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

2023
Annual Report

CONTENTS

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	5
Biographical Details of Directors and Senior Management	19
Directors' Report	23
Corporate Governance Report	42
Independent Auditor's Report	64
Consolidated Statement of Comprehensive Income	71
Consolidated Statement of Financial Position	72
Consolidated Statement of Changes in Equity	74
Consolidated Statement of Cash Flows	75
Notes to the Consolidated Financial Statements	77
Summary of Financial Information	178

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CORPORATE INFORMATION

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

Independent non-executive Directors
Ms. Lui Choi Yiu Angela
Mr. Siu Chun Pong Raymond
Mr. Lam Chi Wing

BOARD COMMITTEES
Audit committee
Ms. Lui Choi Yiu Angela *(Chairman)*
Mr. Siu Chun Pong Raymond
Mr. Lam Chi Wing

Nomination committee
Dr. Hooy Kok Wai *(Chairman)*
Ms. Lui Choi Yiu Angela
Mr. Siu Chun Pong Raymond
Mr. Lam Chi Wing

Remuneration committee
Mr. Lam Chi Wing *(Chairman)*
Mr. Liu Chi Ching
Ms. Lui Choi Yiu Angela
Mr. Siu Chun Pong Raymond

COMPANY SECRETARY
Mr. Lau Yau Chuen Louis

AUTHORISED REPRESENTATIVES
Mr. Liu Chi Ching
Mr. Lau Yau Chuen Louis

AUDITOR
BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
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No. 95 Queensway
Admiralty
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Ocorian Trust (Cayman) Limited
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REGISTERED OFFICE IN THE CAYMAN ISLANDS
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Cayman Islands

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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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Wantian Holdings Limited (the "**Company**" or "**China Wantian**", together with its subsidiaries, the "**Group**"), I would like to present the Group's consolidated business performance for the nine months ended 31 December 2023 (the "**period under review**" or the "**Period**").

The year 2023 had been a volatile year. It was a crucial year for the resumption of economic development in the wake of the full lifting of restrictive measures against the COVID-19 pandemic. In retrospect, being an important stabilising factor in global economic growth, the green and low-carbon economic transformation in China has resulted in an outburst of energy and vibrance as has never been seen before. ESG green economic development, which has been building the consensus of the society in general, is the definitive direction of development in the future. In genuine implementation of national development strategies, China Wantian has created an ecosystem for multi-point consumer spending in the green sector under the guidance of the green economy concept, procuring high-speed and qualitative development of its three principal business segments of food supply, catering and environmental protection and technology to further enhance the Group's leading position in the green economy sector of the Guangdong-Hong Kong-Macau Greater Bay Area (the "**GBA**") and facilitate its growth into a leading quality lifestyle service provider in China with a strong reputation in the GBA.

During the period under review, the Group reported sound business progress in a direction for development focussed on ESG green economy, garnering extensive recognition in the Hong Kong capital market as investment funds managed by well-known institutional investors such as Franklin Templeton Investments (Asia) Limited and China Asset Management (Hong Kong) Limited were successfully enlisted as the Company's shareholders, followed by the acquisition of a stake in China Wantian via a private investment vehicle by a social celebrity, evidencing the strong appeal for star capital investors afforded by the bright prospects of the Group's business development.

According to an estimate of the Food Ingredients Supply Chain Association of China Federation of Logistics & Purchasing, spending on food supplies in China reached RMB16.54 trillion in 2023. Possessing its feature of enjoying immense potentials and extensive prospects for development, the food supply chain sector in China had charted new heights. The Group upheld its "source to table" approach as it vigorously rolled out its business along an all-compassing "air-sea-land" catering supply chain. Prioritising high quality, the Group has brought premium foodstuff including eggs and pork to the dining tables of the residents in the GBA. In the meantime, the Group is actively seeking international trade partners and striving for opportunities for participating in the global supply chains of more than ten bulk products such as meat, vegetables, fruits, frozen items and condiments with a view to fulfilling the vision of "letting every household eat well every day" in addition to attaining substantial revenue growth.

In terms of environmental protection and technology, green development, carbon reduction and sustainable economy are the strategic directions of national development. In line with the current trend of development and on the back of exploration, practice and build-up over the years, the Group has been advancing sky farm projects and the like towards a sophisticated stage. During the Period, the Group has successfully built more than 300 sky farms in the GBA in support of the nation's important guiding principle that "Lucid Waters and Lush Mountains Are Invaluable Assets" in a bid to infuse the green low-carbon philosophy into the core cities of the GBA and, using its state-of-the-art urban hortiscape designs and core proprietary technologies, make solid contributions to China's process of building modernised and low-carbon cities. Meanwhile, the Group is actively seeking international cooperation in relation to "Belt and Road" and other development strategies in an endeavour to further extend the reach of its sky farm business to the Middle East, Southeast Asia and other regions.

Dining and catering consumption represents an essential part in the economy of people's livelihood, connecting the macro-economy on one end as an important engine for the internal circulation of domestic growth, and tens of thousands of households on the other manifesting the people's quest for a pleasant lifestyle. According to the National Bureau of Statistics of China, the total retail sales of consumer goods in 2023 grew by 7.2% year-on-year to RMB47.14 trillion. Nationwide revenue from dining and catering amounted to RMB5.2 trillion, representing a significant growth of 20.4% year-on-year. During the Period, the Group successfully expanded the presence of its catering business in Zhongshan, China with the opening of new restaurants in the region. Based on the demands of different consumer groups, the Group has formed a catering regime with diverse echelons ranging from western fine dining restaurants to affordable delicatessens, inducing a spending spree in the region underpinned by health consciousness and popularity among consumers.

With the dawning of the post-pandemic era and the increasing cross-border interaction and movement of people between Hong Kong and the Mainland in accelerated integration of the GBA, the Group will strive to set the trend in the new era and stay focussed on the three principal segments of food supply, catering and environmental protection and technology to make China Wantian a leading enterprise in the green food supply chain of the GBA, living up to the expectations of the public with a firm commitment to the ecological civilisation and the dream of green living.

On behalf of the Group and the Board, I would like to express sincere appreciation to all the shareholders, business partners and staff. In 2024, adhering to its initial objectives, the Group will continue to ensure the sound operation of its three business segments of food supply, catering and environmental protection and technology, making contributions to social progress while delivering value for the shareholders.

Hooy Kok Wai
Chairman and Executive Director

Hong Kong, 27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

In retrospect of 2023, the global economy was subject to multiple challenges such as geopolitical conflicts, ongoing interest rate hikes by the Federal Reserve and deglobalisation. Amidst the global economic uncertainty, China forged ahead, effectively overcoming the complicated situation underpinned by internal as well as external difficulties and maintaining overall stability of its macro-economy on all fronts. Within this year, ongoing improvements in major economic and social development indicators were achieved and ultimately, a 5.2% overall economic growth was reported, which exceeded expectations. Such growth has provided strong proof for the consistency and resilience of China's development as a robust economy and the nation's status as an important stabilising factor in the global economic development.

Year 2023 has been a significant period with the economy and the society growing towards greener and more coordinated qualitative development. Green development, carbon reduction and sustainable development have become important consensuses of the society and ESG has become a primary driver advancing the development of "a community with a shared future for mankind". Riding on the favourable trend in social development, China Wantian has risen to the occasion and grown into a remarkable force behind the quest of the society for co-prosperity.

BUSINESS REVIEW

During the period under review, the Group remained firmly and deeply engaged in the segment pertaining to sustainable and low-carbon green development guided by the broader vision of "letting every household eat well every day". It vigorously developed its food supply chain business by establishing its presence in the GBA with a global perspective. The Group persisted in the development of the three principal segments of food supply, catering and environmental protection and technology with a strong emphasis on the fulfilment of the dream to enhance people's livelihood and environmental protection in further consolidation of its leading position in the food supply chain of the GBA. As one of the world's largest city clusters, the GBA is expected to grow into a world-class cluster with the largest population and highest economic worth among its global peers by about 2030 given the continuous implementation and deepening of the national strategy relating to the GBA development. On the basis of the above, both the food supply market and the catering market hold out broad prospects for growth.

During the period under review, the Group garnered extensive recognition in Hong Kong's capital market for its broad prospects for development as it successfully enlisted investment funds managed by well-known institutional investors such as Franklin Templeton Investments (Asia) Limited and China Asset Management (Hong Kong) Limited as shareholders. The commitments by star institutional investors have attested to the prospects for sustainable development in the Group's business and enhanced its reputation in Hong Kong's capital market. Subsequently, a social celebrity also became an investor in the Company via a private investment vehicle, further strengthening the confidence of the capital market and the public in the Group's development.

On the business front, the Group vigorously pursued growth in business results and it achieved a leaping growth in the sales revenue driven by the three-thronged business segments, of which food supply remained a pillar for the Group's revenue. Food and dining has always been an important aspect in people's livelihood. As people become increasingly eager in the quest for a pleasant lifestyle, a quality food supply segment will always hold out bright prospects. The Group aims for the food supply business, which is closely associated with people's livelihood, and, through the participation in the material links of the food supply chains for bulk products, supplies "every meal of the residents of the GBA" with quality food, fostering a pleasant lifestyle for the people and a gratifying future for the world.

During the period under review, the Group continued to focus on the development of the food supply chain business, being a pillar segment, by offering more than ten bulk commodities such as meat, vegetables, fruits, seafood, frozen items, eggs and condiments. Connecting people's livelihood on one end and the industry on the other, food supply is a major driver for the Group's future development as well as a key base on which a pleasant lifestyle is created. The Group will enhance its revenue and profitability by introducing diverse categories of food ingredients so that it would grow into a first-rate green brand in the food supply chain of the GBA.

In connection with environmental protection and technology, the Group has developed more than 300 "sky farms" on the back of its core proprietary technologies following the active development of its environmental protection and technology business over the years, as encouraged by the nation's long-term green development policy. Benefiting from the fact that the major cities in the GBA have successively launched education systems emphasising practical curricula, education policies are continuously seen tilting towards quality education and students are required to gain credits in a variety of practical curricula. As such, the Group expects that the trend of quality education will provide a new growth engine for the development of the sky farm. In the new financial year, China Wantian will actively seize development opportunities presented by government policies as well as the urban development trend of revitalising industrial buildings and undeveloped land sites, and continue to extend the outreach of the sky farm to other cities and regions in the GBA so as to enhance the Group's sound reputation in green economic development and further increase its business revenue.

As for catering, the Group seized the historic opportunity arising from the full relaxation of anti-epidemic control measures and the resumption of consumer spending during the year to rapidly open new restaurants and strengthen its restaurant business network in Zhongshan, while at the same time enhancing the service quality of its catering business in the hope that its catering segment will be developed in terms of both quantity and quality. During the period under review, the Group introduced different types of new restaurants and formed a delicatessen regime with diverse types and echelons ranging from western fine dining, Chaozhou cuisine, Thai food, seafood stall dining and authentic Cantonese-style cafes, offering a wide array of dining choices to the residents of Zhongshan and creating a number of reputed local dining brands such as the "Sky Series" and the "Wan Shi Hui Series", which have established a sound brand reputation for China Wantian in the catering sector of the GBA.

Situated in the central business district of Zhongshan, the Group's restaurants benefit from the prime locations and busy pedestrian flow. Many of them have become popular dining venues on the Internet. By offering dining brands in different echelons, the Group has created diverse dining scenes and experience for consumers. In future, China Wantian will continue to explore new development opportunities and the Group expects to achieve a higher level of performance in 2024 in terms of service quality and the revenue generated from the catering segment, as well as a further expansion of its restaurant network into other regions in the GBA.

FINANCIAL REVIEW

As stated in the announcement of the Company dated 6 September 2023, the Board resolved to change the financial year end date of the Company from 31 March to 31 December to align the financial year end date of the Company with that of the subsidiaries of the Company which were incorporated and are operating in the PRC with the financial year end date of 31 December in accordance with the relevant statutory requirements. The change took effect from and including the financial year 2023 of the Company. The Board considers that such change will better facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the current financial period covers the period of nine months from 1 April 2023 to 31 December 2023 , which may not be fully comparable to the results of previous years covering the period of twelve months.

The Group's operating results for the Period were contributed by its three businesses, namely (i) food supply; (ii) catering services; and (iii) environmental protection and technology services.

Revenue

The Group's revenue for the Period was approximately HK$194.1 million (for the year ended 31 March 2023: HK$202.1 million).

The food supply business remains the main revenue stream of the Group. The revenue generated from the food supply business amounted to approximately HK$181.1 million for the Period, accounting for approximately 93.3% of the total revenue (for the year ended 31 March 2023: HK$196.5 million, 97.2%). During the Period, the revenue derived from the GBA market was approximately HK$80.7 million and accounted for approximately 44.6% of the revenue from the food supply segment (for the year ended 31 March 2023: HK$57.3 million, 29.2%). The increase in the Group's segment revenue was mainly attributable to the revenue derived from the PRC market contributed by the new fresh food supply of trading of eggs and pork. Revenue derived from the Hong Kong market, which was mainly the provision of vegetables and fruits in Hong Kong, amounted to approximately HK$100.3 million, representing approximately 55.4% of the segment revenue (for the year ended 31 March 2023: HK$139.2 million, 70.8%).

The catering services business, comprising the operation of various restaurants in the city of Zhongshan, contributed a revenue of approximately HK$12.2 million for the Period, representing approximately 6.3% of the Group's total revenue (for the year ended 31 March 2023: HK$4.9 million, 2.4%). The environmental protection and technology services business, comprising 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$0.9 million during the Period, accounting for approximately 0.4% of the Group's total revenue (for the year ended 31 March 2023: HK$0.7 million, 0.4%).

Gross profit and gross profit margin

The Group's gross profit for the Period was approximately HK$29.0 million, representing a gross profit margin of approximately 14.9% (for the year ended 31 March 2023: HK$35.9 million, representing a gross profit margin of approximately 17.8%).

The gross profit derived from the Group's food supply business for the Period was approximately HK$24.6 million, representing a gross profit margin of approximately 13.6% (for the year ended 31 March 2023: HK$33.4 million, representing a gross profit margin of approximately 17.0%). Meanwhile, with the change in the product mix of the food supply business in the PRC, the gross profit margin decreased by 3.4 percentage points. The decrease in the gross profit margin for the Period was due to the fact that facing a remarkably different business environment, the Group had to spend time securing new customers and new sales orders, which had impacted on its profitability for the Period.

The gross profit derived from the Group's catering business and environmental protection and technology business for the Period was approximately HK$4.2 million and HK$0.2 million respectively, representing a respective gross profit margin of approximately 34.6% and 20.1%.

Other income and gain

The Group's other income and gain for the Period was approximately HK$1.7 million (for the year ended 31 March 2023: HK$3.0 million). The decrease was primarily due to the absence of government grants related to COVID-19 for the Period.

Finance costs, net

The Group's finance costs, net for the Period were approximately HK$1.1 million (for the year ended 31 March 2023: HK$1.0 million). The slight increase was mainly due to the increase in the interest on lease liabilities as new tenancy agreements were entered into by the Group during the Period for the purpose of business expansion in the catering services segment.

Selling expenses

The Group's selling expenses for the Period were approximately HK$13.8 million (for the year ended 31 March 2023: HK$7.8 million). The increase was mainly due to the additional payroll expenses incurred for the purpose of expanding the Group's catering business.

Administrative expenses

The Group's administrative expenses for the Period were approximately HK$89.9 million (for the year ended 31 March 2023: HK$44.6 million). The increase was mainly attributable to the provision of (i) impairment losses on goodwill of approximately HK$29.9 million, arising from the recoverable amount of the acquisition of Champion Point Limited in food supply segment, which is lower than its then carrying amount; and (ii) impairment losses on right-of-use assets of approximately HK$5.2 million; and (iii) impairment losses on property, plant and equipment of approximately HK$4.9 million, both of which were incurred given that the revenue generated from the newly opened eateries in GBA was yet to cover the operating costs incurred, including fixed costs and depreciation.

Gain/(loss) on change in fair value of contingent consideration payable

The Group's gain on change in fair value of contingent consideration payable was approximately HK$30.5 million for the Period (for the year ended 31 March 2023: loss on change in fair value of HK$5.5 million), which was primarily due to the adjustment for changes in fair value of the contingent consideration payable.

Impairment losses under expected credit loss model

The Group recorded impairment losses under expected credit loss model of approximately HK$2.1 million for the Period (for the year ended 31 March 2023: HK$4.4 million). The decrease was due to a decrease in overdue payments from the customers.

Loss for the Period

Taking into consideration the above-mentioned factors, loss for the Period was approximately HK$45.6 million (for the year ended 31 March 2023: approximately HK$27.7 million).

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.

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 December 2023, the net proceeds from the share subscription had been fully utilised. The utilisation of the net proceeds is summarised as follows:

	Revised planned use of net proceeds HK$ million	Unutilised net proceeds as at 1 April 2023 HK$ million	Amount utilised during the Period HK$ million	Unutilised net proceeds as at 31 December 2023 HK$ million
Repayment of bank loans	22.0	–	–	–
General working capital	5.7	–	–	–
Capital expenditures for opening two new eateries	5.5	–	–	–
Working capital for the catering business	4.5	1.3	(1.3)	–
Total	37.7	1.3	(1.3)	–

USE OF NET PROCEEDS FROM RIGHTS ISSUE

On 11 April 2023, the Company announced the raising of not less than approximately HK$111.4 million, before expenses, by way of a rights issue at a subscription price of HK$0.36 per rights share by issuing up to 309,504,000 Shares to the qualifying shareholders of the Company, whose names appear on the register of members of the Company as at the close of business on 18 May 2023 (the "**Rights Issue**"). On the same date, the Company entered into an underwriting agreement (the "**Underwriting Agreement**") with RaffAello Securities (HK) Limited (the "**Underwriter**"), pursuant to which the Rights Issue was fully underwritten by the Underwriter.

On 13 June 2023, the Company allotted and issued 309,504,000 Shares under the Rights Issue, with an aggregate nominal value of approximately HK$3.10 million and a total market value of approximately HK$191.89 million based on the closing price of HK$0.62 per Share on 11 April 2023, being the date of the Underwriting Agreement. The gross proceeds from the Rights Issue were approximately HK$111.42 million and the net proceeds from the Rights Issue (after deducting the relevant expenses) were approximately HK$102.31 million (the "**Net Proceeds**"), with a net price per rights share being approximately HK$0.33.

The Company issued a prospectus dated 19 May 2023 in relation to the Rights Issue, which set out, among others, the reasons for the Rights Issue and the use of proceeds from the Rights Issue (the "**Prospectus**"). As stated in the Prospectus, the conducting of the Rights Issue aimed to enlarge the Company's shareholder base with the introduction of strong and credible investors, strengthen its capital base for the purpose of expanding the Group's businesses in the GBA as well as capturing suitable business opportunities.

As at 31 December 2023, the Group had utilised approximately HK$63.46 million, representing approximately 62.03% of the Net Proceeds. The remaining balance of the Net Proceeds as at 31 December 2023 amounted to approximately HK$38.85 million (the "**Unutilised Net Proceeds**"). The aforesaid figures remained unchanged as at the date of this report.

Change in use of Net Proceeds from the Rights Issue

On 27 March 2024, the Board has resolved to change the use of the Unutilised Net Proceeds for the launching of a live cattle breeding site project, which amounted to approximately HK$30.69 million, such that the entire amount of approximately HK$30.69 million will be used for expanding the Group's fresh food supply business. The Unutilised Net Proceeds of approximately HK$8.16 million will remain being used for the repayment of the Group's outstanding borrowing, and, based on the best estimation of the updated repayment schedule, are expected to be fully utilised by 31 December 2025.

Set out below are the details of the Net Proceeds, including the original allocation of the Net Proceeds as shown in the Prospectus (in terms of percentage and amount), the amount utilised and unutilised as at 31 December 2023 and up to the date of this report, the revised allocation of the Unutilised Net Proceeds and the updated expected timeline for the utilisation of the Unutilised Net Proceeds:

	Original allocation of the Net Proceeds as shown in the Prospectus		Amount utilised	Unutilised Net Proceeds	Revised allocation of the Unutilised Net Proceeds	Updated expected timeline for full utilisation
	%	HK$ million (approx.)	HK$ million (approx.)	HK$ million (approx.)	HK$ million (approx.)	
Launching of a live cattle breeding site project	30	30.69	–	30.69	–	N/A
Development of live cattle trading business	25	25.58	(25.58)	–	–	N/A
Expansion of fresh food supply business	10	10.23	(10.23)	–	30.69	By the end of December 2024
Development of catering business	10	10.23	(10.23)	–	–	N/A
Repayment of outstanding borrowing	10	10.23	(2.07)	8.16	8.16	By the end of December 2025
Enhancement and upgrading of offices in the Greater Bay Area	5	5.12	(5.12)	–	–	N/A
General working capital of the Group	10	10.23	(10.23)	–	–	N/A
Total	**100**	**102.31**	**(63.46)**	**38.85**	**38.85**	

Reasons for the change in use of Net Proceeds

As disclosed in the Prospectus, 30% of the Net Proceeds had been allocated for financing the launching of a live cattle breeding site project with an aim to develop the Group's related upstream supply chain business. After further evaluation of the factors relevant to the setting up of a live cattle breeding site, including the initial site setup, the breeding cycle and the overall operation, the Board considers that it is not the best timing for the Group to expand its business to related upstream supply chain business amidst ongoing uncertainties in the global economy. Further, the Board is of the view that a more prudent business development strategy would be desirable at the present time.

Taking into account the prominent performance of the food supply business for the Period, the Board resolved to reallocate the Unutilised Net Proceeds initially deployed for the launching of a live cattle breeding site project, which amounted to approximately HK$30.69 million, for financing the expansion of the Group's fresh food supply business.

Details of the above-mentioned change are set out in the announcement of the Company dated 27 March 2024 in relation to the change in use of proceeds from the Rights Issue.

The updated expected timeline for fully using the Unutilised Net Proceeds is based on the best estimation of the present business market situations made by the Board. It might be subject to changes based on the market conditions in the future. The Board will continue to assess the plan for the use of the Unutilised Net Proceeds and may make revision where necessary to cope with the future market conditions.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the Period 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 the proceeds from the issue of new Shares upon the Rights Issue.

As at 31 December 2023, the Group had bank borrowings of approximately HK$10.8 million (31 March 2023: approximately HK$13.4 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 December 2023, the Group had approximately HK$61.6 million in cash and cash equivalents and HK$16.6 million in bank deposits (31 March 2023: approximately HK$30.4 million and HK$nil). The Group had no bank overdraft as at 31 December 2023 (31 March 2023: 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 December 2023, total assets, which comprised current assets of approximately HK$139.4 million (31 March 2023: approximately HK$82.5 million) and non-current assets of approximately HK$98.4 million (31 March 2023: approximately HK$133.8 million), increased by approximately 9.9% to approximately HK$237.8 million (31 March 2023: approximately HK$216.3 million), which was primarily attributable to the net effect of (i) the proceeds from the issue of new Shares upon the Rights Issue during the Period, resulting in an increase on cash and cash equivalents; and (ii) the effect from the provision of impairment losses on goodwill of approximately HK$29.9 million.

As at 31 December 2023, total liabilities, which comprised current liabilities of approximately HK$34.4 million (31 March 2023: approximately HK$66.5 million) and non-current liabilities of approximately HK$6.6 million (31 March 2023: approximately HK$38.2 million), decreased by approximately 60.8% to approximately HK$41.1 million (31 March 2023: approximately HK$104.6 million), which was mainly due to (i) the decrease in contingent consideration payable of approximately HK$46.1 million; and (ii) the repayment of loans from the intermediate holding company and bank borrowings of approximately HK$13.0 million and HK$2.6 million respectively.

As at 31 December 2023, the current ratio of the Group, being current assets divided by current liabilities, increased to approximately 4.0 (31 March 2023: approximately 1.2), which was mainly attributable to (i) the proceeds from the issue of new Shares upon the Rights Issue during the Period, which resulted in an increase on cash and cash equivalents; and (ii) the issue of the Company's equity shares on 1 August 2023 arising from the acquisition of Champion Point Limited, resulting in a decrease in contingent consideration payable in current liabilities portion of approximately HK$15.7 million.

GEARING RATIO

As at 31 December 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, decreased to approximately 12.4% (31 March 2023: approximately 32.3%), which was primarily due to (i) the repayment of loans advanced from the intermediate holding company of HK$13.0 million, resulting in a decrease in total debt; and (ii) the issue of new Shares upon the Rights Issue and the exercise of share options during the Period, resulting in increases in share premium and equity.

CHARGE ON GROUP ASSETS

As at 31 December 2023, the Group had pledged its leasehold land under right-of-use assets and buildings under property, plant and equipment with a net book value amounting to approximately HK$41.8 million (31 March 2023: HK$43.2 million) for certain banking facilities granted to the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer accounted for approximately 17.5% (for the year ended 31 March 2023: approximately 13.7%) of the Group's total revenue while the Group's five largest customers in aggregate accounted for approximately 41.0% (for the year ended 31 March 2023: approximately 33.6%) of the Group's total revenue for the Period.

The Group's largest supplier accounted for approximately 22.6% (for the year ended 31 March 2023: approximately 32.9%) of the Group's total purchases while the Group's five largest suppliers in aggregate accounted for approximately 63.1% (for the year ended 31 March 2023: approximately 70.9%) of the Group's total purchases for the Period.

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.

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

Save as disclosed in this report, the Group had no significant investment with a value of 5% or more of the Group's total assets as at 31 December 2023. There was no material acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the Period. There were no other plans for material investment or capital asset as at 31 December 2023.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2023 (31 March 2023: HK$46.1 million).

CAPITAL COMMITMENTS

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

SEGMENT INFORMATION

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

INFORMATION ON EMPLOYEES

As at 31 December 2023, the Group had 281 employees working in Hong Kong and the PRC (31 March 2023: 146). 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 fund contributions) for the Period amounted to approximately HK$34.4 million (for the year ended 31 March 2023: approximately HK$34.4 million).

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the Period (31 March 2023: Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group is exposed to credit risk primarily arising from cash and cash equivalents, trade receivables, deposits and amounts due from related parties. 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 51.1% (31 March 2023: 51.7%) of the total trade receivables were due from the five largest debtors as at 31 December 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 nine months ended 31 December 2023, the Group has made a loss allowance of approximately HK$2,116,000 (31 March 2023: HK$4,351,000) 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 the credit risk, please refer to note 5(a) to the consolidated financial statements.

Liquidity risk

As at 31 December 2023, 85.3% (31 March 2023: 62.5%) of the Group's financial liabilities were due within the next 12 months, of which approximately 27.3% (31 March 2023: 17.6%) 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. It is necessary for the Group to implement effective procurement and inventory management practices to proactively mitigate the risks arising from fluctuations in the prices of food ingredients and to expand product categories.

Labour shortage

The Group is compelled to offer competitive packages to maintain a steady workforce due to keen competition for catering professionals in the market. Any events that could increase labour costs, for example, resignation of highly skilled staff, will adversely affect the Group's profitability and its financial position. As such, the Group will implement incentive policies at different stages, which can align the interest of the key personnel with the long-term growth and development of the Group.

Market competition

The industries of the food supply and catering services are competitive. The Group's market share may decline if it is not able to gain a competitive edge in terms of product and service quality and the provision of value-added services. It is necessary for the Group to continuously acquire new customers, develop new products and enhance product value-added features to maintain a strong competitive position in the market.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dr. Hooy Kok Wai, aged 65, 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 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. Zhong Xueyong, aged 40, was appointed as an executive Director on 19 August 2021 and the chief executive officer of the Company on 29 September 2021, respectively. He was then appointed as vice-chairman of the Board on 11 October 2023. 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 investment and management 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. He was accredited as the 'Outstanding Young Entrepreneur of Zhongshan' by Zhongshan Federation of Industry and Commerce in 2020, and the 'Outstanding Young Entrepreneur' by the 2nd Guangdong-HK-Macao Bay Area Entrepreneurs Union and the 4th Guangdong-HK-Macao Bay Area Entrepreneurs Union in 2021 and 2023, respectively. Mr. Zhong was also granted 'The 3rd World Outstanding Chinese Youth Entrepreneur Award' by the World Chinese Business Investment Foundation in 2022. He is a controlling shareholder and a director of Ace Source.

Mr. Liu Chi Ching, aged 58, 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. Mr. Liu stepped down as vice-chairman of the Board on 11 October 2023 and remains as an executive Director, a member of the remuneration committee of the Company (the "**Remuneration Committee**") and 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lui Choi Yiu Angela, aged 50, 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 were 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. The listing of the shares of Mason Group Holdings Limited on the Stock Exchange was withdrawn on 13 November 2023. Ms. Lui is currently the deputy chief financial officer of AGBA Group Limited, which is a wholly-owned subsidiary of AGBA Group Holding Limited, a company listed on NASDAQ Stock Exchange in the United States (stock code: AGBA).

Mr. Siu Chun Pong Raymond, aged 44, 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 18 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 44, was appointed as an independent non-executive Director on 8 June 2023. He is the chairman of the Remuneration Committee and a member of each of the Audit 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 also obtained an executive master in public administration degree from Tsinghua University in January 2024.

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), Space Group Holdings Limited (stock code: 2448), Renheng Enterprise Holdings Limited (stock code: 3628), Aidigong Maternal & Child Health Limited (stock code: 286), Carry Wealth Holdings Limited (stock code: 643) and TOMO Holdings Limited (stock code: 6928), the shares of all of which are listed on the Main Board of the Stock Exchange. Also, Mr. Lam is currently a non-executive director and chairman of the board of DreamEast Group Limited (stock code: 593), the shares of which are listed on the Main Board of the Stock Exchange.

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Mr. Lau Yau Chuen Louis, aged 47, 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 (currently known as MaxWin International Holdings Limited) (stock code: 8513) from June 2018 to May 2019. He was the company secretary of Shandong Hi-Speed Holdings 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. Mr. Lau 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 nine months ended 31 December 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) food supply; (ii) catering; and (iii) environmental protection and technology for the nine months ended 31 December 2023. Particulars of the Company's principal subsidiaries are set out in note 36 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the nine months ended 31 December 2023 and the state of affairs of the Company and the Group at 31 December 2023 are set out in the consolidated financial statements on pages 71 to 177 of this annual report. The Directors do not recommend the payment of a final dividend for the nine months ended 31 December 2023.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Monday, 17 June 2024 (the "**2024 AGM**"). For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Wednesday, 12 June 2024 to Monday, 17 June 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2024 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 Tuesday, 11 June 2024.

BUSINESS REVIEW

A fair review of the Group's business during the period and an indication of the likely future development of the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" 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/period is set out on page 178 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 period are set out in note 16 to the consolidated financial statements.

DONATION

Charitable donations made by the Group during the nine months ended 31 December 2023 amounted to approximately HK$302,000 (31 March 2023: approximately HK$787,000).

SHARES ISSUED

Issue of Shares upon exercise of share options

During the nine months ended 31 December 2023, a total of 27,700,000 Shares were issued by the Company upon exercise of share options under the share option scheme adopted by the Company on 26 September 2016 (the "**2016 Share Option Scheme**"). The Shares issued at nominal value of HK$0.01 each were credited as fully paid.

Rights issue

On 11 April 2023, the Company proposed to raise approximately HK$111.4 million before expenses, by way of the Rights Issue of issuing up to 309,504,000 Shares at the subscription price of HK$0.36 per rights share on the basis of one rights share for every five existing Shares then held on the record date on 18 May 2023. All the conditions to the Rights Issue were fulfilled on 6 June 2023. The allotment and issue of the rights shares took place on 13 June 2023. Details of the Rights Issue are set out in the prospectus of the Company dated 19 May 2023 and the announcement of the Company dated 12 June 2023.

Consideration issue

On 1 August 2023, 27,490,000 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 (the "**Share Purchase Agreement**") 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 are 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 nine months ended 31 December 2023 are set out in note 29 to the consolidated financial statements.

SHARE OPTION SCHEME

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

On 11 October 2023, 36,200,000 share options and 9,980,000 share options were granted to (i) directors, chief executive and substantial shareholders of the Company; and (ii) employee participants of the Company, respectively under the 2016 Share Option Scheme. Details of movements of the share options granted during the nine months ended 31 December 2023 are as follows:

		Number of share options									
Name or category of participants	Date of grant	As at 1 April 2023	Adjustment after the Rights Issue	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	As at 31 December 2023	Exercise price prior to the Rights Issue (HK$)	Exercise price after the Rights Issue (HK$)	Exercisable period	
Directors, chief executive and substantial shareholders											
Dr. Hooy Kok Wai	13/04/2022	30,000,000	1,546,391	–	(15,770,000)	–	15,776,391	0.320	0.3043	01/07/2022 to 12/04/2025	(Notes 1, 3, 8 and 10)
	11/10/2023	–	–	24,000,000	–	–	24,000,000	N/A	0.930	11/10/2024 to 10/10/2026	(Notes 4, 6 and 7)
Mr. Zhong Xueyong	13/04/2022	15,340,000	790,721	–	(8,060,000)	–	8,070,721	0.320	0.3043	01/07/2022 to 12/04/2025	(Notes 1, 3, 8 and 10)
	11/10/2023	–	–	12,200,000	–	–	12,200,000	N/A	0.930	11/10/2024 to 10/10/2026	(Notes 4, 6 and 7)
Subtotal		**45,340,000**	**2,337,112**	**36,200,000**	**(23,830,000)**	**-**	**60,047,112**				
Employee participants	13/04/2022	7,400,000	381,439	–	(3,870,000)	(320,927)	3,590,512	0.320	0.3043	13/04/2022 to 12/04/2025	(Notes 2, 3, 8, 9 and 10)
	11/10/2023	–	–	9,980,000	–	–	9,980,000	N/A	0.930	11/10/2024 to 10/10/2026	(Notes 5, 6 and 7)
Subtotal		**7,400,000**	**381,439**	**9,980,000**	**(3,870,000)**	**(320,927)**	**13,570,512**				
Total		**52,740,000**	**2,718,551**	**46,180,000**	**(27,700,000)**	**(320,927)**	**73,617,624**				

Notes:

1. These share options, being the remaining one third of the share options conditionally granted to Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors, chief executive 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, are vested and exercisable from 1 July 2024 to 30 June 2025 only if the audited revenue of the Group for the year ended 31 March 2024 is no less than 140% of the audited revenue of the Group for the year ended 31 March 2022 (the "**Vesting Condition**").

   Given the change of the financial year end date of the Company from 31 March to 31 December, adjustments to the Vesting Condition were approved at the extraordinary general meeting of the Company held on 21 November 2023, of which the outstanding share options are vested and exercisable by Dr. Hooy Kok Wai and Mr. Zhong Xueyong from 13 April 2024 to 12 April 2025 only if the annualised figure of the audited revenue of the Group for the nine months ended 31 December 2023 is no less than 140% of the audited revenue of the Group for the year ended 31 March 2022. Details of the adjustments to the Vesting Condition are set out in the announcement and the circular of the Company dated 11 October 2023 and 2 November 2023 respectively.

2. These share options, being the remaining one third of the share options granted to employees of the Company, are vested and exercisable from 13 April 2024 to 12 April 2025 without being subject to any performance target.

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.

4. These share options were conditionally granted to Dr. Hooy Kok Wai and Mr. Zhong Xueyong on 11 October 2023 and approved at the extraordinary general meeting of the Company held on 21 November 2023. They are vested and exercisable on the first anniversary of the date of grant until 10 October 2026 without being subject to any performance target.

5. These share options were granted to employees of the Company. They are vested and exercisable on the first anniversary of the date of grant until 10 October 2026 without being subject to any performance target.

6. The closing price per Share immediately before the date on which the share options were granted on 11 October 2023 was HK$0.89.

7. The fair value of the share options granted on 11 October 2023 was approximately HK$0.22 per Share at the date of grant.

8. The weighted average closing price per Share immediately before the respective dates on which the share options were exercised was approximately HK$0.68.

9. Share options lapsed in accordance with the terms of the 2016 Share Option Scheme due to resignation of an employee who did not yet exercise on or before the expiry date.

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

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

12. Details of the valuation of the share options of the Company during the nine months ended 31 December 2023, including the accounting standard and policy adopted for the 2016 Share Option Scheme, are set out in note 33 to the consolidated financial statements.

13. The total number of share options available for grant under the scheme mandate of the 2016 Share Option Scheme as at 1 April 2023 and 31 December 2023 was 48,900,000 and 322,376, respectively.

14. The total number of Shares that may be issued in respect of the share options granted under all schemes of the Company during the period divided by the weighted average number of Shares in issue for the year was approximately 2.5%.

SUMMARY OF THE 2016 SHARE OPTION SCHEME

Details	2016 Share Option 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 2016 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 6.7% 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 2 years and 6 months as at the date of this annual report).

RESERVES

Details of movements in the reserves of the Company and the Group during the period are set out in note 29 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 nine months ended 31 December 2023, nor was there any equity-linked agreement entered into by the Company subsisting as at 31 December 2023.

CONNECTED TRANSACTIONS

On 1 August 2023, 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 1 August 2023 (the "**2023 Catering Tenancy Agreement**") in respect of:

   (i) Shops Y16, Y17 and Y18-2, 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;

   (ii) Shops Y15-1 and Y18-1, 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;

(iii) Shop 602, 6/F, Wangu Shopping Basket Plaza, No. 9 Shagang Tianwang Road, East District, Zhongshan, Guangdong, the PRC (together with Catering Premises A and Catering Premises B, the "**Catering Premises I**") entered into between Wangu Basket as the landlord and Shenzhen Wantian Catering Retail Development Co., Ltd. Zhongshan the 4th Branch (together with Wantian Catering Zhongshan Branch and Wantian Catering Zhongshan 3rd Branch, "**Wantian Catering I**"), the fourth Zhongshan branch of Shenzhen Wantian Catering, as the tenant;

(iv) Shop Y27, G/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 1st Branch ("**Wantian Catering Zhongshan 1st Branch**"), the first Zhongshan branch of Shenzhen Wantian Catering, as the tenant;

(v) Shop Y15-2, G/F, Wangu Shopping Basket Plaza, No. 9 Shagang Tianwang Road, East District, Zhongshan, Guangdong, the PRC (the "**Catering Premises D**") entered into between Wangu Basket as the landlord and Shenzhen Wantian Catering Retail Development Co., Ltd. Zhongshan the 5th Branch ("**Wantian Catering Zhongshan 5th Branch**"), the fifth Zhongshan branch of Shenzhen Wantian Catering, as the tenant;

(vi) Shops Y25 and Y26, G/F, Wangu Shopping Basket Plaza, No. 9 Shagang Tianwang Road, East District, Zhongshan, Guangdong, the PRC (the "**Catering Premises E**") entered into between Wangu Basket as the landlord and Shenzhen Wantian Catering Retail Development Co., Ltd. Zhongshan the 6th Branch ("**Wantian Catering Zhongshan 6th Branch**"), the sixth Zhongshan branch of Shenzhen Wantian Catering, as the tenant;

(vii) Shop Y28, G/F, Wangu Shopping Basket Plaza, No. 9 Shagang Tianwang Road, East District, Zhongshan, Guangdong, the PRC (the "**Catering Premises F**") entered into between Wangu Basket as the landlord and Shenzhen Wantian Catering Retail Development Co., Ltd. Zhongshan the 7th Branch ("**Wantian Catering Zhongshan 7th Branch**"), the seventh Zhongshan branch of Shenzhen Wantian Catering, as the tenant; and

(viii) Shop Y29, G/F, Wangu Shopping Basket Plaza, No. 9 Shagang Tianwang Road, East District, Zhongshan, Guangdong, the PRC (together with the Catering Premises C, Catering Premises D, Catering Premises E and Catering Premises F, the "**Catering Premises II**") entered into between Wangu Basket as the landlord and Shenzhen Wantian Catering Retail Development Co., Ltd. Zhongshan the 8th Branch (together with Wantian Catering Zhongshan 1st Branch, Wantian Catering Zhongshan 5th Branch, Wantian Catering Zhongshan 6th Branch and Wantian Catering Zhongshan 7th Branch, "**Wantian Catering II**"), the eighth Zhongshan branch of Shenzhen Wantian Catering, as the tenant, pursuant to which (a) the 2023 Catering Tenancy Agreement shall supersede the catering tenancy agreement dated 24 November 2022 entered into between Wantian Catering I as tenant and Wangu Basket as landlord in relation to the leases of Catering Premises I (the "**2022 Catering Tenancy Agreement**") with effect from 1 August 2023 whereby Wantian Catering I agreed to lease Catering Premises I from Wangu Basket for a term of around two years and eight months commencing on 24 November 2022 and expiring on 31 July 2025 (both days inclusive) at a total monthly rental (inclusive of tax) of (i) approximately RMB155,000 from 24 November 2022 to 31 July 2023; (ii) approximately RMB108,000 for the first three months commencing on 1 August 2023; (iii) approximately RMB123,000 for the next three months; and (iv) approximately RMB139,000 for the remaining tenancy; and (b) Wantian Catering II agreed to lease Catering Premises II from Wangu Basket for a term of two years commencing on 1 August 2023 and expiring on 31 July 2025 (both days inclusive) at a total monthly rental of (i) approximately RMB156,000 for the first three months; (ii) approximately RMB178,000 for the next three months; and (iii) approximately RMB200,000 for the remaining tenancy; and

(b) the office tenancy agreement dated 1 August 2023 (the "**Office Tenancy Agreement**") in respect of Block A, 4/F, Wangu Plaza, No. 10 Xinglong Road, Shagang, East District, Zhongshan, Guangdong, the PRC (the "**Office Premises**") entered into between Zhongshan Wangu Real Estate Investment and Development Co., Ltd. ("**Wangu RE Investment**") as the landlord and Shenzhen Wantian Enterprise Management Co., Ltd. Zhongshan Branch ("**Shenzhen Wantian Enterprise Zhongshan Branch**"), the Zhongshan branch of Shenzhen Wantian Enterprise Management Co., Ltd., which is an indirect wholly-owned subsidiary of the Company, as the tenant, pursuant to which Wangu RE Investment leased the Office Premises to Shenzhen Wantian Enterprise Zhongshan Branch for a term of 1 year commencing on 1 August 2023 and expiring on 31 July 2024 (both days inclusive) at a monthly rental of approximately RMB50,000 (inclusive of tax).

The lease of each of Catering Premises I and Catering Premises II is for catering purposes. The 2023 Catering Tenancy Agreement is entered into for the reason of (i) expansion of the Group's restaurant network in the Greater Bay Area and enhancement of the catering business; (ii) rental reduction of about 14% in respect of the Catering Premises I under the 2023 Catering Tenancy Agreement granted by Wangu Basket as compared with the 2022 Catering Tenancy Agreement; and (iii) lowering future administrative costs through standardisation and consolidation of various leases. The Office Premises has been leased for the Group's principal place of business in Zhongshan, where the Group's business activities in the PRC are located. The entering into of the Office Tenancy Agreement is due to the expiry of the previous office tenancy agreement on 30 June 2023.

As at the date of this report, (i) 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; and (ii) Wangu RE Investment is ultimately beneficially owned as to 59.4% and 39.6% by Dr. Hooy Kok Wai and Mr. Zhong Xueyong, respectively. Therefore, Wangu Basket and Wangu RE Investment are associates of each of Dr. Hooy Kok Wai and Mr. Zhong Xueyong, and are connected persons of the Company. Details of the above-mentioned connected transactions are disclosed in the announcement of the Company dated 1 August 2023.

Save as disclosed above, the Group did not have any transactions 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 nine months ended 31 December 2023.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with "related parties" as defined under applicable accounting standards during the nine months ended 31 December 2023, which were disclosed in note 11 (employee benefit expenses – including Directors' emoluments) and note 35 (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 December 2023, the Company did not have any distributable reserves.

DIRECTORS

The Directors during the nine months ended 31 December 2023 and up to the date of this annual report were as follows:

Executive Directors
Dr. Hooy Kok Wai *(Chairman)*
Mr. Zhong Xueyong [1] *(Vice-chairman and Chief executive officer)*
Mr. Liu Chi Ching [1]

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

Notes:

1. Mr. Liu Chi Ching resigned as vice-chairman of the Board on 11 October 2023 and Mr. Zhong Xueyong was appointed as vice-chairman of the Board in place of Mr. Liu on 11 October 2023.

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

3. Mr. Leung Sui Chung resigned as an independent non-executive Director on 29 September 2023.

Mr. Leung Sui Chung resigned as an independent non-executive Director with effect from 29 September 2023 due to his intention to focus on his other work engagements. The Board expressed its deepest gratitude to Mr. Leung for his valuable contribution to the Company during his tenure with the Company.

In accordance with article 108 of the Articles of Association, Mr. Zhong Xueyong and Mr. Liu Chi Ching will retire from office by rotation at the 2024 AGM. Mr. Zhong Xueyong and Mr. Liu Chi Ching, being eligible, will offer themselves for re-election at the 2024 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 nine months ended 31 December 2023.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2024 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 nine months ended 31 December 2023.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 19 to 22 of this annual report.

RETIREMENT BENEFIT PLANS

Particulars of the retirement benefit plans of the Group as at 31 December 2023 are set out in notes 4(o)(i) and 34 to the consolidated financial statements of this annual report.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no transaction, arrangement or contract of significance was entered into for the nine months ended 31 December 2023 or subsisted at any time during the period 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 nine months ended 31 December 2023.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the nine months ended 31 December 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 December 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 C3 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]	1,040,372,000	–	1,040,372,000	54.41%
	Beneficial owner	30,770,000	39,776,391	70,546,391	3.69%
Mr. Zhong Xueyong	Member of concert party group [1]	1,040,372,000	–	1,040,372,000	54.41%
	Beneficial owner	15,720,000	20,270,721	35,990,721	1.88%
Mr. Liu Chi Ching	Interest of a controlled corporation [3]	200,000,000	–	200,000,000	10.46%

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 2016 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 December 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 December 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	1,040,372,000	54.41%
China Wantian International [1, 2]	Member of concert party group	1,040,372,000	54.41%
Courage Rise Holdings Limited ("**Courage Rise**") [1, 2]	Member of concert party group	1,040,372,000	54.41%
Wise Global [1, 2]	Member of concert party group	1,040,372,000	54.41%
Hooy Investment Limited [2]	Member of concert party group	1,040,372,000	54.41%
Yap Global Investment Limited [2]	Member of concert party group	1,040,372,000	54.41%
Mr. Hooy Kok Kuen [2]	Member of concert party group	1,040,372,000	54.41%
Mr. Hooy Kwok Pun [2]	Member of concert party group	1,040,372,000	54.41%
Mr. Hooy Say Kai [2]	Member of concert party group	1,040,372,000	54.41%
Ms. Hooy Siew Kuen [2]	Member of concert party group	1,040,372,000	54.41%
Ms. Leong Kwai Ho [2]	Member of concert party group	1,040,372,000	54.41%
Mr. Yap Fong Kee [2]	Member of concert party group	1,040,372,000	54.41%
Ms. Yap Hong Akiw [2]	Member of concert party group	1,040,372,000	54.41%

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Ms. Yap Hong Kek [2]	Member of concert party group	1,040,372,000	54.41%
Ms. Yap Hong Leng [2]	Member of concert party group	1,040,372,000	54.41%
Mr. Yap Kong Meng [2]	Member of concert party group	1,040,372,000	54.41%
Ms. Yap Siew Chow [2]	Member of concert party group	1,040,372,000	54.41%
Ms. Yap Siew Ngoh [2]	Member of concert party group	1,040,372,000	54.41%
Ms. Yap Su Chai [2]	Member of concert party group	1,040,372,000	54.41%
Ms. Yap Yuk Kiew [2, 3]	Member of concert party group/ interest of spouse	1,110,918,391	58.10%
Mr. Yek Hon Su [2]	Member of concert party group	1,040,372,000	54.41%
Classic Line	Beneficial owner	200,000,000	10.46%
Ms. Wu Shuk Kwan [4]	Interest of spouse	200,000,000	10.46%
Mr. Kwong Ping Man [5]	Beneficial owner	86,520,000	4.52%
	Interest of a controlled corporation	27,030,000	1.41%

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 Dr. 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 spouse 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 30,770,000 Shares and the 39,776,391 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 86,520,000 Shares beneficially owned by Mr. Kwong Ping Man are inclusive of the 55,010,000 Shares (the "**Third Tranche Consideration Shares**") to be allotted and issued by the Company to him pursuant to the Share Purchase Agreement and the supplemental share purchase agreement dated 12 January 2024 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 and the amendments to certain terms of the Share Purchase Agreement, respectively. Details of the acquisition and the amendments are set out in the announcements of the Company dated 7 November 2022, 25 November 2022 and 12 January 2024.

Save as disclosed above, as at 31 December 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 nine months ended 31 December 2023.

COMPETITION AND CONFLICT OF INTERESTS

During the nine months ended 31 December 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 nine months ended 31 December 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 42 to 63 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 nine months ended 31 December 2023, the Company has received from each of the independent non-executive Directors a 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 2023, has acted as the auditor of the Company for the nine months ended 31 December 2023.

The consolidated financial statements for the nine months ended 31 December 2023 have been audited by BDO, which will retire and, being eligible, will offer itself for re-appointment at the 2024 AGM. A resolution will be proposed at the 2024 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 nine months ended 31 December 2023.

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 nine months ended 31 December 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 nine months ended 31 December 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

Increase in authorised share capital

On 12 January 2024, the Company announced a proposed increase in the authorised share capital of the Company from HK$20,000,000 (divided into 2,000,000,000 shares of a nominal value of HK$0.01 each) to HK$100,000,000 (divided into 10,000,000,000 shares of a nominal value of HK$0.01 each) (the "**Increase in Authorised Share Capital**").

Upon the passing of an ordinary resolution at the extraordinary general meeting of the Company held on 6 February 2024, the Increase in Authorised Share Capital has become unconditional and effective with effect from 6 February 2024. Details of the Increase in Authorised Share Capital are set out in the circular of the Company dated 18 January 2024 and the announcement of the Company dated 6 February 2024.

Proposed adoption of a new share option scheme and termination of the existing share option scheme

On 12 January 2024, the Company announced a proposed adoption of a new share option scheme and the termination of the existing share option scheme adopted by the Company on 26 September 2016, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be convened by the Company. The provisions of the new share option scheme will comply with the requirements of the amended Chapter 17 of the Listing Rules, which has taken effect from 1 January 2023.

Supplemental agreement to the Share Purchase Agreement in relation to the acquisition of sale shares of Champion Point Limited

On 12 January 2024, the Company announced that Great Point Limited, a direct wholly-owned subsidiary of the Company, entered into a supplemental share purchase agreement (the "**Supplemental Agreement**") with Mr. Kwong Ping Man, pursuant to which the parties have agreed to amend certain terms of the Share Purchase Agreement, which mainly relate to the calculation and payment mechanism of the Third Tranche Consideration Shares covering in particular, the scope of net profit, the reference financial period and the minimum profit percentage for entitlement to the Third Tranche Consideration Shares. Details of the Supplemental Agreement are set out in the announcement of the Company dated 12 January 2024.

Change in use of proceeds from the Rights Issue

On 27 March 2024, the Company announced a change in the planned use of the unutilised net proceeds from the Rights Issue in the amount of approximately HK$30.69 million from launching of a live cattle breeding site project to financing the expansion of the Group's fresh food supply business. Details of the change are set out in the announcement of the Company dated 27 March 2024 in relation to the change in use of proceeds from the Rights Issue.

Save as disclosed herein, there was no significant event after the nine months ended 31 December 2023 and up to 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, 27 March 2024

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 as well as 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 C1 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 three independent non-executive Directors. The number of independent non-executive Directors has met the minimum requirement of the Listing Rules, and represents not less than one-third of the total Board members. Further, at least one of the independent non-executive Directors possesses appropriate professional accounting qualifications and/or financial management expertise.

For the nine months ended 31 December 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. Zhong Xueyong [1] *(Vice-chairman and Chief executive officer)*
Mr. Liu Chi Ching [1]

Independent non-executive Directors

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

Notes:

1. Mr. Liu Chi Ching resigned as vice-chairman of the Board on 11 October 2023 and Mr. Zhong Xueyong was appointed as vice-chairman of the Board in place of Mr. Liu on 11 October 2023.

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

3. Mr. Leung Sui Chung resigned as an independent non-executive Director on 29 September 2023.

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 19 to 22 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) 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 for taking and keeping 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 a 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 nine months ended 31 December 2023, the Nomination Committee is satisfied as to the independence of Ms. Lui Choi Yiu Angela, Mr. Siu Chun Pong Raymond and Mr. Lam Chi Wing, each of whom has fulfilled all the criteria for independence as stated in Rule 3.13 of the Listing Rules.

Appointment and Re-election

Each of the executive Directors and the independent non-executive Directors has signed a 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. Mr. Lam Chi Wing, who was appointed as an independent non-executive Director on 8 June 2023 as an additional Director, has been re-elected at the annual general meeting of the Company held on 19 September 2023. Mr. Lam has submitted to the Stock Exchange a written declaration and undertaking with regard to the requirements under the Listing Rules that are applicable to him as a Director in the form previously set out in Form B in the relevant appendix to the Listing Rules (the "**Form**"). The Company's legal advisor as to Hong Kong Law has explained all applicable requirements for completing and executing the Form and the possible consequences of making any false declaration or giving false information. Mr. Lam has confirmed his understanding of the foregoing.

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. Mr. Zhong Xueyong and Mr. Liu Chi Ching will retire from office by rotation at the 2024 AGM, and both, being eligible, will offer themselves for re-election at the 2024 AGM.

At the 2024 AGM, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of each of Mr. Zhong Xueyong and Mr. Liu Chi Ching as an executive Director.

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 nine months ended 31 December 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 focusses 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 nine months ended 31 December 2023, the Company arranged training on topics relating to updates on the Listing Rules and CG Code, and anti-money laundering. The table below summarises the participation of each of the Directors in continuous professional development during the nine months ended 31 December 2023:

Name of Directors	Training attended [1]
Executive Directors	
Dr. Hooy Kok Wai	✔
Mr. Zhong Xueyong	✔
Mr. Liu Chi Ching	✔
Independent non-executive Directors	
Ms. Lui Choi Yiu Angela	✔
Mr. Siu Chun Pong Raymond	✔
Mr. Lam Chi Wing [2]	✔
Mr. Leung Sui Chung [3]	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 updates on the Listing Rules and CG Code, and anti-money laundering.

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

3. Mr. Leung Sui Chung resigned as an independent non-executive Director on 29 September 2023.

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

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

- to advise the Board on and to review the remuneration policy and structure for all remuneration of the Directors and senior management;
- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management 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 2016 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 D2 to the Listing Rules are set out in note 11 to the consolidated financial statements as set out on pages 125 to 130 of this annual report.

During the nine months ended 31 December 2023, the Remuneration Committee held four 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; and (iii) reviewed and approved the grant of share options under the 2016 Share Option Scheme.

On 11 October 2023, the conditional grant of share options under the 2016 Share Option Scheme to each of Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors, without being subject to any performance targets was approved by the Remuneration Committee. It was of the view that performance targets were not necessary as (i) the value of the options is subject to the future market price of the Shares, which in turn depends on the overall business performance of the Group, to which Dr. Hooy Kok Wai and Mr. Zhong Xueyong would contribute directly; (ii) the options are subject to the vesting period, which will ensure that the long-term interests of Dr. Hooy Kok Wai, Mr. Zhong Xueyong and the Company are aligned and both Dr. Hooy Kok Wai and Mr. Zhong Xueyong will be motivated to contribute to the Company's development; and (iii) the exercise price represents certain premium over both the closing price of the Shares on 11 October 2023, being the date of grant, and the average closing price of the Shares for the five (5) business days immediately preceding the date of grant. As such, the Remuneration Committee believed that in spite of the absence of performance targets, the grant of the options could provide incentives for Dr. Hooy Kok Wai and Mr. Zhong Xueyong to contribute to the competitiveness, results of operation and future growth of the Group, and reinforce their long-term commitment to the Group, which is in line with the aforesaid purpose of the 2016 Share Option Scheme.

Nomination Committee

The Nomination Committee was established on 26 September 2016 and comprises one executive Director, namely Dr. Hooy Kok Wai (Chairman) and three independent non-executive Directors, namely Ms. Lui Choi Yiu Angela, 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, 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 nine months ended 31 December 2023, the Nomination Committee held four meetings. Following is a summary of work performed by the Nomination Committee during the nine months ended 31 December 2023:

- 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;
- proposed the appointment of a Director; and
- proposed the appointment of the vice-chairman of the Board and the chairman of the Remuneration Committee.

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. As at the date of this annual report, out of the six Board members, five of them are male and one of them is female.

For the nine months ended 31 December 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 nine months ended 31 December 2023, the Company's workforce (including senior management) had approximately 55.5% male employees and approximately 44.5% 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 level.

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 three independent non-executive Directors, namely Ms. Lui Choi Yiu Angela (Chairman), 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 nine months ended 31 December 2023, the Audit Committee held two meetings. Following is a summary of work performed by the Audit Committee during the nine months ended 31 December 2023:

- reviewed the Group's annual results for the year ended 31 March 2023 and the interim results for the six months ended 30 September 2023 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2023, the remuneration paid/payable to BDO Limited ("**BDO**") in respect of audit services and non-audit services amounted to HK$1,380,000 and HK$220,000, respectively. The remuneration for non-audit services paid was for the report of the Rights Issue.

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 2024 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 nine months ended 31 December 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 64 to 70.

ATTENDANCE RECORDS OF MEETINGS

During the nine months ended 31 December 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			4/4	1/1	1/1
Mr. Liu Chi Ching [1]	18/18		4/4		1/1	1/1
Mr. Zhong Xueyong [1]	18/18				1/1	1/1
Independent non-executive Directors						
Ms. Lui Choi Yiu Angela	18/18	2/2	4/4	4/4	1/1	1/1
Mr. Siu Chun Pong Raymond	18/18	2/2	4/4	4/4	1/1	1/1
Mr. Lam Chi Wing [2]	14/14	2/2	3/3	3/3	1/1	1/1
Mr. Leung Sui Chung [3]	8/8	1/1	2/2	2/2	1/1	N/A

Notes:

1. Mr. Liu Chi Ching resigned as vice-chairman of the Board on 11 October 2023 and Mr. Zhong Xueyong was appointed as vice-chairman of the Board in place of Mr. Liu on 11 October 2023.

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. He was then appointed as the chairman of the Remuneration Committee in place of Mr. Leung Sui Chung on 29 September 2023.

3. Mr. Leung Sui Chung resigned as an independent non-executive Director and ceased to be chairman of the Remuneration Committee and a member of each of the Nomination Committee and the Audit Committee on 29 September 2023.

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 with opinions on matters in relation to the compliance with the procedures of the Board meetings.

During the nine months ended 31 December 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 is 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 conducted in 2023.

The Audit Committee reviewed the internal control review report as well as the Company's risk management and internal control systems in respect of the nine months ended 31 December 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 nine months ended 31 December 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 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 the 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 related to market rumours and other affairs of the Group from external parties.

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 the PRC, by actively building a leading 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 focusses on rigorous management of revenue growth, profit and costs to maintain a flexibility of adapting to market changes, bringing sustainable growth and value to the 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 nine months ended 31 December 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.

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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 71 to 177, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended 31 December 2023, and notes to the consolidated financial statements, including material 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 December 2023, and of its consolidated financial performance and its consolidated cash flows for the nine months ended 31 December 2023 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(h) & (j), 5(a), 6(b) and 21 to the consolidated financial statements.

As at 31 December 2023, the carrying amount of trade receivables of the Group was approximately HK$30,315,000, representing approximately 12.75% 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 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 period-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 period 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.

As at 31 December 2023, the Group's goodwill had a carrying amount of approximately HK$12,821,000, representing approximately 5.39% of total assets. The goodwill has been recognised in the consolidated statement of financial position due to business acquisition in prior period. The directors have performed impairment tests with reference to the valuation performed by the independent professional valuer and concluded that an impairment loss on goodwill of approximately HK$29,931,000 was recognised during the period ended 31 December 2023. 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, including a suitable discount rate.

Our response:

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

- Evaluating the independent professional valuer's competence, capabilities and objectivity;
- Assessing the appropriateness of the valuation methodologies, including the VIU calculation, used by the independent professional valuer 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(g), 32 and 38 to the consolidated financial statements.

A fair value gain of the contingent consideration payable, amounting to approximately HK$30,486,000, was recognised in the consolidated statement of comprehensive income for the period ended 31 December 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 required management's estimation and significant judgments for the assumptions to be adopted and inputs to be used, including those concerning future post-acquisition performances of the acquired subsidiary, expected fair value of the consideration shares to be issued to the vendor, and time value of money.

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 subsidiary. 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, which may be affected by unexpected changes in future market or economic conditions or significant events or circumstances related to the acquired subsidiary.

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 subsidiary 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 December 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 IN THE ANNUAL REPORT

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, 27 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 April 2023 to 31 December 2023

	Notes	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Revenue	7	**194,109**	202,136
Cost of sales		**(165,114)**	(166,251)
Gross profit		**28,995**	35,885
Other income and gain	9	**1,719**	2,979
Selling expenses		**(13,755)**	(7,807)
Administrative expenses		**(89,884)**	(44,556)
Impairment losses under expected credit loss model	10	**(2,116)**	(4,351)
Operating loss		**(75,041)**	(17,850)
Interest income	12	**182**	176
Finance costs	12	**(1,257)**	(1,138)
Finance costs – net	12	**(1,075)**	(962)
Gain/(loss) on change in fair value of contingent consideration payable	10	**30,486**	(5,545)
Share of loss of a joint venture	19	**–**	(17)
Loss before income tax	10	**(45,630)**	(24,374)
Income tax credit/(expense)	13	**8**	(3,354)
Loss for the period/year		**(45,622)**	(27,728)
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		**284**	116
Other comprehensive income for the period/year, net of tax		**284**	116
Total comprehensive income for the period/year		**(45,338)**	(27,612)
Loss per share (HK cents)	15		
Basic		**(2.48)**	(1.68)
Diluted		**(2.48)**	(1.68)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Non-current assets			
Property, plant and equipment	16	**34,951**	38,054
Right-of-use assets	17	**50,618**	52,991
Goodwill	18	**12,821**	42,752
Deposits, prepayments and other receivables	21	**31**	9
		98,421	133,806
Current assets			
Inventories	20	**4,278**	2,972
Trade receivables	21	**30,315**	41,012
Deposits, prepayments and other receivables	21	**22,930**	7,407
Amounts due from related parties	35	**2,590**	718
Financial assets at fair value through profit or loss	22	**1,015**	–
Bank deposits	23	**16,605**	–
Cash and cash equivalents	23	**61,627**	30,415
		139,360	82,524
Current liabilities			
Trade payables	24	**2,163**	12,137
Accruals and other payables	24	**9,435**	4,006
Bank borrowings	25	**10,777**	13,350
Loans from the intermediate holding company	26	**–**	13,000
Amounts due to related parties	35	**1,190**	1,216
Lease liabilities	17	**8,987**	4,130
Tax payable		**1,879**	2,964
Contingent consideration payable	32	**–**	15,661
		34,431	66,464
Non-current liabilities			
Deferred tax liabilities	27	**1,938**	2,068
Lease liabilities	17	**4,703**	5,625
Contingent consideration payable	32	**–**	30,486
		6,641	38,179
Net Current Assets		**104,929**	16,060
NET ASSETS		**196,709**	111,687

	Notes	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Capital and reserves			
Share capital	29	**19,122**	15,475
Reserves	29	**177,587**	96,212
TOTAL EQUITY		**196,709**	111,687

The consolidated financial statements on pages 71 to 177 were approved for issue by the board of directors on 27 March 2024 and were signed on its behalf.

Hooy Kok Wai	**Zhong Xueyong**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 April 2023 to 31 December 2023

	Share capital (Note 29) HK$'000	Share premium (Note 29) HK$'000	Other reserve (Note 29) HK$'000	Share option reserve HK$'000	Translation reserve (Note 29) HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total equity HK$'000
As at 1 April 2022	15,120	82,151	100	–	–	22,653	120,024
Loss for the year	–	–	–	–	–	(27,728)	(27,728)
Other comprehensive income	–	–	–	–	116	–	116
Total comprehensive income	–	–	–	–	116	(27,728)	(27,612)
Issue of new shares upon exercise of share options (Note 29)	264	10,853	–	(2,682)	–	–	8,435
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary (Note 29)	91	4,856	–	–	–	–	4,947
Recognition of equity-settled share-based payments (Note 33)	–	–	–	5,893	–	–	5,893
As at 31 March 2023 and 1 April 2023	**15,475**	**97,860**	**100**	**3,211**	**116**	**(5,075)**	**111,687**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(45,622)**	**(45,622)**
Other comprehensive income	**–**	**–**	**–**	**–**	**284**	**–**	**284**
Total comprehensive income	**–**	**–**	**–**	**–**	**284**	**(45,622)**	**(45,338)**
Issue of new shares upon rights issue, net (Note 29)	**3,095**	**99,217**	**–**	**–**	**–**	**–**	**102,312**
Issue of new shares upon exercise of share options (Note 29)	**277**	**10,885**	**–**	**(2,733)**	**–**	**–**	**8,429**
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary (Note 29)	**275**	**15,386**	**–**	**–**	**–**	**–**	**15,661**
Recognition of equity-settled share-based payments (Note 33)	**–**	**–**	**–**	**3,958**	**–**	**–**	**3,958**
As at 31 December 2023	**19,122**	**223,348**	**100**	**4,436**	**400**	**(50,697)**	**196,709**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 April 2023 to 31 December 2023

	Notes	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
OPERATING ACTIVITIES			
Loss before income tax		**(45,630)**	(24,374)
Adjustments for:			
Depreciation of property, plant and equipment	10	**6,419**	5,312
Depreciation of right-of-use assets	10	**6,349**	5,115
Impairment loss on property, plant and equipment	10	**4,937**	–
Impairment loss on right-of-use assets	10	**5,242**	–
Impairment loss on goodwill	10	**29,931**	–
Finance costs	12	**1,257**	1,138
Interest income	12	**(182)**	(176)
Impairment losses under expected credit loss model	10	**2,116**	4,351
Share of loss of a joint venture	19	**–**	17
Gain on disposal of joint venture	19	**–**	(84)
(Gain)/loss on change in fair value of contingent consideration payable	10	**(30,486)**	5,545
Share-based payment expenses	10	**3,958**	5,893
Gain on disposal of property, plant and equipment	9	**(30)**	–
Gain on termination of leases	9	**(125)**	(260)
Foreign exchange differences, net	10	**(20)**	(7)
Operating cash flows before movements in working capital		**(16,264)**	2,470
Increase in inventories		**(1,306)**	(2,586)
Decrease/(increase) in trade receivables		**8,581**	(14,541)
(Increase)/decrease in deposits, prepayments and other receivables		**(15,545)**	899
(Decrease)/increase in trade payables		**(9,974)**	3,254
Increase in accruals and other payables		**5,258**	113
Cash used in operations		**(29,250)**	(10,391)
Income tax paid		**(1,322)**	(134)
NET CASH USED IN OPERATING ACTIVITIES		**(30,572)**	(10,525)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the period from 1 April 2023 to 31 December 2023

	Notes	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
INVESTING ACTIVITIES			
Advance made to related parties		**(1,930)**	(718)
Repayment from related parties		**58**	–
Purchase of property, plant and equipment	16	**(8,594)**	(12,136)
Proceed from disposal of property, plant and equipment		**30**	–
Interest received	12	**182**	176
Net cash inflow from acquisition of subsidiaries	31	**–**	62
Proceed from disposal of joint venture	19	**–**	260
Placement of bank deposits	23	**(16,605)**	–
Payment for purchase of financial assets at fair value through profit or loss	22	**(1,015)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(27,874)**	(12,356)
FINANCING ACTIVITIES			
Repayment to related parties		**(1,210)**	–
Advance made from related parties		**1,184**	1,216
Repayment of bank borrowings	30	**(2,573)**	(10,274)
Repayment of lease liabilities	30	**(5,175)**	(3,075)
Repayment of loans from the intermediate holding company	30	**(13,000)**	–
Transaction costs incurred upon rights issue		**(9,109)**	–
Proceeds from issue of new shares upon rights issue	29	**111,421**	–
Proceeds from issue of new shares upon exercise of share options		**8,429**	8,435
Proceeds from loan advanced from the intermediate holding company	30	**–**	13,000
Interest paid	30	**(1,086)**	(935)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**88,881**	8,367
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**30,435**	(14,514)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR		**30,415**	44,958
Effect of foreign exchange rate changes		**777**	(29)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR		**61,627**	30,415

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 is 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) food supply; (ii) 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. CHANGES IN ACCOUNTING POLICIES

(a) Adoption of new and amended Hong Kong Financial Reporting Standards ("HKFRSs") – from 1 April 2023

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

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as stated below, 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 are not yet effective for the current accounting period.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Adoption of new and amended Hong Kong Financial Reporting Standards ("HKFRSs") – from 1 April 2023 (Continued)

Impacts on application of HKFRS 17 – Insurance Contracts

The Group has applied the new standard and the relevant amendments for the first time in the current period.

HKFRS 17 defines an insurance contract as a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

In October 2020, the HKICPA issued Amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the HKICPA issued Amendments to HKFRS 4 *Extension of the Temporary Exemption from HKFRS 9* that extends the fixed expiry date of the temporary exemption from applying HKFRS 9 in HKFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In February 2022, the HKICPA issued Amendment to HKFRS 17 *Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information* to address implementation challenges that were identified after HKFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

Certain contracts entered into by the Group, including warranty contracts issued by the Group and contingent consideration payable in a business combination, meet the definition of insurance contracts under HKFRS 17. However, these contracts are specifically scoped out from HKFRS 17 and the Group continues to account for these contracts under relevant accounting standards. Therefore, the application of HKFRS 17 in the current period had no material impact on the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Adoption of new and amended Hong Kong Financial Reporting Standards ("HKFRSs") – from 1 April 2023 (Continued)

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

The Group has applied the amendments for the first time in the current period. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "Significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 4 to the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Amended HKFRSs that have been issued but are not yet effective

The following 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 HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")[1, 4]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "**2022 Amendments**")[1, 4]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
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 those 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. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) 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 7 and HKFRS 7, Supplier Finance Arrangements

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure.

Amendments to HKAS 21, Lack of Exchangeability

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application.

These 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.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) New HKICPA guidance on the accounting implications of the abolition of the MPF-long service payment ("LSP") offsetting mechanism in Hong Kong

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism.

Applying the approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

The Amendment Ordinance has no material impact on the Group's LSP liability and staff cost.

3. BASIS OF PREPARATION

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods 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) Change of financial year end date

On 6 September 2023, the board of directors announced that the financial year end date of the Company has been changed. The new financial year end date is 31 December commencing from the financial period ended 31 December 2023. This change was implemented to align its financial year end date with that of its operating subsidiaries in the People's Republic of China ("**PRC**") in accordance with the relevant statutory requirements. Accordingly, the accompanying consolidated financial statements for the current financial period covers a nine months' period from 1 April 2023 to 31 December 2023. The comparative figures, however, encompass a twelve months' period from 1 April 2022 to 31 March 2023, and hence are not directly comparable.

3. BASIS OF PREPARATION (Continued)

(c) 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.

(d) Functional and presentation 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. MATERIAL 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 period/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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

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

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

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

(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 ("**CGU**") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU 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 CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

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

(d) Segment reporting

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

(e) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end/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 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation (Continued)

(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.

(f) 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment (Continued)

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 5–20 years
Furniture, fixtures and equipment	3–5 years
Motor vehicles	3–5 years

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

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.

(g) 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 (CGUs). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments

(i) Financial assets

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

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

Debt instruments

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

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

Fair value through profit or loss ("**FVTPL**"): Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(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.

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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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.

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

- significant financial difficulty of the debtor;
- there is a breach of contract, such as a default or being more than 365 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 3 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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

(iii) Financial liabilities

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

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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

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.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(v) Equity instruments

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

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

4. MATERIAL ACCOUNTING POLICIES (Continued)

(i) 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.

(j) 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.

(k) 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.

(l) 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(m) 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.

(n) 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(n) Current and deferred income tax (Continued)

Deferred income tax (Continued)

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.

(o) 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 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(o) Employee benefits (Continued)

(ii) Employee leave entitlements

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

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

(iii) Bonus plans

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

(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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(p) 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 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.

(q) 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(q) Revenue recognition (Continued)

(i) Revenue from food supply

Revenue from 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.

(ii) Revenue from catering services

Revenue from 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".

4. MATERIAL ACCOUNTING POLICIES (Continued)

(q) Revenue recognition (Continued)

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 food supply, catering services and the provision of environmental protection and technology services.

(r) 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(r) Leases (Continued)

Right-of-use asset

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

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

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

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

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

Under the cost model, the Group measures the right-to-use 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. MATERIAL ACCOUNTING POLICIES (Continued)

(r) 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.

(s) 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(s) Related parties (Continued)

(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 trade receivables, deposits, other receivables, amounts due from related parties, bank deposits and cash and cash equivalents. 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 December 2023, the Group had a concentration of credit risk given that the top five debtors accounted for 51.1% of the Group's total trade receivables at the period end (as at 31 March 2023: 51.7%). The Group has established long-term cooperative relationship with these customers.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(i) Risk Management (Continued)

The Group performs impairment assessment under expected credit losses model on trade receivables individually and collectively. Certain trade receivables are grouped based on shared credit risk characteristics by reference to the Group's ageing of outstanding balance. The Group will consider trade receivables as credit-impaired and will write off such balances in accordance with the policy set out in Note 4(h)(ii).

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.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(ii) Impairment of Financial Assets (Continued)

Trade receivables (Continued)

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.

On that basis, the loss allowance as at the period/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 December 2023			
– Provision on individual basis		16,711	(10,732)
– Provision on collective basis – ageing			
Current	1.08%	15,704	(169)
1–30 days past due	2.43%	5,052	(123)
31–60 days past due	1.71%	2,579	(44)
61–90 days past due	2.74%	693	(19)
91–365 days past due	23.71%	869	(206)
		41,608	(11,293)

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(ii) Impairment of Financial Assets (Continued)

Trade receivables (Continued)

	Expected credit loss rate %	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)
91–365 days past due	24.63%	2,708	(667)
		56,683	(15,671)

The closing loss allowance for trade receivables as at 31 December 2023 reconciles to the opening loss allowance as follows:

	Trade receivables HK$'000
Loss allowance as at 1 April 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
Increase in loss allowance recognised in profit and loss during the period	2,116
Receivables written off during the period as uncollectible	(6,499)
Exchange realignment	5
Loss allowance as at 31 December 2023	11,293

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(ii) Impairment of Financial Assets (Continued)

Trade receivables (Continued)

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 realistic prospect of recovery, or when the amounts are over 3 years past due, whichever occurs sooner. 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.

Other financial assets at amortised cost

For other financial assets at amortised cost, including deposits and other receivables, amounts due from related parties, bank deposits 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.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(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.

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.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(b) Liquidity risk (Continued)

	On demand or within 1 year HK$'000	Between 1–5 years HK$'000	Total undiscounted cash outflows HK$'000
As at 31 December 2023			
Trade and other payables	6,344	–	6,344
Long-term bank borrowings subject to a repayment on demand clause	10,777	–	10,777
Amounts due to related parties	1,190	–	1,190
Lease liabilities	9,578	4,824	14,402
	27,889	4,824	32,713

	On demand or within 1 year HK$'000	Between 1–5 years HK$'000	Total undiscounted cash outflows HK$'000
As at 31 March 2023			
Trade and other payables	12,733	–	12,733
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
	60,501	36,336	96,837

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 December 2023	**4,153**	**7,617**	**–**	**11,770**
As at 31 March 2023	4,110	10,618	–	14,728

(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 December 2023 and 31 March 2023, the Group's bank borrowings at variable rates were denominated in HK$.

For the period ended 31 December 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 period would have been approximately HK$45,000 higher/lower (for the year ended 31 March 2023: approximately HK$56,000), 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.

For the period ended 31 December 2023, if RMB had strengthened/weakened by 5% with all other variables held constant, loss after tax would have been approximately HK$840,000 lower/higher (for the year ended 31 March 2023: HK$69,000). 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.

5. FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management (Continued)

The Group's gearing ratios were as follows:

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Total debt	**24,467**	36,105
Total equity	**196,709**	111,687
Gearing ratio	**12%**	32%

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 period 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 independent professional valuer to derive the recoverable amount using an estimation of the value in use of the 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.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(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.

(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.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(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.

(g) Contingent consideration for business combination

The Group's business acquisition has involved post-acquisition performance based on contingent consideration. The Group follows the requirement of HKFRS 3 to recognise the fair value of the contingent consideration for acquisition, as of the acquisition date as part of the consideration transferred in exchange for the acquired subsidiary. The fair value measurement requires, among other things, significant estimation of post-acquisition performance of the acquired subsidiary and expected fair value of the consideration share to be issued to the vendor, and significant judgment about the time value of money. Contingent consideration shall be remeasured at their fair value resulting from events or factors emerging after the acquisition date, with any resulting gain or loss recognised in the consolidated statement of comprehensive income in accordance with HKFRS 3.

The contingent consideration reflects a specified multiple of the post-acquisition financial profitability of the acquired subsidiary. Consequently, the actual additional consideration payable may vary according to the future performance of the acquired subsidiary, and the liabilities provided reflect estimates of such future performances.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(h) Recognition of share-based payment expenses

As detailed in Note 33, the Company granted certain share options on 11 October 2023 and 13 April 2022. The directors of the Company, with the assistance of an independent professional valuer, have used the Binomial Lattice Model to determine the total fair value of the options granted. Significant estimates on assumptions, such as expected volatility and risk-free interest rate, is required to be made by the directors in applying the Binomial Lattice Model. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the share options, which may in turn significantly impact the determination of the share-based payment expenses.

(i) Estimated allowance of inventories

The directors of the Company review the inventories on a product-by-product basis at the end of each reporting period to identify obsolete and slow-moving inventory items based on the inventories ageing analysis and determine allowance of inventories by reference to net realisable value of the inventories. Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The management estimates the net realisable value for inventories based primarily on the current market demand, latest selling prices and historical experiences on selling products with similar nature. As at 31 December 2023, the carrying value of inventories was HK$4,278,000 (31 March 2023: HK$2,972,000), net of allowance of HK$nil (31 March 2023: HK$nil).

7. REVENUE

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

	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Food supply	**181,082**	196,462
Catering services	**12,171**	4,925
Environmental protection and technology services	**856**	749
	194,109	202,136
Timing of revenue recognition		
At a point in time	**193,253**	201,387
Transferred over time	**856**	749
	194,109	202,136

The Group has applied the practical expedient to its contracts for environmental protection and technology services and therefore, the information above 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 '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 ended 31 March 2023 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 31). 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 '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 customers 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 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 during the year ended 31 March 2023.

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

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 period ended 31 December 2023 and the year ended 31 March 2023, respectively:

	Food supply		Catering services		Environmental protection and technology services		Unallocated		Total	
	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Segment revenue										
Revenue from external customers	181,082	196,462	12,171	4,925	856	749	–	–	194,109	202,136
Profit/(loss) for the period/year before the following items:	5,819	8,516	(21,915)	(6,245)	(733)	(834)	(27,881)	(25,092)	(44,710)	(23,655)
Gain on disposal of property, plant and equipment	30	–	–	–	–	–	–	–	30	–
Gain on termination of leases	–	–	125	–	–	–	–	260	125	260
Interest income	180	174	1	–	–	–	1	2	182	176
Finance costs	(525)	(525)	(276)	(139)	–	–	(456)	(474)	(1,257)	(1,138)
Share of loss of a joint venture	–	(17)	–	–	–	–	–	–	–	(17)
Profit/(loss) before taxation	5,504	8,148	(22,065)	(6,384)	(733)	(834)	(28,336)	(25,304)	(45,630)	(24,374)
Income tax credit/(expense)	8	(3,311)	–	(43)	–	–	–	–	8	(3,354)
Segment results	5,512	4,837	(22,065)	(6,427)	(733)	(834)	(28,336)	(25,304)	(45,622)	(27,728)

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

8. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4 to the consolidated financial statements. 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. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

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

	Food supply		Catering services		Environmental protection and technology services		Total	
	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Assets before following items:	165,712	148,414	16,530	16,484	202	133	182,444	165,031
Goodwill	12,821	42,752	-	–	-	–	12,821	42,752
Segment assets	178,533	191,166	16,530	16,484	202	133	195,265	207,783
Unallocated assets							42,516	8,547
Consolidated assets							237,781	216,330
Segment liabilities	17,441	76,788	14, 398	7,217	101	72	31,940	84,077
Unallocated liabilities							9,132	20,566
Consolidated liabilities							41,072	104,643

8. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

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, including bank balances and cash of HK$27,855,000. 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.

(c) Other segment information

	Food supply		Catering services		Environmental protection and technology services		Unallocated		Total	
	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Additions to non-current assets (Note)	1,141	149	14,147	18,315	-	-	7,253	6,894	22,541	25,358
Depreciation of property, plant and equipment	2,725	3,568	3,357	1,584	-	-	337	160	6,419	5,312
Depreciation of right-of-use assets	1,390	1,812	2,367	1,053	-	-	2,592	2,250	6,349	5,115
Gain on disposal of investment in joint venture	-	(84)	-	-	-	-	-	-	-	(84)
Impairment losses under expected credit loss model	2,034	4,346	81	4	1	1	-	-	2,116	4,351
(Gain)/loss on change in fair value of contingent consideration payable	-	-	-	-	-	-	(30,486)	5,545	(30,486)	5,545
Impairment loss on property, plant and equipment	-	-	4,497	-	-	-	440	-	4,937	-
Impairment loss on right-of-use assets	-	-	3,773	-	-	-	1,469	-	5,242	-
Impairment loss on goodwill	29,931	-	-	-	-	-	-	-	29,931	-

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

8. SEGMENT INFORMATION (Continued)

(d) Information about major customers

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

	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Customer A from food supply segment	33,961	27,651

(e) Geographical information

The Group's operations are located in both Hong Kong and the PRC (for the year ended 31 March 2023: Hong Kong and the PRC).

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 (Note)	
	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Hong Kong	100,337	139,166	74,902	73,252
PRC	93,772	62,970	23,488	60,545
	194,109	202,136	98,390	133,797

Note: Non-current assets excluded financial instruments.

9. OTHER INCOME AND GAIN

	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Government grants (Note)	**25**	1,440
Sundry income	**440**	535
Service income from the intermediate holding company (Note 35)	**951**	660
Service income from a related party (Note 35)	**148**	–
Gain on disposal of property, plant and equipment	**30**	–
Gain on disposal of joint venture (Note 19)	**–**	84
Gain on termination of leases (Note 17)	**125**	260
	1,719	2,979

Note: For the period ended 31 December 2023, government grants of approximately HK$25,000 refer to the amount of grants obtained from the SME Export Marketing Fund launched by the Government of Hong Kong to encourage small and medium enterprises to expand their markets outside Hong Kong by providing financial assistance to them for participation in export promotion activities.

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. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Cost of inventories (Note 20)	144,245	137,044
Employee benefit expenses (Note 11)	34,390	34,408
Employee benefit expenses – including directors' emoluments	30,432	28,515
Share-based payment expenses	3,958	5,893
Auditor's remuneration		
– Audit related services	1,380	1,150
– Non-audit services	70	150
Depreciation of property, plant and equipment (Note 16)	6,419	5,312
Depreciation on right-of-use assets (Note 17)	6,349	5,115
Impairment losses under expected credit loss model	2,116	4,351
Impairment loss on property, plant and equipment (Note 16)	4,937	–
Impairment loss on right-of-use assets (Note 17)	5,242	–
Impairment loss on goodwill (Note 18)	29,931	–
(Gain)/loss on change in fair value of contingent consideration payable (Note 32)	(30,486)	5,545
Operating leases (short-term leases) (Note 17)	688	1,026
Transportation expenses	10,155	14,543
Professional and consulting fees	3,607	3,030
Foreign exchange differences, net	(20)	(7)

11. EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS

(a) Employee benefit expenses

The employment benefit expenses during the period/year are set at as follows:

	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Wages, salaries and allowances	**27,486**	26,664
Retirement benefit costs – defined contribution plans (Note 34)	**1,984**	767
Others	**962**	1,084
	30,432	28,515
Share-based payment expenses (Note 33)	**3,958**	5,893
	34,390	34,408

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

(b) Directors' emoluments

The remuneration of every director of the Company during the period/year is set out below:

Name of director	Notes	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 period ended 31 December 2023							
Executive directors							
Dr. Hooy Kok Wai (Chairman)		450	–	–	–	2,216	2,666
Mr. Zhong Xueyong (Vice-chairman and Chief executive officer)	(a)	354	88	2	–	1,130	1,574
Mr. Liu Chi Ching	(a)	–	900	14	432	–	1,346
Independent non-executive directors							
Ms. Lui Choi Yiu Angela	(d)	117	–	–	–	–	117
Mr. Lam Chi Wing	(c)	85	–	–	–	–	85
Mr. Leung Sui Chung	(b)	75	–	–	–	–	75
Mr. Siu Chun Pong Raymond		113	–	–	–	–	113
		1,194	988	16	432	3,346	5,976

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

(b) Directors' emoluments (Continued)

Name of director	Notes	Fees	Salaries, allowances and benefits in kind	Employer's contribution to pension scheme	Other benefits	Share-based payment	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'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)	(a)	–	1,200	18	576	–	1,794
Mr. Zhong Xueyong (Chief executive officer)	(a)	564	–	–	–	1,714	2,278
Independent non-executive directors							
Ms. Lui Choi Yiu Angela	(d)	82	–	–	–	–	82
Mr. Ng Ki Man	(e)	73	–	–	–	–	73
Mr. Leung Sui Chung	(b)	150	–	–	–	–	150
Mr. Siu Chun Pong Raymond		150	–	–	–	–	150
		1,619	1,200	18	576	5,069	8,482

Notes:

(a) Mr. Liu Chi Ching was resigned as the vice-chairman of the board of directors and Mr. Zhong Xueyong was appointed as the vice-chairman of the board of directors on 11 October 2023.

(b) Mr. Leung Sui Chung was resigned as an independent non-executive director on 29 September 2023.

(c) Mr. Lam Chi Wing was appointed as an independent non-executive director on 8 June 2023.

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

(e) 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)

For the period ended 31 December 2023 and the year ended 31 March 2023, 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 period ended 31 December 2023 (for the year ended 31 March 2023: 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 period ended 31 December 2023 (for the year ended 31 March 2023: 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 period ended 31 December 2023 (for the year ended 31 March 2023: 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 period ended 31 December 2023 (for the year ended 31 March 2023: nil).

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

(b) Directors' emoluments (Continued)

(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 period or at any time for the period ended 31 December 2023 (for the year ended 31 March 2023: nil).

(c) Five highest paid individuals

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

	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Salaries and allowances	**1,250**	1,236
Bonus	**154**	–
Retirement benefit costs – defined contribution plans	**27**	35
Share-based payment	**50**	423
	1,481	1,694

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

(c) Five highest paid individuals (Continued)

The emoluments of the individuals above are within the following band:

	Number of individuals	
	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023
Emoluments band		
Nil–HK$1,000,000	**2**	2

For the period ended 31 December 2023 and the year ended 31 March 2023, 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

	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Interest expenses on bank borrowings	**521**	524
Interest expenses on loans from the intermediate holding company	**171**	203
Interest expenses on lease liabilities (Note 17)	**565**	411
Finance costs	**1,257**	1,138
Interest income	**(182)**	(176)
Finance costs – net	**1,075**	962

13. INCOME TAX (CREDIT)/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 the Cayman Islands income tax.

Hong Kong Profits Tax

The Hong Kong Profits Tax is calculated at the rate of 16.5% (for the year ended 31 March 2023: 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 period ended 31 December 2023 (for the year ended 31 March 2023: 25%).

Certain subsidiaries have been approved as small low-profit enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 5% for the period ended 31 December 2023 (for the year ended 31 March 2023: 5%).

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

	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Current income tax		
Hong Kong Profits Tax	**38**	1,835
PRC Enterprise Income Tax	**84**	1,263
	122	3,098
Deferred income tax (Note 27)		
– Current period/year provision	**(130)**	256
Income tax (credit)/expense	**(8)**	3,354

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

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:

	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Loss before income tax	**(45,630)**	(24,374)
Tax at Hong Kong Profits Tax rate of 16.5% (for the year ended 31 March 2023: 16.5%)	**(7,529)**	(4,022)
Effect of different applicable tax rate for subsidiaries operating	**29**	(702)
Expenses not deductible for tax purposes	**10,161**	5,767
Non-taxable income	**(4,746)**	(344)
Tax effect of temporary difference not recognised	**(1,548)**	(459)
Utilisation of tax loss previously not recognised	**–**	(455)
Tax effect of tax loss not recognised	**3,663**	3,734
Tax effect on two-tier profits tax rates	**(38)**	(165)
Income tax (credit)/expense	**(8)**	3,354

14. DIVIDEND

The board does not recommend the payment of a final dividend for the period ended 31 December 2023 (for the year ended 31 March 2023: HK$nil).

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

	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023
Loss attributable to equity holders of the Company (HK$'000)	**(45,622)**	(27,728)
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,837,360,000**	1,653,369,000

The weighted average number of ordinary shares for the purpose of basic loss per share for current and prior reporting periods has been adjusted to reflect the effect of the rights issue completed on 13 June 2023 with details as set out in Note 29.

The diluted loss per share is the same as the basic loss per share for the period ended 31 December 2023 and 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 32 are anti-dilutive.

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 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 and 1 April 2023	21,401	21,639	11,434	6,103	60,577
Additions	–	4,726	2,699	1,169	8,594
Disposal	–	–	–	(413)	(413)
Exchange realignment	–	(266)	(98)	–	(364)
As at 31 December 2023	21,401	26,099	14,035	6,859	68,394
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
As at 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 and 1 April 2023	4,607	5,768	7,308	4,840	22,523
Provided for the period	476	3,645	1,447	851	6,419
Impairment loss	–	4,740	197	–	4,937
Disposal	–	–	–	(413)	(413)
Exchange realignment	–	(19)	(4)	–	(23)
As at 31 December 2023	5,083	14,134	8,948	5,278	33,443
NET BOOK VALUE					
As at 31 March 2023	16,794	15,871	4,126	1,263	38,054
As at 31 December 2023	16,318	11,965	5,087	1,581	34,951

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense of approximately HK$1,203,000, HK$3,356,000 and HK$1,860,000 (for the year ended 31 March 2023: approximately HK$1,617,000, HK$1,583,000 and HK$2,112,000) has been charged to cost of sales, selling expenses and administrative expenses, respectively, for the period ended 31 December 2023.

As at 31 December 2023, bank borrowings of approximately HK$10,777,000 (as at 31 March 2023: approximately HK$13,350,000) (Note 25) are secured by buildings in property, plant and equipment and leasehold lands in right-of-use assets of the Group for the carrying amounts of approximately HK$5,887,000 and approximately HK$35,941,000 respectively (as at 31 March 2023: buildings in property, plant and equipment and leasehold lands in right-of-use assets of the Group for the carrying amounts of approximately HK$6,073,000 and approximately HK$37,089,000 respectively).

As at 31 December 2023, the management of the Group identified impairment indicator of property, plant and equipment and right-of-use assets due to the unfavourable performance of the Group resulting from the deteriorated economic environment in the catering services segment.

For the purposes of impairment testing, the Group estimates the recoverable amounts of a number of CGUs in the segment of "catering services" to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established. Each CGU represents the Group's individual restaurants. Property, plant and equipment and right-of-use assets, as set out in Notes 16 and 17 respectively, including allocation of corporate assets, which generate cash flows together, have been allocated to these individual restaurants.

The recoverable amounts of each CGU were determined based on the higher of their value in use calculation and their fair value less costs of disposal.

The fair value less costs of disposal of each cash-generating unit was determined using income approach. The value in use calculation of each CGU uses cash flow projections based on financial budgets approved by the management of the Group, which represented the management's best estimate on the ongoing operation of the CGUs where the existing CGUs will continue to operate in the foreseeable future and are consistent with past actual outcomes, and covering the following 5 years with a pre-tax discount rate of 31.46% as at 31 December 2023. The cash flows beyond the 5-year period are extrapolated using a steady 2.00% growth rate. 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.

Based on the result of the assessment, the management of the Group determined that the recoverable amounts of nine out of ten CGUs are lower than their carrying amounts. For each of these nine CGUs, the impairment amount has been allocated pro rata to each category of property, plant and equipment and right-of-use assets such that the carrying amounts of each category of asset is not reduced below the highest of its fair value less costs of disposal, its value in use and zero. Based on the recoverable amount calculation and the allocation, impairment loss of approximately HK$4,937,000 and HK$5,242,000 have been recognised against the carrying amounts of property, plant and equipment and right-of-use assets respectively in administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2023.

17. LEASES

The Group as lessee

The Group obtains right to control the use of various items of properties and a motor vehicle 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 for properties and 3 years for a motor vehicle. Additions to the right-of-use assets during the period ended 31 December 2023 were approximately HK$13,947,000 (for the year ended 31 March 2023: approximately HK$13,222,000). The termination of leases during the period ended 31 December 2023 was approximately HK$4,439,000 (for the year ended 31 March 2023: HK$4,802,000).

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

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period/year:

	Leasehold lands HK$'000	**Buildings** HK$'000	**Motor vehicle** HK$'000	**Total** HK$'000
As at 1 April 2022	45,174	4,325	–	49,499
Additions	–	13,222	–	13,222
Depreciation expenses	(1,792)	(3,323)	–	(5,115)
Lease termination	–	(4,802)	–	(4,802)
Exchange realignment	–	187	–	187
As at 31 March 2023 and 1 April 2023	**43,382**	**9,609**	**–**	**52,991**
Additions	**–**	**12,077**	**1,870**	**13,947**
Depreciation expenses	**(1,344)**	**(4,818)**	**(187)**	**(6,349)**
Impairment loss	**–**	**(5,242)**	**–**	**(5,242)**
Lease termination	**–**	**(4,439)**	**–**	**(4,439)**
Exchange realignment	**–**	**(290)**	**–**	**(290)**
As at 31 December 2023	**42,038**	**6,897**	**1,683**	**50,618**

17. LEASES (Continued)

(b) Lease liabilities

	For the period ended 31 December 2023 HK$'000	For the year ended 31 March 2023 HK$'000
At the beginning of the reporting period	**9,755**	4,487
Additions	**13,947**	13,222
Accretion of interest	**565**	411
Payments	**(5,740)**	(3,486)
Termination of leases	**(4,564)**	(5,062)
Exchange realignment	**(273)**	183
At the end of the reporting period	**13,690**	9,755
Analysed to:		
Current	**8,987**	4,130
Non-current	**4,703**	5,625

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

The statement shows the following amounts relating to leases:

	Period from 1 April 2023 to 31 December 2023 HK$'000	For the year ended 31 March 2023 HK$'000
Depreciation charge of right-of-use assets		
Leasehold lands	**1,344**	1,792
Buildings	**4,818**	3,323
Motor vehicle	**187**	–
	6,349	5,115
Interest expenses (included in finance costs)	**565**	411
Expense relating to short-term leases (included in cost of sales, selling expenses and administrative expenses)	**688**	1,026
Gain on termination of leases	**125**	260
Impairment loss on right-of-use assets	**5,242**	–

The total cash outflow for leases for the period ended 31 December 2023 was approximately HK$6,428,000 (for the year ended 31 March 2023: approximately HK$4,512,000).

17. LEASES (Continued)

(d) 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 December 2023			
Not later than 1 year	**9,578**	**(591)**	**8,987**
Later than 1 year and not later than 2 years	**4,776**	**(120)**	**4,656**
Later than 2 years and not later than 3 years	**48**	**(1)**	**47**
	14,402	**(712)**	**13,690**
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

(e) Impairment loss recognised

During the period ended 31 December 2023, the management of the Group determined that an aggregated impairment loss of HK$5,242,000 has been recognised against the total carrying amounts of right-of-use assets (during the year ended 31 March 2023: HK$nil). Further details are set out in Note 16 to the consolidated financial statements.

18. GOODWILL

	HK$'000
COST	
As at 1 April 2022	–
Acquired through business combination (Note 31)	42,752
As at 31 March 2023, 1 April 2023 and 31 December 2023	**42,752**
ACCUMULATED IMPAIRMENT	
As at 1 April 2022, 31 March 2023 and 1 April 2023	–
Impairment loss recognised in the period	29,931
As at 31 December 2023	**29,931**
NET BOOK VALUE	
As at 31 March 2023	42,752
As at 31 December 2023	**12,821**

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:

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Acquisition of Champion Point Limited in the food supply segment	**12,821**	42,752

Goodwill associated with the above-mentioned business arose when the business combination was completed, details of which are set out in Note 31 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 period/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 31.46% (31 March 2023: 31.85%). The cash flows beyond the 5-year period are extrapolated using a steady 2.00% growth rate (31 March 2023: 3.00%). 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 period ended 31 December 2023, the directors of the Company determine that impairment loss of approximately HK$29,931,000 has been recognised to the carrying amount of goodwill of this CGU included in the food supply segment (for the year ended 31 March 2023: HK$nil).

18. GOODWILL (Continued)

Impairment testing on goodwill (Continued)

	Valuation technique	Assumption	Range	Sensitivity of fair value to input
Acquisition of Champion Point Limited in the food supply segment	Income approach	Average growth rate	2.00% (31 March 2023: 3.00%)	1.00% (31 March 2023: 1.00%) increase/ decrease in average growth rate would result in increase/decrease in the recoverable amount by approximately HK$1,077,000 and approximately HK$981,000 (31 March 2023: approximately HK$712,000 and approximately HK$664,000)
		Discount rate	31.46% (31 March 2023: 31.85%)	1.00% (31 March 2023: 1.00%) increase/decrease in discount rate would result in increase/decrease in the recoverable amount by approximately HK$1,948,000 and approximately HK$2,156,000 (31 March 2023: approximately HK$1,577,000 and approximately HK$1,690,000)

19. INTEREST IN A JOINT VENTURE

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

	For the period ended 31 December 2023 HK$'000	For the year ended 31 March 2023 HK$'000
At the beginning of the reporting period	**–**	193
Share of loss for the period/year	**–**	(17)
Disposal during the period/year	**–**	(176)
At the end of reporting period	**–**	–

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.

20. INVENTORIES

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Finished goods	**4,278**	1,823
Goods in transit	**–**	1,149
	4,278	2,972

The cost of inventories included in cost of sales amounted to approximately HK$144,245,000 and approximately HK$137,044,000 for the period ended 31 December 2023 and the year ended 31 March 2023, respectively.

21. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Trade receivables (Note)		
– Related parties	**173**	–
– Third parties	**30,142**	41,012
	30,315	41,012
Trade deposits paid	**17,655**	4,266
Prepayments	**1,628**	532
Other receivables	**1,772**	1,552
Deposits	**1,906**	1,066
	22,961	7,416
Less: non-current portion: deposits, prepayments and other receivables	**(31)**	(9)
Deposits, prepayments and other receivables included in current assets	**22,930**	7,407

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

Note:

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Trade receivables	**41,608**	56,683
Less: loss allowance	**(11,293)**	(15,671)
	30,315	41,012

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 (for the year ended 31 March 2023: 0 to 120 days). The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
1 to 30 days	**13,169**	33,201
31 to 60 days	**6,821**	3,166
61 to 90 days	**3,176**	1,627
91 to 120 days	**2,765**	929
Over 120 days	**15,677**	17,760
Total	**41,608**	56,683

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 other than certain receivables which are assessed individually, 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. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Analysis of financial assets at fair value through profit or loss:

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Investment held for trading		
Investment fund (Note)	1,015	–

Note: The amount represents the Group's investment in a fund during the period ended 31 December 2023, which was managed by a financial institution incorporated in Hong Kong. It was classified as financial assets at fair value through profit or loss as it is held for trading.

23. BANK DEPOSITS/CASH AND CASH EQUIVALENTS

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Fixed time deposits (Note a)	16,605	–
Cash at bank	61,550	30,410
Cash on hand	77	5
	61,627	30,415
	78,232	30,415

23. BANK DEPOSITS/CASH AND CASH EQUIVALENTS (Continued)

Notes:

(a) As at 31 December 2023, fixed time deposits have original maturity of three to six months with maturity date in January and February 2024 (31 March 2023: nil).

(b) The Group's cash and bank balances are denominated in the following currencies:

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
HK$	**49,662**	21,280
RMB	**28,460**	9,093
United States dollars	**79**	1
Japanese yen	**25**	25
Australian dollars	**6**	16
	78,232	30,415

As at 31 December 2023, the bank balances of the Group denominated in RMB amounted to approximately RMB25,711,000 (equivalent to approximately HK$28,372,000) (as at 31 March 2023: RMB7,959,000 (equivalent to approximately HK$9,092,000), which were deposited with the banks located 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.

24. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Trade payables (Note)		
– Related parties	**–**	65
– Third parties	**2,163**	12,072
	2,163	12,137
Other payables and accruals		
– Accruals for staff costs	**3,629**	2,214
– Renovation payables	**3,130**	–
– Other payables and other accruals	**2,676**	1,792
	9,435	4,006
	11,598	16,143

24. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES (Continued)

Note:

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

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
0 to 30 days	**1,815**	8,535
31 to 60 days	**163**	1,411
61 to 90 days	**123**	1,456
91 to 120 days	**62**	735
	2,163	12,137

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

25. BANK BORROWINGS

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Secured		
Bank borrowings due for repayment within 1 year which contain a repayment on demand clause (Note)	**3,586**	3,469
Bank borrowings due for repayment after 1 year which contain a repayment on demand clause (Note)	**7,191**	9,881
Total borrowings	**10,777**	13,350

Note: As at 31 December 2023, bank borrowings of approximately HK$10,777,000 (as at 31 March 2023: approximately HK$13,350,000) are secured by buildings in property, plant and equipment and leasehold lands in right-of-use assets for the carrying amounts of approximately HK$5,887,000 and approximately HK$35,941,000 respectively (as at 31 March 2023: approximately HK$6,073,000 and approximately HK$37,089,000 respectively) (Note 16 and 17(a)) 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 4.83% and 3.82% as at 31 December 2023 and 31 March 2023, respectively.

25. BANK BORROWINGS (Continued)

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

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
On demand or within one year	**3,586**	3,469
More than one year, but not exceeding two years	**3,820**	3,661
More than two years, but not exceeding five years	**3,371**	6,220
Total bank borrowings	**10,777**	13,350

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 December 2023, none of the covenants relating to drawn down facilities had been breached (as at 31 March 2023: None).

26. LOANS FROM THE INTERMEDIATE HOLDING COMPANY

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Unsecured loans		
China Wantian International Group Limited	**–**	13,000

Note: As at 31 March 2023, loans of HK$11,000,000 bear interest at 7% per annum and loans of HK$2,000,000 are interest-free. All loans were fully repaid on 4 July 2023.

27. DEFERRED INCOME TAX

Analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Deferred tax liabilities	**(1,938)**	(2,068)

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 period ended 31 December 2023 and the year ended 31 March 2023, 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 2022	1,312
Recognised in the consolidated statement of comprehensive income	(198)
As at 31 March 2023 and 1 April 2023	**1,114**
Recognised in the consolidated statement of comprehensive income	**370**
As at 31 December 2023	**1,484**

27. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000
As at 1 April 2022	(3,124)
Recognised in the consolidated statement of comprehensive income	(58)
As at 31 March 2023 and 1 April 2023	**(3,182)**
Recognised in the consolidated statement of comprehensive income	**(240)**
As at 31 December 2023	**(3,422)**

At the end of the reporting period, the Group has unused tax losses of approximately HK$51,077,000 (as at 31 March 2023: approximately HK$28,877,000) 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$32,882,000 (as at 31 March 2023: HK$13,034,000) arising from the PRC which may be carried forward for five years.

As at 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of approximately RMB4,953,000 (equivalent to approximately HK$5,443,000) (as at 31 March 2023: RMB3,800,000 (equivalent to approximately HK$4,381,000)) 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.

28. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
Financial assets at amortised cost		
– Trade receivables	**30,315**	41,012
– Other receivables and deposits	**3,678**	2,618
– Amounts due from related parties	**2,590**	718
– Bank deposits	**16,605**	–
– Cash and cash equivalents	**61,627**	30,415
Total	**114,815**	74,763
Financial assets at FVTPL		
– Investment fund	**1,015**	–
Financial liabilities at amortised cost		
– Trade payables	**2,163**	12,137
– Other payables (excluding non-financial liabilities)	**4,181**	596
– Loans from the intermediate holding company	**–**	13,000
– Bank borrowings	**10,777**	13,350
– Amounts due to related parties	**1,190**	1,216
Total	**18,311**	40,299
Financial liabilities at FVTPL		
– Contingent consideration payable	**–**	46,147
Lease liabilities	**13,690**	9,755

29. 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 2022, 31 March 2023, 1 April 2023, and 31 December 2023	**2,000,000**	**20,000**
Issued and fully paid		
Ordinary shares of HK$0.01 each		
As at 1 April 2022	1,512,000	15,120
Issue of new shares upon exercise of share options (Note (i))	26,360	264
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary (Note (ii))	9,160	91
As at 31 March 2023 and 1 April 2023	**1,547,520**	**15,475**
Issue of new shares upon rights issue (Note (iii))	**309,504**	**3,095**
Issue of new shares upon exercise of share options (Note (i))	**27,700**	**277**
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary (Note (ii))	**27,490**	**275**
As at 31 December 2023	**1,912,214**	**19,122**

Notes:

(i) Pursuant to the share option scheme adopted on 26 September 2016 (Note 33):

- 23,860,000 new shares were issued on 25 July 2022 upon exercise of share options;
- 2,500,000 new shares were issued on 26 September 2022 upon exercise of share options;
- 3,870,000 new shares were issued on 1 August 2023 upon exercise of share options; and
- 23,830,000 new shares were issued on 7 August 2023 upon exercise of share options.

29. SHARE CAPITAL AND RESERVES (Continued)

(a) Share capital (Continued)

Notes: (Continued)

(ii) Pursuant to the Share Purchase Agreement (as defined in Note 31), details of which are set out in Note 31:

– 9,160,000 new shares were issued to Mr. Kwong Ping Man on 25 November 2022; and

– 27,490,000 new shares were issued to Mr. Kwong Ping Man on 1 August 2023.

(iii) A rights issue of one rights share for every five existing shares held by members on the register of members was made on 13 June 2023 at an issue price of HK$0.36 per share, resulting in an issue of 309,504,000 new shares for a total cash consideration, before expenses, of approximately HK$111,421,000.

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

(v) Subsequent to the end of the reporting period, upon the passing of an ordinary resolution at the extraordinary general meeting of the Company held on 6 February 2024, the increase in authorised share capital became unconditional and effective. Accordingly, with effect from 6 February 2024, the authorised share capital of the Company has increased to HK$100,000,000 divided into 10,000,000,000 ordinary shares of HK$0.01 each (Note 39).

(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.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities from financing activities:

	Lease liabilities (Note 17) HK$'000	Bank borrowings (Note 25) HK$'000	Loans from intermediate holding company (Note 26) HK$'000	Total HK$'000
As at 1 April 2022	4,487	23,624	–	28,111
Changes from cash flows:				
Repayment during the year	(3,075)	(10,274)	–	(13,349)
Loans advance from the intermediate holding company	–	–	13,000	13,000
Interest paid	(411)	(524)	–	(935)
Total changes from financing cash flows:	(3,486)	(10,798)	13,000	(1,284)
Other changes:				
New lease capitalised	13,222	–	–	13,222
Lease termination	(5,062)	–	–	(5,062)
Interest expenses	411	524	–	935
Foreign exchange adjustment	183	–	–	183
Total other changes:	8,754	524	–	9,278
As at 31 March 2023 and 1 April 2023	**9,755**	**13,350**	**13,000**	**36,105**
Changes from cash flows:				
Repayment during the period	**(5,175)**	**(2,573)**	**(13,000)**	**(20,748)**
Interest paid	**(565)**	**(521)**	**–**	**(1,086)**
Total changes from financing cash flows:	**(5,740)**	**(3,094)**	**(13,000)**	**(21,834)**
Other changes:				
New lease capitalised	**13,947**	**–**	**–**	**13,947**
Lease termination	**(4,564)**	**–**	**–**	**(4,564)**
Interest expenses	**565**	**521**	**–**	**1,086**
Foreign exchange adjustment	**(273)**	**–**	**–**	**(273)**
Total other changes:	**9,675**	**521**	**–**	**10,196**
As at 31 December 2023	**13,690**	**10,777**	**–**	**24,467**

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

(b) Non-cash transactions

During the period ended 31 December 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of approximately HK$13,947,000 (for the year ended 31 March 2023: approximately HK$13,222,000) and approximately HK$13,947,000 (for the year ended 31 March 2023: approximately HK$13,222,000), respectively, in respect of lease arrangements for offices, restaurants and a motor vehicle.

During the year ended 31 March 2023, the Group acquired 100% interest in Champion Point Limited with details disclosed in Note 31, 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.

31. BUSINESS COMBINATION

For the year ended 31 March 2023

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 32.

31. BUSINESS COMBINATION (Continued)

For the year ended 31 March 2023 (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 (Note (i))	4,947
Contingent consideration arrangement (Notes (ii) and (iii))	40,602
	45,549

Notes:

As set out in the Company's announcements dated 7 November 2022 and 25 November 2022, the consideration for 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 to 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**").

31. BUSINESS COMBINATION (Continued)

For the year ended 31 March 2023 (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

31. BUSINESS COMBINATION (Continued)

For the year ended 31 March 2023 (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.

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

32. CONTINGENT CONSIDERATION PAYABLE

	For the period ended 31 December 2023 HK$'000	For the year ended 31 March 2023 HK$'000
At the beginning of the reporting period	**46,147**	–
Addition during the period/year	**–**	40,602
Settlement during the period/year	**(15,661)**	–
Net fair value (gain)/loss on financial instruments recognised in profit and loss	**(30,486)**	5,545
At the end of the reporting period	**–**	46,147
Analysed to:		
Current portion	**–**	15,661
Non-current portion	**–**	30,486

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 31.

In the event that the 2023 Target Net Profit for the financial year ended 31 March 2023 is 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 had issued 27,490,000 Consideration Shares to Mr. Kwong on 1 August 2023.

As at 31 December 2023, the directors of the Company have remeasured the remaining contingent consideration to be HK$nil (as at 31 March 2023: approximately HK$46,147,000), and a gain on remeasurement of approximately HK$30,486,000 is recognised in profit or loss during the period (for the year ended 31 March 2023: loss on remeasurement of approximately HK$5,545,000).

The Group recognises the fair value of those contingent considerations for the acquisition, as of their respective acquisition dates as part of the consideration transferred in exchange for the acquired subsidiary. The fair value measurement requires, among other things, significant estimation of post-acquisition performance of the acquired subsidiary and significant judgment on time value of money. The details of the fair value measurement are set out in Note 38.

33. 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 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 must be approved by the Company's shareholders at a general meeting of the Company, with voting to be taken by way of poll.

33. SHARE OPTION SCHEME (Continued)

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.

The Share Option Scheme does not set any performance targets that must be achieved before an option may be exercised. However, the board of directors 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, 79,100,000 share options were granted to eligible participants at the exercise price of HK$0.320 per share under the Share Option Scheme. 26,360,000 share options were exercised during the year ended 31 March 2023.

On 11 April 2023, the Company announced a rights issue on the basis of one rights share for every five existing shares then held on the record date on 18 May 2023. Pursuant to the terms and conditions of the Share Option Scheme and the Listing Rules, the exercise price and/or the number of shares to be issued upon full exercise of the outstanding share options under the Share Option Scheme have been adjusted effective on 13 June 2023.

Immediately before completion of the rights issue, the number of shares to be issued upon full exercise of the outstanding share options was 52,740,000. As a result of the rights issue, the number of shares to be issued upon full exercise of the outstanding share options was adjusted to 55,458,551 shares with an adjusted exercise price of HK$0.3043 per share. 23,830,000 and 3,870,000 share options were exercised on 2 August 2023 and 5 July 2023, respectively.

On 11 October 2023, 46,180,000 share options were further granted to eligible participants at the exercise price of HK$0.93 per share under the Share Option Scheme.

33. SHARE OPTION SCHEME (Continued)

A summary of the movements in the share options granted, exercised and lapsed under the Share Option Scheme during the period ended 31 December 2023 is as follows:

Name or category of participants	Date of grant	Exercise price HK$	Adjusted exercise price HK$	Exercise period	As at 1 April 2023	Granted during the period	Adjusted after rights issue	Exercised during the period	Cancelled/ lapsed during the period	As at 31 December 2023
Directors, chief executive and substantial shareholders										
Dr. Hooy Kok Wai[1] ("**Dr. Hooy**")	13/4/2022	0.320	0.3043	1/7/2022 to 12/4/2025	30,000,000	–	1,546,391	(15,770,000)	–	15,776,391
	11/10/2023	0.930	N/A	11/10/2024 to 10/10/2026	–	24,000,000	–	–	–	24,000,000
Mr. Zhong Xueyong[1] ("**Mr. Zhong**")	13/4/2022	0.320	0.3043	1/7/2022 to 12/4/2025	15,340,000	–	790,721	(8,060,000)	–	8,070,721
	11/10/2023	0.930	N/A	11/10/2024 to 10/10/2026	–	12,200,000	–	–	–	12,200,000
Other employees[2]	13/4/2022	0.320	0.3043	13/4/2022 to 12/4/2025	7,400,000	–	381,439	(3,870,000)	(320,927)	3,590,512
	11/10/2023	0.930	N/A	11/10/2024 to 10/10/2026	–	9,980,000	–	–	–	9,980,000
Total					52,740,000	46,180,000	2,718,551	(27,700,000)	(320,927)	73,617,624
Exercisable at the end of the period					–	–	–	–	–	–
Weighted average exercise price					0.320	N/A	N/A	0.3043	N/A	0.3043
Weighted average share price at dates of exercise					N/A	N/A	N/A	0.70	N/A	N/A

33. SHARE OPTION SCHEME (Continued)

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, chief executive and substantial shareholders								
Dr. Hooy[1]	13/4/2022	0.320	1/7/2022 to 30/6/2025	–	45,000,000	(15,000,000)	–	30,000,000
Mr. Zhong[1]	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

Notes:

1. During the period ended 31 December 2023, these share options were conditionally granted to Dr. Hooy and Mr. Zhong, who are executive directors, chief executive and substantial shareholders of the Company, on 11 October 2023 and approved at the extraordinary general meeting of the Company held on 21 November 2023. They are vested and exercisable from 11 October 2024 to 10 October 2026 without subject to any performance target being met.

   During the year ended 31 March 2023, these share options were conditionally granted to Dr. Hooy and Mr. Zhong 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 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 ended 31 March 2024 is no less than 140% of the audited revenue of the Group for the year ended 31 March 2022 (the "Vesting Condition").

33. SHARE OPTION SCHEME (Continued)

Notes: (Continued)

1. (Continued)

   Given the change of the financial year end date of the Company from 31 March to 31 December, adjustments to the Vesting Condition were approved at the extraordinary general meeting of the Company held on 21 November 2023, of which the outstanding share options are vested and exercisable by Dr. Hooy and Mr. Zhong from 13 April 2024 to 12 April 2025 only if the annualised figure of the audited revenue of the Group for the nine months ended 31 December 2023 is no less than 140% of the audited revenue of the Group for the year ended 31 March 2022. Details of the adjustments to the Vesting Condition are set out in the announcement and the circular of the Company dated 11 October 2023 and 2 November 2023 respectively.

2. During the period ended 31 December 2023, these share options are vested and exercisable from 11 October 2024 to 10 October 2026 without subject to any performance target being met.

   During the year ended 31 March 2023, 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 dates on which the share options were granted on 11 October 2023 and 13 April 2022 was HK$0.90 and HK$0.305 respectively.

4. During the period ended 31 December 2023, the weighted average closing price per share immediately before the respective dates on which the shares options were exercised was approximately HK$0.68 (during the year ended 31 March 2023: HK$0.33).

5. The consideration of the options granted to each participant at grant dates of 11 October 2023 and 13 April 2022 was HK$1.00 and HK$1.00 respectively.

6. The estimated fair values of the share options granted on 11 October 2023 and 13 April 2022 were approximately HK$9,939,000 and HK$8,233,000 respectively, which were calculated using the Binomial Lattice Model. The inputs into the model were as follows:

	Period from 1 April 2023 to 31 December 2023		**Year ended 31 March 2023**	
	Directors	**Other employees**	**Directors**	**Other employees**
Number of share options	36,200,000	9,980,000	68,000,000	11,100,000
Weighted average share price at date of exercise (HK$)	0.70	0.70	0.33	0.33
Exercise price (HK$)	0.93	0.93	0.32	0.32
Option life (Year)	2.90	3.00	3.06	3.00
Expected volatility (%)	35.34	35.43	53.87	53.79
Risk-free interest rate (%)	3.93	3.93	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 period ended 31 December 2023, the Group recognised total expenses of approximately HK$3,958,000 (during the year ended 31 March 2023: HK$5,893,000) in relation to the share options granted by the Company.

34. 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.

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$1,984,000 were recognised in profit or loss during the period ended 31 December 2023 (during the year ended 31 March 2023: approximately HK$767,000).

35. 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 period ended 31 December 2023 and year ended 31 March 2023:

Name of the related party	Relationship with the Group
Macy Catering Limited	Mr. Liu Chi Ching ("**Mr. Liu**"), who is an executive director and a substantial shareholder of the Company, has beneficial interest
Winning Tender Limited	Mr. Liu, who is an executive director and a substantial shareholder of the Company, has beneficial interest

35. RELATED PARTY TRANSACTIONS (Continued)

Name of the related party	Relationship with the Group
WG International Group Limited	This company is controlled by Dr. Hooy Kok Wai ("**Dr. Hooy**") and Mr. Zhong Xueyong ("**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	This company is managed and controlled by Dr. 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
Zhongshan Wangu East District Central Market Co., Ltd.* (中山市萬谷東區中心市場有限公司)	This company is controlled by Mr. Zhong, who is executive director and substantial shareholder 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 period/year, and the balances arising from related party transactions as at period/year end.

35. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties

	Period from 1 April 2023 to 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Related parties' transactions		
Sales of goods to related companies		
– Winning Tender Limited	–	262
– Macy Catering Limited	439	–
Purchase of goods from a related party		
– Zhongshan Wangu Sky Farm Co., Limited* (中山萬谷天空農場有限公司)	(650)	(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)	(60)	(113)
– Zhongshan Wangu Business Management Co., Ltd.* (中山萬谷商業管理有限公司)	(2,178)	(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)	(444)	(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)	(2,219)	(1,219)
Service fee received from the intermediate holding company		
– China Wantian International Group Limited	951	660
Service fee received from a related party		
– Greater Bay Area Association of Listed Companies Limited	148	–
Interest expenses on loans from the intermediate holding company		
– China Wantian International Group Limited	(171)	(203)
Service fee paid to a related company		
– WG International Group Limited	–	(184)

35. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

Particulars of the amounts due from related parties, disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G), are as follows:

	As at 31 December 2023 HK$'000	Maximum balance outstanding during the period HK$'000	As at 31 March 2023 and 1 April 2023 HK$'000	Maximum balance outstanding during the prior period HK$'000	As at 1 April 2022 HK$'000
Due from related parties					
Zhongshan Wangu Business Management Co., Ltd.* (中山萬谷商業管理有限公司)	–	4	4	4	–
Zhongshan Wangu Property Management Co., Ltd.* (中山市萬谷物業管理有限公司)	92	92	–	–	–
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)	111	111	–	–	–
China Wantian International Group Limited	1,612	1,612	660	660	–
Greater Bay Area Association of Listed Companies Limited	181	181	54	54	–
WG International Group Limited	465	471	–	–	–
Zhongshan Wangu Sky Farm Co., Limited* (中山萬谷天空農場有限公司)	9	115	–	–	–
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)	119	119	–	–	–
Zhongshan Wangu East District Central Market Co., Ltd.* (中山市萬谷東區中心市場有限公司)	1	1	–	–	–
	2,590		718		–

Except as disclosed in Notes 21 and 24, the amounts due from/(to) 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.

36. PRINCIPAL SUBSIDIARIES OF THE COMPANY

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

Company name	Country/ place of incorporation/ establishment	Particulars of issued/paid-in 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$100	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$100	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%

36. PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Company name	Country/ place of incorporation/ establishment	Particulars of issued/paid-in 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$100	Provision of management service/ Hong Kong	100%	–
Great Point Limited	BVI	US$100	Investment holding/Hong Kong	100%	–
Great Point Strategic Limited	BVI	US$100	Investment holding/Hong Kong	–	100%
Great Point Technology Limited	BVI	US$100	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	US$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 (a))	PRC	RMB7,200,000	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 (a))	PRC	RMB11,350,500	Catering	–	100%
深圳萬天環保科技有限公司Shenzhen Wantian Environmental Protection Technology Company Limited* (Note (a))	PRC	RMB1,160,500	Environmental protection and technology	–	100%

36. PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Company name	Country/ place of incorporation/ establishment	Particulars of issued/paid-in 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 (a))	PRC	RMB1,000	Environmental protection and technology	–	100%
深圳豐源貿易發展有限公司Shenzhen Wealth Source Trading Development Company Limited* (Note (a))	PRC	RMB15,220,000	Trading of live cattle, food ingredients and aquatic products	–	100%
中山萬天食至佳貿易有限公司 Zhongshan Wantian Shizhijia Trading Company Limited* (Note (b))	PRC	RMB2,000,000	Trading of frozen meats	–	100%
中山萬天綠色佳果貿易有限公司Zhongshan Wantian Green Jiaguo Trading Company Limited* (Note (b))	PRC	RMB3,000,000	Trading of durians	–	100%
中山萬天綠色佳品貿易有限公司 Zhongshan Wantian Green Jiapin Trading Company Limited* (Note (b))	PRC	Nil	Inactive	–	100%
中山萬天綠色食材貿易有限公司Zhongshan Wantian Green Shicai Trading Company Limited* (Note (b))	PRC	RMB2,000,000	Trading of eggs	–	100%
中山萬天綠色凍品貿易有限公司Zhongshan Wantian Green Dongpin Company Limited* (Note (b))	PRC	Nil	Inactive	–	100%

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

Notes:

(a) These entities are registered as wholly foreign owned enterprises with limited liability under the laws of the PRC.

(b) These entities are established in the PRC with limited liability under the laws of the PRC.

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

	Notes	As at 31 December 2023 HK$'000	As at 31 March 2023 HK$'000
ASSETS			
Non-current asset			
Investments in subsidiaries		**15,130**	20,268
		15,130	20,268
Current assets			
Prepayments and deposits		**548**	245
Financial assets at fair value through profit or loss		**1,015**	–
Amounts due from subsidiaries		**65,814**	97,095
Cash and cash equivalents		**22,348**	155
		89,725	97,495
Current liabilities			
Accruals and other payables		**1,506**	1,436
Loans from the intermediate holding company	26	**–**	13,000
Amounts due to subsidiaries		**5,102**	4,304
		6,608	18,740
Net current assets		**83,117**	78,755
Net assets		**98,247**	99,023
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	29(a)	**19,122**	15,475
Reserves	37(a)	**79,125**	83,548
Total equity		**98,247**	99,023

The statement of financial position of the Company was approved for issue by the board of directors on 27 March 2024 and was signed on its behalf.

Hooy Kok Wai	**Zhong Xueyong**
Director	*Director*

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

(a) Reserve movement of the Company

	Share premium (Note 29(b)) HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2022	82,151	–	6,295	(10,304)	78,142
Loss for the year	–	–	–	(13,514)	(13,514)
Issue of new shares upon exercise of share options (Note 29)	10,853	(2,682)	–	–	8,171
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary (Note 29)	4,856	–	–	–	4,856
Recognition of equity-settled share-based payments (Note 33)	–	5,893	–	–	5,893
As at 31 March 2023 and 1 April 2023	**97,860**	**3,211**	**6,295**	**(23,818)**	**83,548**
Loss for the period	**–**	**–**	**–**	**(131,136)**	**(131,136)**
Issue of new shares upon right issue, net (Note 29)	**99,217**	**–**	**–**	**–**	**99,217**
Issue of new shares upon exercise of share options (Note 29)	**10,885**	**(2,733)**	**–**	**–**	**8,152**
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary (Note 29)	**15,386**	**–**	**–**	**–**	**15,386**
Recognition of equity-settled share-based payments (Note 33)	**–**	**3,958**	**–**	**–**	**3,958**
As at 31 December 2023	**223,348**	**4,436**	**6,295**	**(154,954)**	**79,125**

38. 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 December 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 technique(s) and inputs used):

Financial assets and financial liabilities	Fair values as at 31 December 2023	Fair value hierarchy	Valuation technique(s) and significant input(s)
Financial assets at FVTPL	HK$1,015,000 (31 March 2023: HK$nil) (Note 22)	Level 2	Quoted price based on financial institution at the end of the reporting period
Contingent consideration payable classified as financial liabilities at FVTPL	HK$nil (31 March 2023: HK$46,147,000) (Note 32)	Level 3	Income approach and Shenzhen Wealth Source forecasted 2024 Net Profit

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

38. 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.

The directors of the Company were of the opinion that Shenzhen Wealth Source's forecasted 2024 Net Profit would not exceed 2024 Target Net Profit of RMB7,500,000 (equivalent to approximately HK$8,276,000 (31 March 2023: HK$8,567,000)) and expected that the Group would not allot and issue the Third Tranche Consideration Shares to Mr. Kwong in 2024 with fair value as at 31 December 2023 estimated to be HK$nil (31 March 2023: HK$30,486,000).

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 not change the carrying amount of the contingent consideration payable (31 March 2023: increase/decrease by HK$218,000/HK$244,000).

Profit guarantee is a contingent consideration that will be realised if the acquired subsidiary achieves its 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 subsidiary. The fair value measurement require, among other things, significant estimation of post-acquisition performance of the acquired subsidiary and significant judgment on time value of money.

38. 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:

	For the period ended 31 December 2023 HK$'000	For the year ended 31 March 2023 HK$'000
Contingent consideration payable		
Opening balance (Level 3 recurring fair value)	**46,147**	–
Addition during the period/year (Note 32)	**–**	40,602
Settlement during the period/year (Note 32)	**(15,661)**	–
Net fair value (gain)/loss on financial instruments recognised in profit and loss (Note 32)	**(30,486)**	5,545
At the end of the reporting period	**–**	46,147

39. EVENTS AFTER THE REPORTING DATE

Increase in authorised share capital

With reference to Note 29(a)(v) to the consolidated financial statements, on 12 January 2024, the Company announced a proposed increase in the authorised share capital of the Company from HK$20,000,000 (divided into 2,000,000,000 shares of a nominal value of HK$0.01 each) to HK$100,000,000 (divided into 10,000,000,000 shares of a nominal value of HK$0.01 each) (the "**Increase in Authorised Share Capital**").

Upon the passing of an ordinary resolution at the extraordinary general meeting of the Company held on 6 February 2024, the Increase in Authorised Share Capital has become unconditional and effective with effect from 6 February 2024.

Proposed adoption of a new share option scheme and termination of the existing share option scheme

On 12 January 2024, the Company announced a proposed adoption of a new share option scheme and the termination of the existing share option scheme adopted by the Company on 26 September 2016, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be convened by the Company. The provisions of the new share option scheme will comply with the requirements of the amended Chapter 17 of the Listing Rules, which has taken effect from 1 January 2023.

39. EVENTS AFTER THE REPORTING DATE (Continued)

Supplemental Agreement to the Share Purchase Agreement for the Acquisition of Champion Point

With reference to Notes 31 and 32 to the consolidated financial statements, and the announcement of the Company dated 12 January 2024, Great Point and Mr. Kwong entered into a supplemental share purchase agreement on the same date, pursuant to which the parties have agreed to amend the below terms of the Share Purchase Agreement:

Scope of net profit

For the allotment and issue of the Third Tranche Consideration Shares to Mr. Kwong, the scope of net profit after tax (excluding any extraordinary or exceptional items) to be considered shall be changed from the net profit of Shenzhen Wealth Source to the consolidated net profit of Champion Point and its subsidiaries ("**Champion Point Group**").

The reference financial period

The reference financial period for determining the consideration adjustment for the Third Tranche Consideration Shares shall be changed from the period 1 April 2023 to 31 March 2024 to from 1 April 2023 to 30 June 2024. Accordingly, the 2024 Target Net Profit of RMB7,500,000 to be achieved by Shenzhen Wealth Source for the 12-month period will be adjusted and increased proportionately to RMB9,375,000 for the 15-month period (the "**2024 Adjusted Target Net Profit**"), which is to be achieved by Champion Point Group.

The minimum profit percentage for entitlement to the Third Tranche Consideration Shares

The minimum profit percentage for Mr. Kwong's entitlement to the Third Tranche Consideration Shares shall be changed from 85% of the 2024 Target Net Profit to 100% of the 2024 Adjusted Target Net Profit.

In the opinion of the directors of the Company, no material financial impact on the consolidated financial statements is expected upon taking effect on the Supplemental Agreement to the Share Purchase Agreement for the Acquisition of Champion Point Limited.

40. COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been re-presented to confirm with current period 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/period, as extracted from the published financial statements, is set out as below:

	Period from 1 April 2023 to 31 December 2023	For the year ended 31 March			
	2023	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**194,109**	202,136	127,674	106,706	154,078
Gross profit	**28,995**	35,885	18,745	13,248	19,225
Loss before income tax	**(45,630)**	(24,374)	(10,852)	(8,560)	(3,572)
Loss and total comprehensive income for the period/year	**(45,338)**	(27,612)	(10,958)	(8,244)	(4,746)

	At 31 December	As at 31 March			
	2023	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**237,781**	216,330	155,450	145,582	160,503
Total liabilities	**41,072**	104,643	35,426	52,311	58,988
Net assets	**196,709**	111,687	120,024	93,271	101,515