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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 2022**

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 2022, together with the comparative figures for the year ended 31 March 2021 as follows:

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2022*

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

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2022*

|                                |              | <b>2022</b>     | 2021            |
|--------------------------------|--------------|-----------------|-----------------|
|                                | <i>Notes</i> | <b>HK\$'000</b> | <b>HK\$'000</b> |
| <b>Non-current assets</b>      |              |                 |                 |
| Property, plant and equipment  |              | <b>31,199</b>   | 32,513          |
| Right-of-use assets            |              | <b>49,499</b>   | 46,985          |
| Deposits and prepayments       | <i>11</i>    | <b>4</b>        | 17              |
| Interest in a joint venture    |              | <b>193</b>      | 275             |
|                                |              | <b>80,895</b>   | 79,790          |
| <b>Current assets</b>          |              |                 |                 |
| Inventories                    |              | <b>386</b>      | 553             |
| Trade receivables              | <i>11</i>    | <b>21,005</b>   | 19,747          |
| Deposits and prepayments       | <i>11</i>    | <b>8,206</b>    | 8,061           |
| Cash and cash equivalents      |              | <b>44,958</b>   | 37,431          |
|                                |              | <b>74,555</b>   | 65,792          |
| <b>Current liabilities</b>     |              |                 |                 |
| Trade payables                 | <i>13</i>    | <b>2,110</b>    | 3,893           |
| Accruals and other payables    | <i>13</i>    | <b>3,393</b>    | 3,190           |
| Borrowings                     |              | <b>23,624</b>   | 43,395          |
| Current income tax liabilities |              | <b>–</b>        | 105             |
| Lease liabilities              |              | <b>1,562</b>    | 20              |
|                                |              | <b>30,689</b>   | 50,603          |
| <b>Non-current liabilities</b> |              |                 |                 |
| Lease liabilities              |              | <b>2,925</b>    | 2               |
| Deferred tax liabilities       |              | <b>1,812</b>    | 1,706           |
|                                |              | <b>4,737</b>    | 1,708           |
| <b>Net Current Assets</b>      |              | <b>43,866</b>   | 15,189          |
| <b>NET ASSETS</b>              |              | <b>120,024</b>  | 93,271          |

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

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*For the year ended 31 March 2022*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company (formerly known as Goal Forward Holdings Limited) 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 and the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong has been changed from Workshop No. A-B, 1/F., Sinking Factory Building, No. 1-7 Shing Chuen Road, Shatin, New Territories, Hong Kong to Suite 2106A, 21/F., Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong.

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

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

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

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

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Adoption of amended HKFRSs

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

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

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

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

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

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

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

- <sup>3</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

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

### 3. BASIS OF PREPARATION

#### (a) Statement of compliance

The 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 Listing Rules.

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis. 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 AND SEGMENT INFORMATION

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

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

Total revenue recognised during the year are as follows:

|  | 2022<br>HK\$’000 | 2021<br>HK\$’000 |
|--|------------------|------------------|
| Revenue, recognised at a point in time | <u>127,674</u>   | <u>106,706</u>   |

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



## Information about major customers

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

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

## 5. OTHER INCOME AND GAIN

|   | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---|------------------|------------------|
| Government grants ( <i>Note</i> )                 | 33               | 3,844            |
| Sundry income                                     | 100              | 164              |
| Gain on disposal of property, plant and equipment | 130              | –                |
|   | <u>263</u>       | <u>4,008</u>     |

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

## 6. EXPENSES BY NATURE

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

## 7. FINANCE COSTS – NET

|                                       | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---------------------------------------|-------------------------|-------------------------|
| Interest expense on bank borrowings   | 582                     | 1,070                   |
| Interest expense on lease liabilities | 59                      | 1                       |
|                                       | <u>641</u>              | <u>1,071</u>            |
| Finance costs                         | 641                     | 1,071                   |
| Interest income                       | (48)                    | (655)                   |
|                                       | <u>(48)</u>             | <u>(655)</u>            |
| Finance costs – net                   | <u>593</u>              | <u>416</u>              |

## 8. INCOME TAX EXPENSE/(CREDIT)

The Company was 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.

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

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

|                                 | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---------------------------------|-------------------------|-------------------------|
| Current income tax              |                         |                         |
| – Current year                  | –                       | –                       |
| – Over provision in prior years | –                       | 357                     |
|                                 | <u>–</u>                | <u>357</u>              |
| Deferred income tax             | 106                     | (673)                   |
|                                 | <u>106</u>              | <u>(316)</u>            |
| Income tax expense/(credit)     | <u>106</u>              | <u>(316)</u>            |

## 9. DIVIDEND

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

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

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

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

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

**11. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>Trade receivables</b> ( <i>Note (a)</i> )        |                         |                         |
| – Related parties                                   | 49                      | 54                      |
| – Third parties                                     | <u>20,956</u>           | <u>19,693</u>           |
|   | <u><u>21,005</u></u>    | <u><u>19,747</u></u>    |
| Other prepayments                                   | 7,043                   | 7,792                   |
| Other receivables and deposits                      | <u>1,167</u>            | <u>286</u>              |
|   | <u><u>8,210</u></u>     | <u><u>8,078</u></u>     |
| Less non-current portion: prepayments and deposits  | <u>(4)</u>              | <u>(17)</u>             |
| Deposits and prepayments included in current assets | <u><u>8,206</u></u>     | <u><u>8,061</u></u>     |

(a) Trade receivables

|                      | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|----------------------|------------------|------------------|
| Trade receivables    | 32,325           | 25,907           |
| Less: loss allowance | (11,320)         | (6,160)          |
|                      | <u>21,005</u>    | <u>19,747</u>    |

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 (2021: 0 to 120 days). The ageing analysis of the trade receivables based on invoice date is as follows:

|                | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|----------------|------------------|------------------|
| 1 to 30 days   | 4,984            | 9,220            |
| 31 to 60 days  | 2,670            | 3,991            |
| 61 to 90 days  | 2,482            | 1,538            |
| 91 to 120 days | 3,441            | 1,289            |
| Over 120 days  | 18,748           | 9,869            |
| Total          | <u>32,325</u>    | <u>25,907</u>    |

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.

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.

## 12. SHARE CAPITAL AND SHARE PREMIUM

|   | Number<br>of ordinary<br>share<br>(in thousand) | Nominal<br>value of<br>ordinary<br>share<br>HK\$'000 | Share<br>premium<br>HK\$'000 |
|---|---|--|------------------------------|
| <b>Authorised share capital</b>   |   |  |                              |
| Ordinary shares of HK\$0.01 each  |   |  |                              |
| As at 1 April 2020, 31 March 2021,<br>1 April 2021 and 31 March 2022    | <b>2,000,000</b>                                | <b>20,000</b>  | <b>–</b>                     |
| <b>Issued and fully paid</b>  |   |  |                              |
| Ordinary shares of HK\$0.01 each  |   |  |                              |
| As at 1 April 2020, 31 March 2021 and<br>1 April 2021                   | <b>1,260,000</b>                                | <b>12,600</b>  | <b>46,971</b>                |
| Issuance of new shares upon the completion of<br>the Share Subscription | <b>252,000</b>                                  | <b>2,520</b>   | <b>35,280</b>                |
| Transaction cost on issuance of new shares                              | <b>–</b>  | <b>–</b>   | <b>(100)</b>                 |
| As at 31 March 2022   | <b>1,512,000</b>                                | <b>15,120</b>  | <b>82,151</b>                |

## 13. TRADE AND OTHER PAYABLES

|   | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---|------------------|------------------|
| Trade payables ( <i>Note (a)</i> )      |                  |                  |
| – Related parties ( <i>Note 14(b)</i> ) | <b>5</b>         | <b>7</b>         |
| – Third parties                         | <b>2,105</b>     | <b>3,886</b>     |
|   | <b>2,110</b>     | <b>3,893</b>     |
| Other payables and accruals             |                  |                  |
| – Accruals for staff costs              | <b>1,971</b>     | <b>1,960</b>     |
| – Commission payables                   | <b>8</b>         | <b>18</b>        |
| – Other accruals and other payables     | <b>1,414</b>     | <b>1,212</b>     |
|   | <b>3,393</b>     | <b>3,190</b>     |
|   | <b>5,503</b>     | <b>7,083</b>     |

(a) **Trade payables**

As at 31 March 2022 and 31 March 2021, the ageing analysis of the trade payables based on invoice date is as follows:

|               | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---------------|------------------|------------------|
| 0 to 30 days  | 1,634            | 3,144            |
| 31 to 60 days | 402              | 684              |
| 61 to 90 days | 74               | 65               |
|               | <u>2,110</u>     | <u>3,893</u>     |

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

**14. RELATED PARTY TRANSACTIONS**

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

The Directors are of the view that the following companies were related parties that had material transactions or balances with the Group during the years ended 31 March 2022 and 2021:

| Name of the related party                   | Relationship with the Group   |
|---|---|
| Winning Tender Limited                      | Mr. Liu Chi Ching, who is an executive Director and a substantial shareholder of the Company, has beneficial interest                               |
| Au Kit Ying                                 | The owner of the business is a related person to Mr. Liu Chi Ching  |
| WG International Group Limited <sup>#</sup> | The ultimate controlling shareholder of this company is Mr. Hooy Kok Wai, who is an executive Director and a substantial shareholder of the Company |

<sup>#</sup> The name of the related party has been changed from WG Sky Farm International Group Limited to WG International Group Limited with effect from 11 May 2022.

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

(a) **Transactions with related parties**

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>Continuing related parties' transactions</b> |                         |                         |
| Sales of goods to a related company             |                         |                         |
| – Winning Tender Limited                        | 612                     | 570                     |
| Purchase of goods from a related party          |                         |                         |
| – Au Kit Ying                                   | 16                      | 48                      |
| Service fee paid to a related company           |                         |                         |
| – WG International Group Limited                | 561                     | –                       |
|   | <u>561</u>              | <u>–</u>                |

(b) **Balances with related parties**

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Amount due from Winning Tender Limited | 49                      | 54                      |
| Amount due to Au Kit Ying              | (5)                     | (7)                     |
|  | <u>44</u>               | <u>47</u>               |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

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

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

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

### RESULTS FOR THE YEAR

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



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

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

## OUTLOOK

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

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

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

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

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

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

## **APPRECIATION**

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

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

## **FINANCIAL INFORMATION**

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

### **Revenue**

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

### **Gross profit and gross profit margin**

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

### **Impairment of trade receivables**

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

## Other income

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

## Finance costs

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

## Selling and administrative expenses

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

## Loss for the year

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

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

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

### Business plan as set out in the Prospectus

### Progress up to 31 March 2022

#### Enhancement of sales channels

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

Mobile sales application has been upgraded and internet sales platform is launched

## USE OF NET PROCEEDS FROM LISTING

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

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

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

## USE OF NET PROCEEDS FROM SHARE SUBSCRIPTION

On 6 July 2021, the Company announced the Share Subscription, whereby Ace Source conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 252,000,000 shares (the “**Subscription Share(s)**”) to Ace Source at a cash consideration of HK\$37.8 million. The Share Subscription was carried out for the purpose of (i) forming part and parcel of the transactions contemplated under the Share Purchase Agreement to the completion of the Share Transfer; and (ii) bringing in new capital to the Group and broadening its capital base without incurring interest costs.

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

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

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

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

|                                     | <b>Planned use<br/>of net proceeds<br/>as shown<br/>in the Circular<br/><i>HK\$ million</i></b> | <b>Actual<br/>use of net<br/>proceeds up to<br/>31 March 2022<br/><i>HK\$ million</i></b> | <b>Unutilised net<br/>proceeds up to<br/>31 March 2022<br/><i>HK\$ million</i></b> |
|-------------------------------------|---|---|--|
| Repayment of bank loans             | 22.0  | 15.6  | 6.4  |
| Establishment of two retail outlets | 10.0  | –   | 10.0   |
| General working capital             | 5.7   | –   | 5.7  |
|                                     | <hr/>   | <hr/>   | <hr/>  |
| Total                               | <u>37.7</u>   | <u>15.6</u>   | <u>22.1</u>  |

## **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 and bank borrowings.

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

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



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

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

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

## **GEARING RATIO**

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

## **CHARGE ON GROUP ASSETS**

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

## **MAJOR CUSTOMERS AND SUPPLIERS**

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

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

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

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

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

## **FOREIGN EXCHANGE EXPOSURE**

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

## **TREASURY POLICY**

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

## **CONTINGENT LIABILITIES**

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

## **CAPITAL COMMITMENTS**

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

## **SEGMENT INFORMATION**

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



## **INFORMATION ON EMPLOYEES**

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

## **FINAL DIVIDENDS**

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

## **EVENTS AFTER THE REPORTING PERIOD**

On 13 April 2022, the Board resolved to grant 79,100,000 options at the exercise price of HK\$0.32 per share to certain eligible persons under the share option scheme adopted by the Company on 26 September 2016, of which 45,000,000 options and 23,000,000 options conditionally granted to Mr. Hooy Kok Wai and Mr. Zhong Xueyong, respectively, were approved at the extraordinary general meeting of the Company held on 8 June 2022 in accordance with Note to Rule 17.03(4) and Rule 17.04(1) of the Listing Rules. Details of the grant were set out in the circular of the Company dated 13 May 2022 and the announcements of the Company dated 13 April 2022 and 8 June 2022.

## **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 set out in Appendix 14 to the Listing Rules and amended from time to time throughout the Year, except for the deviations from code provisions C.1.6 and F.2.2, which are explained as follows:

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

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

## **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 three independent non-executive Directors, namely Mr. Ng Ki Man (Chairman), Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond.

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.

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

Hong Kong, 28 June 2022

*As at the date of this announcement, the Board comprises Mr. Hooy Kok Wai, Mr. Liu Chi Ching and Mr. Zhong Xueyong as executive Directors; and Mr. Ng Ki Man, Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond as independent non-executive Directors.*