



展程控股有限公司

GOAL FORWARD HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1854



2021

ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Chi Ching (*Chairman*)

Ms. Wu Shuk Kwan (*Chief Executive Officer*)

Non-executive Director

Mr. Wong Chung Yeung

Independent non-executive Directors

Ms. Li On Lei

Mr. Ng Ki Man

Mr. Lo Siu Kit

BOARD COMMITTEES

Audit committee

Mr. Ng Ki Man (*Chairman*)

Ms. Li On Lei

Mr. Lo Siu Kit

Nomination committee

Mr. Liu Chi Ching (*Chairman*)

Ms. Li On Lei

Mr. Ng Ki Man

Mr. Lo Siu Kit

Remuneration committee

Ms. Li On Lei (*Chairman*)

Mr. Liu Chi Ching

Mr. Ng Ki Man

Mr. Lo Siu Kit

COMPANY SECRETARY

Ms. Yim Sau Ping

AUTHORISED REPRESENTATIVES

Mr. Liu Chi Ching

Ms. Yim Sau Ping

COMPLIANCE ADVISER

Frontpage Capital Limited

26/F, Siu On Centre

188 Lockhart Road

Wan Chai

Hong Kong

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

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Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAWS

CFN Lawyers in association with Broad and Bright

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Wan Chai

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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REGISTERED OFFICE IN THE CAYMAN ISLANDS

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PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

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No. 1-7 Shing Chuen Road

Shatin

New Territories

Hong Kong

PRINCIPAL BANKS

OCBC Wing Hang Bank Limited

China Construction Bank (Asia) Corporation Limited

STOCK CODE

1854

COMPANY'S WEBSITE

www.cyfood.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Goal Forward Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the annual report of our Group for the year ended 31 March 2021.

OVERVIEW

2020 has been one of the most extraordinary years for us all. With the outbreak of coronavirus disease (the “**COVID-19**”), almost no country in the world was immune from the impacts made to the drastic turndown of economy. While the COVID-19 has brought unprecedented challenges and adverse impacts to the global economy, we remain grateful that the Hong Kong community is maintaining a relatively low number of confirmed cases. Although challenges persist to the general catering business environment and with the class suspension and temporary closure of schools in Hong Kong in 2020, which results in a lower demand for food ingredients required from food service operators, we do see the lights of improvement to the situation towards 2021 and hopefully the general catering business environment is gradually recovering.

While our Group has actively implemented various measures to mitigate risks and impacts, we seek to lower the operating costs by reinforcing the controls to our Group’s receivables and reviewing our procurement processes. To demonstrate resilience of our Group during the pandemic, we have put a great effort into bringing diversities of our products and services to cope with market volatility and the change in food consumption pattern in Hong Kong. We have also developed new products for different distribution channels to allow greater opportunities exposure. We hope the measures will sustain our market position over the pandemic situation, and we will continue to closely monitor the performances of our Group and implement apposite strategies to remain forefront in the industry.

RESULTS OF THE YEAR

Our Group principally engages in the sourcing, processing and supplying of food ingredients with a focus on the provision of vegetables and fruits to food service operators in Hong Kong. With the adversity in general catering business environment and the closure of schools in Hong Kong and the outbreak of COVID-19 over the year, it has greatly impacted the food service operators which simultaneously led to a lower demand for food ingredients. For the year ended 31 March 2021, our Group generates a total revenue of approximately HK\$106.7 million as compared to approximately HK\$154.1 million for the year ended 31 March 2020, and a net loss of HK\$8.2 million for the year ended 31 March 2021 as compared to approximately HK\$4.7 million for the year ended 31 March 2020.

CHAIRMAN'S STATEMENT (continued)

PROSPECT

Undoubtedly the COVID-19 has brought significant impact to the economy as a whole, with low volume of overseas and mainland china visitors to Hong Kong and different restrictions of the dine-out seating arrangement, we do anticipate that the operating pressures for food service industry may likely persist moving forward until there are signs of controlled infectious rate globally. Provided the uncertainties of the COVID-19 remain but to shape for a solid future going forward, our Group will formulate apposite strategies to maintain our market position, along with strengthening our brand positioning further and expanding our presence in different distribution channels. Our Group will continue to monitor the market closely and with our robust planning, we hope it will assist our team to react to any unprecedented changes and to continue to create long-term values to our shareholders and investors.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to all shareholders, investors and business partners for their continuous support to our Group. The growth of the business would not be attained without the efforts from our Group's management team and the unwavering commitment of our staff, as such, I would also like to express my appreciation to all Directors, management and staff for striving through the challenges under the difficult business environment. We shall continue to perform and take our Company to the forefront in the industry and maximise values for our shareholders.

Liu Chi Ching

Chairman and Executive Director

Hong Kong
22 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the sourcing, processing and supplying of food ingredients with a focus on the provision of vegetables and fruits to food service operators in Hong Kong. It supplies food ingredients to over 480 customer outlets and offers more than 1,300 types of food ingredients to the customers.

For the year ended 31 March 2021, the Group recorded a net loss of approximately HK\$8.2 million as compared to net loss of approximately HK\$4.7 million for the same period in 2020. The Directors are of the view that the loss for the year ended 31 March 2021 was mainly attributable to the (i) the decrease in revenue and (ii) decrease in gross profit.

OUTLOOK

The shares of the Company (the “**Shares**”) were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of placing (the “**Listing**”) on 13 October 2016 (the “**Listing Date**”) and have been listed on the Main Board of the Stock Exchange by way of transfer of listing (the “**Transfer of Listing**”) since 21 March 2019. The Directors believe that the Listing could enhance the profile and recognition of the Group and its products and services and hence further strengthen the existing and potential customers’ and suppliers’ confidence in the Group. The Directors also believe the Transfer of Listing could broaden the investor base and enhance the corporate profile further. The Group could further expand and optimise its products and services, as well as creating long-term value to our shareholders.

The outbreak of the COVID-19 in early 2020 has adversely affected the catering industry and continued to pose challenges to the general catering business environment. In view of the above challenges, the Group will continue to closely monitor the market conditions, explore new sources of vegetables and fruits supplies, fine-tune its product mix and implement cost management measures accordingly. The Group shall sustain its competitiveness within the market and shall continue to strive to achieve the business objectives as stated in the prospectus of the Company dated 30 September 2016 (the “**Prospectus**”).

Revenue

The Group’s revenue for the year ended 31 March 2021 was approximately HK\$106.7 million, representing a decrease of approximately 30.8% from approximately HK\$154.1 million for the year ended 31 March 2020, which was primarily attributable to (i) the adversity of the general catering business environment; and (ii) the class suspension and temporary closure of schools, resulting in a lower demand of food ingredients from the food service operators.

Cost of sales

The Group’s cost of sales for the year ended 31 March 2021 was approximately HK\$93.5 million, representing a decrease of approximately 30.7% from approximately HK\$134.9 million for the year ended 31 March 2020, primarily attributable to the lower demand of food ingredients from food service operators, which was in tandem with the revenue decrease over the same year.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2021 was approximately HK\$13.2 million, representing a decrease of approximately 31.3% from approximately HK\$19.2 million for the year ended 31 March 2020. The Group's gross profit margin for the year ended 31 March 2021 was approximately 12.4%, which remained relatively stable as compared to approximately 12.5% for the year ended 31 March 2020.

Impairment of trade receivables

During the year ended 31 March 2021, the COVID-19 was still adversely affected the catering business environment, impairment of approximately HK\$6.9 million in respect of trade receivables has been recognised during the year ended 31 March 2021 (31 March 2020: approximately HK\$0.7 million).

Selling and administrative expenses

The Group's selling and administrative expenses for the year ended 31 March 2021 were approximately HK\$18.1 million, representing a decrease of approximately 15.8% from approximately HK\$21.5 million for the year ended 31 March 2020, primarily due to the effect of professional fee of approximately HK\$1.2 million in relation to the Transfer of Listing for the year ended 31 March 2020 and rearrangements made to staff resources amid the outbreak of COVID-19.

Finance costs

Finance costs of the Group slightly increased from approximately HK\$1.0 million for the year ended 31 March 2020 to approximately HK\$1.1 million for the year ended 31 March 2021. The increase in finance costs was mainly attributable to increase in average bank borrowings balance during the year ended 31 March 2021.

Share of loss of a joint venture

During the year ended 31 March 2021, the Group recorded a share of loss of a joint venture of approximately HK\$444,000 as compared with loss of approximately HK\$146,000 for the year ended 31 March 2020.

Loss attributable to equity holders of the Company

As a result of the foregoing, the Group's loss attributable to equity holders of the Company for the year ended 31 March 2021 amounted to approximately HK\$8.2 million, as compared with loss of approximately HK\$4.7 million for the year ended 31 March 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 31 March 2021 in which the net proceeds from Listing have not been fully utilised in these business plans.

Business plan as set out in the Prospectus

Progress up to 31 March 2021

Enhancement of sales channels

Enhance the sales channels such as upgrading of mobile sales application and developing an internet sales platform

Enhancement of sales channel which requires modification of the existing application system and such modifications required longer time than expected

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the issue of new shares of the Company at the time of its Listing on the Listing Date through a placement of 320,000,000 shares of HK\$0.01 each in the share capital of the Company at the price of HK\$0.225 per share, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK\$47.8 million. Up to 31 March 2021, the net proceeds from the Listing had been applied as follows:

	Planned use of proceeds from Listing Date to 31 March 2021 HK\$ million	Actual use of proceeds from Listing Date to 31 March 2021 HK\$ million	Unutilised net proceeds up to 31 March 2021 HK\$ million	Expected timeline for utilising the unutilised net proceeds
Acquisition of new processing base, facilities and equipment	23.7	23.7	–	N/A
Further strengthening the manpower	9.1	9.1	–	N/A
Expansion of logistic team	9.7	9.7	–	N/A
Enhancement of sales channels	0.5	0.3	0.2	30 September 2021
General working capital	4.8	4.8	–	N/A
Total	47.8	47.6	0.2	

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

During the year ended 31 March 2021, the net proceeds from the Listing were utilised and expected to be utilised in the manners disclosed in the Prospectus and there has been no change in the use of proceeds.

As at 31 March 2021, approximately HK\$47.6 million out of the net proceeds from the Listing had been used. The remaining unutilised net proceeds were deposited in licensed banks in Hong Kong. The Directors will constantly evaluate the Group's business objectives and may change or modify the Group's plans against the changing market conditions to attain sustainable business growth of the Group.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the year ended 31 March 2021 and up to the date of this annual report. The capital of the Company only comprises of ordinary Shares.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2021, the Group had bank borrowings of approximately HK\$43.4 million which was denominated in Hong Kong dollars (31 March 2020: approximately HK\$48.5 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations and purchase of the existing premises.

As at 31 March 2021, the Group had bank balance and cash of approximately HK\$37.4 million (31 March 2020: approximately HK\$32.8 million), which were denominated in Hong Kong dollars. The Group had no bank overdraft as at 31 March 2021 (31 March 2020: Nil). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

GEARING RATIO

As at 31 March 2021, the gearing ratio of the Group was approximately 46.5% (31 March 2020: approximately 47.8%). The decrease in gearing ratio was due to periodic repayment of bank borrowings. Gearing ratio is calculated as total debt divided by total equity. Total debt is calculated as total borrowings and total lease liabilities. Total capital is calculated as total equity as shown in the consolidated statement of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CHARGE ON GROUP ASSETS

As at 31 March 2021, the Group has pledged its leasehold land under right-of-use assets and buildings with net book value amounted to approximately HK\$57.3 million (31 March 2020: approximately HK\$59.9 million), for certain banking facilities granted to the Group.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, there was no significant investment held, material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 March 2021. There is no other plans for material investments or capital assets as at 31 March 2021.

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICY

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

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2021 (31 March 2020: Nil).

COMMITMENTS

Contractual commitments mainly involve rental payable by the Group in respect of the processing facilities and parking lots under non-cancellable leases. From 1 April 2019, the Group recognised right-of-use assets for these leases, except for short-term leases and low-value leases. As at 31 March 2021, the Group did not have any lease commitment (31 March 2020: lease commitment of approximately HK\$102,000).

As at 31 March 2021, the Group did not have any material capital commitments (31 March 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

SEGMENT INFORMATION

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

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2021 (31 March 2020: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2021, the Group had 81 employees working in Hong Kong (31 March 2020: 77). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the years ended 31 March 2020 and 2021 amounted to approximately HK\$21.9 million and HK\$17.0 million respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group is exposed to credit risk primarily arising from trade receivables and bank deposits.

Trade receivables are substantially from local food service operators with good collection track records with the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risks. The Group is subject to concentration of credit risk with respect to trade receivables as approximately 64.8% of the total trade receivables were due from the five largest customers as at 31 March 2021 (31 March 2020: approximately 65.4%). In view of the history of business dealings with the 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 year ended 31 March 2021, the Group has made provision of approximately HK\$6,866,000 for impairment of trade receivables (31 March 2020: approximately HK\$721,000), based on assessment of the credit history of the customers and the current market condition.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as of the end of each reporting period in relation to each class of recognised financial assets was the carrying amounts of those assets as stated in the statement of financial position. For details of credit risk, please refer to note 3.1(a) to the consolidated financial statements.

Liquidity risk

As at 31 March 2021, 100% of the Group's financial liabilities were due within the next 12 months or carried a repayment on demand clause from the end of each reporting period for the year ended 31 March 2021 (31 March 2020: 100%). Based on the agreed scheduled repayments set out in the loan agreements of bank borrowings with a repayment on demand clause, approximately 78.4% of the Group's financial liabilities were matured at more than 1 year from the end of each reporting period for the year ended 31 March 2021 (31 March 2020: approximately 81.0%). 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 3.1(b) to the consolidated financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

This Environmental, Social and Governance Report (the “**Report**”) describes the performance of environmental, social and governance (“**ESG**”) aspects of the Group (or “**We**”).

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

ESG Governance Structure

The Group conducts a top-down management approach regarding its ESG issues. The Board oversees and sets out ESG strategy for the Group. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal control mechanisms. To develop a systematic management approach to ESG issues, the Group has arranged designated personnel to manage the Group’s ESG matters, including collecting relevant information on the ESG aspects for the preparation of the Report. The designated personnel periodically reports to the Board, assists in identifying and assessing the Group’s ESG risks, and evaluates the implementation and effectiveness of the Group’s ESG risk management and internal control system.

SCOPE OF REPORTING

This Report generally covers the Group’s business activities in Hong Kong. The ESG key performance indicator (“**KPI**”) data are gathered and are included under the Group’s direct operational control. During the year ended 31 March 2021, the Group sourced, processed and supplied food ingredients with a focus on the provision of vegetables and fruits to food service operators. The Group will continue to assess the major ESG aspects of different businesses and to extend the scope of disclosure when and where applicable.

REPORTING FRAMEWORK

This Report of the Group for the year ended 31 March 2021 covers environmental and social subject areas in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix 27 of Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Corporate governance is addressed separately in the Corporate Governance Report.

REPORTING PERIOD

Unless otherwise stated, the reporting period of this report shall cover the date from 1 April 2020 to 31 March 2021 (the “**Reporting Period**”).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

STAKEHOLDER ENGAGEMENT

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

Stakeholders	Expectations and Concerns	Communication Channels
Customers	<ul style="list-style-type: none"> Quality of products and services 	<ul style="list-style-type: none"> After-sales services Feedback channels
Employees	<ul style="list-style-type: none"> Staff salary and benefits Health and safety of working environment Training and development 	<ul style="list-style-type: none"> Training Performance review and interviews Internal announcements and publications Suggestion box
Suppliers	<ul style="list-style-type: none"> Timely payment for supplied goods/services 	<ul style="list-style-type: none"> Site visits
Shareholders	<ul style="list-style-type: none"> Corporate governance Return on investment 	<ul style="list-style-type: none"> Annual general meetings Financial reports Press releases and announcements
Community	<ul style="list-style-type: none"> Community involvement Environmental protection awareness 	<ul style="list-style-type: none"> Community activities Subsidies and charitable donations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

MATERIALITY ASSESSMENT

The Group has performed a materiality assessment by inviting various stakeholders of the Group to participate in the materiality survey and assess the importance of potential material issues to our business and stakeholders. It covers a variety of topics related to our social, operational and environmental performance. The objective of the assessment is to identify the key concerns and interests of the Group’s internal and external stakeholders. The results of the assessment are consolidated in the form of a materiality matrix as shown below:



- | | |
|---------------------------------------|---|
| 1. Raw Materials Management | 15. Data Security and Customer Privacy Management |
| 2. Sewage Discharge | 16. Generation of Economic Value |
| 3. Energy Consumption | 17. Anti-corruption |
| 4. Air Emissions | 18. Company Profitability |
| 5. Wastewater Management | 19. Anti-discrimination |
| 6. Greenhouse Gases Emissions | 20. Customer Satisfaction |
| 7. Environmental Compliance | 21. Child Labour and Forced Labour Management |
| 8. Green Product Management | 22. Diversity and Equal Opportunity |
| 9. Supply Chain Management | 23. Human Right Protection |
| 10. Intellectual Property Rights | 24. Talent Management |
| 11. Product Quality Management | 25. Social and Economic Compliance |
| 12. Product Health and Safety | 26. Training and Development |
| 13. Product Advertising and Labelling | 27. Community Investment |
| 14. Occupational Safety and Health | 28. Employee Communication |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

CONTACT US

The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestion or opinion, please send it to the Group through its communication channels published on the Company's website at www.cyfood.com.hk.

ECONOMIC

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

The consolidated financial statements of the Group can be found on pages 75 to 128 of this annual report.

ENVIRONMENTAL

Emissions

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Air Emissions

The majority of our air emissions originated from vehicles, which are used for the delivery of products to customers. The consumption of fossil fuels results in the emissions of various compounds into the atmosphere which are responsible for air pollution, including nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM). During the Reporting Period, the Group's operations generated approximately 361.7kg of NO_x, approximately 0.7kg of SO_x and approximately 18.53kg of PM.

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

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

Greenhouse Gas Emissions

Certain gases commonly released into the atmosphere have the ability to absorb and re-emit infrared radiation which intensifies the greenhouse effect. Such gases are commonly referred to as greenhouse gases ("**GHG**"), and examples of them include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), chlorofluorocarbons (CFCs), hydrofluorocarbons (HFCs), perfluorocarbons and sulphur hexafluoride. GHG, are also referred to as carbon footprints, and are commonly presented in the form of metric tons of equivalent carbon dioxide ("tCO₂e"), which takes into account the aggregate contribution from the emissions of the various GHG.

The most significant sources of the Group's GHG emissions were generated from petrol consumption of vehicles and consumption of refrigerants (Scope 1), electricity consumed during operation (Scope 2), paper waste disposed at landfills and sewage processing (Scope 3). Apart from the measures described above in the section headed "Air Emissions" under this aspect, the Group has actively adopted the following measures with regard to different emission sources to reduce GHG emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Direct Emissions from Fossil Fuel Consumption

In view of the Group's business nature, no significant direct emissions were generated from the production process. The majority of our direct emissions originated from transportation vehicles, which are used for the delivery of products to customers. During the Reporting Period, a total of approximately 118 tCO₂e of GHG was directly emitted from fuel consumption associated with the Group's operations (31 March 2020: approximately 142 tCO₂e).

Direct Emissions from Fugitive Emissions of Refrigerants

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

Indirect Emissions from Electricity Consumption

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

Indirect Emissions from Paper Waste Disposed at Landfills

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

Indirect Emission from Sewage Processing

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Indirect Emissions from Business Travel by Employees

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

During the Reporting Period, the emissions of GHG by the Group's operations are summarised as follows:

Indicators ¹	Unit	2021	2020
Scope 1 – Direct Emissions	tCO₂e	421	274
• Fuel Consumption	tCO ₂ e	118	142
• Refrigerant Consumption	tCO ₂ e	303	132 ³
Scope 2 – Energy Indirect Emissions	tCO₂e	303	520
• Electricity Consumption	tCO ₂ e	303	520
Scope 3 – Other Indirect Emissions	tCO₂e	27	12
• Paper Waste Disposed at Landfills	tCO ₂ e	24	6
• Fresh Water Processing	tCO ₂ e	2	4
• Sewage Processing	tCO ₂ e	1	2
Total GHG Emissions	tCO₂e	751	806
Total GHG Emissions Intensity²	tCO₂e/tonnes of finished products	0.07	0.10

Note:

- GHG emission data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the latest release of baseline emission factors for regional power grids in China, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the HKEX and the "Sustainability Report 2020" published by HK Electric Investments Limited.
- As at 31 March 2021 and 31 March 2020, the Group produced approximately 10,778.73 tonnes and approximately 8,246.67 tonnes of finished products respectively. The data are also used for calculating other intensity data.
- The number has been restated due to rounding adjustment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Sewage Discharge

Due to the Group's business nature of processing food ingredients, no significant amount of sewage is generated. As the sewage created by the Group is discharged directly into the municipal sewage pipe network to the regional water purification plant, the water consumed by the Group is considered as sewage discharged. The data on water consumption and corresponding water-saving initiatives is described in the section "Water Consumption" in aspect A2.

Waste Management

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

Hazardous Waste

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

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

Due to the nature of the Group's food processing business, no significant quantity of hazardous waste was generated during the Reporting Period. In case any hazardous waste are produced, the Group will engage authorised chemical waste collector to handle and separate such waste and record for collection to comply with relevant environmental laws and regulations.

During the Reporting Period, the hazardous waste discharge performance is as follows:

Hazardous Waste	Unit	2021	2020
Total Hazardous Waste	tonnes	Nil	Nil
Total Hazardous Waste Intensity	tonnes/tonnes of finished products	Nil	Nil

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Non-hazardous Waste

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

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

During the Reporting Period, the non-hazardous waste discharge performance is as follows:

Non-hazardous Waste	Unit	2021	2020
General Waste	tonnes	24	22
Total Non-hazardous Waste	tonnes	24	22
Total Non-hazardous Waste Intensity	tonnes/tonnes of finished products	0.002	0.003

Use of Resources

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Energy Consumption

The Group has established the aforementioned Environment Policy and measures to maximise energy efficiency and reduce energy consumption at the operations stage, including assessment of energy efficiency, increase in the use of clean energy, and where possible, set targets to monitor energy consumption.

Procurement of electrical appliances with high energy efficiency ratings will be prioritised over those with lower energy efficiency performance. The majority of the lighting systems in the processing factory are installed with LED lights. During non-production hours, the Group advocates to minimise the utilisation of lighting and electric equipment as much as possible to reduce energy usage. Also, we promote the use of devices capable of performing multiple functions (such as one device handling all of printing, scanning, photocopying and fax) to reduce the quantity of electrical equipment and associated energy consumption at our facilities. Furthermore, employees are reminded to turn off the power supply when electrical appliances are not in use. Further energy-saving measures that have been taken place in the office are explained in the section “Greenhouse Gas Emissions” in previous aspect A1.

During the Reporting Period, the resources consumption performance are as follows:

Types of energy	Unit	2021	2020
Direct Energy Consumption⁴			
• Petrol	kWh	77,698	49,000
• Diesel	kWh	376,910	498,557
Indirect Energy Consumption			
• Electricity	kWh	819,689	825,390
Total Energy Consumption	kWh	1,274,297	1,372,947
Total Energy Consumption Intensity	kWh/tonnes of finished products	118.22	166.49

Note 4: The figures of total energy consumption, petrol consumption, diesel consumption and electricity consumption during the year ended 31 March 2020 were approximately 4,948GJ, 175GJ, 1,802GJ and 2,971GJ respectively. The figures have already been converted to kWh to facilitate the comparisons.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Water Consumption

Water consumption has a direct effect on the Group's environmental footprint as well as the operational costs. To achieve efficient use of water, relevant policy and measures are in place to control the usage of water to limit wastage. For example, the Group widely adopts water efficient devices at the facilities, including the food processing factory, logistics centre, warehouse, and offices. Devices include but not limited to water taps with automatic open or close device or automatic closing mechanism, dual flush cistern for toilet, and high efficiency plumbing fixtures and appliances.

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

The Group does not have any issues in sourcing water that is fit for purpose. During the Reporting Period, the Group's water consumption is as follows:

Indicators	Unit	2021	2020
Total Water Consumption	m³	4,316	10,261
Total Water Consumption Intensity	m ³ /tonnes of finished products	0.40	1.24

The water consumption was decreased by approximately 58% from 10,261m³ in 2020 to approximately 4,316m³ in 2021 mainly due to rearrangements made to the operations areas and workflows.

Use of Packaging Materials

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The Group will continuously improve our packaging strategies in short term and long term so as to deliver the products in a manner that minimises packaging waste. During the Reporting Period, the Group's packaging material consumption is as follows:

Indicators	Unit	2021	2020
Total Packaging Material Consumption	tonnes	22	24
Total Packaging Material Consumption Intensity	tonnes/tonnes of finished products	0.002	0.003

The Environment and Natural Resources

As a responsible business, the Group recognises its role to optimise resource utilisation across the operations and advocate the importance of environmental protection within its sphere of influence. We strive to incorporate environmental considerations into the operations and engage with employees, customers, business partners and the wider community to achieve environmental stewardship. To effectively manage and minimise the impacts on the environment, the Group has formulated relevant policy which describes the Group's approaches in environmental impact assessment and raising employees' awareness.

Raising Employees' Awareness

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

SOCIAL

Employment

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

Recruitment, Remuneration, Promotion and Dismissal

Talent Management

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

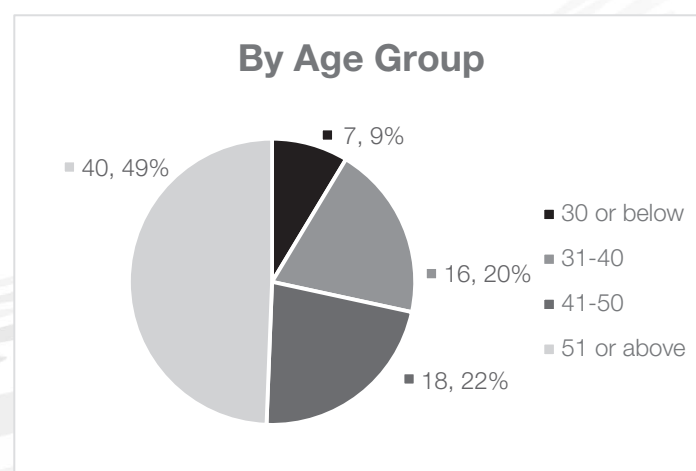
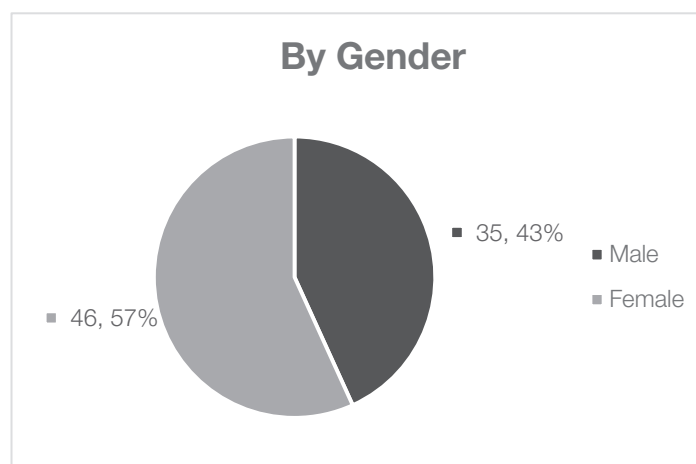
The Group offers competitive remuneration to attract and retain talented staff members in accordance with relevant laws and regulations on minimum wage and statutory social benefits. The Group conducts annual employees' appraisal and determines employees' salaries and discretionary bonuses based on their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

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

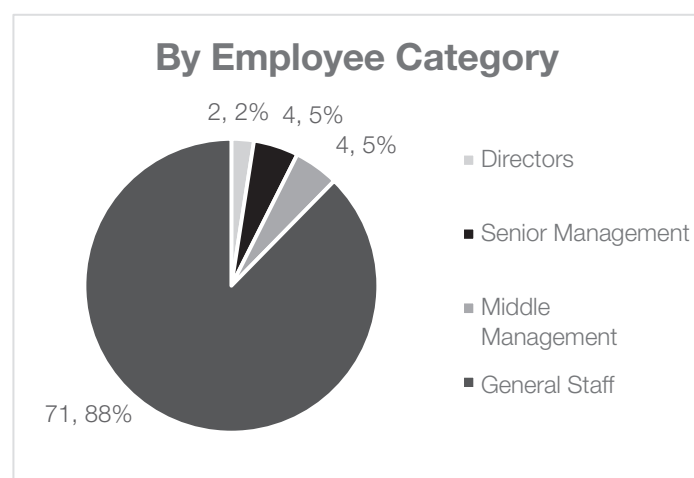
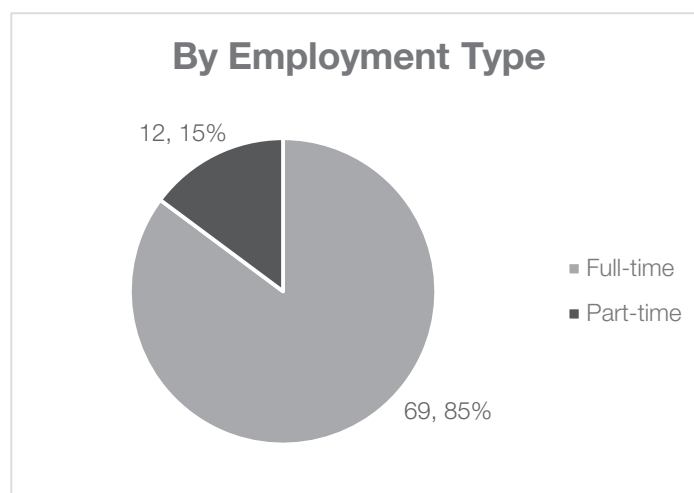
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

As at 31 March 2021, the total number of employees employed by the Group was 81 who were based in Hong Kong. Demographic data for our staff, with breakdown by gender, age group, employment type and employee category are presented in below figures.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)



The employee turnover rate by gender, age group and geographical region are as follow:

By Gender	
Male	31%
Female	28%
By Age Group	
30 or below	14%
31 to 40 years old	38%
41 to 50 years old	39%
51 or above	25%
By Geographical Region	
Hong Kong	30%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Work-Life Balance and Other Employee Benefits

The employees are spending at least one-third of their time at work. As the employer, it is the responsibility to ensure that we foster a culture that can help the employees achieve a work-life balance, such as by improving coordination of work and production plan to enhance work efficiency and minimise the requirements of overtime work. The Group encourages employees to enjoy leisure and sports activities outside of the workplace, to enhance work-life balance, personal development and a sense of belonging among employees.

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

Equal Opportunities, Diversity and Anti-Discrimination

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

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

Employee Communication

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Health and Safety

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

Occupational Safety and Health

We strictly comply with the Occupational Safety and Health Ordinance and other relevant laws and regulations of Hong Kong. During the Reporting Period, there was no significant incident of safety and work-related fatalities, and there was 1 reported case of work-related injury, resulting to a total of 27 lost days. The Group is not in any non-compliance with health and safety laws and regulations that would have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

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

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

The Outbreak of the COVID-19 Pandemic

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Training and Development

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

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

The Board and top management are required to participate in continuous professional development by attending training courses and reading materials on the topics related to corporate governance and regulations. The Group's directors also attended a training session with regards to inside information, to reinforce their understanding of relevant regulations under the Listing Rules as set out under Chapter 13 and the Securities and Futures Ordinance ("SFO") (Cap. 571). For our operations team, we provided a variety of workshops, covering subjects concerning hygiene & work safety standards, occupational health, and international food preparation standards such as ISO22000. We have also continued our Mentorship Program for our mid-level staff. In this program, senior executives serve as mentors to provide guidance and to share their valuable industry experience to enhance the growth and career development of the mentees.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

During the Reporting Period, the Group's employee has received a total of 72 hours of training. A breakdown of the Group's training statistics are presented in the below table:

Training Distribution	2021	2020
By Gender		
Male	48.9%	55.4%
Female	51.1%	44.6%
By Employment Category		
Directors	6.8%	39.5%
Senior Management	1.1%	1.2%
Middle Management	18.2%	16.7%
General Staff	73.9%	42.6%

Labour Standards

Child Labour and Forced Labour Management

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

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

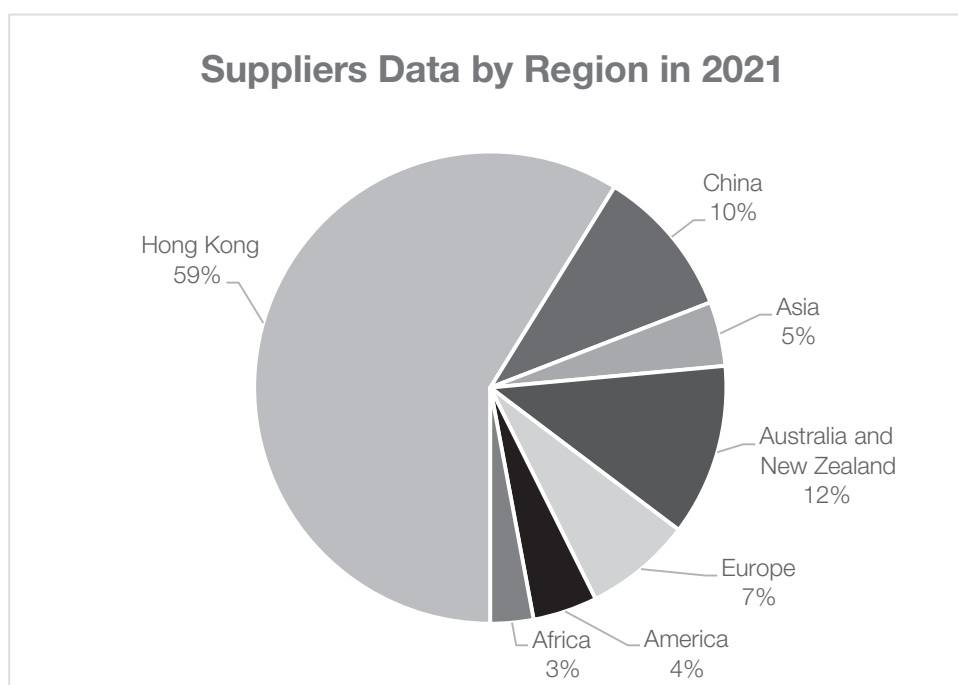
Human Right Protection

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Supply Chain Management

Supply chain management is a key area of the Group's business and we take great care to manage environmental and social risks of the supply chain. The Group requires suppliers to provide products and services that are up-to-standard in terms of quality, health and safety to ensure compliance with relevant laws and regulations. In addition, the Group is aware of the environmental and social practices of its suppliers and tries to engage them with responsible acts to society in the view of green supply chain management. All suppliers are evaluated and selected based on their specification, quality, service, price and applicable environmental and social considerations. The Group also expects its suppliers to have and uphold similar standards and abide by national management laws in countries wherein they operate. During the Reporting Period, the Group has a total number of 68 suppliers, the suppliers' data by region is presented in the below figure.



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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Product Responsibility

Raw Material Management

The Group insists on and advocates the effective use of resources and strives to optimise the use of resources in all its business operations. We promote a green working environment and adopt various measures to continuously introduce resource efficiency and environmental protection measures in the business operations of the Group. The Group has formulated relevant policies and procedures for the use of energy, water and packaging materials with the goal of achieving efficient use of raw materials and reducing unnecessary use.

Product Quality Management

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

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

Product Health and Safety

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

- Determining the business operations and safety assurance procedures and protocols;
- Formulating and reviewing HACCP plan;
- Monitoring the implementation of HACCP plan;
- Approving documents relating to ISO 22000 which addresses food safety management;
- Developing employees' training program;
- Verifying the operation of ISO 22000;
- Assessing the appropriateness and effectiveness of ISO 22000 regularly; and
- Reporting to the top management on the effectiveness of ISO 22000.

Customer Satisfaction

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

Methods of Redress

Although the Group assures the quality of the products, at the same time, the Group requires that products with quality, safety, or health issues should be compensated in accordance with terms of sales or service agreements. Our sales and marketing department is responsible for systematically logging and handling customer feedback and performing internal investigations where required. The Group has also formulated crisis management procedures to handle any urgent product-related incidents. Recall, return, or compensation of products is required to be offered to all customers who are affected, with consistent treatment and procedures. During the Reporting Period, the Group has recorded zero recalls and complaints about its services and products due to safety and health reasons.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Data Security and Customer Privacy Management

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

Intellectual Property Rights

The Group values its intangible assets as much as its tangibles and respects the intellectual property rights of others. The Group have established a Copyright Policy in its Code of Conduct and Ethical Guidelines to ensure that the employees do not infringe upon any third-party copyrights. Breach of the policy by an employee will lead to disciplinary actions.

Product Advertising and Labelling

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

Anti-corruption

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Whistleblowing Mechanism

The Group encourages employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest, bribery, extortion, fraud and money laundering through confidential channels. We will conduct inspections promptly and take necessary measures while protecting the identity of the whistleblower to prevent any conflict of interest or behaviours that will bring harm to the Group and the stakeholders. The audit committee of the Company is required to report to the Board at least once a year, disclosing information pertaining to misconduct reports and the respective investigation findings if any.

Community Investment

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

During the Reporting Period, we have made food donations to local food rescue organisations on a regular basis, totalling about 2.8 tonnes of food surpluses as well as fruits and vegetables. The donations are in support of their contribution to aid the elderly and low-income families. In the future, we will continue to seek opportunities to cooperate with other external organisations therefore to increase the community outreach and contributions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and intensity.	Emissions – Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management (Not applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5	Description of measures and results achieved.	Emissions – Air Emissions, Greenhouse Gas Emissions, Sewage Discharge
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Material
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Raising Employees' Awareness

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption – Whistle blowing Mechanism
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Liu Chi Ching (“Mr. Liu”), aged 55, is the founder of the Group. Mr. Liu is responsible for the overall strategic management and development of the Group’s business operations. Mr. Liu was appointed as Director on 6 April 2016 and re-designated as the chairman of the Company (the “**Chairman**”) and executive Director on 27 May 2016. He is also a member of the remuneration committee of the Company (the “**Remuneration Committee**”) and the chairman of the nomination committee of the Company (the “**Nomination Committee**”).

Mr. Liu has over 21 years of experience in the food trading and processing industry. Mr. Liu 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 the founding of the Group, Mr. Liu has been operating his business under the trade name C.Y. Trading Company since March 1993. He established CY Food Trading Limited in May 1998 and had worked as a director of CY Food Trading Limited from May 1998 to March 2001. Mr. Liu is a director of all subsidiaries of the Group.

Mr. Liu is the spouse of Ms. Wu Shuk Kwan.

Ms. Wu Shuk Kwan (“Ms. Wu”), aged 38, is the chief executive officer of the Company (the “**Chief Executive Officer**”) and an executive Director. Ms. Wu is responsible for overseeing the Group’s operations, business development, human resources, finance and administration. Ms. Wu was appointed as the Chief Executive Officer and executive Director on 27 May 2016.

Ms. Wu joined the Group as sales and marketing manager in April 2014. Ms. Wu obtained an Associate of Arts from The University of Hong Kong School of Professional and Continuing Education in September 2004. She also completed the Level 2 Book-keeping and Accounting course endorsed by LCCI International in February 2006. Before joining the Group, Ms. Wu worked in Brilliant Training Centre as a teacher from April 2005 to March 2006. From April 2006 to March 2010, she was a director of Tech Rich Trading Limited, a company principally engaged in wholesale of vegetables in Hong Kong, with the main responsibility of managing the business operation, human resources, finance and administration. She worked in Hong Kong Dragon Airlines Limited as a flight attendant from January 2007 to January 2012 and as a flight purser from January 2012 to March 2014.

Ms. Wu is the spouse of Mr. Liu.

NON-EXECUTIVE DIRECTOR

Mr. Wong Chung Yeung (“Mr. Wong”), aged 44, was appointed as the non-executive Director on 27 May 2016. Mr. Wong graduated from the Hong Kong University of Science and Technology in July 1999 with a Bachelor of Business Administration in Accounting and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wong has rich experience in the finance and accounting profession. Prior to joining the Group, Mr. Wong worked in Ernst & Young from June 2000 to December 2011 with his last position held as senior manager. Mr. Wong is the executive director, the chief financial officer and company secretary of Tang Palace (China) Holdings Limited (stock code: 1181), a company listed on the Main Board of the Stock Exchange.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li On Lei (“Ms. Li”), aged 43, was appointed as the independent non-executive Director, the chairman of the Remuneration Committee and a member of the audit committee of the Company (the “**Audit Committee**”) and Nomination Committee on 26 September 2016.

Ms. Li is responsible for providing independent judgement and advising on the issues of strategy, performance, resources and standard of conduct of the Group. Ms. Li is currently the financial controller of Gameone Holdings Limited (stock code: 8282) (“**Gameone**”), a company listed on GEM of the Stock Exchange. She is primarily responsible for the handling and overseeing financial reporting, financial planning, and reviewing internal control of Gameone. Prior to joining Gameone, she had worked in the Audit and Assurance Department of an international accounting firm from July 2004 to May 2015, and her last position was senior manager. She has accumulated more than 16 years of experience in auditing, accounting and financial management. Ms. Li is a fellow of the Association of Chartered Certified Accountants. She was an independent non-executive director of Fullwealth Construction Holdings Company Limited (stock code: 1034), a company listed on the Main Board of the Stock Exchange, from October 2018 to January 2021.

Mr. Ng Ki Man (“Mr. Ng”), aged 35, was appointed as the independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee on 26 September 2016. Mr. Ng is responsible for providing independent judgement and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Ng holds a Bachelor of Business Administration (Honours) degree in Information Systems from the City University of Hong Kong. Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Mr. Ng has more than 11 years of experience in auditing and accounting. He has also been appointed as an independent non-executive Director of Basetrophy Group Holdings Limited (stock code: 8460), a company listed on GEM of the Stock Exchange, since June 2017.

Mr. Lo Siu Kit, MH (“Mr. Lo”), aged 60, was appointed as the independent non-executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee on 26 September 2016. Mr. Lo is responsible for providing independent judgement and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Lo is a fellow member of The Professional Validation Centre of Hong Kong Business Sector. He is currently a director of Tsuen Wan Trade Association Education Foundation Limited. Mr. Lo is also a member of Customer Liaison Group of the Vehicle Safety and Standards Division of the Transport Department, Working Group on External Lighting, Council of the Queen Elizabeth Foundation for the Mentally Handicapped, Hongkong International Airport – Community Liaison Groups (Tsuen Wan District) of the Airport, Local Committee on Services for Young People (Tsuen Wan and Kwai Tsing), District Fight Crime Committee (Tsuen Wan District Office), and the Eighth committee of the Chinese People’s Political Consultative Conference in Huizhou City. Meanwhile, Mr. Lo is a vice-chairman of the Tsuen Wan Festival Lightings Organizing Committee, Tsuen Wan Safe and Healthy Community Steering Committee, Federation of All Sectors of Tsuen Wan Community, Tsuen Wan Football Association, and Local Customer Advisory Committee of Tsuen Wan District of Tenure of Office of CLP Power Hong Kong Limited. Mr. Lo also serves as the chairman of Area Committee (Tsuen Wan South) and Incorporated Owners of Cheong On Building, Tsuen Cheong Centre, Tsuen Wan. Mr. Lo is currently the executive vice-president of the Love Family Charity Limited, a secretary-general of the Right Hand Drive Motors Association, a secretary-general of the Hong Kong Chiu Chow Chamber of Commerce Limited, honorary president of the Tsuen Wan District Civic Education Committee, and a sponsoring body manager of Tsuen Wan Trade Association Primary School.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

SENIOR MANAGEMENT

Ms. Wu Hau Kam (“Ms. Wu HK”), aged 57, is the director of Procurement of the Group. Ms. Wu HK is responsible for procurement of food ingredients and raw materials. Before joining the Group, Ms. Wu HK worked in Dongguan Liaobu Town Liangbian Management Area Knitwear Factory (東莞市寮步鎮良邊管理區毛織廠) as a worker from 1978 to 1985. She then worked as a purchasing officer in Shui Hing Long Fresh Vegetables and Fruits Company (瑞興隆時菜鮮果食品) from 1998 to December 2004. She worked as a purchasing officer in C.Y. Food Trading Company Limited from January 2005 to September 2005. Ms. Wu HK joined the Group as purchasing manager in September 2005 and was promoted to her current position in January 2010.

Mr. Cheng Lam Piu (“Mr. Cheng”), aged 64, is the director of Quality Control of the Group. Mr. Cheng is responsible for overseeing quality control of the Group including leading the quality control department in conducting food safety analysis, identifying food safety control points, and establishing, performing and evaluating the food safety monitoring procedures for the Group. Mr. Cheng has over 11 years of experience in quality control and is a qualified Food Hygiene Manager recognised by the Food and Environmental Hygiene Department, with extensive food hygiene knowledge including how to identify key areas of risk in various food operations for early remedial actions and ensure compliance with the regulations and codes of practice relating to the food processing and supply industry. Prior to joining the Group, Mr. Cheng worked as a butcher in Ying Wa Company (英華鷄鴨) from 1979 to 1997. He then worked as inventory manager in C.Y. Trading Company and CY Food Trading Limited from December 1997 to May 1998 and from May 1998 to March 2001, respectively. In March 2001, Mr. Cheng rejoined C.Y. Trading Company as inventory manager and left his position in November 2004. He then joined C.Y. Food Trading Company Limited as inventory manager from November 2004 to September 2005. Mr. Cheng joined the Group as inventory manager in September 2005 and was promoted to his current position in October 2005.

COMPANY SECRETARY AND FINANCIAL CONTROLLER

Ms. Yim Sau Ping (“Ms. Yim”), aged 38, graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy in 2007 and has been a member and a fellow member of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017, respectively. She has accumulated more than 12 years of experience in accounting, auditing and financial management. Ms. Yim was appointed as company secretary and financial controller on 1 June 2016.

Prior to joining the Group, Ms. Yim worked for Ngai Shun Holdings Limited (now known as Boill Healthcare Holdings Limited) (stock code: 1246), a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for JC Group Holdings Limited (now known as Tonking New Energy Group Holdings Limited) (stock code: 8326), a company listed on GEM of the Stock Exchange, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. She is currently the director of Blooming (HK) Business Limited, a company primarily provides corporate advisory and company secretarial services.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

CORPORATE GOVERNANCE PRACTICE

The Group is committed 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 of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to promote the interests of its shareholders of the Company.

Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

The Company has applied the principles and code provisions in Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules. In the opinion of the Board, the Company has complied with the CG Code throughout the year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Based on specific enquiry with the Directors, all Directors confirmed that they had complied with the required standard of dealings set out in the Model Code and there was no event of non-compliance throughout the year.

DIRECTORS' RESPONSIBILITIES

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

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

CORPORATE GOVERNANCE REPORT (continued)

DELEGATION BY THE BOARD

The Board determines and oversees the Company's strategies and direction as a whole, daily operation and manages the business of the Group, inter alia, the implementation of strategies are delegated to the executive Directors along with other senior executives to which they report periodically to the Board their work and business decisions.

Board Composition

The composition of the Board as at the date of this annual report is set out as follows:

Executive Directors

Mr. Li Chi Ching (*Chairman*)

Ms. Wu Shuk Kwan (*Chief Executive Officer*)

Non-executive Director

Mr. Wong Chung Yeung

Independent non-executive Directors

Ms. Li On Lei

Mr. Ng Ki Man

Mr. Lo Siu Kit

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 42 to 44 of this annual report.

The three independent non-executive Directors represent more than one-third of the Board, the proportion of which exceeds the required minimum under Rules 3.10(1) and 3.10A of the Listing Rules, and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise pursuant to Rule 3.10(2) of the Listing Rules. With the various experience of both the executive Directors, the non-executive Director and the independent non-executive Directors and given the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

CORPORATE GOVERNANCE REPORT (continued)

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 shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors and non-executive Director has renewed the service contracts with the Company on 9 October 2019 and signed letters of appointment with each of the independent non-executive Directors. The service contracts with the executive Directors and the non-executive Director, and the letter of appointment with each of the independent non-executive Directors are for a term of three years commencing from 13 October 2019. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association and the applicable Listing Rules.

According to article 108 of the Company's memorandum and articles of association, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years.

Further, according to article 112 of the articles of association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed under this article shall not be taken into account in determining who are to retire by rotation at an annual general meeting.

Ms. Li On Lei and Mr. Ng Ki Man will retire from the office as Directors at the forthcoming annual general meeting of the Company to be held on 16 September 2021 and, both being eligible, will offer themselves for re-election at the said meeting.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Ms. Li On Lei and Mr. Ng Ki Man as independent non-executive Directors.

CORPORATE GOVERNANCE REPORT (continued)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not performed by the same individual in order to balance the distribution of power. Mr. Liu is the Chairman and Ms. Wu is the Chief Executive Officer.

TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

The term of office of each of the non-executive Directors (including independent non-executive Directors) is three years, subject to re-election.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

In compliance with the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors attended a formal directors training session conducted by The Hong Kong Institute of Directors during the year ended 31 March 2021. The training covered topic of inside information disclosure. The Group has also provided reading materials including the CG Code, the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) to all Directors to develop and refresh the Directors' knowledge and skills.

Name of Directors	Training on insider information disclosure
Executive Directors	
Mr. Liu Chi Ching	✓
Ms. Wu Shuk Kwan	✓
Non-executive Director	
Mr. Wong Chung Yeung	✓
Independent non-executive Directors	
Ms. Li On Lei	✓
Mr. Ng Ki Man	✓
Mr. Lo Siu Kit	✓

The Group continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, so as to ensure that he/she is aware of his/her responsibilities and obligations as well as to maintain good corporate governance practices.

CORPORATE GOVERNANCE REPORT (continued)

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 are posted on the Stock Exchange's website www.hkexnews.hk and the Company's website at www.cyfood.com.hk. All the Board committees should report to the Board on their decisions or recommendations made.

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

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

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

Remuneration Committee

The Remuneration Committee was established on 26 September 2016. The chairman of the Remuneration Committee is Ms. Li, the independent non-executive Director, and other members includes Mr. Liu, the Chairman and executive Director, Mr. Ng and Mr. Lo, the independent non-executive Directors. The written terms of reference of the Remuneration Committee are posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policies and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee held one meeting to review the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the year ended 31 March 2021. No Director nor any of his or her associates is involved in deciding his or her own remuneration.

CORPORATE GOVERNANCE REPORT (continued)

Nomination Committee

The Nomination Committee was established on 26 September 2016. The chairman of the Nomination Committee is Mr. Liu, the Chairman and executive Director, and other members included Ms. Li, Mr. Ng and Mr. Lo, the independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and makes recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

During the year ended 31 March 2021, the Nomination Committee held one meeting to review and recommend the re-election of Directors.

Nomination Policy

The Nomination Committee will refer to the Board nomination policy (the "**Nomination Policy**") adopted by the Group on 28 December 2018 for selecting and recommending candidates for directorships.

Selection Criteria

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria, having due regard to the benefits of diversity on the Board, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how, sufficient time to effectively carry out their duties, their services on other listed and non-listed companies should be limited to reasonable numbers, qualifications including accomplishment and experience in the relevant industries the Company's business is involved in, independence, reputation for integrity, potential contributions that the individual(s) can bring to the Board and commitment to enhance and maximise shareholders' value.

CORPORATE GOVERNANCE REPORT (continued)

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) By giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) To consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the criteria;
- (c) To adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) To make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and
- (f) The Board will have the final authority on determining the selection of nominees.

Board Diversity Policy

The Board adopted a Board diversity policy (the “**Diversity Policy**”) on 28 December 2018.

In designing the Board’s composition, Board diversity is considered from a number of perspectives, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how, length of services and time to be devoted as a Director. 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 merit and contribution that the selected candidates will bring to the Board.

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

As at the date of this annual report, the Board comprises six Directors. Two Directors are female and three Directors are independent non-executive Directors, thereby promoting critical review and control of the management process.

CORPORATE GOVERNANCE REPORT (continued)

Audit Committee

The Audit Committee was established on 26 September 2016. The chairman of the Audit Committee is Mr. Ng, the independent non-executive Director, and other members included Ms. Li and Mr. Lo, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 March 2021, the Audit Committee held two meetings to review and comment on the Company's 2020 annual results and 2020 interim results as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the year ended 31 March 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2021 comply with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

ATTENDANCE RECORDS OF MEETINGS

The Board meet regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

During the year, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

CORPORATE GOVERNANCE REPORT (continued)

Details of all Directors' attendance at the Board meeting, Board committees' meeting held for the year ended 31 March 2021 are as follows:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2020 Annual General Meeting
	Number of meetings attended/held				
Executive Directors					
Mr. Liu Chi Ching	4/4		1/1	1/1	1/1
Ms. Wu Shuk Kwan	4/4				1/1
Non-executive Director					
Mr. Wong Chung Yueng	4/4				1/1
Independent non-executive Directors					
Ms. Li On Lei	4/4	2/2	1/1	1/1	1/1
Mr. Ng Ki Man	4/4	2/2	1/1	1/1	1/1
Mr. Lo Siu Kit	4/4	2/2	1/1	1/1	1/1

COMPANY SECRETARY

The company secretary of the Company (the “**Company Secretary**”) assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising that Board on corporate governance matters.

The Company engages an external service provider, which assigned Ms. Yim as its Company Secretary. Ms. Yim possesses the necessary qualification and experience, and is capable of performing the functions of the Company Secretary. Pursuant to Code F.1.1 of the CG Code, an issuer can engage an external service provider to provide company secretarial services, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Mr. Liu, the executive Director as its contact point for Ms. Yim.

For the year ended 31 March 2021, Ms. Yim undertook no less than 15 hours of relevant professional training to update her skill and knowledge. The biographical details of Ms. Yim are set out in the section headed “Biographical Details of the Directors and Senior Management” of this annual report.

CORPORATE GOVERNANCE REPORT (continued)

INDEPENDENT AUDITORS' REMUNERATION

The Company has engaged PricewaterhouseCoopers as its external auditor for the year ended 31 March 2021 until the conclusion of the forthcoming annual general meeting. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The fee paid and payable to PricewaterhouseCoopers in respect of audit services and non-audit services amounted to approximately HK\$918,000 and HK\$79,000, respectively for the year ended 31 March 2021.

Non-audit service includes tax compliance services.

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 Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meetings by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

CORPORATE GOVERNANCE REPORT (continued)

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

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;
- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;
- Risk mitigation: Develop effective control activities to mitigate the risks.

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

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

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

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 March 2021 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 March 2021 as required under code provision C.2.5 of the CG Code. The Audit Committee and Board, has considered the internal control review report prepared by an independent consultancy company and communications with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

DISCLOSURE OF INSIDE INFORMATION

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

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

CORPORATE GOVERNANCE REPORT (continued)

Key procedures in place include:

- defines the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- controls 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;
- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

- i. corporate communications such as annual reports, interim reports and circulars are issued printed form and are available on the Stock Exchange's website "www.hkexnews.hk" and the Company's website at "www.cyfood.com.hk";
- 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;
- v. the Hong Kong branch share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the year ended 31 March 2021, there was no change to the Company's memorandum and articles of association.

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Company was incorporated with limited liability in the Cayman Islands. The principal activity of the Company is investment holding. The Group is principally engaged in the sourcing, processing and supply of food ingredients with a focus on the provision of vegetables and fruits to food service operators in Hong Kong. It supplies food ingredients to over 480 customer outlets and offers more than 1,300 types of food ingredients to the customers. Details of the principal activities of its subsidiaries are set out in note 27 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

DIVIDEND POLICY

The Board adopted a dividend policy (the "**Dividend Policy**") on 28 December 2018. According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall also take 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 debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

DIRECTORS' REPORT (continued)

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.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2021 and the state of affairs of the Company and of the Group at 31 March 2021 are set out in the consolidated financial statement on pages 75 to 128 of this annual report. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2021.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on 16 September 2021 (the “**AGM**”). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 13 September 2021 to 16 September 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 10 September 2021.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed “Chairman's Statement” and “Management Discussion and Analysis”, and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed, “Management Discussion and Analysis”. The financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements. No important event affecting the Group that has occurred since the end of the financial year ended 31 March 2021 and up to the date of this annual report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for each of the five financial years is set out on page 69. This summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

DONATION

Charitable donations made by the Group during the year ended 31 March 2021 amounted to approximately HK\$230,000 (31 March 2020: approximately HK\$50,000).

SHARE CAPITAL

Details of the Company's share capital is set out in note 21 to the consolidated financial statements.

SHARE OPTION SCHEME

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

Under the Share Option Scheme, the Board may, at their absolute discretion and subject to the terms of the Share Option Scheme, grant any employee (full-time or part-time), Director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe for shares of the Company. 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 contribution or potential contribution to the development and growth of the Group.

Under the Share Option Scheme, the maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 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 Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company 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.

DIRECTORS' REPORT (continued)

Share 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 share 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 of the Company in issue and having an aggregate value in excess of HK\$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

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

The subscription price shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's 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 of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the offer date of grant of the option.

The Share Option Scheme will remain in force for a period of ten years commencing on 26 September 2016 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders at a general meeting of the Company.

For the year ended 31 March 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the share option scheme.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 28 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the laws of Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 March 2021.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 March 2021 are set out in note 26 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the Listing Rules.

DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company's reserves available for distribution to equity holders comprising share premium account less accumulated losses, amounted to approximately HK\$38.0 million.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer accounted for approximately 10.3% (31 March 2020: approximately 8.5%) of the Group's total revenue while the Group's five largest customers in aggregate accounted for approximately 35.5% (31 March 2020: approximately 37.1%) of the Group's total revenue for the year.

The Group's largest supplier accounted for approximately 53.0% (31 March 2020: approximately 48.5%) of the Group's total purchases while the Group's five largest suppliers accounted for approximately 76.2% (31 March 2020: approximately 68.5%) of the Group's total purchases for the year.

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

DIRECTORS' REPORT (continued)

DIRECTORS

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

Executive Directors

Mr. Liu Chi Ching (*Chairman*)

Ms. Wu Shuk Kwan (*Chief Executive Officer*)

Non-executive Director

Mr. Wong Chung Yeung

Independent non-executive Directors

Ms. Li On Lei

Mr. Ng Ki Man

Mr. Lo Siu Kit

In accordance with the Company's memorandum and articles of association, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him or her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour, or in which he or she is acquitted.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders (the "**Controlling Shareholders**") or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries, during the year.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 42 to 44 of this annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 8 to the consolidated financial statements.

The remuneration of the senior management of the Group for the year ended 31 March 2021 falls within the following band:

Remuneration Band	Number of Senior Management
Up to HK\$1,000,000	3

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 bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2021 are set out in note 2.20(a) to the consolidated financial statements of this annual report.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as the related party transactions disclosed in note 26 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

During the year ended 31 March 2021, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' REPORT (continued)

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 31 March 2021, 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 Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number of underlying Shares	Approximate percentage of shareholding
Mr. Liu (Note 1)	Interest of a controlled corporation	720,000,000	57.14%
Ms. Wu (Note 2)	Interest of spouse	720,000,000	57.14%

Note:

- (i) Mr. Liu beneficially owns the entire issued share capital of Classic Line Holdings Limited ("**Classic Line**"). Therefore, Mr. Liu is deemed, or taken to be, interested in all the Shares held by Classic Line for the purpose of the SFO. Mr. Liu is the sole director of Classic Line.
- (ii) Ms. Wu is the spouse of Mr. Liu. Therefore, Ms. Wu is deemed to be, or taken to be, interested in the same number of Shares in which Mr. Liu is interested for the purpose of the SFO.

DIRECTORS' REPORT (continued)

Save as disclosed above, as at 31 March 2021, 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as known to the Directors, as at 31 March 2021, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have, interests or short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 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, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity/Nature of interest	Number of underlying shares	Approximate percentage of shareholding
Classic Line	Beneficial owner	720,000,000	57.14%

Save as disclosed above, as at 31 March 2021, there was no person or corporation, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had or were deemed to have, interests or short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 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, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

DIRECTORS' REPORT (continued)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

COMPETITION AND CONFLICT OF INTERESTS

During the year ended 31 March 2021, 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 may compete 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, Mr. Liu and Classic Line (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the deed of noncompetition with the Company (for itself and for the benefit of each other member of the Group) on 26 September 2016 (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 as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its 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 further undertakes that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its 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 6 months 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.

Each of the Covenantors also gave certain non-competition undertakings under the Deed of Non-competition as set out in the paragraph headed "Relationship with our Controlling Shareholders – Non-Competition Undertakings" in the Prospectus.

DIRECTORS' REPORT (continued)

During the year ended 31 March 2021, 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 be 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 Controlling Shareholder in respect of him/it and his/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed 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 "Corporate Governance Report" section on pages 45 to 56 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 during the year ended 31 March 2021 and up to the date of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 March 2021 have been audited by PricewaterhouseCoopers. A resolution will be proposed at the forthcoming AGM to reappoint PricewaterhouseCoopers as auditor of the Company. The Company has not changed its external auditor in any of the preceding three years.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the values in protecting the natural environment for the benefits of earth. The Group has implemented a wide variety of green measures, including responsible use of resources, energy saving program, 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 papers are reused and recycled, paper waste is separated from other waste for easier collection, recycle paper waste instead of direct disposal at landfill, reduce energy consumption by replacing majority of the lighting system of the processing factory with LED lights and switching off air conditioning and electrical appliances upon used. The Group's operations were in compliance with all material aspects with currently applicable environmental protection laws and regulations in Hong Kong during the year.

For details of environmental, social and governance performance of the Group, please refer to the "Environmental, Social and Governance Report" in this annual report.

DIRECTORS' REPORT (continued)

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2021, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining good relationships with its suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the year ended 31 March 2021, there was no material or significant dispute between the Group and its suppliers, customers and/or stakeholders.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this annual report, there is no other important event affecting the Group since 31 March 2021 and up to date of this annual report.

ON BEHALF OF THE BOARD

Goal Forward Holdings Limited

Liu Chi Ching

Chairman and Executive Director

Hong Kong, 22 June 2021

SUMMARY OF FINANCIAL INFORMATION

	For the year ended 31 March				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	106,706	154,078	185,939	176,841	166,300
Gross Profit	13,248	19,225	43,955	44,590	35,074
(Loss)/profit before income tax	(8,560)	(3,572)	20,353	27,523	6,696
(Loss)/profit and total comprehensive income for the year	(8,244)	(4,746)	16,059	22,861	3,410
Total assets	145,582	160,503	150,736	130,688	112,911
Total liabilities	52,311	58,988	39,675	35,653	40,737
Total equity and liabilities	145,582	160,503	150,736	130,688	112,911

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Goal Forward Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Goal Forward Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 75 to 128, which comprise:

- the consolidated statement of financial position as at 31 March 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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INDEPENDENT AUDITOR'S REPORT (continued)

BASIS FOR OPINION (Continued)

Independence

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.

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 matter identified in our audit is the impairment assessment of trade receivables.

Key Audit Matter

Impairment assessment of trade receivables

Refer to notes 3.1(a)(2), 4(a) and 18 to the consolidated financial statements

As at 31 March 2021, the carrying amount of trade receivables of the Group was approximately HK\$19,747,000, representing approximately 14% of total assets.

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

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

How our audit addressed the Key Audit Matter

Our procedures in relation to management's impairment assessment of trade receivables as at 31 March 2021 focused on the following:

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

INDEPENDENT AUDITOR'S REPORT (continued)

KEY AUDIT MATTERS (Continued)

Key Audit Matter

How our audit addressed the Key Audit Matter

- Assessing the appropriateness of the expected credit loss model applied in determining the loss allowance, examining the underlying key data inputs such as monthly ageing profile of trade receivables and the settlement of trade receivables against corresponding cash receipts, on a sample basis, to assess the accuracy and completeness of historical data and challenging the reasonableness of the assumptions underlying the calculations of expected credit losses with reference to the relevant historical and forward-looking information; and
- Where settlement had not been received subsequent to the year end for those receivables beyond the credit period, we challenged management's assessment as to the recoverability of those receivables, corroborating management's explanations with evidence of past repayment history, on-going trading relationship and correspondence with the relevant customers to follow up the outstanding debts.

Based on our procedures performed, we found management's assessment on the impairment of trade receivables to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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 Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, 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 HKSA's 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 HKSA's, we exercise professional judgment and maintain professional scepticism 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is Kong Ling Yin, Raymond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	Year ended 31 March	
		2021 HK\$'000	2020 HK\$'000
Revenue	5	106,706	154,078
Cost of sales	7	(93,458)	(134,853)
Gross profit		13,248	19,225
Other income and gain – net	6	4,008	88
Selling and administrative expenses	7	(18,090)	(21,456)
Impairment of trade receivables	7	(6,866)	(721)
Operating loss		(7,700)	(2,864)
Finance income	9	655	463
Finance costs	9	(1,071)	(1,025)
Finance costs – net	9	(416)	(562)
Share of loss of a joint venture	16	(444)	(146)
Loss before income tax		(8,560)	(3,572)
Income tax credit/(expense)	10	316	(1,174)
Loss and total comprehensive expense for the year		(8,244)	(4,746)
Total comprehensive expense for the year is attributable to			
Owners of the Company		(8,240)	(4,739)
Non-controlling interests		(4)	(7)
		(8,244)	(4,746)
Basic and diluted loss per share attributable to equity holders of the Company (expressed in HK cents per share)	12	(0.65)	(0.37)

The notes on pages 80 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	As at 31 March	
		2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	32,513	33,622
Right-of-use assets	14	46,985	48,759
Deposits and prepayments	18	17	5
Interest in a joint venture	16	275	719
Total non-current assets		79,790	83,105
Current assets			
Inventories	19	553	342
Trade receivables	18	19,747	31,902
Deposits and prepayments	18	8,061	9,275
Tax recoverable		–	3,120
Cash and cash equivalents	20	37,431	32,759
Total current assets		65,792	77,398
Total assets		145,582	160,503
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	21	12,600	12,600
Share premium	21	46,971	46,971
Other reserve		100	100
Retained earnings		33,611	41,851
		93,282	101,522
Non-controlling interest		(11)	(7)
Total equity		93,271	101,515

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2021

	Note	As at 31 March	
		2021 HK\$'000	2020 HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	14	2	–
Deferred tax liabilities	15	1,706	2,379
Total non-current liabilities		1,708	2,379
Current liabilities			
Trade payables	23	3,893	3,425
Accruals and other payables	23	3,190	4,540
Borrowings	22	43,395	48,536
Current income tax liabilities		105	105
Lease liabilities	14	20	3
Total current liabilities		50,603	56,609
Total liabilities		52,311	58,988
Total equity and liabilities		145,582	160,503

The consolidated financial statements on pages 75 to 128 were approved for issue by the Board of Directors on 22 June 2021 and were signed on its behalf.

Liu Chi Ching
Director

Wu Shuk Kwan
Director

The notes on pages 80 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to equity holders of the Company						Non- controlling interest	Total equity
	Share capital	Share premium	Other reserve	Retained earnings	Total			
	(Note 21)	(Note 21)						
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 April 2019	12,800	51,571	100	46,590	111,061	–	111,061	
Loss for the year	–	–	–	(4,739)	(4,739)	(7)	(4,746)	
Total comprehensive expense	–	–	–	(4,739)	(4,739)	(7)	(4,746)	
Transaction with owners of the Company								
Shares repurchased and cancelled (Note 21)	(200)	(4,600)	–	–	(4,800)	–	(4,800)	
Balance at 31 March 2020	12,600	46,971	100	41,851	101,522	(7)	101,515	
Balance at 1 April 2020	12,600	46,971	100	41,851	101,522	(7)	101,515	
Loss for the year	–	–	–	(8,240)	(8,240)	(4)	(8,244)	
Total comprehensive expense	–	–	–	(8,240)	(8,240)	(4)	(8,244)	
Balance at 31 March 2021	12,600	46,971	100	33,611	93,282	(11)	93,271	

The notes on pages 80 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	Year ended 31 March	
		2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	24(a)	9,772	(1,194)
Interest paid		(1,071)	(1,025)
Income tax refunded/(paid)		2,763	(3,195)
Net cash generated from/(used in) operating activities		11,464	(5,414)
Cash flows from investing activities			
Payment for property, plant and equipment		(2,287)	(3,728)
Bank interest received		655	173
Net cash used in investing activities		(1,632)	(3,555)
Cash flows from financing activities			
Proceeds from bank borrowings		–	25,000
Repayments of bank borrowings	24(c)	(5,141)	(3,021)
Principal elements of lease payments	24(c)	(19)	(153)
Repurchase of shares	21	–	(4,800)
Net cash (used in)/generated from financing activities		(5,160)	17,026
Net increase in cash and cash equivalents		4,672	8,057
Cash and cash equivalents at beginning of the year		32,759	24,702
Cash and cash equivalents at end of the year	20	37,431	32,759

The notes on pages 80 to 128 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Goal Forward Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 6 April 2016 as an exempted company with limited liability under Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) is principally engaged in the sourcing, processing and supplying of food ingredients. The ultimate holding company of the Company is Classic Line Holdings Limited, a company incorporated in the British Virgin Islands. Mr. Liu Chi Ching (“Mr. Liu”) is regarded as the ultimate controlling party.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements is presented in thousands of Hong Kong dollars (“HK\$000”), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) Adoption of new standards and amendments to standards

The Group has adopted the following new standards and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 April 2020:

Standards	Subject of amendment
Amendments to HKFRS 3	Definition of a Business
Amendment to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and amendments to standards which are not yet effective

Certain new accounting standards and amendments to existing standards have been published that are not mandatory for 31 March 2021 reporting period and have not been early adopted by the Group:

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendment to HKFRS	Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendment to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to HKFRS 16	Covid-19-Related Rent Concessions	1 June 2020
HKFRS 17	Insurance Contracts	1 January 2023
Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform	1 January 2021
HK Int 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The management of the Company anticipates that the application of all other new and amendments to HKFRSs will have no material impact on the financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in consolidated statement of comprehensive income as a bargain purchase.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Separate financial statements

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

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(c) 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:

- (i) 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;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

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

2.7 Property, plant and equipment

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 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	29-35 years
Leasehold improvements	Shorter of lease term or 20 years
Furniture, fixtures and equipment	5 years
Motor vehicles	3-4 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

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

2.8 Joint arrangements

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets

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

2.10 Financial assets

2.10.1 Classification

The Group classifies all its financial assets as financial assets at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.10.3 Measurement

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 gains" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

2.10.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(a) for further details.

2.11 Offsetting financial instruments

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

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.13 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. See note 3.1(a) for further information about the group's accounting for trade receivables and impairment policies.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Cash and cash equivalents

For the purpose of presentation in the 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. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

2.15 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.

2.16 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.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Current and deferred income tax

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

Current income tax

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

Deferred income tax

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits

(a) Retirement benefit obligations

Hong Kong

The Group operates 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.

(b) 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.

(c) 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.

2.21 Provisions

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition

Sales of goods

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

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

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

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

2.23 Service income

Service income is recognised when services are rendered according to the terms of the respective contracts.

2.24 Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Leases (Continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.26 Dividend distribution

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

2.27 Government Grant

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

(a) Credit risk

(1) Risk Management

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

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

As at 31 March 2021, the Group had a concentration of credit risk given that the top five debtors accounted for 65% of the Group's total trade receivables at the year end (31 March 2020: 65%). The Group has established long-term cooperative relationship with these customers.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

(2) Impairment of financial assets

Trade receivables

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

(2) Impairment of financial assets (Continued)

Trade receivables (Continued)

	Expected credit loss rate HK\$'000	Gross carrying amount HK\$'000	Expected credit losses HK\$'000
At 31 March 2020			
Provision on individual basis		-	-
Provision on collective basis – aging			
Current	0.38%	14,003	(47)
1-30 days past due	0.47%	5,740	(27)
31-60 days past due	1.72%	2,783	(48)
61-90 days past due	1.81%	2,984	(54)
Over 90 days past due	5.36%	6,940	(372)
		32,450	(548)

The closing loss allowances for trade receivables as at 31 March 2021 reconcile to the opening loss allowances as follows:

	Trade receivables HK\$'000
Loss allowance at 1 April 2019	98
Increase in loss allowance recognised in profit and loss during the year	721
Receivables written off during the year as uncollectible	(271)
Loss allowance at 31 March 2020	548
Increase in loss allowance recognised in profit and loss during the year	6,866
Receivables written off during the year as uncollectible	(1,254)
Loss allowance at 31 March 2021	(6,160)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

(2) Impairment of financial assets (Continued)

Trade receivables (Continued)

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

Other financial assets at amortised cost

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

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

(b) Liquidity risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Liquidity risk (Continued)

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

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

	On demand or within 1 year HK\$'000	Between 1 – 5 year HK\$'000	Total undiscounted cash outflows HK\$'000
At 31 March 2021			
Long term bank borrowings subject to a repayment on demand clause	43,395	–	43,395
Trade and other payables	5,123	–	5,123
Lease liabilities	20	2	22
	48,538	2	48,540
At 31 March 2020			
Long term bank borrowings subject to a repayment on demand clause	48,536	–	48,536
Trade and other payables	5,249	–	5,249
Lease liabilities	3	–	3
	53,788	–	53,788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 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 HK\$'000	More than 1 year HK\$'000	Total HK\$'000
At 31 March 2021	6,082	41,450	47,532
At 31 March 2020	6,430	49,671	56,101

(c) Interest rate risk

The Group's interest rate risk arises from bank borrowings. Bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at banks held at variable rates. As at 31 March 2021, the Group's borrowings at variable rate were denominated in the HK\$ (31 March 2020: Same).

At 31 March 2021, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis point higher/lower with all other variables held constant, post-tax loss for the year would have been approximately HK\$181,000 higher/lower (31 March 2020: post-tax loss for the year would have been approximately HK\$203,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

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

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

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

The Group's gearing ratios were as follows:

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Total debt	43,417	48,539
Total equity	93,271	101,515
Gearing ratio	47%	48%

3.3 Fair value estimation

As at 31 March 2021, the Group did not have any financial assets or financial liabilities that are measured at fair value (31 March 2020: same).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Impairment of trade and other receivables

The Group's management determines the loss allowances for financial assets based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3.1(a)(2).

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

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

(c) Income taxes

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5 SEGMENT INFORMATION

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

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

Total revenue recognised during the year are as follows:

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Revenue, recognised at a point in time	106,706	154,078

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

Revenues from transactions with external customers accounting for 10% or more of Group's total revenue are as follows:

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Customer A	10,966	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 OTHER INCOME AND GAIN – NET

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Government grants (Note)	3,844	–
Sundry income	164	138
Loss on disposal of property, plant and equipment	–	(50)
	4,008	88

Note:

Government grants of approximately HK\$3,844,000 are grants from Employment Support Scheme (“ESS”) and other programs under Anti-Epidemic Fund, which is related to novel coronavirus (“COVID-19”). There are no unfulfilled conditions or other contingents attached to the grants.

7 EXPENSES BY NATURE

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Cost of inventories (Note 19)	69,297	100,139
Employee benefit expenses (Note 8)	16,969	21,860
Commission	641	845
Auditor’s remuneration		
– Audit related services	918	960
– Non-audit services	79	98
Depreciation of property, plant and equipment (Note 13)	3,396	2,960
Depreciation on right-of-use assets (Note 14)	1,812	1,852
Operating leases (short-term lease)	206	583
Transportation expenses	9,549	15,599
Provision for impairment of trade receivables	6,866	721
Professional and consulting fees	2,265	2,556
Professional fees in relation to transfer of listing	–	1,243
Other expenses	6,416	7,614
	118,414	157,030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS’ EMOLUMENTS

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

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Wages, salaries and allowances	15,296	19,164
Retirement benefit costs – defined contribution plans	690	1,528
Others	983	1,168
	16,969	21,860

(b) Directors’ emoluments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 EMPLOYEE BENEFIT EXPENSES-INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' emoluments (Continued)

Name of director	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Employer's contribution to pension scheme HK\$'000	Other benefits HK\$'000	Total HK\$'000
For the year ended 31 March 2020					
Executive directors					
Mr. Liu Chi Ching (Chairman)	–	1,200	18	610	1,828
Ms. Wu Shuk Kwan (Chief executive officer)	–	600	18	264	882
Non-executive director					
Mr. Wong Chung Yeung	81	–	–	–	81
Independent non-executive directors					
Ms. Li On Lei	153	–	–	–	153
Mr. Ng Ki Man	153	–	–	–	153
Mr. Lo Siu Kit	153	–	–	–	153
	540	1,800	36	874	3,250

For the year ended 31 March 2021, none of the directors of the Company waived any emoluments paid or payable by the Group companies and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (31 March 2020: same).

(i) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking for the year ended 31 March 2021 (31 March 2020: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 EMPLOYEE BENEFIT EXPENSES-INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' emoluments (Continued)

(ii) Directors' termination benefits

No payment was made to directors of the Company as compensation for the early termination of the appointment for the year ended 31 March 2021 (31 March 2020: same).

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

No payment was made to any third parties for making available the services of them as a director of the Company for the year ended 31 March 2021 (31 March 2020: same).

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

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors for the year ended 31 March 2021 (31 March 2020: same).

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

Save as disclosed in these consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year ended 31 March 2021 (31 March 2020: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 EMPLOYEE BENEFIT EXPENSES-INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 2 directors for the year ended 31 March 2021 (31 March 2020: 2 directors), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 individuals for the year ended 31 March 2021 (31 March 2020: 3 individuals) are as follows:

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Salaries, bonus and allowances	1,252	1,430
Retirement benefit costs-defined contribution plans	49	52
	1,301	1,482

The emoluments of above individuals are within the following band:

	Number of individuals Year ended 31 March	
	2021	2020
Emoluments band Nil-HK\$1,000,000	3	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9 FINANCE COSTS – NET

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Interest expense on bank borrowings	1,070	1,022
Interest expense on lease liabilities	1	3
Finance costs	1,071	1,025
Interest income	(655)	(463)
Finance costs – net	416	562

10 INCOME TAX (CREDIT)/EXPENSE

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 March 2021 (31 March 2020: 16.5%).

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

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Current income tax		
– Current year	–	77
– Under/(over) provision in prior years	357	(21)
	357	56
Deferred income tax (Note 15)	(673)	1,118
Income tax (credit)/expense	(316)	1,174

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10 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 tax rate of Hong Kong as follows:

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Loss before income tax	(8,560)	(3,572)
Calculated at a tax rate of 16.5% (31 March 2020: 16.5%)	(1,412)	(589)
Expenses not deductible for tax purposes	434	1,613
Non-taxable income	(644)	(29)
Under/(over) provision for prior years	357	(21)
Utilisation of tax loss previously not recognised	(3)	–
Recognition of tax loss previously not recognised	(373)	–
Tax relief of 8.25% on first HK\$2 million assessable profit	–	(47)
Tax deduction	–	(40)
Tax effects of tax loss and other temporary differences for which no deferred income tax assets were recognised	1,325	287
Income tax (credit)/expense	(316)	1,174

11 DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2021 (31 March 2020: Nil).

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

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

	Year ended 31 March	
	2021	2020
Loss attributable to equity holders of the Company (in thousand)	(8,240)	(4,739)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (in thousand)	1,260,000	1,270,481
Loss per share (expressed in HK cents per share)	(0.65)	(0.37)

The Group does not have any potential dilutive option or other instruments relating to ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 April 2019					
Cost	72,070	10,590	7,258	3,000	92,918
Accumulated depreciation	(4,386)	(860)	(3,068)	(1,423)	(9,737)
Net book amount	67,684	9,730	4,190	1,577	83,181
Year ended 31 March 2020					
Opening net book amount	67,684	9,730	4,190	1,577	83,181
Adjustment for change in accounting policy	(50,548)	–	–	–	(50,548)
Additions	1,209	2,233	557	–	3,999
Disposal	–	–	(50)	–	(50)
Depreciation	(571)	(604)	(1,009)	(776)	(2,960)
Closing net book amount	17,774	11,359	3,688	801	33,622
At 31 March 2020					
Cost	20,513	12,823	7,615	3,000	43,951
Accumulated depreciation	(2,739)	(1,464)	(3,927)	(2,199)	(10,329)
Net book amount	17,774	11,359	3,688	801	33,622
Year ended 31 March 2021					
Opening net book amount	17,774	11,359	3,688	801	33,622
Additions	–	–	240	2,047	2,287
Disposal	–	–	–	–	–
Depreciation	(610)	(939)	(1,042)	(805)	(3,396)
Closing net book amount	17,164	10,420	2,886	2,043	32,513
At 31 March 2021					
Cost	20,513	12,823	7,855	5,047	46,238
Accumulated depreciation	(3,349)	(2,403)	(4,969)	(3,004)	(13,725)
Net book amount	17,164	10,420	2,886	2,043	32,513

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense of approximately HK\$1,661,000 (31 March 2020: approximately HK\$1,657,000) and approximately HK\$1,735,000 (31 March 2020: approximately HK\$1,033,000) has been charged to cost of sales and selling and administrative expenses, respectively, for the year ended 31 March 2021.

As at 31 March 2021, bank borrowing of approximately HK\$43,395,000 (31 March 2020: approximately HK\$48,536,000) is secured by buildings and right-of-use assets for the value of approximately HK\$15,590,000 and approximately HK\$41,736,000 respectively (31 March 2020: buildings and right-of-use assets for the value of approximately HK\$16,532,000 and approximately HK\$43,329,000 respectively).

14 LEASES

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

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

	Year ended 31 March	
	2021	2020
Right-of-use assets		
Leasehold lands	46,965	48,756
Buildings	20	3
	46,985	48,759
Lease liabilities		
Current	20	3
Non-current	2	–
	22	3

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

As at 31 March 2021, all of the Group's interests in leasehold lands are located in Hong Kong with leases between 10 to 50 years (31 March 2020: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14 LEASES (Continued)

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

The statement shows the following amounts relating to leases:

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Depreciation charge of right-of-use assets		
Leasehold lands	1,791	1,792
Buildings	21	60
	1,812	1,852
Interest expense (included in finance cost)	1	3
Expense relating to short-term leases (included in cost of sales and selling and administrative expenses)	206	436
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in selling and administrative expenses)	–	147

The total cash outflow for leases liabilities for the year ended 31 March 2021 was approximately HK\$19,000.

15 DEFERRED INCOME TAX

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

	2021 HK\$'000	2020 HK\$'000
At beginning of the year	(2,379)	(1,261)
Credited/(charged) to consolidated statement of comprehensive income (Note 10)	673	(1,118)
At end of the year	(1,706)	(2,379)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15 DEFERRED INCOME TAX (Continued)

The movements in deferred income tax assets and liabilities during the years ended 31 March 2020 and 2021, without taking into consideration the offsetting of balances with the same tax jurisdiction is as follows:

Deferred income tax assets

	Tax losses HK\$'000
At 1 April 2019 and 31 March 2020	–
Recognised in the consolidated statement of comprehensive income	1,143
At 31 March 2021	1,143

Deferred income tax liabilities

	Accelerated tax depreciation HK\$'000
At 1 April 2019	(1,261)
Recognised in the consolidated statement of comprehensive income	(1,118)
At 31 March 2020	(2,379)
At 1 April 2020	(2,379)
Recognised in the consolidated statement of comprehensive income	(470)
At 31 March 2021	(2,849)

At the end of the reporting period, the Group has unused tax losses of approximately HK\$8,373,000 (31 March 2020: approximately HK\$7,457,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16 INTEREST IN A JOINT VENTURE

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Investment cost	1,000	1,000
Share of post-acquisition loss	(725)	(281)
	275	719

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

	2021 HK\$'000	2020 HK\$'000
At 1 April	719	865
Share of loss for the year	(444)	(146)
At 31 March	275	719

The following are the details of the investment in a joint venture as at 31 March 2021:

Name of company	Place of incorporation and operation	% of ownership interest	Principal activities	Measurement method
China Bright International Investment Limited	Hong Kong	50%	Manufacturing of bakery products	Equity

China Bright International Investment Limited is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's investments in a joint venture, and there are no contingent liabilities of the joint venture itself as at 31 March 2020 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16 INTEREST IN A JOINT VENTURE (Continued)

Summarised financial information for a joint venture

Set out below are the summarised financial information for China Bright International Investment Limited which is accounted for using the equity method.

Summarised statement of financial position

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Current		
Cash and cash equivalents	531	313
Other current assets (excluding cash and cash equivalents)	–	768
Total current assets	531	1,081
Other current liabilities	(136)	(9)
Non-current		
Other non-current assets	155	365
Net assets	550	1,437
Interest in the joint venture @50%	275	719

Summarised statement of comprehensive income

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Revenue	230	588
Loss for the year	(887)	(292)
Share of loss in the joint venture @50%	(444)	(146)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Financial assets at amortised cost		
– Trade receivables	19,747	31,902
– Other receivables and deposits	286	268
– Cash and cash equivalents	37,431	32,759
Total	57,464	64,929
Financial liabilities		
– Trade payables	3,893	3,425
– Other payables (excluding non-financial liabilities)	1,230	1,824
– Borrowings	43,395	48,536
– Lease liabilities	22	3
Total	48,540	53,788

18 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Trade receivables (Note a)		
– Related parties (Note 26(b))	54	45
– Third parties	19,693	31,857
	19,747	31,902
Other prepayments	7,792	9,012
Other receivables and deposits	286	268
	8,078	9,280
Less non-current portion: prepayments and deposits	(17)	(5)
Deposits and prepayments included in current assets	8,061	9,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(a) Trade receivables

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Trade receivables	25,907	32,450
Less: loss allowance	(6,160)	(548)
	19,747	31,902

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 (31 March 2020: 0 to 120 days). The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
1 to 30 days	9,220	7,787
31 to 60 days	3,991	4,598
61 to 90 days	1,538	5,300
91 to 120 days	1,289	2,876
Over 120 days	9,869	11,889
Total	25,907	32,450

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing. See Note 3.1(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19 INVENTORIES

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Raw materials	553	342
Less: Provision for obsolete inventories	–	–
Inventories, net	553	342

The cost of inventories included in cost of sales amounted to approximately HK\$69,297,000 and approximately HK\$100,139,000 for the years ended 31 March 2021 and 2020, respectively.

20 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Cash at bank	37,431	32,759

Notes:

- (a) The amounts represent cash and cash equivalents in the consolidated statement of cash flows.
- (b) The Group's cash and bank balances are denominated in the following currencies:

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
HK\$	37,385	32,661
United States dollars	15	67
Japanese yen	25	25
Australian dollars	6	6
	37,431	32,759

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary share (in thousand)	Nominal value of ordinary share HK\$'000	Share premium HK\$'000
Authorised share capital			
Ordinary shares of HK\$0.01 each			
As at 31 March 2020,			
1 April 2020 and 31 March 2021	2,000,000	20,000	–
Issued and fully paid			
Ordinary shares of HK\$0.01 each			
As at 1 April 2019	1,280,000	12,800	51,571
Repurchase of shares	(20,000)	(200)	(4,600)
As at 31 March 2020 and 2021	1,260,000	12,600	46,971

During the year ended 31 March 2020, the Company repurchased a total of 20,000,000 of its own shares through purchase on the Stock Exchange. The repurchased shares are subsequently cancelled. The aggregate price of approximately HK\$4,800,000 paid was charged against share premium and offset to the share capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22 BORROWINGS

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Current, secured		
Bank borrowings due for repayment within 1 year which contain a repayment on demand clause (Note (i))	5,353	4,970
Bank borrowings due for repayment after 1 year which contain a repayment on demand clause (Note (i))	38,042	43,566
Total borrowings	43,395	48,536

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

The carrying amounts of the borrowings approximate their fair values and are denominated in HK\$. The weighted average interest rates are 3.2% and 1.8% as at 31 March 2020 and 31 March 2021, respectively.

Note (i):

As at 31 March 2021, bank borrowing of approximately HK\$43,395,000 (31 March 2020: approximately HK\$48,536,000) is secured by buildings and right-of-use assets for the value of approximately HK\$15,590,000 and approximately HK\$41,736,000 respectively (31 March 2020: buildings and right-of-use assets for the value of approximately HK\$16,532,000 and approximately HK\$43,329,000 respectively) (Note 13) and corporate guarantee provided by the Company (31 March 2020: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23 TRADE AND OTHER PAYABLES

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Trade payables (Note (a))		
– Related parties (Note 26(b))	7	7
– Third parties	3,886	3,418
	3,893	3,425
Other payables and accruals		
– Accruals for staff costs	1,960	2,716
– Commission payables	18	87
– Other accruals and other payables	1,212	1,737
	3,190	4,540
	7,083	7,965

(a) Trade payables

As at 31 March 2021 and 31 March 2020, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
0 to 30 days	3,144	2,481
31 to 60 days	684	635
61 to 90 days	65	309
	3,893	3,425

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of cash generated from/(used in) operations

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Loss before income tax	(8,560)	(3,572)
Adjustments for:		
Interest income	(655)	(463)
Finance costs	1,071	1,025
Depreciation of property, plant and equipment (Note 13)	3,396	2,960
Depreciation on right-of-use assets (Note 14)	1,812	1,852
Loss on disposal of property, plant and equipment (Note 24 (b))	–	50
Provision for impairment of trade receivables	6,866	721
Share of loss of a joint venture	444	146
Operating profit before working capital changes	4,374	2,719
Changes in working capital		
(Increase)/decrease in inventories	(211)	918
Decrease in trade receivables	5,289	5,357
Decrease/(increase) in deposits and prepayments	1,202	(6,242)
Increase/(decrease) in trade payables	468	(2,897)
Decrease in accruals and other payables	(1,350)	(1,049)
Cash generated from/(used in) operations	9,772	(1,194)

(b) Net proceeds from disposal of property, plant and equipment comprise:

	2021 HK\$'000	2020 HK\$'000
Net book amount of property, plant and equipment (Note 13)	–	50
Loss on disposal of property, plant and equipment (Notes 6, Note 24(a))	–	(50)
Net proceeds from disposal of property, plant and equipment	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Net debt reconciliation

Liabilities from financing activities:

	Finance lease obligation HK\$'000	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 April 2019	93	26,557	–	26,650
Recognised on adoption of HKFRS 16	(93)	–	180	87
At 1 April 2019	–	26,557	180	26,737
Re-measurement of lease liabilities	–	–	(24)	(24)
Cash flows – financing activities, net	–	21,979	(153)	21,826
At 31 March 2020	–	48,536	3	48,539
Addition to right-of-use assets	–	–	38	38
Cash flows – financing activities, net	–	(5,141)	(19)	(5,160)
At 31 March 2021	–	43,395	22	43,417

25 CONTINGENCIES

As at 31 March 2021, there are no material contingent liabilities relating to the Group (31 March 2020: same).

26 RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26 RELATED PARTY TRANSACTIONS (Continued)

The directors are of the view that the following companies were related parties that had material transactions or balances with the Group during the years ended 31 March 2020 and 2021:

Name of the related party	Relationship with the Group
Winning Tender Limited	The director of the Company, Liu Chi Ching has beneficial interest
Au Kit Ying	The owners of this partnership business are related persons to Liu Chi Ching, the shareholder and the director of the Company

In addition to the related party information disclosed above, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year, and balances arising from related party transactions as at year end.

(a) Transactions with related parties

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Continuing related parties' transactions		
Sales of goods to related companies		
– Winning Tender Limited	570	707
Purchase of goods from a related party		
– Au Kit Ying	48	62

(b) Balances with related parties

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Amount due from Winning Tender Limited	54	45
Amount due to Au Kit Ying	7	7

The carrying amounts of balances with related parties approximate their fair values and are denominated in HK\$.

(c) Key management compensation

Key management includes executive directors of the Group. The compensation paid or payable to key management for employee services is disclosed Note 8(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27 PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries at 31 March 2021:

Company name	Country/place of incorporation/ establishment	Registered/ issued and paid-up capital	Principal activities	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group
Eminent Ace Group Limited	BVI	US\$1	Investment holding/Hong Kong	100%	–
C.Y. Food Trading (HK) Company Limited	Hong Kong	HK\$1	Processing and distribution of vegetables and other food/Hong Kong	–	100%
Lion Metro Limited	BVI	US\$100	Investment holding/Hong Kong	–	100%
Healthy Cheer International Limited	Hong Kong	HK\$100,000	Property holding and investment/Hong Kong	–	100%
Profit Star Holdings Limited	Seychelles	US\$1	Investment holding/Hong Kong	100%	–
Eastway Logistic Company Limited	Hong Kong	HK\$1	Logistic services/Hong Kong	–	100%
Better Joy Limited	Samoa	US\$100	Investment holding/Hong Kong	100%	–
Jade Royal Limited	Hong Kong	HK\$1	Property holding and investment/Hong Kong	–	100%
Wise Sino Limited	Hong Kong	HK\$1	Property holding and investment/Hong Kong	–	100%
Wonderful Link International Limited	BVI	US\$100	Investment holding/Hong Kong	71%	–
Blissing Wish Limited	Hong Kong	HK\$1	Investment holding/Hong Kong	–	71%
Global Pop Limited	BVI	US\$1	Investment holding/Hong Kong	100%	–
Oasis Smart Limited	Hong Kong	HK\$1	Investment holding/Hong Kong	–	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 March	
	Note	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		16,095	16,095
Total non-current assets		16,095	16,095
Current asset			
Amount due from a subsidiary		40,838	41,390
Total current asset		40,838	41,390
Total assets		56,933	57,485
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		12,600	12,600
Share premium	28 (a)	46,971	46,971
Other reserve	28 (a)	6,295	6,295
Accumulated losses	28 (a)	(8,933)	(8,381)
Total equity		56,933	57,485

The statement of financial position of the Company was approved for issue by the Board of Directors on 22 June 2021 and were signed on its behalf.

Liu Chi Ching
Director

Wu Shuk Kwan
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28 STATEMENTS OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Share premium	Other reserve	Accumulated losses
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019	51,571	6,295	(6,383)
Loss for the year	–	–	(1,998)
Share repurchase	(4,600)	–	–
At 31 March 2020 and 1 April 2020	46,971	6,295	(8,381)
Loss for the year	–	–	(552)
At 31 March 2021	46,971	6,295	(8,933)