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CHINA WANTIAN HOLDINGS LIMITED
中 國 萬 天 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1854)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

The board (the "**Board**") of directors (the "**Directors**") of China Wantian Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2023, together with the comparative figures for the year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	4	**202,136**	127,674
Cost of sales		**(166,251)**	(108,929)
Gross profit		**35,885**	18,745
Other income and gain	6	**2,979**	263
Selling expenses		**(2,201)**	(598)
Administrative expenses		**(50,162)**	(23,223)
Impairment losses under expected credit loss model	7	**(4,351)**	(5,364)
Operating loss		**(17,850)**	(10,177)
Finance income	8	**176**	48
Finance costs	8	**(1,138)**	(641)
Finance costs – net	8	**(962)**	(593)
Loss on change in fair value of contingent consideration payable	17	**(5,545)**	–
Share of loss of a joint venture		**(17)**	(82)
Loss before income tax		**(24,374)**	(10,852)
Income tax expense	9	**(3,354)**	(106)
Loss for the year		**(27,728)**	(10,958)
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		**116**	–
Other comprehensive income for the year, net of tax		**116**	–
Total comprehensive income for the year		**(27,612)**	(10,958)

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(27,728)**	(10,955)
Non-controlling interests		**–**	(3)
		(27,728)	(10,958)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(27,612)**	(10,955)
Non-controlling interests		**–**	(3)
		(27,612)	(10,958)
Loss per share			(Restated)
Basic and diluted *(HK$ cents)*	11	**(1.68)**	(0.72)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**38,054**	31,199
Right-of-use assets		**52,991**	49,499
Goodwill	12	**42,752**	–
Deposits, prepayments and other receivables		**9**	4
Interest in a joint venture		**–**	193
		133,806	80,895
Current assets			
Inventories		**2,972**	386
Trade receivables	13	**41,012**	21,005
Deposits, prepayments and other receivables	13	**7,407**	8,206
Amounts due from related parties		**718**	–
Cash and cash equivalents		**30,415**	44,958
		82,524	74,555
Current liabilities			
Trade payables	14	**12,137**	2,110
Accruals and other payables	14	**4,006**	3,393
Bank borrowings		**13,350**	23,624
Loans from the intermediate holding company		**13,000**	–
Amounts due to related parties		**1,216**	–
Lease liabilities		**4,130**	1,562
Tax payable		**2,964**	–
Contingent consideration payable	17	**15,661**	–
		66,464	30,689
Non-current liabilities			
Deferred tax liabilities		**2,068**	1,812
Lease liabilities		**5,625**	2,925
Contingent consideration payable	17	**30,486**	–
		38,179	4,737
Net Current Assets		**16,060**	43,866
NET ASSETS		**111,687**	120,024

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to equity holders of the Company								
	Share capital *(Note 15)* *HK$'000*	**Share premium** *(Note 15)* *HK$'000*	**Other reserve** *HK$'000*	**Share option reserve** *HK$'000*	**Translation reserve** *(Note 15)* *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
As at 1 April 2021	12,600	46,971	100	–	–	33,611	93,282	(11)	93,271
Loss for the year	–	–	–	–	–	(10,955)	(10,955)	(3)	(10,958)
Total comprehensive income	–	–	–	–	–	(10,955)	(10,955)	(3)	(10,958)
Acquisition of additional interest in a subsidiary without change of control	–	–	–	–	–	(3)	(3)	14	11
Issue of new shares *(Note 15)*	2,520	35,280	–	–	–	–	37,800	–	37,800
Transaction cost on issue of new shares	–	(100)	–	–	–	–	(100)	–	(100)
As at 31 March 2022 and 1 April 2022	**15,120**	**82,151**	**100**	**–**	**–**	**22,653**	**120,024**	**–**	**120,024**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(27,728)**	**(27,728)**	**–**	**(27,728)**
Other comprehensive income	**–**	**–**	**–**	**–**	**116**	**–**	**116**	**–**	**116**
Total comprehensive income	**–**	**–**	**–**	**–**	**116**	**(27,728)**	**(27,612)**	**–**	**(27,612)**
Exercise of share options *(Note 15)*	**264**	**10,853**	**–**	**(2,682)**	**–**	**–**	**8,435**	**–**	**8,435**
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary *(Note 15)*	**91**	**4,856**	**–**	**–**	**–**	**–**	**4,947**	**–**	**4,947**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**5,893**	**–**	**–**	**5,893**	**–**	**5,893**
As at 31 March 2023	**15,475**	**97,860**	**100**	**3,211**	**116**	**(5,075)**	**111,687**	**–**	**111,687**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 6 April 2016 as an exempted company with limited liability under Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong has been changed from Suite 2106A, 21/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong to Suite 2106, 21/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong.

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

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

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

(a) Adoption of amended HKFRSs

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards and Interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Main Board of the Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(c) Functional and preparation currencies

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

4. REVENUE

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

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

5. SEGMENT INFORMATION

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

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

For the 'green food supply' segment, the information reported to the CODM is further categorised into two operations, which are sourcing, processing and supplying of food ingredients in Hong Kong, and the commencement of a new business during the year engaging in trading of live cattle, food ingredients and aquatic products in the People's Republic of China ("**PRC**"), along with the acquisition of Champion Point Limited (as detailed in Note 16). Each of the two operations is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as 'green food supply' because the CODM considered these individual operating segments carry the similar nature of products, which are ultimately consumable fresh food ingredients, and the class of customer and the methods used to distribute their products are also similar.

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

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

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

(a) Segment revenue and results

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

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

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

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

(b) Segment assets and liabilities

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

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

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

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

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

(c) Other segment information

	Green food supply		Green catering services		Environmental protection and technology services		Unallocated		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Additions to non-current assets *(Note)*	**149**	2,213	**18,315**	–	**–**	–	**6,894**	4,861	**25,358**	7,074
Depreciation of property, plant and equipment	**3,568**	3,663	**1,584**	–	**–**	–	**160**	7	**5,312**	3,670
Depreciation of right-of-use assets	**1,812**	1,812	**1,053**	–	**–**	–	**2,250**	392	**5.115**	2,204
Gain on disposal of investment in joint venture	84	–	–	–	–	–	–	–	84	–
Gain on disposal of property, plant and equipment	**–**	130	**–**	–	**–**	–	**–**	–	**–**	130
Gain on termination of lease	**–**	–	**–**	–	**–**	–	**260**	–	**260**	–
Impairment losses under expected credit loss model	**4,346**	5,364	**4**	–	**1**	–	**–**	–	**4,351**	5,364

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

(d) Information about major customers

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

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

(e) Geographical information

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

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

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

6. OTHER INCOME AND GAIN

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

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

7. EXPENSES BY NATURE

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

8. FINANCE COSTS – NET

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

9. INCOME TAX EXPENSE

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

Hong Kong Profits Tax

The Hong Kong Profits Tax is calculated at the rate of 16.5% (2022:16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK$2,000,000 of qualified entity's assessable profits is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

PRC Enterprise Income Tax

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

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

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

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

10. DIVIDEND

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

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

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

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

The diluted loss per share is the same as basic loss per share for the year ended 31 March 2023 as the impact of the dilution of the share options and the contingent consideration shares payable as mentioned in Note 17 are anti-dilutive.

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

12. GOODWILL

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

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

Goodwill is allocated to the Group's cash generating unit identified according to the business as follows:

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

Goodwill associated with the above business arose when the business combination was completed, details of which are set out in Note 16.

13. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

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

Note:

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

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

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

	2023	2022
	HK$'000	*HK$'000*
1 to 30 days	**30,557**	4,984
31 to 60 days	**4,728**	2,670
61 to 90 days	**2,342**	2,482
91 to 120 days	**1,296**	3,441
Over 120 days	**17,760**	18,748
Total	**56,683**	32,325

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the days past due.

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.

14. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

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

Note:

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

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

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

15. SHARE CAPITAL AND RESERVES

(a) Share Capital

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

Notes:

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

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

  – 23,860,000 new shares were issued on 25 July 2022 upon exercise of share options; and

  – 2,500,000 new shares were issued on 26 September 2022 upon exercise of share options.

(iii) 9,160,000 new shares were issued to Mr. Kwong Ping Man on 25 November 2022 pursuant to the Share Purchase Agreement (as defined in Note 16), details of which are set out in Note 16.

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

(b) Reserves

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

(i) Share premium

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

(ii) Other reserve

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

(iii) Translation reserve

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

16. BUSINESS COMBINATION

Acquisition of Champion Point Limited ("Champion Point")

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

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

The estimated fair value of contingent arrangement obligation as at the Completion Date, comprising the Second Tranche Consideration Shares (as defined below) and Third Tranche Consideration Shares (as defined below), amounted to approximately HK$40,602,000. The fair value of contingent consideration payable amounted to approximately HK$46,147,000 as at the end of the reporting period and has been presented separately on the consolidated statement of financial position. The relevant details are set out in Note 17.

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

Consideration transferred

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

Notes:

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

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

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

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

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

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

17. CONTINGENT CONSIDERATION PAYABLE

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

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

On 7 November 2022, Great Point entered into the Share Purchase Agreement with Mr. Kwong to acquire all the issued shares of Champion Point. The fair value of the consideration of approximately HK$45,549,000 is to be settled by the Company for the allotment and issue of the Consideration Shares in three tranches. Details of the acquisition of Champion Point are set out in Note 16.

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

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

18. RELATED PARTY TRANSACTIONS

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

The Directors are of the view that the following companies were related parties that had material transactions or balances with the Group during the years ended 31 March 2023 and 2022:

Name of the related party	**Relationship with the Group**
Winning Tender Limited	Mr. Liu Chi Ching, who is an executive Director and a substantial shareholder of the Company, has beneficial interest
Au Kit Ying	The owner of the business is a related person to Mr. Liu Chi Ching
WG International Group Limited	This company is controlled by Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors and substantial shareholders of the Company
China Wantian International Group Limited	The intermediate holding company of the Company
Greater Bay Area Association of Listed Companies Limited *(formerly known as Guangdong-Hong Kong-Macau Greater Bay Area Industry and Commerce Federation Limited)*	This company is managed and controlled by Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors and substantial shareholders of the Company
Zhongshan Wangu Sky Farm Co., Ltd.* (中山萬谷天空農場有限公司)	This company is controlled by Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors and substantial shareholders of the Company
Zhongshan Wangu Property Management Co., Ltd.* (中山市萬谷物業管理有限公司)	This company is controlled by Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors and substantial shareholders of the Company
Zhongshan Wangu Business Management Co., Ltd.* (中山萬谷商業管理有限公司)	This company is controlled by Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors and substantial shareholders of the Company

Name of the related party	Relationship with the Group
Zhongshan Wangu Real Estate Investment and Development Co., Ltd.* (中山市萬谷房地產投資開發有限公司)	This company is controlled by Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors and substantial shareholders of the Company
Zhongshan Wangu Basket Plaza Investment and Management Co., Ltd.* (中山市萬谷菜籃子廣場投資管理有限公司)	This company is controlled by Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors and substantial shareholders 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 the balances arising from related party transactions as at year end.

(a) Transactions with related parties

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

(b) Balances with related parties

Except as disclosed in Notes 13 and 14, the amounts due from/(to) the related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

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

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

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

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

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

BUSINESS OVERVIEW

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

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

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

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

OUTLOOK

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

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

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

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

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

APPRECIATION

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

FINANCIAL REVIEW

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

Revenue

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

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

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

Gross profit and gross profit margin

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

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

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

Other income and gain

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

Finance costs, net

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

Selling expenses

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

Administrative expenses

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

Loss on change in fair value of contingent consideration payable

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

Impairment losses under expected credit loss model

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

Loss for the Year

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

USE OF NET PROCEEDS FROM SHARE SUBSCRIPTION

On 16 August 2021, the Company completed the share subscription to allot and issue 252,000,000 new ordinary shares with a nominal value of HK$0.01 each in the share capital of the Company to Ace Source and raised net proceeds of approximately HK$37.7 million. Details of the share subscription were set out in the joint announcements of the Company and Ace Source dated 6 July 2021 and 16 August 2021, and the circular of the Company dated 28 July 2021 (the "**Circular**").

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

As at 31 March 2023, approximately HK$1.3 million out of the net proceeds from the share subscription had not been utilised. The remaining net proceeds are expected to be utilised on or before 31 December 2023. The utilisation of the net proceeds from the share subscription is summarised as follows:

	Planned use of net proceeds as shown in the Circular	**Unutilised net proceeds up to 1 April 2022**	**Reallocation of unutilised net proceeds during the Year**	**Actual use of net proceeds during the Year**	**Unutilised net proceeds up to 31 March 2023**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Repayment of bank loans	22.0	6.4	–	(6.4)	–
Establishment of two retail outlets	10.0	10.0	(10.0)	–	–
General working capital	5.7	5.7	–	(5.7)	–
Capital expenditure for opening two new eateries	–	–	5.5	(5.5)	–
Working capital for the catering business	–	–	4.5	(3.2)	1.3
Total	37.7	22.1	–	(20.8)	1.3

CAPITAL STRUCTURE

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded the liquidity and capital requirements principally from cash generated from operations, bank borrowings and advances from the intermediate holding company.

As at 31 March 2023, the Group had bank borrowings of approximately HK$13.3 million (31 March 2022: approximately HK$23.6 million), which were denominated in Hong Kong dollars. The Group's bank borrowings were primarily obtained at variable rates and used in financing the working capital requirement for its operations and the purchase of the existing premises.

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

As at 31 March 2023, the Group had approximately HK$30.4 million in bank balance (31 March 2022: approximately HK$45.0 million). The Group had no bank overdraft as at 31 March 2023 (31 March 2022: Nil). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

As at 31 March 2023, total assets, which included current assets of approximately HK$82.5 million (31 March 2022: approximately HK$74.6 million) and non-current assets of approximately HK$133.8 million (31 March 2022: approximately HK$80.9 million), increased by approximately 39.2% to approximately HK$216.3 million (31 March 2022: approximately HK$155.5 million), which was primarily attributable to the consolidation of the newly acquired business at fair value.

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

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

GEARING RATIO

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

CHARGE ON GROUP ASSETS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

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

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

FOREIGN EXCHANGE EXPOSURE

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's revenue, expenses, assets and liabilities are denominated in HK$ and RMB. The appreciation or devaluation of RMB against HK$ may have an impact on the Group's results. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. The Group will continue to closely monitor the foreign currency exposure and take appropriate measures to minimise the risk when necessary.

TREASURY POLICY

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 25 November 2022, the Group completed the acquisition of the entire issued share capital of Champion Point, which indirectly held the entire equity interest of the Target Group, pursuant to the conditions precedent as stated in the Share Purchase Agreement.

The PRC Company is the operating subsidiary of the Target Group and is principally engaged in the trading of live cattle, food ingredients and aquatic products in the PRC. The consideration of the Acquisition would be settled by way of allotment and issue by the Company to Mr. Kwong of an aggregate of 91,660,000 Consideration Shares in three tranches at the issue price of HK$0.48 per Consideration Share, of which (i) 9,160,000 Consideration Shares were allotted and issued upon completion of the Acquisition; (ii) 27,490,000 Consideration Shares are to be allotted and issued after the issue of the audited financial statement of the PRC Company for the FY2023 subject to the consideration adjustment, under which the audited net profit after tax of the PRC Company for the FY2023 shall be between 85% and 100% of the target net profit after tax of the PRC Company for the FY2023 of RMB5,450,000; and (iii) 55,010,000 Consideration Shares are to be allotted and issued after the issue of the audited financial statement of the PRC Company for the FY2024 subject to the consideration adjustment, under which the audited net profit after tax of the PRC Company for the FY2024 shall be between 85% and 100% of the target net profit after tax of the PRC Company for the FY2024 of RMB7,500,000.

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

SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET

Save as disclosed in this announcement, the Group had no significant investment with a value of 5% or more of the Group's total assets as at 31 March 2023. There were no other plans for material investment or capital asset as at 31 March 2023.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

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

SEGMENT INFORMATION

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

INFORMATION ON EMPLOYEES

As at 31 March 2023, the Group had 146 employees working in Hong Kong and the PRC (31 March 2022: 69). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonuses. Various types of trainings are provided to the employees from time to time. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the Year amounted to approximately HK$34.4 million (31 March 2022: approximately HK$18.4 million).

FINAL DIVIDENDS

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

EVENTS AFTER THE REPORTING PERIOD

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

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

CORPORATE GOVERNANCE

To the best knowledge and belief of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code, which is set out in Appendix 14 to the Listing Rules and amended from time to time, throughout the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding Directors' securities transactions. Based on specific enquiry with the Directors, all Directors confirmed that they had complied with the Model Code throughout the Year.

AUDIT COMMITTEE

The Audit Committee was established on 26 September 2016 in accordance with Appendix 14 to the Listing Rules. The Audit Committee comprises four independent non-executive Directors, namely Ms. Lui Choi Yiu Angela (Chairman), Mr. Leung Sui Chung, Mr. Siu Chun Pong Raymond and Mr. Lam Chi Wing.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and to discuss matters regarding internal control and financial reporting, including the review of the Group's annual results for the Year.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company's auditor, BDO Limited ("**BDO**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on the preliminary announcement.

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

By order of the Board
China Wantian Holdings Limited
Hooy Kok Wai
Chairman and Executive Director

Hong Kong, 28 June 2023

As at the date of this announcement, the Board comprises Dr. Hooy Kok Wai, Mr. Liu Chi Ching and Mr. Zhong Xueyong as executive Directors; and Ms. Lui Choi Yiu Angela, Mr. Leung Sui Chung, Mr. Siu Chun Pong Raymond and Mr. Lam Chi Wing as independent non-executive Directors.