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

2022/23 Annual Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Independent non-executive Directors
Ms. Lui Choi Yiu Angela
Mr. Leung Sui Chung
Mr. Siu Chun Pong Raymond
Mr. Lam Chi Wing *(appointed on 8 June 2023)*

BOARD COMMITTEES

Audit committee
Ms. Lui Choi Yiu Angela *(Chairman)*
Mr. Leung Sui Chung
Mr. Siu Chun Pong Raymond
Mr. Lam Chi Wing *(appointed on 8 June 2023)*

Nomination committee
Dr. Hooy Kok Wai *(Chairman)*
Ms. Lui Choi Yiu Angela
Mr. Leung Sui Chung
Mr. Siu Chun Pong Raymond
Mr. Lam Chi Wing *(appointed on 8 June 2023)*

Remuneration committee
Mr. Leung Sui Chung *(Chairman)*
Mr. Liu Chi Ching
Ms. Lui Choi Yiu Angela
Mr. Siu Chun Pong Raymond
Mr. Lam Chi Wing *(appointed on 8 June 2023)*

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 & Unit A2, 32/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
17/F, Far East Finance Centre
16 Harcourt Road
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 PLACES OF BUSINESS IN THE PRC

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

Block A, 4/F, Wangu Plaza
No. 10 Xinglong Road, Shagang, East District
Zhongshan, the PRC

PRINCIPAL BANKS

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

STOCK CODE

1854

COMPANY WEBSITE

www.cwth.com.hk

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 2023 (the "**financial year**", the "**year under review**" or the "**year**").

SUMMARY

Global economic activities generally slowed during the year under review, bringing a risk of recession, in a context of financial turmoil in the majority of nations, persistently high inflation and escalating geopolitical tensions. Fortunately, the sharp tightening of monetary policies adopted by major central banks has begun to have an effect. According to the International Monetary Fund, global inflation has declined slowly since 2023, and this, coupled with the reopening of China in December 2022, is supporting global economic recovery. However, downside risks have continued to dominate the economic environment, with turbulence in the banking sector and core inflation seemingly not yet having peaked. The road to global economic recovery remains rough and the overall outlook for the market environment appears cloudy.

During the year under review, Novel Coronavirus ("**COVID-19**" or the "**pandemic**") impacted on both the fresh food supply industry and the catering industry in Mainland China and Hong Kong. The fresh food supply industry was affected by the persistent anti-pandemic lockdowns, which led to labour shortages in various industries, rising logistics costs and frequent transportation delays. As for the catering industry, continuous outbreaks of the pandemic in Mainland China saw lengthy bans on dine-in services, resulting in a prolonged industry slowdown. The catering industry was one of the industries to suffer most, experiencing a steep decline in demand.

China's pandemic prevention measures were relaxed at the end of 2022, with the State Council introducing an optimised pandemic policy in December 2022, which was designed to facilitate an orderly market recovery and gradually boost market confidence. As a result, both the fresh food supply and catering industries in Mainland China and Hong Kong have been presented with a new round of development opportunities. Following the gradual resumption of labour and production in various cities, logistics costs have returned to normal levels, reducing the operating costs of enterprises in the fresh food supply industry. In addition, the resumption of in-person consumption activities such as restaurant dine-in services has enabled the catering industry to stage a strong recovery. According to the National Bureau of Statistics of China, the domestic service industries have begun to recover in 2023. The accommodation and catering industries, both of which were strongly affected by the pandemic, regained momentum in the first quarter of 2023, recording the highest level of growth among all industries.

BUSINESS OVERVIEW

During the year under review, the Group has established business operations in Shenzhen and Zhongshan, and set up its headquarters in Nanshan, Shenzhen in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"). This marked the Group's official debut in the Greater Bay Area market, where great potentials abound, and signified its commitment to becoming an industry-leading supplier and service provider of green food ingredients and green food in the Greater Bay Area. The Group is principally engaged in three businesses, namely green food supply, green catering, and environmental protection and technology. In view of the rapid development in the Greater Bay Area, the Group has adopted a multi-pronged approach in order to accelerate its business development in the Greater Bay Area. It has been taking advantage of the synergies among its three principal businesses in the hope of achieving growth in both its total revenue and market share.

Green food supply is the Group's highest revenue generator. During the year under review, the Group gradually extended its successful operation in Hong Kong to the Greater Bay Area, with the acquisition of Shenzhen Wealth Source Trading Development Company Limited*（深圳豐源貿易發展有限公司）("**Shenzhen Wealth Source**"), a subsidiary of Champion Point Limited, being a significant milestone in the Group's business development. Shenzhen Wealth Source, a domestic green food supply chain service provider, sources live cattle from regions such as Inner Mongolia and Xinjiang, and distributes them to downstream customers in the Greater Bay Area, while also supplying fruit, vegetables and seafood to restaurants in the Greater Bay Area. Following completion of the acquisition, the Group has expanded its market share by progressively enlarging the trading volume of its green food supply business.

With regard to the green catering business, the Group has successfully pushed forward with a rapid expansion of the catering business scope during the year under review, and now operates restaurants targeting young customers in the hub of Zhongshan. These restaurants have increased the Group's brand awareness in the Greater Bay Area, and at the same time broadened both its customer base and market share. With the impact of COVID-19 gradually receding over the year under review, the resumption of dine-in services at restaurants across the region saw progressive recovery for the catering industry, and both the number of restaurant customers and the revenue of the Group have experienced robust growth. At the same time, the catering business provided a stable distribution channel for the Group's upstream business, helping the Group move towards full integration of the value chain.

As for the environmental protection and technology business, the Group has continued to adhere to its vision of providing "modern agricultural technology and environmental protection" by setting up farms on rooftop spaces to promote greening and environmental protection. Through this, the Group is enabling primary and secondary school students in the Greater Bay Area to take part in rooftop farming, fostering beneficial interactions between humans and the natural world as well as bringing green power to buildings in large cities.

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OUTLOOK

Since the Chinese government launched the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" in 2019, the development in the Greater Bay Area has progressed significantly from year to year. With active participation from local governments in the Greater Bay Area, the region has maintained its leading position in several fields, bringing significant growth prospects. To capture opportunities arising from the development of the Greater Bay Area, the Group entered the market during the year under review by setting up its Greater Bay Area headquarters and offices in Shenzhen and Zhongshan respectively. By means of this, the Group aims to expedite its business development in the Greater Bay Area.

Regarding the Group's green food supply business, consumer demand for green food has been growing year on year as China's urban economy has continued to achieve growth and bring improvements to people's quality of life. Further, consumers are opting for healthier food than in the past as a result of the pandemic, and green food has now become a priority for many. Following the Group's completion of its acquisition of Shenzhen Wealth Source, the Group has successfully expanded its food supply chain business in Hong Kong to the entire Greater Bay Area market. The Group's plan to establish a one-stop green food industry chain is in full swing.

In parallel with the rising standards of Chinese consumers, demand for beef has continued to grow. Beef production is expected to maintain its growth momentum and become a "sunrise industry" of the livestock sector. In particular, there is a high demand for beef in the Greater Bay Area but the region is not self-sufficient in this respect. The supply shortage will bring both opportunities and challenges in the long term. In view of this, the Group's future focus will be on developing its role in the live cattle breeding and trading industry, with the aim of expanding its business to connect the upstream (breeding), midstream (processing/logistics) and downstream (restaurants/prepared dishes/sale terminals) sectors to create a comprehensive live cattle industry chain in the Greater Bay Area. The Group sees this business as an important source of revenue and margin growth in the future.

In terms of the Group's green catering business, the post-pandemic era is expected to bring a period of "revenge consumption" by consumers while the larger outlook for the industry is generally positive owing to favourable government policies. According to the Guangdong-Hong Kong-Macao Greater Bay Area Catering Consumption Report issued by Meituan, one of the largest catering platforms in China, in 2022, young people are the major consumers of the catering industry in the Greater Bay Area, with Guangdong Province accounting for more than 10% of the revenue in the domestic catering industry over recent years. Given this trend, the Group is looking to open more restaurants targeting young consumers in Guangdong Province, with the aim of enhancing its brand awareness, customer base and market share in the Greater Bay Area.

On 11 April 2023, the Group announced the proposed rights issue on the basis of one rights share for every five existing shares held, at a subscription price of HK$0.36 per rights share (the "**Rights Issue**"). Through the Rights Issue, 309,504,000 new shares (the "**Rights Shares**" and each being a "**Rights Share**") were issued, the net proceeds of which were estimated to be approximately HK$101.7 million. Regarding the net proceeds, (a) 30% will be used to launch a live cattle breeding site project; (b) 25% will be used to develop the Group's live cattle trading business; (c) 10% will be used to expand its fresh food supply business; (d) 10% will be used to develop its catering business; (e) 10% will be used for the repayment of an outstanding loan; (f) 5% will be used to enhance and upgrade the Group's offices in the Greater Bay Area; and (g) 10% will be used for the Group's general working capital. The Rights Issue gave the qualifying shareholders of the Company an opportunity to take up their entitlements to maintain their shareholdings in the Group, while also strengthening the Group's capital base and enhancing its financial position. By helping the Group achieve sustainable development, the Rights Issue is working in the interests of both the Group and all the shareholders of the Company.

APPRECIATION

The Group will explore the potential of the Greater Bay Area market with determination and perseverance and steadfastly develop its core businesses, namely the live cattle breeding and trading business, green food supply chain business and green catering business. It will also promote synergies among the businesses and look to build a whole industry chain connecting upstream, midstream and downstream components, thus helping the Group emerge as an industry-leading green food supplier and service provider in China. Looking forward, we will remain true to our original commitment to upholding the Group's mission and development philosophy as we move forward into a new phase of development.

On behalf of the Board, I would like to extend my sincere gratitude to all the shareholders, investors and business partners for their enduring support and trust. I would also like to express my sincere appreciation to the management team and all the staff for their incredible dedication, integrity and commitment to the Group, which enable us to strive through the ongoing challenges. We will continue to enhance the Group's competitiveness and extend our efforts in the Greater Bay Area as we move towards our goal of becoming a leading green company in the Greater Bay Area and a leading lifestyle service provider in China, whilst at the same time endeavouring to create long-term value for our shareholders and investors.

Hooy Kok Wai
Chairman and Executive Director

Hong Kong, 28 June 2023

FINANCIAL REVIEW

During the year ended 31 March 2023 (the "**Year**"), following the establishment of the Group's Greater Bay Area headquarters in May 2022, the Group has further strengthened its existing food supply business by expanding the market to the Greater Bay Area through the acquisition of the entire issued share capital of Champion Point Limited ("**Champion Point**"), which in turn owned an operating subsidiary in the People's Republic of China ("**PRC**"), Shenzhen Wealth Source Trading Development Company Limited*（深圳豐源貿易發展有限公司）(the "**PRC Company**", together with Champion Point, collectively, the "**Target Group**") (the "**Acquisition**"). The PRC Company is principally engaged in the trading of live cattle and fresh food in the PRC. The Acquisition was completed on 25 November 2022. In addition, the Group also commenced two new businesses in the second half of 2022, which were (i) green catering; and (ii) environmental protection and technology.

Revenue

The Group's revenue for the Year was approximately HK$202.1 million, which increased by approximately 58.3% from approximately HK$127.7 million for the year ended 31 March 2022. The green food supply business is the main revenue stream of the Group, which accounted for approximately 97.2% of the total revenue.

The green food supply business performed encouragingly during the Year, which contributed a revenue of approximately HK$196.5 million, representing an increase of approximately 53.9% as compared with approximately HK$127.7 million for the same period in 2022. The increase was mainly attributable to the contribution from the newly acquired business, which recorded a revenue of approximately HK$57.3 million, of which the trading of live cattle and fresh food was approximately HK$35.8 million and HK$21.5 million, accounting for approximately 18.2% and 10.9% of the segment revenue respectively. Revenue derived from the fresh food supply business in Hong Kong amounted to approximately HK$139.2 million, representing approximately 70.8% of the segment revenue.

The two new businesses contributed a total revenue of approximately HK$5.7 million to the Group, which accounted for approximately 2.8% of the Group's revenue. The green catering business, which comprises the operation of various restaurants in the city of Zhongshan, contributed approximately HK$4.9 million in revenue to the Group during the Year. The environmental protection and technology business, which comprises the provision of services for building a comprehensive practice base to promote the ideas of green, environmental protection and low-carbon concepts, recorded a revenue of approximately HK$0.8 million during the Year.

Gross profit and gross profit margin

The Group's gross profit for the Year grew approximately 91.4% to approximately HK$35.9 million from approximately HK$18.7 million for the year ended 31 March 2022 and the gross profit margin for the Year increased by 3.1 percentage points to approximately 17.8%. The improvement was mainly driven by the green food supply business, which contributed approximately 93.1% to the Group's gross profit.

The gross profit derived from the Group's green food supply business for the Year increased significantly by approximately 78.1% to approximately HK$33.4 million, of which approximately HK$5.3 million was contributed by the newly acquired business. Meanwhile, with the improvement in the product mix of the food supply business in Hong Kong, the gross profit increased by approximately 50.0% to approximately HK$28.1 million with the gross profit margin improved by 5.5 percentage points to approximately 20.2%.

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The gross profit derived from the Group's green catering business and the environmental protection and technology business for the Year was approximately HK$2.3 million and HK$0.2 million respectively, representing a gross profit margin of approximately 47.5% and 21.0% respectively.

Other income and gain

The Group's other income and gain for the Year was approximately HK$3.0 million as compared to approximately HK$0.3 million for the year ended 31 March 2022. Such increase was primarily attributable to the receipt of non-recurring government grants of approximately HK$1.4 million from the Employment Support Scheme during the Year, which was absent for the year ended 31 March 2022.

Finance costs, net

The Group's finance costs, net for the Year were approximately HK$1.0 million, representing an increase of approximately 62.2% as compared with approximately HK$0.6 million for the same period in 2022, which was mainly due to the increase in interest of approximately HK$0.4 million on lease liabilities as new tenancy agreements were entered into by the Group during the Year for the purpose of business expansion.

Selling expenses

The Group's selling expenses for the Year were approximately HK$2.2 million, representing an increase of approximately 268.1% from approximately HK$0.6 million for the year ended 31 March 2022, which was mainly due to additional expenses incurred for promotion and delivery services platform in the catering business.

Administrative expenses

The Group's administrative expenses for the Year were approximately HK$50.2 million, representing an increase of approximately 116.0% from approximately HK$23.2 million for the year ended 31 March 2022. The increase was mainly attributable to the increase in administrative and payroll expenses incurred following the establishment of the Group's Greater Bay Area headquarters and the recognition of share-based payment expenses for the share options granted on 13 April 2022. Furthermore, the Group has expanded its green food supply business into the Greater Bay Area market and commenced two new businesses during the Year, which incurred additional administrative expenses such as staff costs, depreciation and utilities expenses.

Loss on change in fair value of contingent consideration payable

The Group's loss on change in fair value of contingent consideration payable was approximately HK$5.5 million for the Year, which was primarily due to the adjustment for changes in fair value of the contingent consideration payable which will be settled by the Company's equity shares arising from the Acquisition. Details of the Acquisition were set out in the announcements of the Company dated 7 November 2022 and 25 November 2022.

Impairment losses under expected credit loss model

The Group recorded an impairment losses under expected credit loss model of approximately HK$4.4 million for the Year (2022: HK$5.4 million), which was primarily due to the overdue payments from the customers.

Loss for the Year

Taking into consideration the above-mentioned factors, loss for the Year increased to approximately HK$27.7 million, as compared with a loss of approximately HK$11.0 million for the year ended 31 March 2022.

USE OF NET PROCEEDS FROM SHARE SUBSCRIPTION

On 16 August 2021, the Company completed the share subscription to allot and issue 252,000,000 new ordinary shares with a nominal value of HK$0.01 each in the share capital of the Company (the "**Shares**") to Ace Source Holdings Limited ("**Ace Source**") and raised net proceeds of approximately HK$37.7 million. Details of the share subscription were set out in 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 (the "**Circular**").

As stated in the announcement of the Company dated 24 November 2022, the Board resolved to change the planned use of the unutilised net proceeds in the amount of approximately HK$10.0 million from establishing two retail outlets to catering for the opening of the new eateries and operation of the catering business in Zhongshan, the PRC.

As at 31 March 2023, approximately HK$1.3 million out of the net proceeds from the share subscription had not been utilised. The remaining net proceeds are expected to be utilised on or before 31 December 2023. 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	Unutilised net proceeds up to 1 April 2022 HK$ million	Reallocation of unutilised net proceeds during the Year HK$ million	Actual use of net proceeds during the Year HK$ million	Unutilised net proceeds up to 31 March 2023 HK$ million
Repayment of bank loans	22.0	6.4	–	(6.4)	–
Establishment of two retail outlets	10.0	10.0	(10.0)	–	–
General working capital	5.7	5.7	–	(5.7)	–
Capital expenditures for opening two new eateries	–	–	5.5	(5.5)	–
Working capital for the catering business	–	–	4.5	(3.2)	1.3
Total	37.7	22.1	–	(20.8)	1.3

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, bank borrowings and advances from the intermediate holding company.

As at 31 March 2023, the Group had bank borrowings of approximately HK$13.3 million (31 March 2022: approximately HK$23.6 million), which was denominated in Hong Kong dollars. 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 2023, the Group had loans from the intermediate holding company of approximately HK$13.0 million (31 March 2022: Nil), of which HK$11.0 million was interest bearing at 7% per annum and HK$2.0 million was interest-free. The loans were unsecured and repayable within one year.

As at 31 March 2023, the Group had approximately HK$30.4 million in bank balance (31 March 2022: approximately HK$45.0 million). The Group had no bank overdraft as at 31 March 2023 (31 March 2022: 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 2023, total assets, which included current assets of approximately HK$82.5 million (31 March 2022: approximately HK$74.6 million) and non-current assets of approximately HK$133.8 million (31 March 2022: approximately HK$80.9 million), increased by approximately 39.2% to approximately HK$216.3 million (31 March 2022: approximately HK$155.5 million), which was primarily attributable to the consolidation of the newly acquired business at fair value.

As at 31 March 2023, total liabilities, which included current liabilities of approximately HK$66.5 million (31 March 2022: approximately HK$30.7 million) and non-current liabilities of approximately HK$38.1 million (31 March 2022: approximately HK$4.7 million), increased by approximately 195.4% to approximately HK$104.6 million (31 March 2022: approximately HK$35.4 million), which was mainly due to the recognition of the contingent consideration payable of approximately HK$46.1 million.

As at 31 March 2023, the current ratio of the Group, being current assets divided by current liabilities, decreased to approximately 1.2 (31 March 2022: approximately 2.4) as (i) new tenancy agreements were entered into by the Group during the Year, which resulted in an increase on lease liabilities; and (ii) the recognition of contingent consideration payable.

GEARING RATIO

As at 31 March 2023, the gearing ratio of the Group, being total borrowings (comprising bank borrowings and loans from the intermediate holding company) and lease liabilities divided by total equity, increased to approximately 32.3% (31 March 2022: approximately 23.4%) as new loans were obtained from the intermediate holding company.

CHARGE ON GROUP ASSETS

As at 31 March 2023, the Group had pledged its leasehold land under right-of-use assets and buildings with a net book value amounting to approximately HK$43.2 million (31 March 2022: approximately HK$44.9 million) for certain banking facilities granted to the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer accounted for approximately 13.7% (31 March 2022: approximately 9.0%) of the Group's total revenue while the Group's five largest customers in aggregate accounted for approximately 33.6% (31 March 2022: approximately 31.1%) of the Group's total revenue for the Year.

The Group's largest supplier accounted for approximately 33.2% (31 March 2022: approximately 51.8%) of the Group's total purchases while the Group's five largest suppliers in aggregate accounted for approximately 74.0% (31 March 2022: approximately 75.6%) 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.

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's revenue, expenses, assets and liabilities are denominated in HK$ and Renminbi ("**RMB**"). The appreciation or devaluation of RMB against HK$ may have an impact on the Group's results. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. The Group will continue to closely monitor the foreign currency exposure and take appropriate measures to minimise the risk when necessary.

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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 25 November 2022, the Group completed the acquisition of the entire issued share capital of Champion Point, which indirectly held the entire equity interest of the Target Group, pursuant to the conditions precedent as stated in the share purchase agreement dated 7 November 2022 entered into between Great Point Limited, a direct wholly-owned subsidiary of the Company, as the purchaser and Mr. Kwong Ping Man (the "**Vendor**") as the vendor (the "**Share Purchase Agreement**").

The PRC Company is the operating subsidiary of the Target Group and is principally engaged in the trading of live cattle, food ingredients and aquatic products in the PRC. The consideration of the Acquisition would be settled by way of allotment and issue by the Company to the Vendor of an aggregate of 91,660,000 consideration shares of the Company (the "**Consideration Share(s)**") in three tranches at the issue price of HK$0.48 per Consideration Share, of which (i) 9,160,000 Consideration Shares were allotted and issued upon completion of the Acquisition; (ii) 27,490,000 Consideration Shares are to be allotted and issued after the issue of the audited financial statement of the PRC Company for the year ended 31 March 2023 (the "**Year 2023**") subject to the consideration adjustment, under which the audited net profit after tax of the PRC Company for the Year 2023 (the "**2023 Audited Net Profit**") shall be between 85% and 100% of the target net profit after tax of the PRC Company for the Year 2023 of RMB5,450,000 (the "**2023 Target Net Profit**"); and (iii) 55,010,000 Consideration Shares are to be allotted and issued after the issue of the audited financial statement of the PRC Company for the year ending 31 March 2024 (the "**Year 2024**") subject to the consideration adjustment, under which the audited net profit after tax of the PRC Company for the Year 2024 shall be between 85% and 100% of the target net profit after tax of the PRC Company for the Year 2024 of RMB7,500,000.

The 2023 Audited Net Profit amounted to approximately RMB5.7 million, which was over the 2023 Target Net Profit. Accordingly, the Company will allot and issue 27,490,000 Consideration Shares to the Vendor in accordance with the terms and conditions of the Share Purchase Agreement after fulfilment of the 2023 Target Net Profit.

Details of the Acquisition were disclosed in the announcements of the Company dated 7 November 2022 and 25 November 2022.

SIGNIFICANT INVESTMENT HELD 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 2023. There were no other plans for material investment or capital asset as at 31 March 2023.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2023 (31 March 2022: Nil).

CAPITAL COMMITMENTS

As at 31 March 2023, the Group did not have capital commitments in respect of acquisition of property, plant and equipment (31 March 2022: Nil).

SEGMENT INFORMATION

The Group has 3 reportable segments, namely (i) green food supply; (ii) green catering; and (iii) environmental protection and technology.

INFORMATION ON EMPLOYEES

As at 31 March 2023, the Group had 146 employees working in Hong Kong and the PRC (31 March 2022: 69 employees in Hong Kong). 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$34.4 million (31 March 2022: approximately HK$18.4 million).

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the Year (31 March 2022: 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 51.7% (31 March 2022: 73%) of the total trade receivables were due from the five largest debtors as at 31 March 2023. 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 2023, the Group has made a loss allowance of approximately HK$4,351,000 (31 March 2022: HK$5,364,000) 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 2023, 62.5% (31 March 2022: 91.0%) of the Group's financial liabilities were due within the next 12 months, of which approximately 17.5% (31 March 2022: 39.0%) 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.

Changes in consumer taste

The catering business is highly affected by consumer taste and preference which is dependent on our ability to maintain our menu to develop new products and maintain an attractive menu to suit changing customer demands. It is necessary for the Group to closely monitor changes in consumer taste and preference. We monitor customer satisfaction through consumer review websites and through our frontline staff who interact with our customers to collect feedback.

Impact on economic performance due to outbreak of infectious disease

The Group may face an increased risk of employee infection due to its failure to have absolute control of the health status of frontline employees and to provide them with preventive measures as individuals may be exposed to the public during off hours. In case an outbreak of any infectious disease occurs, it may cause disruption to the Group's suppliers, subcontractors and customers, affecting the quality of the relevant services and the fulfilment of agreed responsibilities, which may adversely affect the operations and financial performance of the Group. As such, the Group will maintain temperature checks, sanitisation and mask control in the units and would restrain the number of outsider visits to the units and encourage web meetings.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dr. Hooy Kok Wai, aged 64, 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. Dr. Hooy has overall responsibilities for formulating business strategies and development plans for the Group.

Dr. 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 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. Dr. 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. Dr. Hooy is the founding president of Greater Bay Area Association of Listed Companies (formerly known as Guangdong-Hong Kong-Macau Greater Bay Area Industry and Commerce Federation) and the honorary president of Chung Shan Association (Singapore). He was awarded the Honorary Doctorate from Lincoln University College in Malaysia and was also honoured with 'the 17th World Outstanding Chinese Award' in 2022. He is a controlling shareholder and a director of Ace Source, which has an interest in the Shares 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 57, 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 25 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 Holdings Limited ("**Classic Line**"), which has an interest in the Shares 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 39, 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 Greater Bay Area Association of Listed Companies (formerly known as 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 was also awarded 'the 3rd World Outstanding Chinese Youth Entrepreneur Award' in 2022. He is a controlling shareholder and a director of Ace Source.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lui Choi Yiu Angela, aged 49, was appointed as an independent non-executive Director on 22 September 2022. She 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. Ms. Lui is responsible for providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Ms. Lui holds a bachelor of science degree in accounting from Azusa Pacific University in California, USA and a postgraduate diploma in corporate administration from The Hong Kong Polytechnic University. She is currently a member of each of the American Institute of Certified Public Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Public Accountants in Australia, the Institute of Financial Accountants in the United Kingdom and the Institute of Certified Management Accountants in Australia. Ms. Lui has over 3 years of audit experience in an international certified public accounting firm and over 20 years of experience in corporate management, company secretarial matters, accounting and finance of listed companies in Hong Kong. She served as the chief financial officer of Mason Group Holdings Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 273) from February 2016 to April 2020, and was an executive director and the company secretary of the company from April 2016 to April 2020 and from September 2016 to January 2020, respectively. Ms. Lui is currently the deputy chief financial officer of AGBA Group Limited.

Mr. Leung Sui Chung, aged 47, 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 43, 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 17 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 several listed companies in Hong Kong, namely Allied Sustainability and Environmental Consultants Group Limited (stock code: 8320), EC Healthcare (stock code: 2138), UTS Marketing Solutions Holdings Limited (stock code: 6113), Aceso Life Science Group Limited (stock code: 474) and Hao Tian International Construction Investment Group Limited (stock code: 1341).

Mr. Lam Chi Wing, aged 43, was appointed as an independent non-executive Director on 8 June 2023. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Lam is responsible for providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Lam obtained a bachelor of business administration in accounting and finance degree from The University of Hong Kong in December 2003, a master of science in knowledge management degree from The Hong Kong Polytechnic University in December 2006 and a master of business administration degree from The Chinese University of Hong Kong in December 2010. He is currently a postgraduate of the Executive Master in Public Administration Hong Kong Administrative Talents Program conducted by the School of Public Policy & Management at Tsinghua University.

Mr. Lam joined Li & Fung Group in September 2003, where he served as the group chief representative and general manager of Southern China of Li & Fung Development (China) Limited prior to his departure in July 2015. From June 2020 to December 2020, he was a brand and new retail strategic officer of Bonjour Holdings Limited.

Mr. Lam has been a deputy to the 14th National People's Congress (第十四屆全國人大代表), a member of each of the 12th and 13th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十二屆及第十三屆廣東省委員會) and a member of each of the 11th and 12th Zhongshan Municipal Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十一屆及第十二屆中山市委員會). Mr. Lam is currently a vice-chairman of each of the Hong Kong Guangdong Youth Association (香港廣東青年總會), the council of the Guangdong Society of Commercial Economy (廣東省商業經濟學會理事會), the Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation (廣東省粵港澳合作促進會) and the Federation of Hong Kong Zhong Shan Community Organisations Limited (香港中山社團總會). He is also currently an adjunct associate professor of the department of information systems, business statistics and operations management of the Business School of The Hong Kong University of Science and Technology, and co-director and an adjunct professor of the Center of Innovation Design and Entrepreneurship of the School of Management and Economics of The Chinese University of Hong Kong, Shenzhen. Mr. Lam served as a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region from 2011 to 2012.

Mr. Lam served as an executive director of Bonjour Holdings Limited (stock code: 653) from July 2020 to December 2020 and an independent non-executive director of Aidigong Maternal & Child Health Limited (stock code: 286) from March 2016 to December 2022, the shares of both of which are listed on the Main Board of the Stock Exchange. Mr. Lam is currently an independent non-executive director of each of Wai Hung Group Holdings Limited (stock code: 3321), Alco Holdings Limited (stock code: 328), MTT Group Holdings Limited (stock code: 2350) and Space Group Holdings Limited (stock code: 2448), the shares of all of which are listed on the Main Board of the Stock Exchange.

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Mr. Lau Yau Chuen Louis, aged 46, has been the company secretary and chief financial officer of the Company since 21 October 2021. He 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 fellow 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 in Hong Kong.

Mr. Lau was an independent non-executive director of IAG Holdings Limited (stock code: 8513) from June 2018 to May 2019. He was the company secretary of Shandong Hi-Speed Holdings Group Limited (formerly known as 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 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 2023.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands with limited liability. The principal activity of the Company is investment holding. The Group was principally engaged in (i) green food supply; (ii) green catering; and (iii) environmental protection and technology for the year ended 31 March 2023. Particulars of the Company's principal subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2023 and the state of affairs of the Company and of the Group at 31 March 2023 are set out in the consolidated financial statements on pages 65 to 161 of this annual report. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2023.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Friday, 8 September 2023 (the "**2023 AGM**"). For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 5 September 2023 to Friday, 8 September 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2023 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 4 September 2023.

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 an analysis using financial key performance indicators are set out in the section headed "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 16 to the consolidated financial statements.

DONATION

Charitable donations made by the Group during the year ended 31 March 2023 amounted to approximately HK$787,000 (31 March 2022: approximately HK$266,000).

SHARES ISSUED

Issue of Shares upon exercise of share options

During the year ended 31 March 2023, a total of 26,360,000 Shares were issued by the Company upon exercise of share options under the share option scheme of the Company (the "**Share Option Scheme**"). The Shares issued at nominal value of HK$0.01 each were credited as fully paid.

Consideration issue

On 25 November 2022, 9,160,000 Shares were allotted and issued at the issue price of HK$0.48 per Share in accordance with the terms of the share purchase agreement dated 7 November 2022 entered into between Great Point Limited, a direct wholly-owned subsidiary of the Company, and Mr. Kwong Ping Man in relation to the acquisition of all the issued shares of Champion Point Limited. The Shares issued at nominal value of HK$0.01 each were credited as fully paid. Details of the consideration issue were set out in the announcements of the Company dated 7 November 2022 and 25 November 2022.

Details of movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to the resolutions passed on 26 September 2016.

On 13 April 2022, 68,000,000 share options and 11,100,000 share options were granted to (i) directors and substantial shareholders of the Company; and (ii) employee participants of the Company, respectively under the Share Option Scheme. Details of movements of the share options granted during the year ended 31 March 2023 are as follows:

Name or category of participants	Date of grant	Exercise price (HK$)	Exercisable period	Number of share options: As at 1 April 2022	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31 March 2023	Adjusted number of share options upon completion of the Rights Issue [3]	Adjusted exercise price upon completion of the Rights Issue [3] (HK$)
Directors and substantial shareholders										
Dr. Hooy Kok Wai [1]	13/04/2022	0.320	01/07/2022 to 30/06/2025	–	45,000,000	(15,000,000)	–	30,000,000	31,546,391	0.3043
Mr. Zhong Xueyong [1]	13/04/2022	0.320	01/07/2022 to 30/06/2025	–	23,000,000	(7,660,000)	–	15,340,000	16,130,721	0.3043
Subtotal				**–**	**68,000,000**	**(22,660,000)**	**–**	**45,340,000**	**47,677,112**	
Employee participants [2]	13/04/2022	0.320	13/04/2022 to 12/04/2025	–	11,100,000	(3,700,000)	–	7,400,000	7,781,439	0.3043
Total				**–**	**79,100,000**	**(26,360,000)**	**–**	**52,740,000**	**55,458,551**	

Notes:

1. These share options were conditionally granted to Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors and substantial shareholders of the Company, on 13 April 2022 and approved at the extraordinary general meeting of the Company held on 8 June 2022. They are vested and exercisable as to (i) the first one third from 1 July 2022 to 30 June 2025 without being subject to any performance target; (ii) the next one third from 1 July 2023 to 30 June 2025 only if the audited revenue of the Group for the year ended 31 March 2023 is no less than 120% of the audited revenue of the Group for the year ended 31 March 2022; and (iii) the remaining one third from 1 July 2024 to 30 June 2025 only if the audited revenue of the Group for the year ending 31 March 2024 is no less than 140% of the audited revenue of the Group for the year ended 31 March 2022.

2. These share options were granted to employees of the Company. They are vested and exercisable without being subject to any performance target as to (i) the first one third from 13 April 2022 to 12 April 2025; (ii) the next one third from 13 April 2023 to 12 April 2025; and (iii) the remaining one third from 13 April 2024 to 12 April 2025.

3. As disclosed in the announcement of the Company dated 12 June 2023, upon completion of the Rights Issue, the exercise price and the number of Shares to be allotted and issued upon exercise of the subscription rights attached to the outstanding share options have been adjusted effective on 13 June 2023. The adjustments are made in compliance with the requirements set out in the relevant terms and conditions of the Share Option Scheme, Rule 17.03(13) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note Immediately After the Rule attached to the Frequently Asked Question No. 072–2020 issued by the Stock Exchange on 6 November 2020 and updated in January 2023.

4. The closing price per Share immediately before the date on which the share options were granted on 13 April 2022 was HK$0.305.

5. The fair value of the share options granted on 13 April 2022 was HK$0.10 per Share at the date of grant.

6. The weighted average closing price per Share immediately before the respective dates on which the share options were exercised was approximately HK$0.312.

7. No share options granted were cancelled or lapsed during the year ended 31 March 2023.

8. The share options granted on 13 April 2022 were made prior to the amendment to Chapter 17 of the Listing Rules taking effect.

9. None of the grants of share options to the employees of the Company is in excess of the 1% individual limit.

10. Details of the valuation of the share options of the Company during the year, including the accounting standard and policy adopted for the Share Option Scheme, are set out in note 32 to the consolidated financial statements.

11. The total number of share options available for grant under the scheme mandate of the Share Option Scheme as at 1 April 2022 and 31 March 2023 were 128,000,000 and 48,900,000, respectively.

12. The total number of Shares that may be issued in respect of the share options granted under all schemes of the Company during the year divided by the weighted average number of Shares in issue for the year was 4.78%.

SUMMARY OF THE SHARE OPTION SCHEME

Details		Share Opiton Scheme
1.	Purpose	To recognise, motivate and provide incentives to those who make contributions to the Group, to attract and retain the best available personnel and to promote the success of the business of the Group.
2.	Participants	Any employees (whether full-time or part-time), directors, substantial shareholders, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of any member of the Group.
3.	Maximum number of Shares	The maximum number of Shares issuable upon exercise of all share 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 6.89% of the Shares in issue as at the date of this annual report.
4.	Maximum entitlement of each participant	1% of the issued Shares from time to time within any 12-month period up to the date of the latest grant.
5.	Option period	A share option may be exercised at any time during a period as the Board may determine, which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.
6.	Vesting period	The Board may at its absolute discretion determine to fix a minimum period for holding the share options before it can be exercised.
7.	Acceptance of offer	Share options granted must be accepted within 7 days of the date of grant, upon payment of HK$1 per grant.
8.	Exercise price	The exercise price must 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 share 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 share option; and (iii) the nominal value of a Share on the date of grant of the share option.
9.	Remaining life of the scheme	It is to be expired on 25 September 2026, subject to early termination (i.e. the remaining life of the scheme is approximately 3 years and 3 months as at the date of this annual report).

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 28 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 2023, nor was there any equity-linked agreement entered into by the Company subsisting as at 31 March 2023.

CONNECTED TRANSACTIONS

On 24 November 2022, certain transactions were entered into between the Group and connected persons of the Company (as defined under the Listing Rules), the details of which are set out as follows:

(a) the catering tenancy agreement dated 24 November 2022 in respect of Shops Y16, Y17 and 1/2 of Y18, G/F, Wangu Shopping Basket Plaza, No. 9 Shagang Tianwang Road, East District, Zhongshan, Guangdong, the PRC (the "**Catering Premises A**") entered into between Zhongshan Wangu Basket Plaza Investment and Management Co., Ltd. ("**Wangu Basket**") as the landlord and Shenzhen Wantian Catering Retail Development Co., Ltd. Zhongshan Branch ("**Wantian Catering Zhongshan Branch**"), the Zhongshan branch of Shenzhen Wantian Catering Retail Development Co., Ltd. ("**Shenzhen Wantian Catering**"), which is an indirect wholly-owned subsidiary of the Company, as the tenant, pursuant to which Wangu Basket leased the Catering Premises A to Wantian Catering Zhongshan Branch for a term of 3 years commencing on 24 November 2022 and expiring on 23 November 2025 (both days inclusive) at a monthly rental of approximately RMB74,000 (inclusive of tax) for the first two years and approximately RMB80,000 (inclusive of tax) for the third year;

(b) the catering tenancy agreement dated 24 November 2022 in respect of Shops Y15–1 and 1/2 of Y18, G/F, Wangu Shopping Basket Plaza, No. 9 Shagang Tianwang Road, East District, Zhongshan, Guangdong, the PRC (the "**Catering Premises B**") entered into between Wangu Basket as the landlord and Shenzhen Wantian Catering Retail Development Co., Ltd. Zhongshan the 3rd Branch ("**Wantian Catering Zhongshan 3rd Branch**"), the third Zhongshan branch of Shenzhen Wantian Catering, as the tenant, pursuant to which Wangu Basket leased the Catering Premises B to Wantian Catering Zhongshan 3rd Branch for a term of 3 years commencing on 24 November 2022 and expiring on 23 November 2025 (both days inclusive) at a monthly rental of approximately RMB43,000 (inclusive of tax) for the first two years and approximately RMB46,000 (inclusive of tax) for the third year; and

(c) the catering tenancy agreement dated 24 November 2022 in respect of Shop 602, 6/F, Wangu Shopping Basket Plaza, No. 9 Shagang Tianwang Road, East District, Zhongshan, Guangdong, the PRC (the "**Catering Premises C**") entered into between Wangu Basket as the landlord and Shenzhen Wantian Catering Retail Development Co., Ltd. Zhongshan the 4th Branch ("**Wantian Catering Zhongshan 4th Branch**"), the fourth Zhongshan branch of Shenzhen Wantian Catering, as the tenant, pursuant to which Wangu Basket leased the Catering Premises C to Wantian Catering Zhongshan 4th Branch for a term of 3 years commencing on 24 November 2022 and expiring on 23 November 2025 (both days inclusive) at a monthly rental of approximately RMB38,000 (inclusive of tax) for the first two years and approximately RMB41,000 (inclusive of tax) for the third year.

The lease of each of the Catering Premises A, the Catering Premises B and the Catering Premises C is for the usage of catering. The entering into of the these catering tenancy agreements will provide the Group with adequate space for its business expansion and operation. As at the date of this report, Wangu Basket is ultimately beneficially owned as to approximately 59.6% and approximately 39.8% by Dr. Hooy Kok Wai and Mr. Zhong Xueyong, respectively. Therefore, Wangu Basket is an associate of each of Dr. Hooy Kok Wai and Mr. Zhong Xueyong, and is a connected person of the Company. Details of the above-mentioned connected transactions were disclosed in the announcement of the Company dated 24 November 2022.

Save as disclosed above, the Group did not have any transaction with connected persons of the Company that were subject to the reporting, announcement or independent shareholders' approval requirements as required under the Listing Rules during the year ended 31 March 2023.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with "related parties" as defined under applicable accounting standards during the year ended 31 March 2023, which were disclosed in note 11 (employee benefit expenses – including Directors' emoluments) and note 34 (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 2023, the Company did not have any distributable reserves.

DIRECTORS

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

Executive Directors

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

Independent non-executive Directors

Ms. Lui Choi Yiu Angela [1]
Mr. Leung Sui Chung
Mr. Siu Chun Pong Raymond
Mr. Lam Chi Wing [2]
Mr. Ng Ki Man [3]

Notes:

1. Ms. Lui Choi Yiu Angela was appointed as an independent non-executive Director on 22 September 2022.

2. Mr. Lam Chi Wing was appointed as an independent non-executive Director on 8 June 2023.

3. Mr. Ng Ki Man retired as an independent non-executive Director on 19 September 2022.

Mr. Ng Ki Man ("**Mr. Ng**") retired as an independent non-executive Director in accordance with the Articles of Association with effect from the conclusion of the annual general meeting of the Company held on 19 September 2022. The Board expressed its deepest gratitude to Mr. Ng for his valuable contribution to the Company during his tenure with the Company.

Ms. Lui Choi Yiu Angela was appointed as an independent non-executive Director on 22 September 2022 to fill up the casual vacancy arising from the retirement of Mr. Ng. She will hold office until the 2023 AGM and, being eligible, will offer herself for re-election at the 2023 AGM in accordance with article 112 of the Articles of Association.

Mr. Lam Chi Wing, who was appointed as an independent non-executive Director on 8 June 2023 as an additional Director, will hold office until the 2023 AGM and, being eligible, will offer himself for re-election at the 2023 AGM in accordance with article 112 of the Articles of Association.

In accordance with article 108 of the Articles of Association, Dr. Hooy Kok Wai and Mr. Siu Chun Pong Raymond will retire from office by rotation at the 2023 AGM. Dr. Hooy Kok Wai and Mr. Siu Chun Pong Raymond, being eligible, will offer themselves for re-election at the 2023 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 2023.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2023 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 15 to 18 of this annual report.

RETIREMENT BENEFIT PLANS

Particulars of the retirement benefit plans of the Group as at 31 March 2023 are set out in notes 4(s)(i) and 33 to the consolidated financial statements of this annual report.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as disclosed in this annual report, no transaction, arrangement or contract of significance was entered into for the year ended 31 March 2023 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 2023.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 March 2023 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 2023, 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 required 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); (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	Number of underlying shares pursuant to share options [2]	Total	Approximate percentage of shareholding
Dr. Hooy Kok Wai	Member of concert party group [1]	927,080,000	–	927,080,000	59.91%
	Beneficial owner	15,000,000	30,000,000	45,000,000	2.91%
Mr. Zhong Xueyong	Member of concert party group [1]	927,080,000	–	927,080,000	59.91%
	Beneficial owner	7,660,000	15,340,000	23,000,000	1.49%
Mr. Liu Chi Ching	Interest of a controlled corporation [3]	200,000,000	–	200,000,000	12.92%

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 Dr. 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.

2. These underlying shares represent the interests of share options granted to each of Dr. Hooy Kok Wai and Mr. Zhong Xueyong under the Share Option Scheme to subscribe for the Shares.

3. 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
Dr. 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 2023, 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) were required 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); (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 2023, the following persons (other than the Directors and chief executives of the Company) had or were taken or deemed to have interests or short positions in the shares, underlying shares and debentures of the Company which were 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	59.91%
China Wantian International [1, 2]	Member of concert party group	927,080,000	59.91%
Courage Rise Holdings Limited ("**Courage Rise**") [1, 2]	Member of concert party group	927,080,000	59.91%
Wise Global [1, 2]	Member of concert party group	927,080,000	59.91%
Hooy Investment Limited [2]	Member of concert party group	927,080,000	59.91%
Yap Global Investment Limited [2]	Member of concert party group	927,080,000	59.91%
Mr. Hooy Kok Kuen [2]	Member of concert party group	927,080,000	59.91%
Mr. Hooy Kwok Pun [2]	Member of concert party group	927,080,000	59.91%
Mr. Hooy Say Kai [2]	Member of concert party group	927,080,000	59.91%
Ms. Hooy Siew Kuen [2]	Member of concert party group	927,080,000	59.91%
Ms. Leong Kwai Ho [2]	Member of concert party group	927,080,000	59.91%
Mr. Yap Fong Kee [2]	Member of concert party group	927,080,000	59.91%
Ms. Yap Hong Akiw [2]	Member of concert party group	927,080,000	59.91%
Ms. Yap Hong Kek [2]	Member of concert party group	927,080,000	59.91%

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Ms. Yap Hong Leng [2]	Member of concert party group	927,080,000	59.91%
Mr. Yap Kong Meng [2]	Member of concert party group	927,080,000	59.91%
Ms. Yap Siew Chow [2]	Member of concert party group	927,080,000	59.91%
Ms. Yap Siew Ngoh [2]	Member of concert party group	927,080,000	59.91%
Ms. Yap Su Chai [2]	Member of concert party group	927,080,000	59.91%
Ms. Yap Yuk Kiew [2, 3]	Member of concert party group/ interest of spouse	972,080,000	62.82%
Mr. Yek Hon Su [2]	Member of concert party group	927,080,000	59.91%
Classic Line	Beneficial owner	200,000,000	12.92%
Ms. Wu Shuk Kwan [4]	Interest of spouse	200,000,000	12.92%
Mr. Kwong Ping Man [5]	Beneficial owner	96,740,000	6.25%
	Interest of a controlled corporation	25,520,000	1.65%

Notes:

1. These Shares were held by Ace Source, which is owned as to 81% equity interest by China Wantian International, 12% equity interest by Yap Global Investment Limited and 7% equity interest by Hooy Investment Limited. 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 Dr. 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. Yap Yuk Kiew is the spouses of Dr. Hooy Kok Wai. Under the SFO, Ms. Yap Yuk Kiew is deemed to be interested in the same number of Shares in which Dr. Hooy Kok Wai is interested, including the 15,000,000 Shares and the 30,000,000 underlying shares beneficially owned by Dr. Hooy Kok Wai as set out under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures".

4. 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.

5. The 96,740,000 Shares beneficially owned by Mr. Kwong Ping Man are inclusive of the 82,500,000 Shares to be allotted and issued by the Company to him pursuant to the share purchase agreement dated 7 November 2022 entered into between Great Point Limited, a direct wholly-owned subsidiary of the Company, and Mr. Kwong Ping Man in relation to the acquisition of all the issued shares of Champion Point Limited. Details of the acquisition are set out in the announcements of the Company dated 7 November 2022 and 25 November 2022.

Save as disclosed above, as at 31 March 2023, the Company had not been notified of any other persons (other than the Directors and chief executives of the Company) who had or were taken or deemed to have interests or short positions in the shares, underlying shares and debentures of the Company which were 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 2023.

COMPETITION AND CONFLICT OF INTERESTS

During the year ended 31 March 2023, 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, Dr. 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 them or their 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.

During the year ended 31 March 2023, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each of the Controlling Shareholders in respect of them and their associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed such confirmation and were satisfied that each of the Controlling Shareholders had complied with the Deed of Non-competition.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" on pages 36 to 57 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

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

CHANGE OF AUDITOR

With reference to the announcement of the Company dated 15 December 2021, PricewaterhouseCoopers ("**PwC**") resigned as the auditor of the Company with effect from 15 December 2021 and BDO Limited ("**BDO**") was appointed as the auditor of the Company to fill the casual vacancy following the resignation of PwC with effect from 15 December 2021.

AUDITOR

BDO, who was re-appointed as the auditor of the Company since the annual general meeting of the Company held on 19 September 2022, has acted as the auditor of the Company for the year ended 31 March 2023.

The consolidated financial statements for the year ended 31 March 2023 have been audited by BDO, which will retire and, being eligible, will offer itself for re-appointment at the 2023 AGM. A resolution will be proposed at the 2023 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 the earth. The Group has implemented a wide variety of green measures, including responsible use of resources, energy saving programmes, 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 paper, separating paper waste from other waste for easier collection, recycling paper waste instead of direct disposal at landfills, reducing energy consumption by replacing the 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 and the PRC during the year.

Discussions on the environmental policies and performance of the Group are set out in the standalone "Environmental, Social and Governance Report" to be published in electronic form only on the websites of the Company at www.cwth.com.hk under the sub-section "ESG Reports" set out in the section "Environmental, Social and Governance" and the Stock Exchange at www.hkexnews.hk. If you wish to receive a printed copy of the "Environmental, Social and Governance Report", you may submit your request to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, by post at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

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 2023, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

Details regarding the Group's compliance with the relevant laws and regulations which have a significant impact on the Group are set out in the standalone "Environmental, Social and Governance Report" to be disclosed on the Company's website and the section headed "Corporate Governance Report" in this annual report.

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 2023, there was no material or significant dispute between the Group and its suppliers, customers and/or stakeholders.

An account of the Group's key relationships with its stakeholders is set out in the standalone "Environmental, Social and Governance Report" to be disclosed on the Company's website.

EVENTS AFTER THE REPORTING PERIOD

Rights Issue

On 11 April 2023, the Company announced its proposal to raise approximately HK$111.4 million, before expenses, by issuing 309,504,000 Rights Shares by way of the Rights Issue on the basis of one (1) Rights Share for every five (5) existing Shares held on 18 May 2023 at the subscription price of HK$0.36 per Rights Share. The net proceeds of approximately HK$101.7 million raised shall be used as to (a) 30% for launching a live cattle breeding site project; (b) 25% for developing the Group's live cattle trading business; (c) 10% for expanding its fresh food supply business; (d) 10% for developing its catering business; (e) 10% for the repayment of an outstanding loan; (f) 5% for enhancing and upgrading the Group's offices in the Greater Bay Area; and (g) 10% for the Group's general working capital.

On 13 June 2023, the Company allotted and issued 309,504,000 Rights Shares pursuant to the Rights Issue. Accordingly, the number of issued Shares was increased from 1,547,520,000 Shares to 1,857,024,000 Shares. Details of the Rights Issue were set out in the prospectus of the Company dated 19 May 2023 and the announcement of the Company dated 12 June 2023.

Change of head office and principal place of business in Hong Kong

On 28 June 2023, it was announced that the address of the head office and principal place of business of the Company in Hong Kong has been changed to Suite 2106, 21/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong with effect from 28 June 2023.

Save as disclosed herein, there was no significant event after the year ended 31 March 2023 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 2023

CORPORATE GOVERNANCE REPORT

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 the 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 2023.

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 2023.

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 2023.

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 developing 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 2023, 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 four 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 2023 and up to date of this annual report, the members of the Board are as follows:

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

Independent non-executive Directors
Ms. Lui Choi Yiu Angela [1]
Mr. Leung Sui Chung
Mr. Siu Chun Pong Raymond
Mr. Lam Chi Wing [2]
Mr. Ng Ki Man [3]

Notes:

1. Ms. Lui Choi Yiu Angela was appointed as an independent non-executive Director on 22 September 2022.

2. Mr. Lam Chi Wing was appointed as an independent non-executive Director on 8 June 2023.

3. Mr. Ng Ki Man retired as an independent non-executive Director on 19 September 2022.

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 15 to 18 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 Dr. 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 three 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/her 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 an annual written confirmation from each of the independent non-executive Directors of his/her 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. For the year ended 31 March 2023, the Nomination Committee is satisfied as to the independence of Ms. Lui Choi Yiu Angela, 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.

Compliance with Rules 3.10 and 3.21 of the Listing Rules

Following the retirement of Mr. Ng Ki Man as an independent non-executive Director on the annual general meeting of the Company held on 19 September 2022, the Company failed to meet the requirements of (a) having a minimum of three independent non-executive Directors with at least one of the independent non-executive Directors having appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules; and (b) having a minimum of three members with at least one member in the Audit Committee being an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules, and the Audit Committee being chaired by an independent non-executive Director, as required under Rule 3.21 of the Listing Rules.

Upon the appointment of Ms. Lui Choi Yiu Angela as an independent non-executive Director and the chairman of the Audit Committee on 22 September 2022, the Company has met the requirements as respectively required under Rules 3.10 and 3.21 of the Listing Rules.

Appointment and Re-election

Each of the executive Directors and the independent non-executive Directors has signed a service agreement and a letter of appointment with the Company, respectively. The service agreement with the executive Directors and the letter of appointment with the independent non-executive Directors are for a term of three years. The service agreements and the letters of appointment are subject to termination in accordance with their respective terms. 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 to fill a casual vacancy or as an additional Director shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Ms. Lui Choi Yiu Angela, who was appointed as an independent non-executive Director on 22 September 2022 to fill a causal vacancy arising from the retirement of Mr. Ng Ki Man, and Mr. Lam Chi Wing, who was appointed as an independent non-executive Director on 8 June 2023 as an additional Director, both will hold office until the 2023 AGM, and being eligible, will offer themselves for re-election at the 2023 AGM.

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 each annual general meeting of the Company, provided that every Director shall be subject to retirement from office by rotation at least once every three years. A retiring Director shall be eligible for re-election. Dr. Hooy Kok Wai and Mr. Siu Chun Pong Raymond will retire from office by rotation at the 2023 AGM, and both, being eligible, will offer themselves for re-election at the 2023 AGM.

At the 2023 AGM, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Dr. Hooy Kok Wai as an executive Director, and Ms. Lui Choi Yiu Angela, Mr. Siu Chun Pong Raymond and Mr. Lam Chi Wing as independent non-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 2023. 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 Dr. 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 months' 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/her appointment. All Directors are provided with a tailored training programme on topics relating to best practices in corporate governance, legal and regulatory updates. During the year ended 31 March 2023, the Company arranged training on topics relating to market misconduct and anti-money laundering. The table below summarises the participation of each of the Directors in continuous professional development during the year ended 31 March 2023:

Name of Directors	Training attended [1]
Executive Directors	
Dr. Hooy Kok Wai	✔
Mr. Liu Chi Ching	✔
Mr. Zhong Xueyong	✔
Independent non-executive Directors	
Ms. Lui Choi Yiu Angela [2]	✔
Mr. Leung Sui Chung	✔
Mr. Siu Chun Pong Raymond	✔
Mr. Lam Chi Wing [3]	N/A
Mr. Ng Ki Man [4]	N/A

Notes:

1. The Directors attended the training and/or received training materials from The Hong Kong Institute of Directors on topics relating to market misconduct and anti-money laundering.

2. Ms. Lui Choi Yiu Angela was appointed as an independent non-executive Director on 22 September 2022.

3. Mr. Lam Chi Wing was appointed as an independent non-executive Director on 8 June 2023.

4. Mr. Ng Ki Man retired as an independent non-executive Director on 19 September 2022.

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 the 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 four independent non-executive Directors, namely Mr. Leung Sui Chung (Chairman), Ms. Lui Choi Yiu Angela, Mr. Siu Chun Pong Raymond and Mr. Lam Chi Wing.

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 taking into consideration 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;
- to ensure that no Director nor any of his/her associates is involved in deciding his/her own remuneration; and
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

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/her 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	2

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 11 to the consolidated financial statements as set out on pages 115 to 119 of this annual report.

During the year ended 31 March 2023, the Remuneration Committee held five meetings, during which it (i) conducted a review of the remuneration packages and emoluments of the Directors and the senior management; (ii) made recommendations to the Board on the remuneration packages of the newly appointed Director; (iii) reviewed and approved the grant of share options under the Share Option Scheme which were made prior to the amendments of Chapter 17 of the Listing Rules taking effect in January 2023; and (iv) made recommendations to the Board on the amendments to its terms of reference.

Nomination Committee

The Nomination Committee was established on 26 September 2016 and comprises one executive Director, namely Dr. Hooy Kok Wai (Chairman) and four independent non-executive Directors, namely Ms. Lui Choi Yiu Angela, Mr. Leung Sui Chung, Mr. Siu Chun Pong Raymond and Mr. Lam Chi Wing.

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 2023, the Nomination Committee held two 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 a Director.

Nomination Policy

The Board adopted a nomination policy (the "**Nomination Policy**") on 28 December 2018 (as amended on 18 November 2022), 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):

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge, accomplishment and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- Commitment in respect of available time and relevant interest; and
- Potential contributions that the individual can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.

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 skills, perspectives and experience desired 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 personnel agents or as proposed by 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 and Board committee 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 of the Company 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 (as amended on 18 November 2022), 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, cultural and educational background, professional experience, skills, knowledge and length of service. 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.

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.

Gender Diversity

The Board considers that gender diversity is vital in order to achieve a diverse Board composition. To achieve gender diversity within the Board, the Board's objective is to have at least one female Director in its composition, which satisfies the minimum requirement of the Listing Rules. On 22 September 2022, Ms. Lui Choi Yiu Angela was appointed as an independent non-executive Director. As at the date of this annual report, out of the seven Board members, six of them are male and one of them is a female.

For the year ended 31 March 2023, the Nomination Committee is of the view that the Board composition has satisfied the objectives of the Board Diversity Policy in terms of age, gender, educational background, professional experience, skills and knowledge. Given the growth of the Company, it will conduct a review of the Board Diversity Policy on an annual basis to ensure continued effectiveness of the policy in delivering its objectives. The Board aims to maintain at least the current level of female representation.

As regards succession planning, the Nomination Committee will deploy multiple channels to identify suitable Director candidates, including referrals from Directors, shareholders, management and advisers of the Company as well as external executive search firms as and when appropriate. The Board is committed to further enhancing gender diversity as and when suitable candidates are identified.

In terms of gender diversity in the workforce (including senior management), for the year ended 31 March 2023, the Company's workforce (including senior management) had approximately 51.4% male employees and approximately 48.6% female employees. The Company will ensure there is a gender diversity when recruiting employees so that there is a pipeline of female employees and management in near future. On the other hand, the Company will invest more resources in training female employees who have profound and relevant experience in the business of the Group, with the aim of promoting them to the management.

Mechanisms in relation to independent views available to the Board

The Board has established mechanisms to ensure that independent views are available to the Board. The full text of the mechanisms is available on the Company's website and a summary of which is set out below:

(a) Composition

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to the Board committees as required under the Listing Rules to ensure independent views are available.

(b) Independence Assessment

The Nomination Committee strictly adheres to the Nomination Policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgment.

(c) Compensation

No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(d) Board Decision Making

Directors (including independent non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense. Any Director (including independent non-executive Directors) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

The implementation and the effectiveness of the mechanisms in relation to independent views available to the Board are subject to review by the Board on an annual basis.

Audit Committee

The Audit Committee was established on 26 September 2016 and comprises four independent non-executive Directors, namely Ms. Lui Choi Yiu Angela (Chairman), Mr. Leung Sui Chung, Mr. Siu Chun Pong Raymond and Mr. Lam Chi Wing, with Ms. Lui Choi Yiu Angela 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 2023, the Audit Committee held two 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 2022 and the interim results for the six months ended 30 September 2022 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 re-appointment of the auditor of the Company; 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 2023 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 2023 comply with applicable accounting standards and the Listing Rules, and that adequate disclosures have been made.

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 2023, the remuneration paid/payable to BDO Limited ("**BDO**") in respect of audit services and non-audit services amounted to HK$1,150,000 and HK$150,000, respectively. The remuneration for non-audit services paid was mainly for financial due diligence services rendered in connection with the acquisition of all the issued shares of Champion Point Limited.

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 auditor of the Company at the 2023 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 2023 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 58 to 64.

ATTENDANCE RECORDS OF MEETINGS

During the year ended 31 March 2023, 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. 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						
Dr. Hooy Kok Wai	18/18			2/2	1/1	1/1
Mr. Liu Chi Ching	18/18		5/5		1/1	1/1
Mr. Zhong Xueyong	18/18				1/1	1/1
Independent non-executive Directors						
Ms. Lui Choi Yiu Angela [1]	8/9	0/1	2/2	N/A	N/A	N/A
Mr. Leung Sui Chung	18/18	2/2	5/5	2/2	1/1	1/1
Mr. Siu Chun Pong Raymond	18/18	2/2	5/5	2/2	1/1	1/1
Mr. Lam Chi Wing [2]	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Ng Ki Man [3]	8/8	1/1	2/2	1/1	1/1	1/1

Notes:

1. Ms. Lui Choi Yiu Angela was appointed as an independent non-executive Director, chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee on 22 September 2022.

2. Mr. Lam Chi Wing 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 8 June 2023.

3. Mr. Ng Ki Man retired as an independent non-executive Director and ceased to be chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee on 19 September 2022.

COMPANY SECRETARY

Mr. Lau Yau Chuen Louis was appointed as the Company Secretary by the Board on 21 October 2021. He 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 2023, 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 and internal control structures, which comprised the following steps to identify, assess, monitor and report key risks:

- Risk identification: 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;

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

- Stringent internal policies and processes are in place to prevent the misuse of inside information and avoid conflicts of interest, including having a whistleblowing policy, a disclosure of inside information policy, and an anti-fraud and corruption policy in place.

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.

To reinforce a culture of good business ethics and governance, the Company has adopted a whistleblowing policy, which allows employees and outside third parties that have business relationships with the Company to raise any concerns about improprieties, malpractices and misconduct through a well-defined and trusted channel. The objective of this policy is to encourage the reporting of such matters in confidence and employees or external parties making such reports will be treated fairly and be protected from reprisal. All whistleblowing reports will be reviewed by the Audit Committee.

In addition, the Company has adopted a disclosure of inside information policy, which provides a general guide to Directors, management and employees on the handling and dissemination of inside information and responding to enquiries in accordance with the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance and the Listing Rules.

Moreover, the Company has adopted an anti-fraud and corruption policy, which provides guidance to employees on how to recognise and deal with bribery and corruption. Every employee has a duty to report any potential violations of the policy to the Company through the channels set out therein.

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 thus can only provide reasonable yet 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 the relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by an independent consultancy company as well as the Company's risk management and internal control systems in respect of the year ended 31 March 2023 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 the 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 2023 as required under code provision D.2.5 of the CG Code. 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 have considered the internal control review report prepared by the independent consultancy company and also had communications with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit. 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 affairs of the Group.

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.

CORPORATE STRATEGY AND BUSINESS MODEL

The Group adopts the corporate strategy to increase revenue by advancing its core business development, while exploring new potential markets under its business expansion plan. By developing its core businesses and leveraging advantages across the entire industry chain including the upstream, midstream and downstream players, the Group strives to become a leading provider of a better life in China, by actively building a leading green food supply chain enterprise in the Greater Bay Area and providing customers with fresh and healthy food. While in pursuit of continued business improvement, the Group focuses on rigorous management of revenue growth, profit and costs to maintain a flexibility of adapting to market changes, bringing sustainable growth and value to shareholders of the Company.

CORPORATE CULTURE

The Group is also committed to shaping a forward-thinking, flexible and proactive corporate culture, which is achieved through active collaboration across all business levels of the Group. Therefore, it has always been a top priority for the Group to maintain a high level of corporate governance. The Board takes the responsibility for defining the corporate culture of the Group with rigorous oversight to ensure that all business developments align with the core values of the Group.

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 2106, 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 2106, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Detailed procedures for the shareholders to propose a person for election as a Director (as amended on 18 November 2022) 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 2106, 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 (as amended on 18 November 2022) 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, which are set out 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.

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 2023.

Dividend policy

The Board adopted a dividend policy (the "**Dividend Policy**") on 28 December 2018 (as amended on 18 November 2022). 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 contractual restrictions on payment of dividends;
- 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 2023, the Company's memorandum of association and the Articles of Association (collectively, the "**Memorandum and Articles of Association**") were amended to, *inter alia,* (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. The second amended and restated Memorandum and Articles of Association are available on the websites of the Stock Exchange and the Company.

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TO THE SHAREHOLDERS OF CHINA WANTIAN HOLDINGS LIMITED
中國萬天控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Wantian Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 65 to 161, which comprise the consolidated statement of financial position as at 31 March 2023, 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR 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 matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Impairment assessment of trade receivables

Refer to Notes 4(j)(ii), 5(a), 6(b) and 21 to the consolidated financial statements.

As at 31 March 2023, the carrying amount of trade receivables of the Group was approximately HK$41,012,000, representing approximately 18.96% of total assets.

The directors 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. The directors 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 loss model which involved the use of significant management judgments and estimates.

Our response:

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

- Obtaining an understanding of directors' 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 directors' 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;
- 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

KEY AUDIT MATTERS (Continued)

Impairment assessment of trade receivables (Continued)

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

Impairment assessment of goodwill

Refer to Notes 4(b), 6(a) and 18 to the consolidated financial statements.

The Group has recognised goodwill of approximately HK$42,752,000 arising from an acquisition during the year, representing approximately 19.76% of total assets. The directors have performed impairment tests with reference to the reports issued by the valuation specialist and concluded that there is no impairment loss on goodwill during the year. This conclusion was based on the estimation of the recoverable amount of the cash generating units ("CGUs") using the value-in-use ("VIU calculation") model that required significant judgments with respect to the inputs to the valuation models.

Our response:

Our audit procedures in relation to the impairment assessment of goodwill included:

- Evaluating the valuation specialist's competence, capabilities and objectivity;
- Assessing the appropriateness of the valuation methodologies, including the VIU calculation, used by the valuation specialist and the directors to estimate the recoverable amount of the CGUs;
- Challenging the reasonableness of the key assumptions based on our knowledge and understanding of the businesses and markets;
- Reconciling input data to supporting evidence, such as approved budgets and evaluating the reasonableness of the budgets;
- Evaluating the sensitivity of the impairment tests to changes in the key assumptions; and
- Engaging our internal valuation specialist to assist us in evaluating and assessing the appropriateness of the key assumptions used in the valuation.

KEY AUDIT MATTERS (Continued)

Valuation of contingent consideration payable for business combination

Refer to Note 4(a), 6(e), 30 and 37 to the consolidated financial statements.

The Group has reported contingent consideration payable at its estimated fair value of approximately HK$46,147,000 as at 31 March 2023, representing approximately 44.10% of total liabilities. A fair value loss of the payable, amounting to approximately HK$5,545,000, was recognised in the consolidated statement of comprehensive income for the year ended 31 March 2023.

The payable arose from the profit guarantee arrangement included in the terms of an acquisition during the year ended 31 March 2023. The fair value measurement of the payable at the acquisition date of 25 November 2022 and as at 31 March 2023 required exercise of significant judgments for the assumptions to be adopted and inputs to be used, including those concerning future post-acquisition performances of the acquired business and expected fair value of the consideration shares to be issued to the vendor.

Contingent consideration payable is remeasured at fair value at each reporting date, and such remeasurements may be affected by changes in the estimation of post-acquisition performance of the acquired business. Any resulting gain or loss is recognised in the consolidated statement of comprehensive income.

The fair value of the contingent consideration payable is determined by the directors of the Company with reference to the valuation performed by an independent professional valuer.

We focused on this area in our audit as the assessments made by the directors involved significant judgments and high level of estimation uncertainty, including those in relation to the future post-acquisition performances of the acquired business and the expected fair value of the consideration shares to be issued, which may be affected by unexpected changes in future market or economic conditions or significant events or circumstances related to the acquired business.

Our response:

Our audit procedures in relation to the valuation of the contingent consideration payable included:

- Checking the contingent consideration payable calculation prepared by the directors against the formula stated in the sale and purchase agreement for the acquired business with reference to the valuation performed by the independent professional valuer;

- Evaluating performance forecasts used in the contingent consideration payable calculation and testing the mathematical accuracy of the underlying calculation and agreed them to the financial projection prepared by the directors for the specific financial period stipulated by the sale and purchase agreement. We also analysed the key assumptions adopted by the directors with reference to their business plan and historical actual results to assess the quality of the directors' financial projection;

KEY AUDIT MATTERS (Continued)

Valuation of contingent consideration payable for business combination (Continued)

- Reviewing the terms of the consideration shares to be issued, the appropriateness of the valuation methodologies being adopted and the reasonableness of the key inputs and assumptions used for the valuation of the consideration shares to be issued; and

- For the fair value measurement as at 31 March 2023, assessing the events and circumstances emerging since the last assessment as at the date of the acquisition. We held discussions with the directors, compared the latest performance forecasts to any revised future business plan and obtained evidence of those events or circumstances to support the fair value measurement.

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.

- 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.

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

- 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 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	7	**202,136**	127,674
Cost of sales		**(166,251)**	(108,929)
Gross profit		**35,885**	18,745
Other income and gain	9	**2,979**	263
Selling expenses		**(2,201)**	(598)
Administrative expenses		**(50,162)**	(23,223)
Impairment losses under expected credit loss model	10	**(4,351)**	(5,364)
Operating loss		**(17,850)**	(10,177)
Finance income	12	**176**	48
Finance costs	12	**(1,138)**	(641)
Finance costs – net	12	**(962)**	(593)
Loss on change in fair value of contingent consideration payable	10	**(5,545)**	–
Share of loss of a joint venture	19	**(17)**	(82)
Loss before income tax		**(24,374)**	(10,852)
Income tax expense	13	**(3,354)**	(106)
Loss for the year		**(27,728)**	(10,958)
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		**116**	–
Other comprehensive income for the year, net of tax		**116**	–
Total comprehensive income for the year		**(27,612)**	(10,958)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(27,728)**	(10,955)
Non-controlling interests		**–**	(3)
		(27,728)	(10,958)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(27,612)**	(10,955)
Non-controlling interests		**–**	(3)
		(27,612)	(10,958)
			(Restated)
Loss per share	15		
Basic and diluted (HK$ cents)		**(1.68)**	(0.72)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	16	38,054	31,199
Right-of-use assets	17	52,991	49,499
Goodwill	18	42,752	–
Deposits, prepayments and other receivables	21	9	4
Interest in a joint venture	19	–	193
		133,806	80,895
Current assets			
Inventories	20	2,972	386
Trade receivables	21	41,012	21,005
Deposits, prepayments and other receivables	21	7,407	8,206
Amounts due from related parties	34	718	–
Cash and cash equivalents	22	30,415	44,958
		82,524	74,555
Current liabilities			
Trade payables	23	12,137	2,110
Accruals and other payables	23	4,006	3,393
Bank borrowings	25	13,350	23,624
Loans from the intermediate holding company	24	13,000	–
Amounts due to related parties	34	1,216	–
Lease liabilities	17	4,130	1,562
Tax payable		2,964	–
Contingent consideration payable	31	15,661	–
		66,464	30,689
Non-current liabilities			
Deferred tax liabilities	26	2,068	1,812
Lease liabilities	17	5,625	2,925
Contingent consideration payable	31	30,486	–
		38,179	4,737
Net Current Assets		16,060	43,866
NET ASSETS		111,687	120,024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Capital and reserves			
Share capital	28	**15,475**	15,120
Reserves	28	**96,212**	104,904
Equity attributable to equity holders of the Company		**111,687**	120,024
Non-controlling interests		**–**	–
TOTAL EQUITY		**111,687**	120,024

The consolidated financial statements on pages 65 to 161 were approved for issue by the board of directors on 28 June 2023 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 2023

	Attributable to equity holders of the Company								
	Share capital (Note 28) HK$'000	Share premium (Note 28) HK$'000	Other reserve HK$'000	Share option reserve HK$'000	Translation reserve (Note 28) HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 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 income	–	–	–	–	–	(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 28)	2,520	35,280	–	–	–	–	37,800	–	37,800
Transaction cost on issue of new shares	–	(100)	–	–	–	–	(100)	–	(100)
As at 31 March 2022 and 1 April 2022	15,120	82,151	100	–	–	22,653	120,024	–	120,024
Loss for the year	–	–	–	–	–	(27,728)	(27,728)	–	(27,728)
Other comprehensive income	–	–	–	–	116	–	116	–	116
Total comprehensive income	–	–	–	–	116	(27,728)	(27,612)	–	(27,612)
Exercise of share options (Note 28)	264	10,853	–	(2,682)	–	–	8,435	–	8,435
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary (Note 28)	91	4,856	–	–	–	–	4,947	–	4,947
Recognition of equity-settled share-based payments (Note 32)	–	–	–	5,893	–	–	5,893	–	5,893
As at 31 March 2023	15,475	97,860	100	3,211	116	(5,075)	111,687	–	111,687

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(24,374)**	(10,852)
Adjustments for:			
Depreciation of property, plant and equipment	10	**5,312**	3,670
Depreciation of right-of-use assets	10	**5,115**	2,204
Finance costs	12	**1,138**	641
Interest income	12	**(176)**	(48)
Impairment losses under expected credit loss model	10	**4,351**	5,364
Share of loss of a joint venture	19	**17**	82
Gain on disposal of joint venture	19	**(84)**	–
Loss on change in fair value of contingent consideration payables	10	**5,545**	–
Share-based-payment expenses	10	**5,893**	–
Gain on disposal of property, plant and equipment		**–**	(130)
Gain on termination of leases		**(260)**	–
Operating cash flows before movements in working capital		**2,477**	931
(Increase)/decrease in inventories		**(2,586)**	167
Increase in trade receivables		**(14,541)**	(6,622)
Decrease/(increase) in deposits, prepayments and other receivables		**899**	(132)
Increase/(decrease) in trade payables		**3,254**	(1,783)
Increase in accruals and other payables		**113**	203
Cash used in operations		**(10,384)**	(7,236)
Income tax paid		**(134)**	(105)
NET CASH USED IN OPERATING ACTIVITIES		**(10,518)**	(7,341)
INVESTING ACTIVITIES			
Advance made to related parties		**(718)**	–
Purchase of property, plant and equipment	16	**(12,136)**	(2,356)
Interest received	12	**176**	48
Net cash inflow from acquisition of subsidiaries	30	**62**	–
Proceed from disposal of joint venture		**260**	–
Proceeds on disposal of property and equipment		**–**	130
NET CASH USED IN INVESTING ACTIVITIES		**(12,356)**	(2,178)

	Notes	2023 HK$'000	2022 HK$'000
FINANCING ACTIVITIES			
Advance made from related parties		1,216	–
Repayment of bank borrowings	29	(10,274)	(19,771)
Repayment of lease liabilities	29	(3,075)	(253)
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
Proceeds from issue of new shares upon exercise of share options		8,435	–
Proceeds from loan advanced from the intermediate holding company	29	13,000	–
Interest paid	29	(935)	(641)
NET CASH GENERATED FROM FINANCING ACTIVITIES		8,367	17,046
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(14,507)	7,527
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		44,958	37,431
Effect of foreign exchange rate changes		(36)	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		30,415	44,958

1. GENERAL INFORMATION

China Wantian 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 Suite 2106A, 21/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong to Suite 2106, 21/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong.

The Company is an investment holding company and its principal subsidiaries are engaged in (i) green food supply; (ii) green catering services; and (iii) environmental protection and technology services.

In the opinion of the directors of the Company, Ace Source Holdings Limited, a company incorporated in the British Virgin Islands ("BVI"), is the immediate parent; and Wise Global Holding Limited, a company incorporated in the BVI, is the ultimate parent of the Company.

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

(a) Adoption of amended HKFRSs

The Hong Kong Institute of Certified Public Accountants has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41

None of these amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

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

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011), Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

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

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 1, Classification of liabilities as current or non-current (the "2020 Amendments") and Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The 2020 Amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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.

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

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

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 in HKAS 12 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 (provided that sufficient taxable profit is available) 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.

These new standards and amendments described above are either currently not relevant to the Group or are not expected to have material impact on the Group in the current or future reporting periods and in the foreseeable future.

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 consolidated 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 Rules Governing the Listing of Securities (the "Listing Rules") on the Main Board of the Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, 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.

3. BASIS OF PREPARATION (Continued)

(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 the 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 the 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 the 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.

(b) Goodwill

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Goodwill (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

(c) 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, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(d) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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 make strategic decisions.

(f) 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);

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

- 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)

(g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. 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 the carrying amount and are recognised within "Other income and gain" in the consolidated statement of comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. The difference between the carrying amount of the joint venture and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture.

(i) 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)

(j) 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 ("FVTPL"), 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 a 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 financial assets measured at amortised cost.

- 12-month 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)

(j) 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 demonstrates 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 and individual basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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

- the debtor is in significant financial difficulty;
- there is a breach of contract, such as a default or being more than 90 days past due;
- there is 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
- an active market for a security disappears 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(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.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of comprehensive income. The net fair value gain or loss recognised in the consolidated statement of comprehensive income does not include any interest charged on these financial liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, loans from the immediate holding company, bank borrowings and amounts due to related parties 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(vi) Derecognition (Continued)

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.

(k) 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.

(l) 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.

(m) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) 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.

(p) 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.

(q) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

PRC

The employees of the Group's subsidiaries which operate in the People's Republic of China ("PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Employee benefits (Continued)

(iv) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of the options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) 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) Revenue from green food supply

Revenue from green food supply is recognised when control of the products has been 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 when the consideration is unconditional, which only the passage of time is required before the payment is due.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition (Continued)

(ii) Revenue from green catering services

Revenue from green catering services is recognised at a point in time when the catering has been served, and customer payments are generally due at the time when food and beverages are accepted by customers.

(iii) Provision of environmental protection and technology services

The Group provides environmental protection and technology services based on contracts entered into with customers. Such contracts are entered into before the services begin. Based on the terms of the contracts and the specific facts and circumstances, the Group recognises revenue from provision of environmental protection and technology services over time as the environmental protection and technology work performed by the Group creates or enhances the assets that the customers control as the assets are created or enhanced. Revenue from provision of environmental protection and technology services is recognised over time using input method, i.e. based on surveys of work completed by the Group to date. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations under HKFRS 15 "Revenue from Contracts with Customers".

(iv) Service fee income

Service fee income is recognised when services are rendered.

(v) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition (Continued)

Contract assets and liabilities

Contract assets represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

Contract assets are recognised when (i) the Group completes the environmental protection and technology works under such services contracts but yet certified by architects, surveyors or other representatives appointed by customers, or (ii) the customers retain retention money to secure the due performance of the contracts. Any amount previously recognised as contract assets are reclassified to trade receivables at the point at which it is invoiced to the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the output method then the Group recognises contract liabilities for the difference.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group acts as a principal in generating income from the green food supply, green catering services and the provision of environmental protection and technology services.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition (Continued)

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

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

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

(c) the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review.

(v) 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;

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Leases (Continued)

The Group as a lessee (Continued)

Right-of-use asset (Continued)

(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 asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

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 the 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Leases (Continued)

Lease liability (Continued)

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 that 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.

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 renegotiation 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.

(w) 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.

(x) Government grants

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) 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 Group;

(ii) has significant influence over the Group; or

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

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

(i) The entity and the Group 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 Group or to the Group'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, interest rate risk and foreign exchange 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 the finance department under policies approved by the board of directors. The finance department of the Group identifies, evaluates and hedges 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 and services rendered are made to customers with appropriate credit histories.

As at 31 March 2023, the Group had a concentration of credit risk given that the top five debtors accounted for 51.7% of the Group's total trade receivables at the year end (31 March 2022: 73%). 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.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(i) Risk Management (Continued)

For trade receivables under collective assessment, the directors believe 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.

The Group performs periodic credit evaluations of its customers. For the trade receivables that are individually proved to be impaired, the directors have 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 and the PRC to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(ii) Impairment of Financial Assets (Continued)

Trade receivables (Continued)

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

	Expected credit loss rate %	Gross carrying amount HK$'000	Expected credit losses HK$'000
As at 31 March 2023			
– Provision on individual basis		17,239	(14,514)
– Provision on collective basis – ageing			
Current	0.71%	25,336	(179)
1–30 days past due	2.03%	7,029	(143)
31–60 days past due	3.58%	2,935	(105)
61–90 days past due	4.39%	1,436	(63)
Over 90 days past due	24.63%	2,708	(667)
		56,683	(15,671)

	Expected credit loss rate %	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)

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 2023 reconciles to the opening loss allowance as follows:

	Trade receivables HK$'000
Loss allowance as at 1 April 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
Increase in loss allowance recognised in profit and loss during the year	4,351
Loss allowance as at 31 March 2023	15,671

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, failure of a debtor to engage in a repayment plan with the Group, and failure to make contractual payments.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(ii) Impairment of Financial Assets (Continued)

Other financial assets at amortised cost

For other financial assets at amortised cost, including deposits and other receivables, amounts due from related parties, and cash and cash equivalents, the directors consider that the Group's 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.

The directors monitor 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 tables 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 2023			
Trade and other payables	12,779	–	12,779
Loans from the intermediate holding company	13,000	–	13,000
Long-term bank borrowings subject to a repayment on demand clause	13,350	–	13,350
Contingent consideration payable	15,661	30,486	46,147
Amounts due to related parties	1,216	–	1,216
Lease liabilities	4,541	5,850	10,391
	60,547	36,336	96,883

	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			
Trade and other payables	2,632	–	2,632
Long-term bank borrowings subject to a repayment on demand clause	23,624	–	23,624
Lease liabilities	1,750	3,060	4,810
	28,006	3,060	31,066

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 2023	**4,110**	**10,618**	**–**	**14,728**
As at 31 March 2022	10,646	13,592	–	24,238

(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 2023 and 2022, the Group's bank borrowings at variable rates were denominated in the HK$.

As at 31 March 2023, if interest rates on Hong Kong dollar-denominated bank 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$56,000 higher/lower (2022: approximately HK$99,000), mainly as a result of higher/lower interest expense on floating rate borrowings.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(d) Foreign exchange risk

The Group operates principally in Hong Kong and in the PRC. It is exposed to foreign exchange risk primarily with respect to Hong Kong dollars and Chinese Renminbi ("RMB") denominated transactions. Foreign exchange risk arises where future commercial transactions, recognised assets and liabilities are denominated in currency that is not the Company's functional currency.

As at 31 March 2023 and 2022, if RMB had strengthened/weakened by 5% with all other variables held constant, loss after tax would have been approximately HK$69,000 lower/higher (2022: HK$Nil). In addition, as there are limited foreign currency balances denominated in United States dollars, Japanese yen and Australian dollars, sensitivity analysis with respect to these currencies is considered not necessary.

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group also regularly reviews the portfolio of suppliers and the currencies in which the transactions are denominated so as to minimise the Group's exposure to foreign exchange risk.

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 shareholders 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 equity. Total debt is calculated as total borrowings (comprising bank borrowings and loans from the intermediate holding company) and lease liabilities. Total capital is calculated as 'equity' as shown in the consolidated financial statements.

The Group's gearing ratios were as follows:

	2023 **HK$'000**	2022 HK$'000
Total debt	**36,105**	28,111
Total equity	**111,687**	120,024
Gearing ratio	**32%**	23%

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 goodwill

The Group determines whether goodwill is impaired at least on an annual basis. Impairment test has been performed with reference to the reports issued by the valuation specialist to derive the recoverable amount using an estimation of the value in use of the cash generating unit ("CGU") to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of the estimates used to calculate the recoverable amount are given in Note 18 to the consolidated financial statements.

(b) Impairment of trade and other receivables

The directors of the Company determine the loss allowances for financial assets based on assumptions about risk of default and expected loss rates. The directors 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. The directors 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).

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

Property, plant and equipment and right-of-use assets are stated at historical cost 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.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(d) Income taxes

The Group is subject to income taxes in Hong Kong and the PRC. 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 the directors consider 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 period in which such estimate is changed.

(e) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as implied equity value, volatility and risk-free rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(f) Principal versus agent consideration (principal)

One of the principal activities that the Group engages in is the sourcing, processing and supplying of food ingredients. The directors of the Company concluded that the Group acts as the principal for such transactions as it controls the specified goods before they are transferred to the customer after taking into consideration indicators including the fact that the Group is primarily responsible for fulfilling the promise to provide the goods, the Group has inventory risk before transferring the goods to customers and the Group has discretion in establishing the prices for the goods in the form of premium over the market price of the goods. Before transferring the goods to customers, the Group has ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods by determining the customers and the timing of which the goods will be sold. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

7. REVENUE

An analysis of the Group's disaggregation of revenue from contracts with customers for the year is as follows:

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Green food supply	**196,462**	127,674
Green catering services	**4,925**	–
Environmental protection and technology services	**749**	–
	202,136	127,674
Timing of revenue recognition		
At a point in time	**201,387**	127,674
Transferred over time	**749**	–
	202,136	127,674

The Group has applied the practical expedient to its contracts for environmental protection and technology services and therefore, the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for environmental protection and technology services that had an original expected duration of one year or less.

8. SEGMENT INFORMATION

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

During the year ended 31 March 2023, the Group reorganised its internal reporting structure, which resulted in changes to the composition of its reportable segment. Information reported to the CODM, for the purposes of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided.

For the 'green food supply' segment, the information reported to the CODM is further categorised into two operations, which are sourcing, processing and supplying of food ingredients in Hong Kong, and the commencement of a new business during the year engaging in trading of live cattle, food ingredients and aquatic products in the PRC, along with the acquisition of Champion Point Limited (as detailed in Note 30). Each of the two operations is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as 'green food supply' because the CODM considered these individual operating segments carry the similar nature of products, which are ultimately consumable fresh food ingredients, and the class of customer and the methods used to distribute their products are also similar.

In addition to the above reportable segment, the Group commenced two businesses engaging in green catering services and environmental protection and technology services respectively in the PRC. Each of them is considered as a new operating and reportable segment by the CODM.

Specifically, the Group has three reportable segments, namely (i) green food supply; (ii) green catering services; and (iii) environmental protection and technology services.

Prior year segment disclosures have been represented to conform with the current year's presentation.

8. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments for the years ended 31 March 2023 and 2022, respectively:

	Green food supply		Green catering services		Environmental protection and technology services		Total	
	2023 HK$'000	2022 HK$'000 (Restated)	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000 (Restated)
Segment revenue								
Revenue from external customers	**196,462**	127,674	**4,925**	–	**749**	–	**202,136**	127,674
Segment profit	**33,391**	18,745	**2,337**	–	**157**	–	**35,885**	18,745
Unallocated corporate income							**954**	11
Unallocated corporate expenses							**(25,713)**	(3,463)
Finance cost – net							**(962)**	(593)
Share of loss of a joint venture							**(17)**	(82)
Loss before income tax							**(24,374)**	(10,852)
Income tax expense							**(3,354)**	(106)
Loss for the year							**(27,728)**	(10,958)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during these periods.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results represent the profit earned or loss incurred by each segment without allocation of central administration expenses and income, finance costs – net and share of loss of a joint venture. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

8. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments as at 31 March 2023 and 2022, respectively:

	Green food supply		Green catering services		Environmental protection and technology services		Total	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Assets before following items:	**148,414**	149,277	**16,484**	–	**133**	–	**165,031**	149,277
Interest in a joint venture	**–**	193	**–**	–	**–**	–	**–**	193
Goodwill	**42,752**	–	**–**	–	**–**	–	**42,752**	–
Segment assets	**191,166**	149,470	**16,484**	–	**133**	–	**207,783**	149,470
Unallocated assets							**8,547**	5,980
Consolidated assets							**216,330**	155,450
Segment liabilities	**76,788**	30,941	**7,217**	–	**72**	–	**84,077**	30,941
Unallocated liabilities							**20,566**	4,485
Consolidated liabilities							**104,643**	35,426

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments except for certain assets which are managed on a group basis. Assets used jointly by operating segments are allocated on the basis of revenues earned by individual operating segments.

- All liabilities are allocated to reportable segments except for certain financial liabilities which are managed on a group basis. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

8. SEGMENT INFORMATION (Continued)

(c) Other segment information

	Green food supply		Green catering services		Environmental protection and technology services		Unallocated		Total	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Additions to non-current assets (Note)	**149**	2,213	**18,315**	–	**–**	–	**6,894**	4,861	**25,358**	7,074
Depreciation of property, plant and equipment	**3,568**	3,663	**1,584**	–	**–**	–	**160**	7	**5,312**	3,670
Depreciation of right-of-use assets	**1,812**	1,812	**1,053**	–	**–**	–	**2,250**	392	**5,115**	2,204
Gain on disposal of investment in joint venture	**84**	–	**–**	–	**–**	–	**–**	–	**84**	–
Gain on disposal of property, plant and equipment	**–**	130	**–**	–	**–**	–	**–**	–	**–**	130
Gain on termination of leases	**–**	–	**–**	–	**–**	–	**260**	–	**260**	–
Impairment losses under expected credit loss model	**4,346**	5,364	**4**	–	**1**	–	**–**	–	**4,351**	5,364

Note: Additions to non-current assets included the additions of property, plant and equipment and right-of-use assets.

(d) Information about major customers

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2023 HK$'000	2022 HK$'000
Customer A from green food supply segment	**27,651**	–

8. SEGMENT INFORMATION (Continued)

(e) Geographical information

The Group's operations are located in both Hong Kong and the PRC (2022: Hong Kong).

The following is a geographical analysis of the Group's revenue from external customers (based on where the goods are sold or the services are provided) and non-current assets (based on the geographical location of the assets):

	Revenue from external customers		Non-current assets	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Hong Kong	**139,166**	127,674	**73,261**	80,895
PRC	**62,970**	–	**60,545**	–
	202,136	127,674	**133,806**	80,895

9. OTHER INCOME AND GAIN

	2023 HK$'000	2022 HK$'000
Government grants (Note)	**1,440**	33
Sundry income	**535**	100
Service income from the intermediate holding company	**660**	–
Gain on disposal of property, plant and equipment	**–**	130
Gain on disposal of joint venture	**84**	–
Gain on termination of leases	**260**	–
	2,979	263

Note: For the year ended 31 March 2023, government grants of approximately HK$1,440,000 refer to the amount of grants obtained from the Employment Support Scheme under the Anti-epidemic Fund launched by the Government of Hong Kong supporting the payroll of the Group's employees. The Group does not have other unfulfilled obligations relating to this programme.

10. EXPENSES BY NATURE

	2023 HK$'000	2022 HK$'000
Cost of inventories	137,044	83,526
Employee benefit expenses	34,408	18,382
Employee benefit expenses – including directors' emoluments (Note 11)	28,515	18,382
Share-based payment expenses (Note 32)	5,893	–
Commission	368	433
Auditor's remuneration		
– Audit related services	1,150	900
– Non-audit services	150	–
Depreciation of property, plant and equipment (Note 16)	5,312	3,670
Depreciation on right-of-use assets (Note 17)	5,115	2,204
Operating leases (short-term leases) (Note 17)	1,026	195
Transportation expenses	14,543	10,459
Impairment losses under expected credit loss model	4,351	5,364
Loss on change in fair value of contingent consideration payable (Note 31)	5,545	–
Professional and consulting fees	3,030	3,747

11. EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS

(a) Employee benefit expenses

The employment benefit expenses during the year are set out as follows:

	2023 HK$'000	2022 HK$'000
Wages, salaries and allowances	26,664	16,746
Retirement benefit costs – defined contribution plans	767	652
Others	1,084	984
	28,515	18,382
Share-based payment expenses	5,893	–
	34,408	18,382

11. 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	Share-based payment HK$'000	Total HK$'000
For the year ended 31 March 2023						
Executive directors						
Dr. Hooy Kok Wai (Chairman)	600	–	–	–	3,355	3,955
Mr. Liu Chi Ching (Vice-chairman)	–	1,200	18	576	–	1,794
Mr. Zhong Xueyong (Chief executive officer)	564	–	–	–	1,714	2,278
Independent non-executive directors						
Ms. Lui Choi Yiu Angela (Note (a))	82	–	–	–	–	82
Mr. Ng Ki Man (Note (b))	73	–	–	–	–	73
Mr. Leung Sui Chung	150	–	–	–	–	150
Mr. Siu Chun Pong Raymond	150	–	–	–	–	150
	1,619	1,200	18	576	5,069	8,482

Notes:

(a) Ms. Lui Choi Yiu Angela was appointed as an independent non-executive director on 22 September 2022.

(b) Mr. Ng Ki Man retired by rotation from an independent non-executive director on 19 September 2022.

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

(b) Directors' emoluments (Continued)

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					
Dr. 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) Dr. 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.

(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.

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

(b) Directors' emoluments (Continued)

For the years ended 31 March 2023 and 2022, 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.

(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 2023 (2022: 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 2023 (2022: 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 2023 (2022: 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 2023 (2022: 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 2023 (2022: Nil).

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

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 3 directors for the year ended 31 March 2023 (2022: 2 directors), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 individuals for the year ended 31 March 2023 (2022: 3 individuals) are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries and allowances	**1,236**	1,225
Bonus	**–**	278
Retirement benefit costs – defined contribution plans	**35**	51
Share-based payment	**423**	–
	1,694	1,554

The emoluments of above individuals are within the following band:

	Number of individuals **Year ended 31 March**	
	2023	2022
Emoluments band		
Nil–HK$1,000,000	**2**	3

For the years ended 31 March 2023 and 2022, 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.

12. FINANCE COSTS – NET

	2023 HK$'000	2022 HK$'000
Interest expense on bank borrowings	524	582
Interest expense on loans from the intermediate holding company	203	–
Interest expense on lease liabilities	411	59
Finance costs	1,138	641
Interest income	(176)	(48)
Finance costs – net	962	593

13. INCOME TAX EXPENSE

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.

Hong Kong Profits Tax

The Hong Kong Profits Tax is calculated at the rate of 16.5% (2022:16.5%) 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.

PRC Enterprise Income Tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year.

Certain subsidiaries have been approved as small low-profit enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 5%.

13. INCOME TAX EXPENSE (Continued)

The amount of income tax expense to the consolidated statement of comprehensive income represents:

	2023 HK$'000	2022 HK$'000
Current income tax		
Hong Kong Profits Tax	1,835	–
PRC Enterprise Income Tax	1,263	–
	3,098	–
Deferred income tax (Note 26)		
– Current year provision	256	106
Income tax expense	3,354	106

The taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2023 HK$'000	2022 HK$'000
Loss before income tax	(24,374)	(10,852)
Tax at Hong Kong Profits Tax rate of 16.5% (2022: 16.5%)	(4,022)	(1,790)
Effect of different applicable tax rate for subsidiaries operating	(702)	–
Expenses not deductible for tax purposes	5,767	1,699
Non-taxable income	(344)	(36)
Tax effect of temporary difference not recognised	(459)	107
Utilisation of tax loss previously not recognised	(455)	(137)
Tax effect of tax loss not recognised	3,734	263
Tax effect on two-tier profits tax rates	(165)	–
Income tax expense	3,354	106

14. DIVIDEND

The board does not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

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

	2023	2022 (Restated)
Loss attributable to equity holders of the Company (HK$'000)	(27,728)	(10,955)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,653,369,000	1,528,896,000
Basic and diluted loss per share (HK cents)	(1.68)	(0.72)

The Group did not have any dilutive potential ordinary shares in issue during the year ended 31 March 2022. Accordingly, the diluted loss per share was the same as the basic loss per share for the year ended 31 March 2022.

The diluted loss per share is the same as the basic loss per share for the year ended 31 March 2023 as the impact of the dilution of the share options and the contingent consideration shares payable as mentioned in Note 31 are anti-dilutive.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for current and prior reporting periods has been adjusted for the rights shares issued on 13 June 2023 as set out in Note 38.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
As at 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 and 1 April 2022	**21,401**	**12,823**	**8,077**	**6,103**	**48,404**
Additions	**–**	**8,789**	**3,347**	**–**	**12,136**
Exchange realignment	**–**	**27**	**10**	**–**	**37**
As at 31 March 2023	**21,401**	**21,639**	**11,434**	**6,103**	**60,577**
ACCUMULATED DEPRECIATION					
As at 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 and 1 April 2022	**3,972**	**3,342**	**6,039**	**3,852**	**17,205**
Provided for the year	**635**	**2,421**	**1,268**	**988**	**5,312**
Exchange realignment	**–**	**5**	**1**	**–**	**6**
As at 31 March 2023	**4,607**	**5,768**	**7,308**	**4,840**	**22,523**
NET BOOK VALUE					
As at 31 March 2022	17,429	9,481	2,038	2,251	31,199
As at 31 March 2023	**16,794**	**15,871**	**4,126**	**1,263**	**38,054**

Depreciation expense of approximately HK$1,617,000 (2022: approximately HK$1,674,000) and approximately HK$3,695,000 (2022: approximately HK$1,996,000) has been charged to cost of sales and selling and administrative expenses, respectively, for the year ended 31 March 2023.

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 March 2023, bank borrowings of approximately HK$13,350,000 (2022: approximately HK$23,624,000) are secured by buildings and right-of-use assets for the carrying amounts of approximately HK$6,073,000 and approximately HK$37,089,000 respectively (2022: buildings and right-of-use assets for the carrying amounts of approximately HK$6,321,000 and approximately HK$38,618,000 respectively).

17. LEASES

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

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

	2023 HK$'000	2022 HK$'000
Right-of-use assets		
Leasehold lands	43,382	45,174
Buildings	9,609	4,325
	52,991	49,499
Lease liabilities		
Current	4,130	1,562
Non-current	5,625	2,925
	9,755	4,487

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 2023 financial year were approximately HK$13,222,000 (2022: approximately HK$4,718,000). The termination of leases during the 2023 financial year was approximately HK$4,802,000 (2022: HK$Nil).

As at 31 March 2023 and 2022, all of the Group's interests in leasehold lands are located in Hong Kong with leases between 10 and 50 years.

17. LEASES (Continued)

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

The statement shows the following amounts relating to leases:

	2023 HK$'000	2022 HK$'000
Depreciation charge of right-of-use assets		
Leasehold lands	1,791	1,791
Buildings	3,324	413
	5,115	2,204
Interest expense (included in finance cost)	411	59
Expense relating to short-term leases (included in cost of sales and selling and administrative expenses)	1,026	195

The total cash outflow for leases for the year ended 31 March 2023 was approximately HK$4,512,000 (2022: approximately HK$507,000).

(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 2023			
Not later than 1 year	4,541	(411)	4,130
Later than 1 year and not later than 2 years	5,850	(225)	5,625
	10,391	(636)	9,755
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

18. GOODWILL

	HK$'000
COST	
As at 1 April 2021, 31 March 2022 and 1 April 2022	–
Acquired through business combination (Note 30)	42,752
As at 31 March 2023	**42,752**
ACCUMULATED IMPAIRMENT	
As at 1 April 2021, 31 March 2022 and 1 April 2022	–
Impairment loss recognised in the year	–
As at 31 March 2023	**–**
NET BOOK VALUE	
As at 31 March 2022	–
As at 31 March 2023	**42,752**

Goodwill arose because the consideration paid for the acquisition effectively included amounts in relation to the benefits of revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill or impairment thereof recognised is expected to be deductible for income tax purposes.

Goodwill is allocated to the Group's CGU identified according to the business as follows:

	2023 **HK$'000**	2022 HK$'000
Acquisition of Champion Point Limited in the green food supply segment	**42,752**	–

Goodwill associated with the above mentioned business arose when the business combination was completed, details of which are set out in Note 30 to the consolidated financial statements.

18. GOODWILL (Continued)

Impairment testing on goodwill

For the purposes of impairment testing, goodwill (including allocation of corporate assets) that generates cash flows together with the related goodwill are included in the respective CGU.

The Group appointed an independent professional valuer to perform valuation as at the year end date for the purpose of accounting for impairment assessment according to HKAS 36 "Impairment of Assets".

The recoverable amount of the above mentioned CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the directors covering a 5-year period, and pre-tax discount rate of 31.85%. The cash flows beyond the 5-year period are extrapolated using a steady 3.00% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, and such estimation is based on the CGU's past performance.

During the year ended 31 March 2023, the directors of the Company determine that there is no impairment on the CGU.

The recoverable amount of the CGU exceeds its carrying amount by approximately RMB1,198,000 (equivalent to approximately HK$1,364,000). A sensitivity analysis for significant assumption as at the end of the reporting period is shown below:

	Valuation technique	**Assumption**	**Range**	**Sensitivity of fair value to input**
Acquisition of Champion Point Limited in the green food supply segment	Income approach	Average growth rate	3.00% (2022: Nil)	1% (2022: Nil) increase/decrease in average growth rate would result in increase/decrease in the recoverable amount by approximately HK$712,000 and approximately HK$664,000 (2022: Nil)

19. INTEREST IN A JOINT VENTURE

	2023 HK$'000	2022 HK$'000
Investment cost	–	1,000
Share of post-acquisition loss	–	(807)
	–	193

Movement in the investment in a joint venture is as follows:

	2023 HK$'000	2022 HK$'000
As at 1 April	193	275
Share of loss for the year	(17)	(82)
Disposal during the year	(176)	–
As at 31 March	–	193

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 2023 and 2022.

On 30 December 2022, the Group disposed of all of its interest in China Bright International Investment Limited to an independent third party at a consideration of HK$260,000 with a gain on disposal of approximately HK$84,000.

19. INTEREST IN A JOINT VENTURE (Continued)

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
Current	
Cash and cash equivalents	531
Other current assets (excluding cash and cash equivalents)	–
Total current assets	531
Other current liabilities	(250)
Non-current	
Other non-current assets	105
Net assets	386
Interest in the joint venture @50%	193

Summarised statement of comprehensive income

	For the period from 1 April 2022 to 30 December 2022 (Date of disposal) HK$'000	2022 HK$'000
Revenue	–	–
Loss for the year	(34)	(164)
Share of loss in the joint venture @50%	(17)	(82)

20. INVENTORIES

	2023 HK$'000	2022 HK$'000
Raw materials	1,823	386
Goods in transit	1,149	–
	2,972	386

The cost of inventories included in cost of sales amounted to approximately HK$137,044,000 and approximately HK$83,526,000 for the years ended 31 March 2023 and 2022, respectively.

21. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables (Note)		
– Related parties	–	49
– Third parties	41,012	20,956
	41,012	21,005
Other prepayments	4,798	7,043
Other receivables	1,561	–
Deposits	1,057	1,167
	7,416	8,210
Less: non-current portion: deposits, prepayments and other receivable	(9)	(4)
Deposits, prepayments and other receivables included in current assets	7,407	8,206

21. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Note:

	2023 HK$'000	2022 HK$'000
Trade receivables	56,683	32,325
Less: loss allowance	(15,671)	(11,320)
	41,012	21,005

The carrying amounts of trade receivables approximate their fair values and are denominated in HK$.

The Group normally grants credit terms to its customers ranging from 0 to 120 days (2022: 0 to 120 days). The ageing analysis of the trade receivables based on invoice date is as follows:

	2023 HK$'000	2022 HK$'000
1 to 30 days	33,201	4,984
31 to 60 days	3,166	2,670
61 to 90 days	1,627	2,482
91 to 120 days	929	3,441
Over 120 days	17,760	18,748
Total	56,683	32,325

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 days past due. 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.

22. CASH AND CASH EQUIVALENTS

	2023 HK$'000	2022 HK$'000
Cash at bank	**30,415**	44,958

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:

	2023 HK$'000	2022 HK$'000
Hong Kong dollars	**21,280**	44,881
Renminbi ("RMB")	**9,093**	–
United States dollars	**1**	46
Japanese yen	**25**	25
Australian dollars	**16**	6
	30,415	44,958

As at 31 March 2023, the bank balances of the Group denominated in RMB amounted to approximately RMB7,959,000 (equivalent to approximately HK$9,093,000) (2022: RMB Nil (equivalent to HK$Nil), which were deposited with the banks and financial institution in the PRC. RMB is currently not a free convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

23. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Trade payables (Note)		
– Related parties	65	5
– Third parties	12,072	2,105
	12,137	2,110
Other payables and accruals		
– Accruals for staff costs	2,214	1,971
– Commission payables	–	8
– Other payables and other accruals	1,792	1,414
	4,006	3,393
	16,143	5,503

Note:

As at 31 March 2023 and 2022, the ageing analysis of the trade payables based on invoice date is as follows:

	2023 HK$'000	2022 HK$'000
0 to 30 days	8,535	1,634
31 to 60 days	1,411	402
61 to 90 days	1,456	74
91 to 120 days	735	–
	12,137	2,110

The carrying amounts of the Group's trade payables approximate their fair values.

24. LOANS FROM THE INTERMEDIATE HOLDING COMPANY

	2023 HK$'000	2022 HK$'000
Unsecured loans		
China Wantian International Group Limited	13,000	–

Notes:

(a) All the loans are repayable within a period not exceeding one year.

(b) As at 31 March 2023, loans of HK$11,000,000 (2022: HK$Nil) bear interest at 7% per annum (2022: Nil) and loans of HK$2,000,000 (2022: HK$Nil) are interest-free.

25. BANK BORROWINGS

	2023 HK$'000	2022 HK$'000
Current, secured		
Bank borrowings due for repayment within 1 year which contain a repayment on demand clause (Note)	3,469	10,400
Bank borrowings due for repayment after 1 year which contain a repayment on demand clause (Note)	9,881	13,224
Total borrowings	13,350	23,624

Note: As at 31 March 2023, bank borrowings of approximately HK$13,350,000 (2022: approximately HK$23,624,000) are secured by buildings and right-of-use assets for the carrying amounts of approximately HK$6,073,000 and approximately HK$37,089,000 respectively (2022: approximately HK$6,321,000 and approximately HK$38,618,000 respectively) (Note 16) and corporate guarantee provided by the Company.

All bank borrowings contain a repayment on demand clause, which are carried at amortised cost.

The carrying amounts of the bank borrowings approximate their fair values and are denominated in HK$. The weighted average interest rates are 3.82% and 1.60% as at 31 March 2023 and 31 March 2022, respectively.

25. BANK BORROWINGS (Continued)

At the end of the reporting period, the bank borrowings were scheduled to repay as follows:

	2023 HK$'000	2022 HK$'000
On demand or within one year	3,469	10,400
More than one year, but not exceeding two years	3,661	3,619
More than two years, but not exceeding five years	6,220	9,605
After five years	–	–
Total bank borrowings	13,350	23,624

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.

The directors regularly monitor its compliance with these covenants. The Group is up to date with the scheduled repayments of the term loans and the directors do 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 2023, none of the covenants relating to drawn down facilities had been breached (2022: none).

26. DEFERRED INCOME TAX

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

	2023 **HK$'000**	2022 HK$'000
At beginning of the year	**(1,812)**	(1,706)
Credited to consolidated statement of comprehensive income (Note 13)	**(256)**	(106)
At end of the year	**(2,068)**	(1,812)

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 2023 and 2022, 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 2021	1,143
Recognised in the consolidated statement of comprehensive income	169
As at 31 March 2022 and 1 April 2022	**1,312**
Recognised in the consolidated statement of comprehensive income	**(198)**
As at 31 March 2023	**1,114**

26. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000
As at 1 April 2021	(2,849)
Recognised in the consolidated statement of comprehensive income	(275)
As at 31 March 2022 and 1 April 2022	**(3,124)**
Recognised in the consolidated statement of comprehensive income	**(58)**
As at 31 March 2023	**(3,182)**

At the end of the reporting period, the Group has unused tax losses of approximately HK$28,877,000 (2022: approximately HK$15,719,000) 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. All the tax losses may be carried forward indefinitely except for those amounting to approximately HK$13,034,000 (2022:Nil) arising from the PRC which may be carried forward for five years.

As at 31 March 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of approximately RMB3,800,000 (equivalent to approximately HK$4,381,000) (2022:Nil)) that is subject to withholding taxes of the Group's subsidiary established in Mainland China. In the opinion of the directors, the Group is in a position to control the timing of the reversal of the temporary differences by controlling the dividend policy of its subsidiaries and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investment in the subsidiary in the PRC for which deferred tax liabilities have not been recognised.

27. FINANCIAL INSTRUMENTS BY CATEGORY

	2023 HK$'000	2022 HK$'000
Financial assets at amortised cost		
– Trade receivables	41,012	21,005
– Other receivables and deposits	2,618	1,167
– Amounts due from related parties	718	–
– Cash and cash equivalents	30,415	44,958
Total	74,763	67,130
Financial liabilities at amortised cost		
– Trade payables	12,137	2,110
– Other payables (excluding non-financial liabilities)	642	522
– Loans from intermediate holding company	13,000	–
– Bank borrowings	13,350	23,624
– Amounts due to related parties	1,216	–
Total	40,345	26,256
Financial liabilities at FVTPL		
– Contingent consideration payable	46,147	–
Lease liabilities	9,755	4,487

28. SHARE CAPITAL AND RESERVES

(a) Share capital

	Number of ordinary shares (in thousand)	Nominal value of ordinary shares HK$'000
Authorised share capital		
Ordinary shares of HK$0.01 each		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	**2,000,000**	**20,000**
Issued and fully paid		
Ordinary shares of HK$0.01 each		
As at 1 April 2021	1,260,000	12,600
Issue of new shares upon the completion of the share subscription (Note (i))	252,000	2,520
As at 31 March 2022 and 1 April 2022	**1,512,000**	**15,120**
Exercise of share options (Note (ii))	**26,360**	**264**
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary (Note (iii))	**9,160**	**91**
As at 31 March 2023	**1,547,520**	**15,475**

Notes:

(i) 252,000,000 new shares were issued to Ace Source on 16 August 2021 pursuant to the subscription agreement dated 29 June 2021 entered into between the Company as issuer and Ace Source as subscriber.

(ii) Pursuant to the share option scheme adopted on 26 September 2016 (Note 32):

- 23,860,000 new shares were issued on 25 July 2022 upon exercise of share options; and
- 2,500,000 new shares were issued on 26 September 2022 upon exercise of share options.

(iii) 9,160,000 new shares were issued to Mr. Kwong Ping Man on 25 November 2022 pursuant to the Share Purchase Agreement (as defined in Note 30), details of which are set out in Note 30.

(iv) All the new shares rank *pari passu* with the existing shares in all respects.

28. SHARE CAPITAL AND RESERVES (Continued)

(b) Reserves

Details of movements on the Group's reserves are set out in the consolidated statement of changes in equity.

(i) Share premium

Share premium of the Company represents the excess of the proceeds received over the nominal value of the Company's shares issued.

(ii) Other reserve

Other reserve of the Company mainly represents the difference of the nominal value of the shares issued and the net asset value of the subsidiaries of the Company upon the reorganisation in 2016.

(iii) Translation reserve

The translation reserve comprises exchange differences relating to the translation of the financial statements of the foreign operations of the Group from their functional currency to the Group's presentation currency, which are recognised directly in other comprehensive income and accumulated in translation reserve.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities from financing activities:

	Loans from intermediate holding company (Note 24) HK$'000	Bank borrowings (Note 25) HK$'000	Lease liabilities (Note 17) HK$'000	Total HK$'000
As at 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 and 1 April 2022	**–**	**23,624**	**4,487**	**28,111**
Changes from cash flows:				
Repayment during the year	**–**	**(10,274)**	**(3,075)**	**(13,349)**
Loans advance from the intermediate holding company	**13,000**	**–**	**–**	**13,000**
Interest paid	**–**	**(524)**	**(411)**	**(935)**
Total changes from financing cash flows:	**13,000**	**(10,798)**	**(3,486)**	**(1,284)**
Other changes:				
New lease capitalised	**–**	**–**	**13,222**	**13,222**
Lease termination	**–**	**–**	**(5,062)**	**(5,062)**
Interest expenses	**–**	**524**	**411**	**935**
Foreign exchange adjustment	**–**	**–**	**183**	**183**
Total other changes:	**–**	**524**	**8,754**	**9,278**
As at 31 March 2023	**13,000**	**13,350**	**9,755**	**36,105**

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Non-cash transactions

During the year ended 31 March 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of approximately HK$13,222,000 (2022: approximately HK$4,718,000) and approximately HK$13,222,000 (2022: approximately HK$4,718,000), respectively, in respect of lease arrangements for office and restaurant.

During the year ended 31 March 2023, the Group acquired 100% interest in Champion Point Limited with details disclosed in Note 30, with a consideration satisfied by the issuance of 9,160,000 ordinary shares of the Company and other contingent consideration shares to be issued at an aggregate amount equal to approximately HK$45,549,000 determined at their fair value.

30. BUSINESS COMBINATION

Acquisition of Champion Point Limited ("Champion Point")

On 7 November 2022, Great Point Limited ("Great Point"), a direct wholly-owned subsidiary of the Company, entered into a share purchase agreement (the "Share Purchase Agreement") with Mr. Kwong Ping Man ("Mr. Kwong"), an independent third party, pursuant to which Great Point has conditionally agreed to acquire and Mr. Kwong has conditionally agreed to sell all the issued shares of Champion Point, which indirectly held the entire equity interest of Shenzhen Wealth Source Trading Development Company Limited* (深圳豐源貿易發展有限公司) ("Shenzhen Wealth Source", together with Champion Point, collectively, "Champion Point Group"). The acquisition has been accounted for using the acquisition method. Shenzhen Wealth Source is a company incorporated in the PRC, which is principally engaged in trading of live cattle, food ingredients and aquatic products in the PRC.

The acquisition was subsequently completed on 25 November 2022 (the "Completion Date"). The fair value of each of the Consideration Shares (as defined below) was HK$0.54, being the quoted price of the Company's shares on the Completion Date. The fair value of the First Tranche Consideration Shares (as defined below) amounted to approximately HK$4,947,000.

The estimated fair value of such contingent arrangement obligation as at the Completion Date, comprising the Second Tranche Consideration Shares and Third Tranche Consideration Shares (as defined below), amounted to approximately HK$40,602,000. The fair value of such contingent consideration payable amounted to approximately HK$46,147,000 as at the end of the reporting period and has been presented separately on the consolidated statement of financial position. The relevant details are set out in Note 31.

* The English translation is not the official name and is for reference purposes only

30. BUSINESS COMBINATION (Continued)

Acquisition of Champion Point Limited ("Champion Point") (Continued)

The following summarises the consideration transferred, the assets acquired and the liabilities assumed at the date of acquisition:

Consideration

	HK$'000
Consideration Shares issued (Notes (i))	4,947
Contingent consideration arrangement (Notes (ii) and (iii))	40,602
	45,549

Note:

As set out in the Company's announcements dated 7 November 2022 and 25 November 2022, the consideration of the acquisition would be settled by way of allotment and issue by the Company to Mr. Kwong of 91,660,000 new shares of the Company (the "Consideration Share(s)") in three tranches, of which:

(i) 9,160,000 Consideration Shares (the "First Tranche Consideration Shares") were allotted and issued upon the completion of the acquisition of Champion Point;

(ii) 27,490,000 Consideration Shares (the "Second Tranche Consideration Shares") are to be allotted and issued after the issue of the audited financial statement of Shenzhen Wealth Source for the year ended 31 March 2023 (the "FY2023") subject to the consideration adjustment, under which the audited net profit after tax of Shenzhen Wealth Source for the FY2023 (the "2023 Net Profit") shall be between 85% and 100% of the target net profit after tax of Shenzhen Wealth Source for the FY2023 of RMB5,450,000 (equivalent approximately HK$6,206,000) (the "2023 Target Net Profit"); and

(iii) 55,010,000 Consideration Shares (the "Third Tranche Consideration Shares") are to be allotted and issued after the issue of the audited financial statement of Shenzhen Wealth Source for the year ending 31 March 2024 (the "FY2024") subject to the consideration adjustment, under which the audited net profit after tax of Shenzhen Wealth Source for the FY2024 (the "2024 Net Profit") shall be between 85% and 100% of the target net profit after tax of Shenzhen Wealth Source for the FY2024 of RMB7,500,000. (equivalent to approximately HK$8,567,000) (the "2024 Target Net Profit").

30. BUSINESS COMBINATION (Continued)

Acquisition of Champion Point Limited ("Champion Point") (Continued)

Fair values of the identifiable assets and liabilities recognised at the Completion Date were as follows:

	HK$'000
Trade receivables	9,410
Other receivables	100
Cash and cash equivalents	62
Trade payables	(6,492)
Other payables	(283)
	2,797
Goodwill arising on acquisition:	
Consideration	45,549
Less: fair value of identifiable net assets acquired	(2,797)
	42,752
Net cash inflow arising on acquisition:	
Consideration paid	–
Cash and cash equivalents acquired of	62
	62

30. BUSINESS COMBINATION (Continued)

Acquisition of Champion Point Limited ("Champion Point") (Continued)

The Group incurred transaction costs of approximately HK$506,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of comprehensive income.

The fair value of trade receivables and other receivables as at the date of acquisition amounted to approximately RMB8,594,000 (equivalent to approximately HK$9,410,000) and approximately RMB91,000 (equivalent to approximately HK$100,000) respectively. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

The Group appointed an independent professional valuer to perform valuation at the date of acquisition for the purpose of accounting for the acquisition of Champion Point according to HKFRS 3 "Business Combination". The fair value of the identifiable assets acquired and liabilities assumed has been determined based on the valuation approach as determined by the independent professional valuer.

Included in the loss for the year ended 31 March 2023, revenue and profit of approximately HK$57,296,000 and HK$3,384,000 were attributable to the businesses generated by Champion Point Group respectively. Had the business combination been completed on 1 April 2022, the revenue and loss of the Group for the year ended 31 March 2023 would have been approximately HK$245,451,000 and HK$24,588,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed of the beginning at the period, nor is it intended to be a projection of future results.

Goodwill arising from the above mentioned acquisition is attributable to the expected revenue growth, future market development and assembled workforce that cannot be separately recognised due to their nature. None of the goodwill recognised is expected to be deductible for income tax purposes.

31. CONTINGENT CONSIDERATION PAYABLE

	2023 HK$'000	2022 HK$'000
At 1 January	**–**	–
Addition during the year	**40,602**	–
Net fair value loss on financial instruments recognised in profit and loss	**5,545**	–
At 31 March	**46,147**	–

	2023 HK$'000	2022 HK$'000
Current portion	**15,661**	–
Non-current portion	**30,486**	–
	46,147	–

On 7 November 2022, Great Point entered into the Share Purchase Agreement with Mr. Kwong to acquire all the issued shares of Champion Point. The fair value of the consideration of approximately HK$45,549,000 is to be settled by the Company for the allotment and issue of the Consideration Shares in three tranches. The details of the acquisition of Champion Point are set out in Note 30.

In the event that the 2023 Target Net Profit for the financial year ended 31 March 2023 more than RMB5,450,000, the Group shall issue 27,490,000 Consideration Shares to Mr. Kwong. As at 31 March 2023, the audited net profit was approximately RMB5,894,000. Therefore, the Group would issue 27,490,000 Consideration Shares to Mr. Kwong after the issue of audited financial statements of Shenzhen Wealth Source.

As at 31 March 2023, the directors of the Company have remeasured the remaining Contingent Consideration as approximately HK$46,147,000, and a loss on remeasurement of approximately HK$5,545,000 is recognised in profit or loss during the year.

The Group recognises the fair value of those contingent consideration for acquisition, as of their respective acquisition dates as part of the consideration transferred in exchange for the acquired business. The fair value measurement requires, among other things, significant estimation of post-acquisition performance of the acquired business and significant judgment on time value of money. The details of the fair value measurement are set out in Note 37.

32. 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 its 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. 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.

32. SHARE OPTION SCHEME (Continued)

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 a substantial shareholder or an independent non-executive director 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 five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share on the date of grant of the option.

32. SHARE OPTION SCHEME (Continued)

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.

On 13 April 2022, there were 79,100,000 share options granted to eligible participants under the Share Option Scheme. A summary of the movements in the share options granted under the Share Option Scheme during the year ended 31 March 2023 is as follows:

Name or category of participants	Date of grant	Exercise price HK$	Exercise period	As at 1 April 2022	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31 March 2023
Directors								
Dr. Hooy Kok Wai[1] ("Dr. Hooy")	13/4/2022	0.320	1/7/2022 to 30/6/2025	–	45,000,000	(15,000,000)	–	30,000,000
Mr. Zhong Xueyong[1] ("Mr. Zhong")	13/4/2022	0.320	1/7/2022 to 30/6/2025	–	23,000,000	(7,660,000)	–	15,340,000
Other employees[2]	13/4/2022	0.320	13/4/2022 to 30/6/2025	–	11,100,000	(3,700,000)	–	7,400,000
Total				–	79,100,000	(26,360,000)	–	52,740,000
Exercisable at the end of the year				–	–	–	–	–
Weighted average exercise price				N/A	0.320	0.320	N/A	0.320
Weighted average share price at dates of exercise				N/A	N/A	0.33	N/A	N/A

32. SHARE OPTION SCHEME (Continued)

Notes:

1. These share options were granted to Dr. Hooy and Mr. Zhong, who are executive Directors and substantial shareholders of the Company, on 13 April 2022 and approved at the extraordinary general meeting of the Company held on 8 June 2022. They are vested and exercisable as (i) the first one third from 1 July 2022 to 30 June 2025 without subject to any performance target being met; (ii) the next one third from 1 July 2023 to 30 June 2025 only if the audited revenue of the Group for the year ending 31 March 2023 is no less than 120% of the audited revenue of the Group for the year ended 31 March 2022; and (iii) the remaining one third from 1 July 2024 to 30 June 2025 only if the audited revenue of the Group for the year ending 31 March 2024 is no less than 140% of the audited revenue of the Group for the year ended 31 March 2022.

2. These share options are vested and exercisable without subject to any performance target being met as (i) the first one third from 13 April 2022 to 12 April 2025; (ii) the next one third from 13 April 2023 to 12 April 2025; and (iii) the remaining one third from 13 April 2024 to 12 April 2025.

3. The closing price per share immediately before the date on which the share options were granted on 13 April 2022 was HK$0.305.

4. The weighted average closing price per share immediately before the respective dates on which the shares options were exercised was approximately HK$0.312.

5. The subscription price per share is HK$0.32.

6. The estimated fair values of the share options granted are approximately HK$8,233,000, which were calculated using the Binominal model. The inputs into the model were as follows:

	Directors	**Other employees**
Number of share options	68,000,000	11,100,000
Weighted average share price at date of exercise (HK$)	0.33	0.33
Exercise price (HK$)	0.32	0.32
Option life (Year)	3.06	3.00
Expected volatility (%)	53.87	53.79
Risk-free interest rate (%)	2.06	1.92

Expected volatility used in the valuation of options was determined by using the annualised historical daily volatility of the Company's share price as at the measurement date.

Expected dividend yield was based on the annualised historical dividend yield of the Company. Risk-free rate was determined with reference to the interpolated Hong Kong Government Bond yield. The Binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

During the year ended 31 March 2023, the Group recognised total expenses of approximately HK$5,893,000 (2022: HK$Nil) in relation to the share options granted by the Company.

33. 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 2023, forfeited contributions of HK$Nil (2022: approximately HK$315,000) under the defined contribution plans were used by the Group to reduce its existing level of contributions. As at 31 March 2023, the Group was not entitled to any forfeited contributions to reduce its future contributions (2022: HK$Nil).

As stipulated by the rules and regulations in the PRC, the subsidiaries operating in the PRC contribute to state-sponsored retirement plans for their employees. The employees contribute approximately 8% of their basic salaries, while the subsidiaries contribute approximately 17% of the basic salaries of its employees and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

The total expenses of approximately HK$767,000 were recognised in profit or loss during the year ended 31 March 2023 (2022: approximately HK$652,000).

34. 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 shareholders 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 2023 and 2022:

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

34. RELATED PARTY TRANSACTIONS (Continued)

Name of the related party	Relationship with the Group
Au Kit Ying	The owner of the business is a related persons to Mr. Liu Chi Ching
WG International Group Limited#	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
China Wantian International Group Limited	The intermediate holding company of the Group
Greater Bay Area Association of Listed Companies Limited (formerly known as Guangdong-Hong Kong-Macau Greater Bay Area Industry and Commerce Federation Limited)	This company is managed and controlled by Mr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu Sky Farm Co., Limited* (中山萬谷天空農場有限公司)	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu Property Management Co., Ltd.* (中山市萬谷物業管理有限公司)	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu Business Management Co., Ltd.* (中山萬谷商業管理有限公司)	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu Real Estate Investment and Development Co., Ltd.* (中山市萬谷房地產投資開發有限公司)	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu Basket Plaza Investment and Management Co., Ltd.* (中山市萬谷菜籃子廣場投資管理有限公司)	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company

* The English translation is not the official name and is for reference purposes only

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 the balances arising from related party transactions as at year end.

34. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties

	2023 HK$'000	2022 HK$'000
Continuing related parties' transactions		
Sales of goods to related companies		
– Winning Tender Limited	262	612
Purchase of goods from a related party		
– Au Kit Ying	–	(16)
– Zhongshan Wangu Sky Farm Co., Limited* (中山萬谷天空農場有限公司)	(591)	–
Short-term lease, management fees and utilities expenses paid to		
– Zhongshan Wangu Property Management Co., Ltd.* (中山市萬谷物業管理有限公司)	(113)	–
– Zhongshan Wangu Business Management Co., Ltd.* (中山萬谷商業管理有限公司)	(547)	–
– Zhongshan Wangu Real Estate Investment and Development Co., Ltd.* (中山市萬谷房地產投資開發有限公司)	(517)	–
– Zhongshan Wangu Basket Plaza Investment and Management Co., Ltd.* (中山市萬谷菜籃子廣場投資管理有限公司)	(1,219)	–
Service fee received from the intermediate holding company		
– China Wantian International Group Limited	660	–
Interest expenses on loans from the intermediate holding company		
– China Wantian International Group Limited	(203)	–
Service fee paid to a related company		
– WG International Group Limited	(184)	(561)

(b) Balances with related parties

Except as disclosed in Notes 21 and 23, the amounts due from/(to) the related companies are non-trade in nature, unsecured, interest-free and repayable on demand.

(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 11.

35. PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries as at 31 March 2023:

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%	–
Oasis Smart Limited	Hong Kong	HK$1	Investment holding/Hong Kong	–	100%

35. 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
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%
Champion Point Limited	BVI	HK$100	Investment holding/Hong Kong	–	100%
Wealth Source International Holdings Limited	Hong Kong	HK$10,000	Investment holding/Hong Kong	–	100%
深圳萬天企業管理有限公司 Shenzhen Wantian Enterprise Management Company Limited* (Note)	PRC	RMB2,000,000	Cost Centre	–	100%
深圳萬天餐飲零售發展有限公司 Shenzhen Wantian Catering Retail Development Company Limited* (Note)	PRC	RMB20,000,000	Catering	–	100%
深圳萬天環保科技有限公司 Shenzhen Wantian Environmental Protection Technology Company Limited* (Note)	PRC	RMB20,000,000	Environmental protection and technology	–	100%

35. 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
深圳萬天實業發展有限公司 Shenzhen Wantian Industrial Development Company Limited* (Note)	PRC	RMB20,000,000	Environmental protection and technology	–	100%
深圳豐源貿易發展有限公司 Shenzhen Wealth Source Trading Development Company Limited*	PRC	RMB1,000,000	Trading of live cattle, food ingredients and aquatic products	–	100%

* The English translation is not the official name and is for reference purposes only

Note: These entities are registered as wholly foreign owned enterprises with limited liability under the laws of the PRC.

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

	Notes	2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		20,268	16,096
		20,268	16,096
Current asset			
Prepayment		245	–
Amount due from subsidiaries		97,095	77,167
Cash and cash equivalents		155	–
		97,495	77,167
Current liabilities			
Accrual and other payables		1,436	–
Loans from the intermediate holding company	24	13,000	–
Amount due to subsidiaries		4,304	1
		18,740	1
Net current assets		78,755	77,166
Net assets		99,023	93,262
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	28(a)	15,475	15,120
Reserves	36(a)	83,548	78,142
Total equity		99,023	93,262

The statement of financial position of the Company was approved for issue by the board of directors on and was signed on 28 June 2023 its behalf.

Hooy Kok Wai
Director

Liu Chi Ching
Director

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Share premium (Note 28(b)) HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000
As at 1 April 2021	46,971	–	6,295	(8,933)
Loss for the year	–	–	–	(1,371)
Issue of new shares	35,280	–	–	–
Transaction cost on issuance of new shares	(100)	–	–	–
As at 31 March 2022 and 1 April 2022	**82,151**	**–**	**6,295**	**(10,304)**
Loss for the year	**–**	**–**	**–**	**(13,514)**
Exercise of share options (Note 28)	**10,853**	**(2,682)**	**–**	**–**
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary (Note 28)	**4,856**	**–**	**–**	**–**
Recognition of equity-settled share-based payments (Note 32)	**–**	**5,893**	**–**	**–**
As at 31 March 2023	**97,860**	**3,211**	**6,295**	**(23,818)**

37. FAIR VALUE MEASUREMENT

The following presents the assets and liabilities that are measured at fair value or required to disclose their fair value in these consolidated financial statements on a recurring basis as at 31 March 2023 across the three levels of the fair value hierarchy defined in HKFRS 13 Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

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

The directors of the Company believe that the estimated fair values resulting from the valuation techniques are reasonable, and that they were the most appropriate values at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques(s) and inputs used):

Financial assets and financial liabilities	Fair values as at 31 March 2023	Fair value hierarchy	Valuation technique(s) and significant input(s)
Contingent consideration payable classified as financial liabilities at FVTPL	HK$46,147,000 (2022: HK$Nil) (Note 31)	Level 3	Income approach and Shenzhen Wealth Source forecasted 2024 Net Profit

During the years ended 31 March 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

37. FAIR VALUE MEASUREMENT (Continued)

Fair value measurement of contingent consideration payable

The fair value of contingent consideration payable is a Level 3 recurring fair value measurement.

As disclosed in Note 30, the directors of the Company were of the opinion that Shenzhen Wealth Source's 2023 Net Profit has exceeded the 2023 Target Net Profit of RMB5,450,000 (equivalent to approximately HK$6,206,000) and that Group will allot and issue the Second Tranche Consideration Shares to Mr. Kwong with fair value as at 31 March 2023 estimated at the amount of approximately HK$15,661,000 which will be payable in 2023.

The directors of the Company were also of the opinion that Shenzhen Wealth Source's forecasted 2024 Net Profit would exceed 2024 Target Net Profit of RMB7,500,000 (equivalent to approximately HK$8,567,000) and expected that the Group would allot and issue the Third Tranche Consideration Shares to Mr. Kwong with fair value as at 31 March 2023 estimated at the amount of approximately HK$30,486,000 which will be payable in 2024.

The fair value of contingent consideration payable is determined by the directors of the Company with reference to valuation performed by an independent professional valuer.

A increase/decrease in Shenzhen Wealth Source forecasted 2024 Net Profit used in isolation would result in a increase/decrease in the fair value measurement of the contingent consideration payable, and vice versa. A 5% increase/decrease in Shenzhen Wealth Source forecasted 2024 Net Profit holding all other variables constant would increase/decrease the carrying amount of the contingent consideration payable by approximately HK$218,000/HK$244,000 (2022: Nil).

Profit guarantee is a contingent consideration that will be realised if the acquired businesses achieve their respective base year profit target, calculated on certain predetermined basis, during the designated period of time.

The Group recognises the fair value of those contingent consideration payable for acquisitions, as of their respective acquisition dates as part of the consideration transferred in exchange for the acquired business. The fair value measurement require, among other things, significant estimation of post-acquisition performance of the acquired businesses and significant judgment on time value of money.

37. FAIR VALUE MEASUREMENT (Continued)

Reconciliation of Level 3 fair value measurements

A reconciliation of the opening and closing fair value balances of contingent consideration payable (Level 3) is provided as below:

	2023 HK$'000	2022 HK$'000
Contingent consideration payable		
Opening balance (Level 3 recurring fair value)	–	–
Addition during the year (Note 31)	40,602	–
Net fair value loss on financial instruments recognised in profit and loss (Note 31)	5,545	–
At the end of the reporting period	46,147	–

38. EVENT AFTER THE REPORTING DATE

As disclosed in the Company's prospectus dated 19 May 2023, the Company proposed to implement a rights issue on the basis of one rights share for every five existing shares held on a record date at a subscription price of HK$0.36 per rights share (the "Rights Issue"). The proposed Rights Issue was approved on a board of directors meeting held on 3 April 2023.

On 13 June 2023, the Company issued 309,504,000 ordinary shares upon the completion of the Rights Issue. Accordingly, the number of shares of the Company increased from 1,547,520,000 shares to 1,857,024,000 shares. The gross proceeds from the Rights Issue were approximately HK$111,400,000, and the net proceeds after deducting the underwriting commission and all other relevant expenses were estimated to be approximately HK$101,700,000.

39. COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been re-presented to conform with 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:

	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**202,136**	127,674	106,706	154,078	185,939
Gross profit	**35,885**	18,745	13,248	19,225	43,955
(Loss)/profit before income tax	**(24,374)**	(10,852)	(8,560)	(3,572)	20,353
(Loss)/profit and total comprehensive income for the year	**(27,612)**	(10,958)	(8,244)	(4,746)	16,059
Total assets	**216,330**	155,450	145,582	160,503	150,736
Total liabilities	**104,643**	35,426	52,311	58,988	39,675
Net assets	**111,687**	120,024	93,271	101,515	111,061