong Kong, China	39	40
Mainland China	7	7
Other regions in Asia	2	3
Europe	2	5
Africa	1	2
Australia and New Zealand	1	8
America	–	3

Note:

11. The Group has optimised the data presentation in 2021 in order to better comply with the ESG Reporting Guide for data comparison.

The performance of the suppliers is evaluated regularly and monitored by the management to ensure the consistency of suppliers' quality. The Group will regularly review the supplier-related policies and practices to ensure its effectiveness.

PRODUCT RESPONSIBILITY

Raw Material Management

The Group is fully committed to sourcing food ingredients that meet safety and health requirements, and considers food safety and quality as the top priorities throughout its supply chain management. Multiple layers of precautionary measures are specifically undertaken to guarantee the safety and quality of food ingredients throughout the supply chain from the selection, sourcing, storage and delivery processes. Suppliers are selected after careful assessment, including on-site inspection where possible, and assurance of legal entity documentation. Food is procured and received from suppliers and stored at a suitable temperature within a proper period.

Product Quality Management

It is the Group's obligation to place strong emphasis on quality control, with stringent procedures implemented throughout the food processing operations. To ensure that high-quality services and products are delivered to our customers, the Group has established the Product Responsibility Policy in order to monitor and inspect our operations practices which are carried out by different levels of management.

During the Reporting Period, the Group did not have any incidents of non-compliance with laws and regulations that would have a significant impact on the Group, concerning health and safety and privacy matters relating to products and services provided, including but not limited to the Trade Descriptions Ordinance and the Personal Data (Privacy) Ordinance ("**PDPO**") of Hong Kong.

Product Health and Safety

The Group is fully responsible for the products sold to its consumers, with considerations of health and safety relating to the products. We pay close attention to aspects such as product design and the selection of food ingredients with health and safety considerations. Also, we employ strict quality control during food processing and perform sampling checks for each batch of our finished products, and provide proper delivery and after-sale services. The Group is accredited with Hazard Analysis and Critical Control Points ("**HACCP**") certification and ISO 22000 Food Safety Management System certification for the food processing factory.

Besides, the Group has formed a food safety team to monitor the execution of food safety procedures and ensure that they are being followed. Responsibilities of the food safety team include:

- Determining the business operations and safety assurance procedures and protocols;
- Formulating and reviewing HACCP plan;
- Monitoring the implementation of HACCP plan;
- Approving documents relating to ISO 22000 which addresses food safety management;

- Developing employees' training programme;
- Verifying the operation of ISO 22000;
- Assessing the appropriateness and effectiveness of ISO 22000 regularly; and
- Reporting to the top management on the effectiveness of ISO 22000.

Customer Satisfaction

The Group believes that its customers are the core of its business and that enhancing customer confidence and satisfaction in food and services will help to strengthen the Group's value proposition, brand and reputation. Therefore, the Group strives to understand the needs of its customers and handle customer complaints appropriately by means of the Product Responsibility Policy.

Methods of Redress

Although the Group assures the quality of the products, at the same time, the Group requires that products with quality, safety, or health issues should be compensated in accordance with terms of sales or service agreements. Our sales and marketing department is responsible for systematically logging and handling customer feedback and performing internal investigations where required. The Group has also formulated crisis management procedures to handle any urgent product-related incidents. Recall, return, or compensation of products is required to be offered to all customers who are affected, with consistent treatment and procedures. During the Reporting Period, there were no products sold subject to recalls due to safety and health reasons and no major complaints regarding its services and products.

Data Security and Customer Privacy Management

The Group is committed to protecting consumers' data and privacy information and maintaining the confidentiality of business information. The Group adheres to the Data Protection Principles of the PDPO and our employees are provided with on-the-job training in this regard for control and monitoring of consumers' data. Proper information system security has also been put in place to prevent unauthorised data access processing, erasure, loss or use (including transfer). The Group is allowed to use customers' personal data in direct marketing only if consent is made. If any data leak occurs, the Group will take immediate remedial actions to lessen any difficulties or damage that may be caused to the data subjects, investigate the insufficiency or inadequacy of the information system security and devise a clear strategy to prevent future reoccurrence.

Intellectual Property Rights

The Group values its intangible assets as much as its tangibles and respects the intellectual property rights of others. The Group has established a Copyright Policy in its Code of Conduct and Ethical Guidelines to ensure that the employees do not infringe upon any third-party copyrights. Breach of the policy by an employee will lead to disciplinary actions. In addition, the Group's information technology team has obtained all the necessary licences for the purchase of software and information during its business operation.

Product Advertising and Labelling

The Group respects the customers' rights and is committed to providing accurate marketing information for customers in connection with their purchase or consumption decision. The Group strictly requires all of its subsidiaries to implement the information disclosure responsibility system, and carefully reviews the advertising materials to protect the interests of our customers. Similarly, the Group insists that the labelling of our products should be accurate, timely, legitimate, clear and not misleading. This is to affirm that information about our products does not violate any relevant laws and regulations and is accurately understood by the customers to ensure safe consumption.

ANTI-CORRUPTION

The Group believes that a clean corporate culture is important to its continued success. Therefore, we strictly prohibit any corruption activities and have complied with the Prevention of Bribery Ordinance of Hong Kong. During the Reporting Period, the Group did not identify any non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering nor any concluded legal cases regarding corrupt practices.

The Group established the Code of Conduct and Ethical Guidelines to prohibit employees from receiving any benefits offered by customers, suppliers, colleagues, or other parties while they are performing employee duties, and prohibit any activities involving conflicts of interest, bribery, extortion, fraud, and money laundering. Systematic fraud risk assessment is performed regularly on the Group's activities to identify room for potential improvement.

To maintain the Group's high level of integrity as a corporate culture, during the Reporting Period, anti-corruption trainings were provided to the Directors (including the independent non-executive Directors) and employees for approximately 15 hours. Such training could enrich their professional skills and knowledge in their respective roles and responsibilities regarding anti-corruption and business ethics.

Whistle-blowing Mechanism

The Group encourages employees, customers, suppliers or other parties to report incidents relating to any conflicts of interest, bribery, extortion, fraud and money laundering through confidential channels. We will conduct inspections promptly and take necessary measures while protecting the identity of the whistle-blower to prevent any conflict of interest or behaviour that will bring harm to the Group and the stakeholders. The Audit Committee is required to report to the Board, disclosing information pertaining to misconduct reports and the respective investigation findings, if any.

COMMUNITY INVESTMENT

The Group strives to support the communities in which we operate including community engagement to understand the needs of the communities, and ensuring the Group's activities take into consideration the communities' interests. To demonstrate its corporate responsibility, the Group has formulated a Community Investment Policy, which emphasises the Group's commitment to community development.

During the Reporting Period, we had made food donations to local food rescue organisations on a regular basis, totalling about 9.8 tonnes (2021: 2.8 tonnes) of food surpluses as well as fruit and vegetables. The donations were made in support of their contribution to aiding the elderly and low-income families, which was aligned with the focus of the Group's community investment. In the future, we will continue to seek opportunities to cooperate with other external organisations so as to increase community outreach and contributions.

SUSTAINABILITY PERFORMANCE OVERVIEW			
ENVIRONMENTAL			
Indicators	**Unit**	**2022**	**2021**
Air Emissions			
Nitrogen oxides (NOx)	kg	306.4	361.7
Sulphur oxides (SOx)	kg	0.7	0.7
Particulate matter (PM)	kg	16.7	18.5
GHG Emissions			
Scope 1 – Direct Emissions	**tCO_2e**	**170**	**421**
• Fuel consumption	tCO_2e	116	118
• Refrigerant consumption	tCO_2e	54	303
Scope 2 – Energy Indirect Emissions	**tCO_2e**	**325**	**303**
• Electricity consumption	tCO2e	325	303
Scope 3 – Other Indirect Emissions	**tCO_2e**	**27**	**27**
• Paper waste disposed of at landfills	tCO_2e	24	24
• Fresh water processing	tCO_2e	2	2
• Sewage processing	tCO_2e	1	1
Total GHG Emissions	**tCO_2e**	**522**	**751**
Total GHG Emissions Intensity	**tCO_2e/tonnes of finished products**	**0.08**	**0.07**
	tCO_2e/revenue (HK$'000)	**0.0041**	**0.0070**

SUSTAINABILITY PERFORMANCE OVERVIEW			
Indicators	**Unit**	**2022**	**2021**
Non-hazardous Waste			
General waste	tonnes	63	24
Total Non-hazardous Waste	**tonnes**	**63**	**24**
Total Non-hazardous Waste Intensity	**tonnes/tonnes of finished products**	**0.010**	**0.002**
	tonnes/revenue (HK$'000)	**0.00049**	**0.00022**
Energy Consumption			
Direct Energy Consumption			
• Petrol	kWh	86,954	77,698
• Diesel	kWh	358,273	376,910
Indirect Energy Consumption			
• Electricity consumption	kWh	832,483	819,689
Total Energy Consumption	**kWh**	**1,277,710**	**1,274,297**
Total Energy Consumption Intensity	**kWh/tonnes of finished products**	**200.36**	**118.22**
	kWh/revenue (HK$'000)	**10.01**	**11.94**
Water Consumption			
Total Water Consumption	**m^3**	**3,835**	**4,316**
Total Water Consumption Intensity	**m^3/tonnes of finished products**	**0.60**	**0.40**
	m^3/revenue (HK$'000)	**0.030**	**0.040**
Packaging Materials Consumption			
Total Packaging Materials Consumption	**tonnes**	**19**	**22**
Total Packaging Materials Consumption Intensity	**tonnes/tonnes of finished products**	**0.003**	**0.002**
	tonnes/revenue (HK$'000)	**0.00015**	**0.00021**

SUSTAINABILITY PERFORMANCE OVERVIEW			
SOCIAL			
Indicators	**Unit**	**2022**	**2021**
Employment			
Total number of employees	**person**	**69**	**81**
By gender			
Male	person	31	35
Female	person	38	46
By age group			
30 or below	person	4	7
31–40	person	14	16
41–50	person	18	18
51 or above	person	33	40
By employment type			
Full-time	person	59	69
Part-time	person	10	12
By employee category			
Directors	person	3	2
Senior management	person	4	4
Middle management	person	7	4
General staff	person	55	71

SUSTAINABILITY PERFORMANCE OVERVIEW			
Indicators	**Unit**	**2022**	**2021**
Employee Turnover Rate			
By gender			
Male	%	45	31
Female	%	58	28
By age group			
30 or below	%	125	14
31–40	%	36	38
41–50	%	28	39
51 or above	%	64	25
By geographical region			
Hong Kong	%	52	30
Health and Safety			
Number of work-related fatalities	person	–	–
	%	–	–
Lost days due to work injury	lost days	745	27

SUSTAINABILITY PERFORMANCE OVERVIEW			
Indicators	**Unit**	**2022**	**2021**
Training and Development			
Breakdown of employees trained			
By gender			
Male	%	59	49
Female	%	41	51
By employee category			
Directors	%	18	7
Senior management	%	12	1
Middle management	%	24	18
General staff	%	46	74
The average training hours completed per employee[12]			
By gender			
Male	hours	7.0	N/A
Female	hours	5.7	N/A
By employee category			
Directors	hours	1.5	N/A
Senior management	hours	13.3	N/A
Middle management	hours	4.5	N/A
General staff	hours	7.6	N/A

Note:

12. The average training hours completed per employee by gender and employee category were disclosed starting from 2022.

SUSTAINABILITY PERFORMANCE OVERVIEW			
Indicators	**Unit**	**2022**	**2021**
Supply Chain Management			
Number of suppliers by geographical region			
Hong Kong, China	number	39	40
Mainland China	number	7	7
Other regions in Asia	number	2	3
Europe	number	2	5
Africa	number	1	2
Australia and New Zealand	number	1	8
America	number	–	3
Product Responsibility			
Percentage of total products sold subject to recall	%	–	–
Number of products and service-related complaints	number	–	–
Anti-corruption			
Number of concluded legal cases regarding corrupt practices	number	–	–
Community Investment			
Resources contributed			
Food surpluses, fruit and vegetables	tonnes	9.8	2.8

ESG REPORTING GUIDE CONTENT INDEX OF HKEX

Mandatory Disclosure Requirements	Sections in this Report
Governance Structure	ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Scope of Reporting

Aspects, General Disclosures and KPIs	Description	Sections in this Report
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
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).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management (Not applicable as explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – GHG Emissions
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.	Emissions – Waste Management

Aspects, General Disclosures and KPIs	Description	Sections in this Report
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Consumption
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.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Raising Employees' Awareness
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
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.	Climate Change – Physical Risks and Transition Risks

Aspects, General Disclosures and KPIs	Description	Sections in this Report
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment – Recruitment, Remuneration, Promotion and Dismissal
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Recruitment, Remuneration, Promotion and Dismissal
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety – Occupational Safety and Health
KPI B2.2	Lost days due to work injury.	Health and Safety – Occupational Safety and Health
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Safety and Health

Aspects, General Disclosures and KPIs	Description	Sections in this Report
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards – Child Labour and Forced Labour Management
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Child Labour and Forced Labour Management and Human Right Protection
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Child Labour and Forced Labour Management

Aspects, General Disclosures and KPIs	Description	Sections in this Report
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
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.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Aspects, General Disclosures and KPIs	Description	Sections in this Report
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Methods of Redress
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Methods of Redress
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality Management, Product Health and Safety and Methods of Redress
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Data Security and Customer Privacy Management

Aspects, General Disclosures and KPIs	Description	Sections in this Report
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption – Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

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TO THE SHAREHOLDERS OF CHINA WANTIAN HOLDINGS LIMITED
中國萬天控股有限公司
(FORMERLY KNOWN AS GOAL FORWARD HOLDINGS LIMITED 展程控股有限公司)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Wantian Holdings Limited (formerly known as Goal Forward Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 94 to 161, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, 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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 matter 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.

Impairment assessment of trade receivables

Refer to notes 4(i)(ii), 5(a) and 20 to the consolidated financial statements.

As at 31 March 2022, the carrying amount of trade receivables of the Group was approximately HK$21,005,000, representing approximately 14% of total assets.

Management performed impairment assessment of trade receivables based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, and on-going trading relationship with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

We focused on this area due to the impairment assessment of trade receivables under the expected credit losses model involved the use of significant management judgments and estimates.

Our response:

Our procedures in relation to evaluating the appropriateness of impairment assessment of trade receivables included:

- Obtaining an understanding of the management's internal control and assessment process of impairment assessment of trade receivables and assessing the inherent risk of material misstatement by considering the degrees of estimation uncertainty and level of other inherent risk factors;
- Evaluating the outcome of prior period assessment of impairment assessment of trade receivables to assess the effectiveness of management's estimation process;
- Evaluating and testing the key controls over the impairment assessment of trade receivables;
- Circulating confirmations to the Group's customers, on a sample basis, to obtain third party evidence over the amounts of trade receivables recorded as at the year-end date;

KEY AUDIT MATTERS (Continued)

Impairment assessment of trade receivables (Continued)

- Assessing the appropriateness of the expected credit loss model applied in determining the loss allowance, examining the underlying key data inputs such as monthly ageing profile of trade receivables and the settlement of trade receivables against corresponding cash receipts, on a sample basis, to assess the accuracy and completeness of historical data and challenging the reasonableness of the assumptions underlying the calculations of expected credit losses with reference to the relevant historical and forward-looking information; and

- Where settlement had not been received subsequent to the year end for those receivables beyond the credit period, we challenged management's assessment as to the recoverability of those receivables, corroborating management's explanations with evidence of past repayment history, on-going trading relationship and correspondence with the relevant customers to follow up the outstanding debts.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 22 June 2021.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants
Lam Tsz Ka
Practising Certificate no. P06838

Hong Kong, 28 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	7	**127,674**	106,706
Cost of sales		**(108,929)**	(93,458)
Gross profit		**18,745**	13,248
Other income and gain	8	**263**	4,008
Selling and administrative expenses		**(23,821)**	(18,090)
Impairment losses under expected credit loss model	9	**(5,364)**	(6,866)
Operating loss		**(10,177)**	(7,700)
Finance income	11	**48**	655
Finance costs	11	**(641)**	(1,071)
Finance costs – net	11	**(593)**	(416)
Share of loss of a joint venture	18	**(82)**	(444)
Loss before income tax		**(10,852)**	(8,560)
Income tax (expense)/credit	12	**(106)**	316
Loss and total comprehensive expense for the year		**(10,958)**	(8,244)
Loss and total comprehensive expense for the year attributable to			
Owners of the Company		**(10,955)**	(8,240)
Non-controlling interests		**(3)**	(4)
		(10,958)	(8,244)
Basic and diluted loss per share attributable to equity holders of the Company (expressed in HK cents per share)	14	**(0.77)**	(0.65)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	15	**31,199**	32,513
Right-of-use assets	16	**49,499**	46,985
Deposits and prepayments	20	**4**	17
Interest in a joint venture	18	**193**	275
		80,895	79,790
Current assets			
Inventories	21	**386**	553
Trade receivables	20	**21,005**	19,747
Deposits and prepayments	20	**8,206**	8,061
Cash and cash equivalents	22	**44,958**	37,431
		74,555	65,792
Current liabilities			
Trade payables	23	**2,110**	3,893
Accruals and other payables	23	**3,393**	3,190
Borrowings	24	**23,624**	43,395
Current income tax liabilities		**–**	105
Lease liabilities	16	**1,562**	20
		30,689	50,603
Non-current liabilities			
Lease liabilities	16	**2,925**	2
Deferred tax liabilities	17	**1,812**	1,706
		4,737	1,708
Net Current Assets		**43,866**	15,189
NET ASSETS		**120,024**	93,271

	Notes	2022 HK$'000	2021 HK$'000
Capital and Reserves			
Share capital	25	**15,120**	12,600
Share premium	25	**82,151**	46,971
Other reserve		**100**	100
Retained earnings		**22,653**	33,611
Equity attributable to equity holders of the Company		**120,024**	93,282
Non-controlling interests		**–**	(11)
TOTAL EQUITY		**120,024**	93,271

The consolidated financial statements on pages 94 to 161 were approved for issue by the board of directors on 28 June 2022 and were signed on its behalf.

Hooy Kok Wai
Director

Liu Chi Ching
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to equity holders of the Company						
	Share capital (Note 25) HK$'000	Share premium (Note 25) HK$'000	Other reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 April 2020	12,600	46,971	100	41,851	101,522	(7)	101,515
Loss for the year	–	–	–	(8,240)	(8,240)	(4)	(8,244)
Total comprehensive expense	–	–	–	(8,240)	(8,240)	(4)	(8,244)
As at 31 March 2021 and 1 April 2021	**12,600**	**46,971**	**100**	**33,611**	**93,282**	**(11)**	**93,271**
Loss for the year	**–**	**–**	**–**	**(10,955)**	**(10,955)**	**(3)**	**(10,958)**
Total comprehensive expense	**–**	**–**	**–**	**(10,955)**	**(10,955)**	**(3)**	**(10,958)**
Acquisition of additional interest in a subsidiary without change of control	**–**	**–**	**–**	**(3)**	**(3)**	**14**	**11**
Issue of new shares (Note 25)	**2,520**	**35,280**	**–**	**–**	**37,800**	**–**	**37,800**
Transaction cost on issuance of new shares (Note 25)	**–**	**(100)**	**–**	**–**	**(100)**	**–**	**(100)**
As at 31 March 2022	**15,120**	**82,151**	**100**	**22,653**	**120,024**	**–**	**120,024**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(10,852)**	(8,560)
Adjustments for:			
Depreciation of property, plant and equipment	9	**3,670**	3,396
Depreciation of right-of-use assets	9	**2,204**	1,812
Finance costs	11	**641**	1,071
Interest income	11	**(48)**	(655)
Impairment losses under expected credit loss model	9	**5,364**	6,866
Share of loss of a joint venture	18	**82**	444
Gain on disposal of property, plant and equipment		**(130)**	–
Operating cash flows before movements in working capital		**931**	4,374
Decrease/(increase) in inventories		**167**	(211)
(Increase)/decrease in trade receivables		**(6,622)**	5,289
(Increase)/decrease in deposits and prepayments		**(132)**	1,202
(Decrease)/increase in trade payables		**(1,783)**	468
Increase/(decrease) in accruals and other payables		**203**	(1,350)
Cash (used in)/generated from operations		**(7,236)**	9,772
Profits Tax (paid)/refunded		**(105)**	2,763
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(7,341)**	12,535
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15	**(2,356)**	(2,287)
Interest received	11	**48**	655
Proceeds on disposal of property and equipment		**130**	–
NET CASH USED IN INVESTING ACTIVITIES		**(2,178)**	(1,632)

	Notes	2022 HK$'000	2021 HK$'000
FINANCING ACTIVITIES			
Repayment of bank borrowings	26	**(19,771)**	(5,141)
Repayment of lease liabilities	26	**(253)**	(19)
Proceeds from issue of shares upon placing, net of transaction cost		**37,700**	–
Proceeds from acquisition of additional interest in a subsidiary without change of control		**11**	–
Interest paid	11	**(641)**	(1,071)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**17,046**	(6,231)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,527**	4,672
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**37,431**	32,759
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**44,958**	37,431

1. GENERAL INFORMATION

China Wantian Holdings Limited (formerly known as Goal Forward Holdings Limited) (the "Company") was incorporated in the Cayman Islands on 6 April 2016 as an exempted company with limited liability under Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong has been changed from Workshop No. A–B, 1/F., Sunking Factory Building, No. 1–7 Shing Chuen Road, Shatin, New Territories, Hong Kong to Suite 2106A, 21/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the sourcing, processing and supplying of food ingredients.

On 6 July 2021, it was announced that (i) Classic Line Holdings Limited ("Classic Line"), a company incorporated in the British Virgin Islands and the then controlling shareholder of the Company, and Ace Source Holdings Limited ("Ace Source") entered into a share purchase agreement dated 29 June 2021 (the "Share Purchase Agreement") relating to the sale of 520,000,000 shares beneficially owned by Classic Line at a cash consideration of HK$78,000,000 (equivalent to HK$0.15 per share) (the "Share Transfer"); and (ii) the Company and Ace Source entered into a subscription agreement dated 29 June 2021 (the "Subscription Agreement"), pursuant to which Ace Source conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 252,000,000 new shares to Ace Source at a cash consideration of HK$37,800,000 (equivalent to HK$0.15 per share) (the "Share Subscription"). The completion of each of the Share Transfer and the Share Subscription (collectively, the "Completion") took place on 16 August 2021. For details, please refer to the joint announcements of the Company and Ace Source dated 6 July 2021 and 16 August 2021, and the circular of the Company dated 28 July 2021.

Upon Completion, Ace Source has become the immediate holding company of the Company and was interested in 772,000,000 shares, representing approximately 51.06% of the total issued share capital of the Company. An unconditional mandatory cash offer (the "Offer") was subsequently made on 19 August 2021 by Somerley Capital Limited on behalf of Ace Source to acquire all the issued shares other than those already owned by Ace Source and parties acting in concert with it at HK$0.15 per share. The Offer was closed on 9 September 2021 with valid acceptance of a total of 245,080,000 shares, representing approximately 16.21% of the total issued share capital of the Company. For details, please refer to the composite document and the announcement jointly issued by the Company and Ace Source on 19 August 2021 and 9 September 2021, respectively.

1. GENERAL INFORMATION (Continued)

Upon completion of the Offer, a total of 294,920,000 shares, representing approximately 19.50% of the total issued share capital of the Company, were held by the public and the minimum public float requirement of 25% as set out under Rule 8.08(1)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") was not satisfied. Subsequently on 19 October 2021, for the purpose of restoration of the public float, Ace Source completed a placing of 90,000,000 existing shares at HK$0.20 per share to not less than six placees who are third parties independent of the Company and its connected person and are parties not acting in concert with Ace Source. Upon completion of the placing of 90,000,000 shares by Ace Source on 19 October 2021 and as at the date of these consolidated financial statements, the minimum public float has been restored. For details, please refer to the announcements of the Company dated 24 September 2021, 8 October 2021 and 19 October 2021.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amended HKFRSs

The Group has adopted the following amendments to HKFRSs which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 April 2021:

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

Other than the amendments to HKFRS 9, HKAS 39, HKFRS 7 and HKFRS 16, none of these amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. Impact on the applications of these amended HKFRSs are summarised below.

Amendments to HKFRS 9, HKAS 39, HKFRS 7 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate ("HIBOR") as at 31 March 2022. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. If the interest rates of these borrowings are replaced by risk-free rates in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) Amendments to HKFRSs which are not yet effective

Certain amendments to existing HKFRSs, which are potentially relevant to the Group's financial statements, have been published but are not mandatory effective for 31 March 2022 reporting period and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Annual Improvements to HKFRSs 2018–2020	Annual Improvements[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) Amendments to HKFRSs which are not yet effective (Continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments require entities to disclose their material accounting policy information rather than their significant accounting policies. 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. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

Amendments to HKAS 16, Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, are recognised in profit or loss.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) Amendments to HKFRSs which are not yet effective (Continued)

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or a joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investor's interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) Amendments to HKFRSs which are not yet effective (Continued)

Annual Improvements to HKFRSs 2018–2020

The annual improvements amend a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The Group does not expect any other issued but not yet effective HKFRSs to have a material impact on the Group.

3. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(c) Functional and preparation currencies

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise stated.

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business, and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, input and substantive processes and whether the acquired set has the ability to produce outputs.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 the owners of the Company.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within “finance income or costs”. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income.

(ii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

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

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

Leasehold improvements are depreciated over the shorter of their useful lives or unexpired period of the lease while depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	Shorter of lease term of leasehold land or 29–35 years
Leasehold improvements	Shorter of lease term or 20 years
Furniture, fixtures and equipment	5 years
Motor vehicles	3–4 years

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

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

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "Other income and gain" in the consolidated statement of comprehensive income.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Where the Group's share of losses in joint ventures equals or exceeds its interests in the joint ventures including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

(h) Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other income and gain" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables measured at amortised cost.

- 12-months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrative otherwise.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor 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. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

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

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. 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.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(k) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(m) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Company as treasury shares until the shares are cancelled or reissued.

(o) Trade and other payables

Trade payables and other payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(p) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Current and deferred income tax (Continued)

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(r) Employee benefits

(i) Retirement benefit obligations

Hong Kong

The Group participates in a defined contribution Mandatory Provident Fund Scheme (the “MPF Scheme”), which is registered under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The assets of the MPF Scheme are held in a separately administered fund. The MPF Scheme is generally funded by payments from employees and by the Group.

The Group has no further payment obligations once the contribution has been paid. The contributions are recognised as employee benefit expense when they are due.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits (Continued)

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

(iii) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholder after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(s) Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

For contracts where the period between the payment 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.

(i) Sales of goods

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Sales are recorded based on the price specified in the sales contracts.

Receivable is recognised when the goods are delivered at the point in time that the consideration is unconditional, which only the passage of time is required before the payment is due.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Revenue recognition (Continued)

(ii) Interest income

Interest income from financial assets is accrued on a time basis on the principal outstanding at the applicable effective interest rate.

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.

The financing component is recognised within “interest income” in the consolidated statement of comprehensive income.

(u) Leases

The Group as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Leases (Continued)

The Group as a lessee (Continued)

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

(i) fixed lease payments less any lease incentives receivable;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;

(iii) amounts expected to be payable by the lessee under residual value guarantees;

(iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Leases (Continued)

The Group as a lessee (Continued)

Lease liability (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

(v) Dividend distribution

Dividend distribution to the equity holders of the subsidiaries now comprising the Group is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, as appropriate.

(w) Government Grant

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(x) Related parties

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

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of key management personnel of the Company or the Company's parent.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

Risk management is carried out by finance department under policies approved by the board of directors. Finance department of the Group identifies, evaluates and hedge financial risks in close co-operation with the Group's operating units. The board provides guidance for overall risk management and specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Credit risk

(i) Risk Management

Credit risk of the Group mainly arises from cash and cash equivalents, trade receivables and deposits. The carrying amount of these balances in the consolidated financial statements represents the Group's maximum exposure to credit risk in relation to its financial assets.

In respect of trade receivables, the credit quality of the customers is assessed based on its financial position, past experience and other factors. The Group has policies in place to ensure that sales of products are made to customers with appropriate credit histories.

As at 31 March 2022, the Group had a concentration of credit risk given that the top five debtors accounted for 73% of the Group's total trade receivables at the year end (31 March 2021: 65%). The Group has established long-term cooperative relationship with these customers.

The Group performs impairment assessment under expected credit losses model on trade receivables with significant and credit-impaired balances individually and collectively. Except for customers which face significant financial difficulties or enter liquidation, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's ageing of outstanding balance.

For trade receivables under collective assessment, management believes that there is no material credit risk inherent in the Group's outstanding receivable balances due from these customers in view of the history of business dealings with the customers and the sound collection history of the receivables due from them.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(i) Risk Management (Continued)

The Group performs periodic credit evaluations of its customers. For the trade receivables that are individually proved to be impaired, management has provided sufficient provision on those balances.

Cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, and the identified impairment loss was immaterial.

(ii) Impairment of Financial Assets

Trade receivables

The trade receivables of the Group are subject to the expected credit loss model.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses, the Group categorises its trade receivables based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical monthly outstanding balances of trade receivables within this period and credit profile. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and the other relevant factors in Hong Kong to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at the year end was determined as follows for trade receivables.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(ii) Impairment of Financial Assets (Continued)

Trade receivables (Continued)

	Expected credit loss rate HK$'000	Gross carrying amount HK$'000	Expected credit losses HK$'000
As at 31 March 2022			
Provision on individual basis		**16,087**	**(9,272)**
Provision on collective basis – ageing			
Current	**1.49%**	**5,923**	**(88)**
1–30 days past due	**5.04%**	**3,036**	**(153)**
31–60 days past due	**10.89%**	**3,185**	**(347)**
61–90 days past due	**21.43%**	**2,552**	**(547)**
Over 90 days past due	**59.21%**	**1,542**	**(913)**
		32,325	**(11,320)**

	Expected credit loss rate HK$'000	Gross carrying amount HK$'000	Expected credit losses HK$'000
As at 31 March 2021			
Provision on individual basis		13,758	(6,080)
Provision on collective basis – ageing			
Current	0.37%	9,794	(36)
1–30 days past due	1.36%	1,402	(19)
31–60 days past due	2.18%	550	(12)
61–90 days past due	3.07%	391	(12)
Over 90 days past due	8.33%	12	(1)
		25,907	(6,160)

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(ii) Impairment of Financial Assets (Continued)

Trade receivables (Continued)

The closing loss allowance for trade receivables as at 31 March 2022 reconciles to the opening loss allowance as follows:

	Trade receivables HK$'000
Loss allowance as at 1 April 2020	548
Increase in loss allowance recognised in profit and loss during the year	6,866
Receivables written off during the year as uncollectible	(1,254)
Loss allowance as at 31 March 2021	6,160
Increase in loss allowance recognised in profit and loss during the year	5,364
Receivables written off during the year as uncollectible	(204)
Loss allowance as at 31 March 2022	11,320

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(ii) Impairment of Financial Assets (Continued)

<u>Other financial assets at amortised cost</u>

For other financial assets at amortised cost, including deposits and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is immaterial.

Impairment losses on other financial assets at amortised cost are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The directors aim to maintain flexibility in funding by obtaining additional funding from the loan facilities and monitoring cash flow forecast to maintain its going concern.

Management monitors the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Surplus cash held by Group entities over and above balances required for working capital management is invested in interest-bearing bank accounts and bank deposits with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The following tables analyse the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the reporting date) and the earliest date the Group can be required to pay, except for long term bank borrowings subject to a repayment on demand clause.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(b) Liquidity risk (Continued)

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The undiscounted cash flow does not include interest payments computed using contractual rates if the lender does not invoke their unconditional rights. The maturity analysis for bank borrowings is prepared based on the scheduled repayment dates.

	On demand or within 1 year HK$'000	Between 1–5 year HK$'000	Total undiscounted cash outflows HK$'000
As at 31 March 2022			
Long term bank borrowings subject to a repayment on demand clause	23,624	–	23,624
Trade and other payables	2,632	–	2,632
Lease liabilities	1,750	3,060	4,810
	28,006	3,060	31,066

	On demand or within 1 year HK$'000	Between 1–5 year HK$'000	Total undiscounted cash outflows HK$'000
As at 31 March 2021			
Long term bank borrowings subject to a repayment on demand clause	43,395	–	43,395
Trade and other payables	4,204	–	4,204
Lease liabilities	20	2	22
	47,619	2	47,621

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(b) Liquidity risk (Continued)

The table below summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity analysis – Bank borrowings subject to a repayment on demand clause based on scheduled repayments			
	Within 1 year	**1–5 years**	**Over 5 years**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2022	**10,646**	**13,592**	**–**	**24,238**
As at 31 March 2021	6,082	24,325	17,125	47,532

(c) Interest rate risk

The Group's interest rate risk arises from bank borrowings. Bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at banks held at variable rates. As at 31 March 2022 and 2021, the Group's borrowings at variable rate were denominated in the HK$.

As at 31 March 2022, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis point higher/lower with all other variables held constant, post-tax loss for the year would have been approximately HK$99,000 higher/lower (2021: approximately HK$181,000), mainly as a result of higher/lower interest expense on floating rate borrowings.

5. FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total borrowings and lease liabilities. Total capital is calculated as 'equity' as shown in the consolidated financial statements.

The Group's gearing ratios were as follows:

	2022 HK$'000	2021 HK$'000
Total debt	**28,111**	43,417
Total equity	**120,024**	93,271
Gearing ratio	**23%**	47%

Fair value estimation

As at 31 March 2022 and 2021, the Group did not have any financial assets or financial liabilities that are measured at fair value.

The carrying values of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade and other receivables

The Group's management determines the loss allowances for financial assets based on assumptions about risk of default and expected loss rates. Management performed impairment assessment of trade and other receivables based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, and on-going trading relationship with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 5(a).

(b) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less cost of disposal; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

(c) Income taxes

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

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

7. REVENUE AND SEGMENT INFORMATION

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions.

The Group is principally engaged in the sourcing, processing and supplying of food ingredients, which are carried out in Hong Kong.

Total revenue recognised during the year are as follows:

	2022 HK$'000	2021 HK$'000
Revenue, recognised at a point in time	**127,674**	106,706

The revenue from external parties is derived from numerous external customers and the revenue reported to management is measured in a manner consistent with that in the consolidated financial statements.

Information about major customers

No customer individually contributed over 10% of the Group's revenue for the year ended 31 March 2022.

Revenue from one customer of the Group amounted to HK$10,966,000 contributed over 10% of the Group's revenue for the year ended 31 March 2021.

8. OTHER INCOME AND GAIN

	2022 HK$'000	2021 HK$'000
Government grants (Note)	**33**	3,844
Sundry income	**100**	164
Gain on disposal of property, plant and equipment	**130**	–
	263	4,008

Note: For the year ended 31 March 2021, government grants of approximately HK$3,844,000 were grants from the Employment Support Scheme and other programmes under the Anti-Epidemic Fund, which were related to novel coronavirus. There were no unfulfilled conditions or other contingents attached to the grants.

9. EXPENSES BY NATURE

	2022 HK$'000	2021 HK$'000
Cost of inventories	**83,526**	69,297
Employee benefit expenses – including directors' emoluments (Note 10)	**18,382**	16,969
Commission	**433**	641
Auditor's remuneration		
– Audit related services	**900**	918
– Non-audit services	**–**	79
Depreciation of property, plant and equipment (Note 15)	**3,670**	3,396
Depreciation on right-of-use assets (Note 16)	**2,204**	1,812
Operating leases (short-term lease)	**195**	206
Transportation expenses	**10,459**	9,549
Impairment losses under expected credit loss model	**5,364**	6,866
Professional and consulting fees	**3,747**	2,265
Other expenses	**9,234**	6,416

10. EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS

(a) Employee benefit expenses during the year are as follows:

	2022 HK$'000	2021 HK$'000
Wages, salaries and allowances	**16,746**	15,296
Retirement benefit costs – defined contribution plans	**652**	690
Others	**984**	983
	18,382	16,969

10. EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' emoluments

The remuneration of every director of the Company during the year are set out below:

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Other benefits HK$'000	Total HK$'000
For the year ended 31 March 2022					
Executive directors					
Mr. Hooy Kok Wai (Chairman) (Note (a))	300	–	–	–	300
Mr. Liu Chi Ching (Vice-chairman) (Note(b))	–	1,200	18	610	1,828
Mr. Zhong Xueyong (Chief executive officer) (Note (c))	300	–	–	–	300
Ms. Wu Shuk Kwan (Note (d))	–	300	9	132	441
Non-executive director					
Mr. Wong Chung Yeung (Note (e))	42	–	–	–	42
Independent non-executive directors					
Mr. Ng Ki Man	156	–	–	–	156
Mr. Leung Sui Chung (Note (f))	76	–	–	–	76
Mr. Siu Chun Pong Raymond (Note (f))	76	–	–	–	76
Mr. Lo Siu Kit (Note (g))	78	–	–	–	78
Ms. Li On Lei (Note (g))	78	–	–	–	78
	1,106	1,500	27	742	3,375

Notes:

(a) Mr. Hooy Kok Wai was appointed as chairman of the board and an executive director on 19 August 2021.

(b) Mr. Liu Chi Ching was re-designated from chairman to vice-chairman of the board on 19 August 2021.

(c) Mr. Zhong Xueyong was appointed as an executive director on 19 August 2021 and became the chief executive officer on 29 September 2021.

10. EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' emoluments (Continued)

(d) Ms. Wu Shuk Kwan resigned as an executive director and the chief executive officer on 29 September 2021.

(e) Mr. Wong Chung Yeung resigned as a non-executive director on 29 September 2021.

(f) Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond were appointed as independent non-executive directors on 29 September 2021.

(g) Mr. Lo Siu Kit and Ms. Li On Lei resigned as independent non-executive directors on 29 September 2021.

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Other benefits HK$'000	Total HK$'000
For the year ended 31 March 2021					
Executive directors					
Mr. Liu Chi Ching (Chairman)	–	609	18	610	1,237
Ms. Wu Shuk Kwan (Chief executive officer)	–	600	18	264	882
Non-executive director					
Mr. Wong Chung Yeung	84	–	–	–	84
Independent non-executive directors					
Ms. Li On Lei	156	–	–	–	156
Mr. Ng Ki Man	156	–	–	–	156
Mr. Lo Siu Kit	156	–	–	–	156
	552	1,209	36	874	2,671

For the years ended 31 March 2022 and 2021, none of the directors of the Company waived any emoluments paid or payable by the Group companies and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

10. EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' emoluments (Continued)

(i) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking for the year ended 31 March 2022 (2021: Nil).

(ii) Directors' termination benefits

No payment was made to directors of the Company as compensation for the early termination of the appointment for the year ended 31 March 2022 (2021: Nil).

(iii) Consideration provided to third parties for making available directors' services

No payment was made to any third parties for making available the services of them as a director of the Company for the year ended 31 March 2022 (2021: Nil).

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors for the year ended 31 March 2022 (2021: Nil).

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

Save as disclosed in these consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year ended 31 March 2022 (2021: Nil).

10. EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors for the year ended 31 March 2022 (2021: 2 directors), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 individuals for the year ended 31 March 2022 (2021: 3 individuals) are as follows:

	2022 HK$'000	2021 HK$'000
Salaries and allowances	1,225	1,202
Bonus	278	50
Retirement benefit costs-defined contribution plans	51	49
	1,554	1,301

The emoluments of above individuals are within the following band:

	Number of individuals Year ended 31 March 2022	 2021
Emoluments band		
Nil-HK$1,000,000	3	3

For the years ended 31 March 2022 and 2021, no emoluments were paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

11. FINANCE COSTS – NET

	2022 HK$'000	2021 HK$'000
Interest expense on bank borrowings	582	1,070
Interest expense on lease liabilities	59	1
Finance costs	641	1,071
Interest income	(48)	(655)
Finance costs – net	593	416

12. INCOME TAX EXPENSE/(CREDIT)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

The Hong Kong Profits Tax is calculated at the rate of 16.5% (2021:16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK$2,000,000 of qualified entity's assessable profits is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

The amount of income tax expense/(credit) to the consolidated statement of comprehensive income represents:

	2022 HK$'000	2021 HK$'000
Current income tax		
– Current year	–	–
– Over provision in prior years	–	357
	–	357
Deferred income tax (Note 17)	106	(673)
Income tax expense/(credit)	106	(316)

12. INCOME TAX EXPENSE/(CREDIT) (Continued)

The taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2022 HK$'000	2021 HK$'000
Loss before income tax	**(10,852)**	(8,560)
Tax at Hong Kong Profits Tax rate of 16.5%	**(1,790)**	(1,412)
Expenses not deductible for tax purposes	**1,699**	1,800
Non-taxable income	**(36)**	(657)
Over provision for prior years	**–**	357
Tax effect of temporary difference not recognised	**107**	43
Utilisation of temporary difference not recognised	**–**	(253)
Utilisation of tax loss previously not recognised	**(137)**	(3)
Recognition of tax loss previously not recognised	**263**	183
Tax effects of tax loss and other temporary differences for which no deferred income tax assets were recognised	**–**	(374)
Income tax expense/(credit)	**106**	(316)

13. DIVIDEND

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

14. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE YEAR – BASIC AND DILUTED

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years:

	2022	2021
Loss attributable to equity holders of the Company (in thousand HK$)	**(10,955)**	(8,240)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (in thousand)	**1,417,414**	1,260,000
Loss per share (expressed in HK cents per share)	**(0.77)**	(0.65)

The Group does not have any dilutive potential ordinary shares in issue during the current and prior years. Accordingly, diluted loss per share was the same as the basic loss per share for both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
As at 1 April 2020	20,513	12,823	7,615	3,000	43,951
Additions	–	–	240	2,047	2,287
As at 31 March 2021 and 1 April 2021	**20,513**	**12,823**	**7,855**	**5,047**	**46,238**
Additions	**888**	**–**	**222**	**1,246**	**2,356**
Disposal	**–**	**–**	**–**	**(190)**	**(190)**
As at 31 March 2022	**21,401**	**12,823**	**8,077**	**6,103**	**48,404**
ACCUMULATED DEPRECIATION					
As at 1 April 2020	2,739	1,464	3,927	2,199	10,329
Provided for the year	610	939	1,042	805	3,396
As at 31 March 2021 and 1 April 2021	**3,349**	**2,403**	**4,969**	**3,004**	**13,725**
Provided for the year	**623**	**939**	**1,070**	**1,038**	**3,670**
Disposal	**–**	**–**	**–**	**(190)**	**(190)**
As at 31 March 2022	**3,972**	**3,342**	**6,039**	**3,852**	**17,205**
NET BOOK VALUE					
As at 31 March 2021	17,164	10,420	2,886	2,043	32,513
As at 31 March 2022	**17,429**	**9,481**	**2,038**	**2,251**	**31,199**

Depreciation expense of approximately HK$1,674,000 (2021: approximately HK$1,661,000) and approximately HK$1,996,000 (2021: approximately HK$1,735,000) has been charged to cost of sales and selling and administrative expenses, respectively, for the year ended 31 March 2022.

As at 31 March 2022, bank borrowings of approximately HK$23,624,000 (2021: approximately HK$43,395,000) are secured by buildings and right-of-use assets for the value of approximately HK$6,321,000 and approximately HK$38,618,000 respectively (2021: buildings and right-of-use assets for the value of approximately HK$16,381,000 and approximately HK$46,965,000 respectively).

16. LEASES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2022 HK$'000	2021 HK$'000
Right-of-use assets		
Leasehold lands	45,174	46,965
Buildings	4,325	20
	49,499	46,985
Lease liabilities		
Current	1,562	20
Non-current	2,925	2
	4,487	22

The Group obtains right to control the use of various properties for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions, including lease payments and lease terms ranging from 1 to 2 years. Additions to the right-of-use assets during the 2022 financial year were approximately HK$4,718,000 (2021: approximately HK$38,000).

As at 31 March 2022 and 2021, all of the Group's interests in leasehold lands are located in Hong Kong with leases between 10 and 50 years.

16. LEASES (Continued)

(b) Amounts recognised in the consolidated statement of comprehensive income

The statement shows the following amounts relating to leases:

	2022 HK$'000	2021 HK$'000
Depreciation charge of right-of-use assets		
Leasehold lands	**1,791**	1,791
Buildings	**413**	21
	2,204	1,812
Interest expense (included in finance cost)	**59**	1
Expense relating to short-term leases (included in cost of sales and selling and administrative expenses)	**195**	206

The total cash outflow for leases for the year ended 31 March 2022 was approximately HK$448,000 (2021: approximately HK$225,000).

(c) Future lease payments

Future lease payments are due as follows:

	Future lease payments HK$'000	**Interest** HK$'000	**Present value** HK$'000
As at 31 March 2022			
Not later than 1 year	**1,750**	**(188)**	**1,562**
Later than 1 year and not later than 2 years	**3,060**	**(135)**	**2,925**
	4,810	**(323)**	**4,487**
As at 31 March 2021			
Not later than 1 year	20	–	20
Later than 1 year and not later than 2 years	2	–	2
	22	–	22

17. DEFERRED INCOME TAX

The net movement on the deferred income tax account is as follows:

	2022 **HK$'000**	2021 HK$'000
At beginning of the year	**(1,706)**	(2,379)
Charged/(credited) to consolidated statement of comprehensive income (Note 12)	**(106)**	673
At end of the year	**(1,812)**	(1,706)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in deferred income tax assets and liabilities during the years ended 31 March 2022 and 2021, without taking into consideration the offsetting of balances with the same tax jurisdiction is as follows:

Deferred income tax assets

	Tax losses HK$'000
As at 1 April 2020	–
Recognised in the consolidated statement of comprehensive income	1,143
As at 31 March 2021 and 1 April 2021	**1,143**
Recognised in the consolidated statement of comprehensive income	**169**
As at 31 March 2022	**1,312**

17. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000
As at 1 April 2020	(2,379)
Recognised in the consolidated statement of comprehensive income	(470)
As at 31 March 2021 and 1 April 2021	**(2,849)**
Recognised in the consolidated statement of comprehensive income	**(275)**
As at 31 March 2022	**(3,124)**

At the end of the reporting period, the Group has unused tax losses of approximately HK$8,756,000 (2021: approximately HK$7,993,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

18. INTEREST IN A JOINT VENTURE

	2022 **HK$'000**	2021 HK$'000
Investment cost	**1,000**	1,000
Share of post-acquisition loss	**(807)**	(725)
	193	275

Movement in the investment in a joint venture is as follows:

	2022 **HK$'000**	2021 HK$'000
As at 1 April	**275**	719
Share of loss for the year	**(82)**	(444)
As at 31 March	**193**	275

18. INTEREST IN A JOINT VENTURE (Continued)

The following shows the details of the investment in a joint venture as at 31 March 2022:

Name of company	Place of incorporation and operation	% of ownership interest	Principal activities	Measurement method
China Bright International Investment Limited	Hong Kong	50%	Manufacturing of bakery products	Equity

China Bright International Investment Limited is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's investments in a joint venture, and there are no contingent liabilities of the joint venture itself as at 31 March 2022 and 2021.

Summarised financial information for a joint venture

Set out below is the summarised financial information for China Bright International Investment Limited which is accounted for using the equity method.

Summarised statement of financial position

	2022 HK$'000	2021 HK$'000
Current		
Cash and cash equivalents	**531**	531
Other current assets (excluding cash and cash equivalents)	**–**	–
Total current assets	**531**	531
Other current liabilities	**(250)**	(136)
Non-current		
Other non-current assets	**105**	155
Net assets	**386**	550
Interest in the joint venture @50%	**193**	275

18. INTEREST IN A JOINT VENTURE (Continued)

Summarised statement of comprehensive income

	2022 HK$'000	2021 HK$'000
Revenue	–	230
Loss for the year	(164)	(887)
Share of loss in the joint venture @50%	(82)	(444)

19. FINANCIAL INSTRUMENTS BY CATEGORY

	2022 HK$'000	2021 HK$'000
Financial assets at amortised cost		
– Trade receivables	21,005	19,747
– Other receivables and deposits	1,167	286
– Cash and cash equivalents	44,958	37,431
Total	67,130	57,464
Financial liabilities		
– Trade payables	2,110	3,893
– Other payables (excluding non-financial liabilities)	522	311
– Borrowings	23,624	43,395
Total	26,256	47,599
Lease liabilities	4,487	22

20. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 HK$'000	2021 HK$'000
Trade receivables (Note (a))		
– Related parties (Note 28(b))	**49**	54
– Third parties	**20,956**	19,693
	21,005	19,747
Other prepayments	**7,043**	7,792
Other receivables and deposits	**1,167**	286
	8,210	8,078
Less non-current portion: deposits and prepayments	**(4)**	(17)
Deposits and prepayments included in current assets	**8,206**	8,061

(a) Trade receivables

	2022 HK$'000	2021 HK$'000
Trade receivables	**32,325**	25,907
Less: loss allowance	**(11,320)**	(6,160)
	21,005	19,747

The carrying amounts of trade receivables approximate their fair values and are denominated in HK$.

20. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

The Group normally grants credit terms to its customers ranging from 0 to 120 days (2021: 0 to 120 days). The ageing analysis of the trade receivables based on invoice date is as follows:

	2022 HK$'000	2021 HK$'000
1 to 30 days	4,984	9,220
31 to 60 days	2,670	3,991
61 to 90 days	2,482	1,538
91 to 120 days	3,441	1,289
Over 120 days	18,748	9,869
Total	32,325	25,907

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the ageing from billing. See Note 5(a) for further information about expected credit loss provision.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

21. INVENTORIES

	2022 HK$'000	2021 HK$'000
Raw materials	386	553

The cost of inventories included in cost of sales amounted to approximately HK$83,526,000 and approximately HK$69,297,000 for the years ended 31 March 2022 and 2021, respectively.

22. CASH AND CASH EQUIVALENTS

	2022 HK$'000	2021 HK$'000
Cash at bank	**44,958**	37,431

Notes:

(a) The amounts represent cash and cash equivalents in the consolidated statement of cash flows.

(b) The Group's cash and bank balances are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
Hong Kong dollars	**44,881**	37,385
United States dollars	**46**	15
Japanese yen	**25**	25
Australian dollars	**6**	6
	44,958	37,431

23. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables (Note (a))		
– Related parties (Note 28(b))	**5**	7
– Third parties	**2,105**	3,886
	2,110	3,893
Other payables and accruals		
– Accruals for staff costs	**1,971**	1,960
– Commission payables	**8**	18
– Other accruals and other payables	**1,414**	1,212
	3,393	3,190
	5,503	7,083

23. TRADE AND OTHER PAYABLES (Continued)

(a) Trade payables

As at 31 March 2022 and 31 March 2021, the ageing analysis of the trade payables based on invoice date is as follows:

	2022 HK$'000	2021 HK$'000
0 to 30 days	1,634	3,144
31 to 60 days	402	684
61 to 90 days	74	65
	2,110	3,893

The carrying amounts of the Group's trade payables approximate their fair values.

24. BORROWINGS

	2022 HK$'000	2021 HK$'000
Current, secured		
Bank borrowings due for repayment within 1 year which contain a repayment on demand clause (Note)	10,400	5,353
Bank borrowings due for repayment after 1 year which contain a repayment on demand clause (Note)	13,224	38,042
Total borrowings	23,624	43,395

All borrowings, including the bank loans which contain a repayment on demand clause, are carried at amortised cost.

The carrying amounts of the borrowings approximate their fair values and are denominated in HK$. The weighted average interest rates are 1.60% and 2.02% as at 31 March 2022 and 31 March 2021, respectively.

Note: As at 31 March 2022, bank borrowings of approximately HK$23,624,000 (2021: approximately HK$43,395,000) are secured by buildings and right-of-use assets for the value of approximately HK$6,321,000 and approximately HK$38,618,000 respectively (2021: approximately HK$16,381,000 and approximately HK$46,965,000 respectively) (Note 15) and corporate guarantee provided by the Company.

24. BORROWINGS (Continued)

At the end of the reporting period, the bank loans were scheduled to repay as follows:

	2022 HK$'000	2021 HK$'000
On demand or within one year	10,400	5,353
More than one year, but not exceeding two years	3,619	5,441
More than two years, but not exceeding five years	9,605	16,855
After five years	–	15,746
Total borrowings	23,624	43,395

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause.

Certain banking facilities are subject to the fulfilment of covenants. If the covenants were breached, the drawn down facilities would become repayable on demand. In addition, certain of the term loan agreements contain clauses which give the lender the right at their sole discretion to demand immediate repayment at any time irrespective of whether the covenants have been complied with and the scheduled repayment obligations were met.

Management regularly monitors its compliance with these covenants. The Group is up to date with the scheduled repayments of the term loans and management does not consider it is probable that the banks will exercise their discretion to demand repayment so long as these requirements are to be met continuously. Further details of the Company's management of liquidity risk are set out in note 5 (b). As at 31 March 2022, none of the covenants relating to drawn down facilities had been breached (2021: none).

25. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary share (in thousand)	Nominal value of ordinary share HK$'000	Share premium HK$'000
Authorised share capital			
Ordinary shares of HK$0.01 each			
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	2,000,000	20,000	–
Issued and fully paid			
Ordinary shares of HK$0.01 each			
As at 1 April 2020, 31 March 2021 and 1 April 2021	1,260,000	12,600	46,971
Issuance of new shares upon the completion of the Share Subscription	252,000	2,520	35,280
Transaction cost on issuance of new shares	–	–	(100)
As at 31 March 2022	1,512,000	15,120	82,151

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Liabilities from financing activities:

	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 April 2020	48,536	3	48,539
Changes from cash flows:			
Repayment during the year	(5,141)	(19)	(5,160)
Interest paid	(1,070)	(1)	(1,071)
Total changes from financing cash flows:	(6,211)	(20)	(6,231)
Other changes:			
New lease capitalised	–	38	38
Interest expenses	1,070	1	1,071
Total other changes:	1,070	39	1,109
As at 31 March 2021 and 1 April 2021	**43,395**	**22**	**43,417**
Changes from cash flows:			
Repayment during the year	**(19,771)**	**(253)**	**(20,024)**
Interest paid	**(582)**	**(59)**	**(641)**
Total changes from financing cash flows:	**(20,353)**	**(312)**	**(20,665)**
Other changes:			
New lease capitalised	**–**	**4,718**	**4,718**
Interest expenses	**582**	**59**	**641**
Total other changes:	**582**	**4,777**	**5,359**
As at 31 March 2022	**23,624**	**4,487**	**28,111**

27. RETIREMENT BENEFIT PLANS

The Group participates in a MPF Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance, a defined contribution scheme managed by an independent trustee. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap of HK$1,500. The only obligation of the Group with respect of MPF Scheme is to make the required contributions at rate specified under the scheme.

During the year ended 31 March 2022, forfeited contributions of approximately HK$315,000 (2021: approximately HK$94,000) under the defined contribution plans were used by the Group to reduce its existing level of contributions. As at 31 March 2022, the Group was not entitled to any forfeited contributions to reduce its future contributions (2021: HK$ nil).

The total expenses of approximately HK$652,000 was recognised in profit or loss during the year ended 31 March 2022 (2021: approximately HK$690,000).

28. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following companies were related parties that had material transactions or balances with the Group during the years ended 31 March 2022 and 2021:

Name of the related party	Relationship with the Group
Winning Tender Limited	Mr. Liu Chi Ching, who is an executive director and a substantial shareholder of the Company, has beneficial interest
Au Kit Ying	The owner of the business is a related person to Mr. Liu Chi Ching
WG International Group Limited#	The ultimate controlling shareholder of this company is Mr. Hooy Kok Wai, who is an executive director and a substantial shareholder of the Company

The name of the related party has been changed from WG Sky Farm International Group Limited to WG International Group Limited with effect from 11 May 2022.

In addition to the related party information disclosed above, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year, and balances arising from related party transactions as at year end.

28. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties

	2022	2021
	HK$'000	HK$'000
Continuing related parties' transactions		
Sales of goods to a related company		
– Winning Tender Limited	**612**	570
Purchase of goods from a related party		
– Au Kit Ying	**16**	48
Service fee paid to a related company		
– WG International Group Limited	**561**	–

(b) Balances with related parties

	2022	2021
	HK$'000	HK$'000
Amount due from Winning Tender Limited	**49**	54
Amount due to Au Kit Ying	**(5)**	(7)

The carrying amounts of balances with related parties approximate their fair values and are denominated in HK$.

(c) Key management compensation

Key management includes executive directors of the Group. The compensation paid or payable to key management for employee services is disclosed in Note 10.

29. PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries as at 31 March 2022:

Company name	Country/ place of incorporation/ establishment	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group
Eminent Ace Group Limited	BVI	US$1	Investment holding/Hong Kong	100%	–
C.Y. Food Trading (HK) Company Limited	Hong Kong	HK$1	Processing and distribution of vegetables and other food/ Hong Kong	–	100%
Lion Metro Limited	BVI	US$100	Investment holding/Hong Kong	–	100%
Healthy Cheer International Limited	Hong Kong	HK$100,000	Property holding and investment/ Hong Kong	–	100%
Profit Star Holdings Limited	Seychelles	US$1	Investment holding/Hong Kong	100%	–
Eastway Logistic Company Limited	Hong Kong	HK$1	Logistic services/Hong Kong	–	100%
Better Joy Limited	Samoa	US$100	Investment holding/Hong Kong	100%	–
Jade Royal Limited	Hong Kong	HK$1	Property holding and investment/ Hong Kong	–	100%
Wise Sino Limited	Hong Kong	HK$1	Property holding and investment/ Hong Kong	–	100%
Wonderful Link International Limited	BVI	US$100	Investment holding/Hong Kong	100%	–
Blissing Wish Limited	Hong Kong	HK$1	Investment holding/Hong Kong	–	100%
Global Pop Limited	BVI	US$1	Investment holding/Hong Kong	100%	–

29. PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Company name	Country/ place of incorporation/ establishment	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group
Oasis Smart Limited	Hong Kong	HK$1	Investment holding/Hong Kong	–	100%
China Wantian Management Limited	Hong Kong	HK$1	Provision of management service/ Hong Kong	100%	–
Great Point Limited	BVI	US$1	Investment holding/Hong Kong	100%	–
Great Point Strategic Limited	BVI	US$1	Investment holding/Hong Kong	–	100%
Great Point Technology Limited	BVI	US$1	Investment holding/Hong Kong	–	100%
Grand Origin Development Limited	Hong Kong	HK$100	Investment holding/Hong Kong	–	100%
Green Root Eco-Technology Limited	Hong Kong	HK$100	Investment holding/Hong Kong	–	100%

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

	Notes	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current asset			
Investments in subsidiaries		**16,096**	16,095
		16,096	16,095
Current asset			
Amounts due from subsidiaries		**77,167**	40,838
		77,167	40,838
Current liability			
Amounts due to subsidiaries		**(1)**	–
		(1)	–
Net current assets		**77,166**	40,838
Net assets		**93,262**	56,933
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**15,120**	12,600
Share premium	30(a)	**82,151**	46,971
Other reserve	30(a)	**6,295**	6,295
Accumulated losses	30(a)	**(10,304)**	(8,933)
Total equity		**93,262**	56,933

The statement of financial position of the Company was approved for issue by the board of directors on 28 June 2022 and was signed on its behalf.

Hooy Kok Wai
Director

Liu Chi Ching
Director

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Share premium	Other reserve (note b)	Accumulated Losses
	HK$'000	HK$'000	HK$'000
As at 1 April 2020	46,971	6,295	(8,381)
Loss for the year	–	–	(552)
As at 31 March 2021 and 1 April 2021	**46,971**	**6,295**	**(8,933)**
Issue of new shares	**35,280**	**–**	**–**
Transaction cost on issuance of new shares	**(100)**	**–**	**–**
Loss for the year	**–**	**–**	**(1,371)**
As at 31 March 2022	**82,151**	**6,295**	**(10,304)**

(b) Other reserve of the Company mainly represents the difference of the nominal value of the share issued and the net asset value of the subsidiaries of the Company upon the reorganisation in 2016.

31. COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been re-presented to conform with the current year presentation.

SUMMARY OF FINANCIAL INFORMATION

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 financial statements is set out as below:

	For the year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**127,674**	106,706	154,078	185,939	176,841
Gross profit	**18,745**	13,248	19,225	43,955	44,590
(Loss)/profit before income tax	**(10,852)**	(8,560)	(3,572)	20,353	27,523
(Loss)/profit and total comprehensive income for the year	**(10,958)**	(8,244)	(4,746)	16,059	22,861
Total assets	**155,450**	145,582	160,503	150,736	130,688
Total liabilities	**35,426**	52,311	58,988	39,675	35,653
Net assets	**120,024**	93,271	101,515	111,061	95,035