UNITED FOOD HOLDINGS LIMITED
(Incorporated in Bermuda as an exempted company limited by shares)
(Company Registration No. 28925)

DISCLAIMER OF OPINION BY INDEPENDENT AUDITOR ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of United Food Holdings Limited (the **"Company"**) wishes to announce that the independent auditor of the Company, Foo Kon Tan LLP, have provided a disclaimer of opinion in their Independent Auditor's Report for the audited financial statements of the Company and its subsidiaries for the financial year ended 31 March 2021 (the **"Financial Statements"**).

Please refer to the attached copy of the Independent Auditor's Report together with an extract of Notes, 2(a), 10, 11, 12 and 16 of the Notes to the Financial Statements.

The Company will issue its Annual Report 2021 which will contain the Financial Statements and the Independent Auditor's Report to its shareholders in due course. Shareholders are advised to read the Financial Statements set out in the Company's Annual Report 2021.

By Order of the Board

Song Yanan
Non-Executive Chairman

6 September 2021

INDEPENDENT AUDITOR'S REPORT (Cont'd)

TO THE MEMBERS OF UNITED FOOD HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of United Food Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Company and the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Opening balance

We expressed a disclaimer of opinion in our independent auditors' report dated 30 October 2020 in respect of the financial statements for the financial year ended 31 March 2020 ("FY2020"). Consequently, our opinion on the current year's financial statements for the year ended 31 March 2021 ("FY2021") is qualified because of the possible effect of the comparability of the current year's figures and the corresponding figures.

We reproduce the matters arising from the audit qualification in FY2020 as follows:

(a) Impairment of non-financial assets

As fully disclosed in Note 10 to the financial statements, the Group acquired the Target Companies comprising Chengde Purun Shengwu Zhiyao Co., Ltd. (承德普润生物制药有限公司) ("CDPR"), Hebei Xingrun Shengwu Keji Gufen Co., Ltd. (河北兴润生物科技股份有限公司) ("HBXR") and Benchmark Trade Limited ("BM") in the previous financial period ended 31 March 2019 ("fiscal year 2019"). HBXR/BM holds a patent for the production of the L-Ascorbyl Palmitate (C-22H38O7) ("L-AP") or ("Antioxidant Product") while CDPR holds patents for the preparation of drugs for the prevention and treatment of livestock and poultry and other viral infection and diseases (or "Animal Feed and Traditional Medicine").

As fully disclosed in Notes 3 and 12 to the financial statements, the actual sales of the Antioxidant Product by HXBR for the year ended 31 March 2020 amounted to only RMB 129,000 which represented only 0.25% of the forecast revenue of RMB 52.7 million that was prepared in the financial period ended 31 March 2019 for the same period. Similarly, the actual sales of the Animal Feed and Traditional Medicine by CDPR for the year ended 31 March 2020 amounted to only RMB 192,000 which represented only 0.76% of the forecast revenue of RMB 25.2 million that was prepared in the financial period ended 31 March 2019 for the same period. Management had attributed the significantly lower actual sales and financial results of the Antioxidant product and the Animal Feed and Traditional Medicine to be mainly due to the lack of supply of gas or fuel by the local authorities directly to their factory plants at HBXR and CDPR for production as well as the adverse effects from the COVID-19 pandemic.

Basis for Disclaimer of Opinion (Cont'd)

1. Opening balance (Cont'd)

(a) Impairment of non-financial assets (Cont'd)

As discussed in Notes 12, 13 and 14 to the financial statements, management, assisted by an independent professional valuer ("Independent Valuer") has, carried out an impairment assessment of the Group's property, plant and equipment, right-of-use assets ("ROU assets") and intangible assets including patents as at 31 March 2020. The impairment assessment was performed on the respective cash generating units ("CGU") of the Group and management has determined the recoverable amount of the CGU based on value in use ("VIU") calculation. An impairment loss of RMB 3.2 million, RMB 14.2 million and RMB 63.3 million has been recognised on the carrying amounts of the Group's property, plant and equipment, ROU assets and patents respectively for the financial year ended 31 March 2020. The carrying amounts of the property, plant and equipment, ROU assets and intangible assets including patents after the impairment loss were RMB 2.7 million, RMB 8.7 million and RMB 64.5 million respectively as at 31 March 2020.

As discussed below, there exists significant uncertainties with respect to the accuracy and reliability of the assumptions and estimates that are used in the FY2021-FY2025 forecast (the "Forecast") prepared by management for the financial year ended 31 March 2020.

Given that HBXR and CDPR relies significantly on the supply of gas for its production process, the facts that no approval was granted by the local authorities during the financial year ended 31 March 2020 indicate that full-scale production of the Antioxidant Product and Animal Feed and Traditional Medicine cannot take place. For this matter, there is clear indication of little or no production at all during the year ended 31 March 2020. This matter has been discussed with the management and the Independent Valuer. The Forecast continues to be prepared based on the assumption that the installation and supply of gas by the local authorities would be completed in October 2020 based on management discussions. We were, however, not able to obtain sufficient appropriate audit evidence as to the outcome of the approval by the local authorities on the installation of the gas or the timing as to when the installation and commissioning of the gas would be completed as of the date of this report.

In addition, as explained below, due to incomplete records which management provided to us, we were unable to ascertain the veracity of the HBXR transactions regarding the recording of production.

On this premise, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the extent of the work performed by the Independent Valuer regarding the VIU calculation that was based on the Forecast in that:

(a) Reliability of the key assumptions to the Forecast
As further discussed in Note 12 to the financial statements, we are unable to obtain satisfactory explanations and clarifications from management as to the reasons for the significant variance in actual production output and sales performance of the Antioxidant Product and Animal Feed and Traditional Medicine for the year ended 31 March 2020 as compared to the management's forecast prepared in fiscal year 2019 for the same period. In particular, the production output of the Antioxidant Product in the 12-month forecast for the period ended 31 March 2020 was forecasted to be 216,000 kilograms ("kg"). However, the actual output for the year ended 31 March 2020 was only 939 kg.

In addition, the correctness of the historical data of the production of the Antioxidant Product for the financial year ended 31 March 2020 was not reviewed by the Independent Valuer. Instead, the Independent Valuer has limited its scope of work by taking the presumption that the historical data can be accepted and that the use of the key assumptions and estimates for the Forecast can be relied upon. Refer to the paragraph below in section 2(b) Impairment of assets – veracity of HBXR transactions.

Basis for Disclaimer of Opinion (Cont'd)

1. Opening balance (Cont'd)

(a) Impairment of non-financial assets (Cont'd)

(b) Veracity of HBXR transactions

Due to incomplete records which management provided to us, we were unable to ascertain the veracity of the HBXR transactions regarding the recording of production in that:

(i) *despite production activities being carried out in the months of April 2019 to August 2019, there was no record of any Antioxidant Product being produced during this period.*

(ii) *in the months of September 2019 to December 2019, while the records showed a production output of the Antioxidant Product of approximately 939 kilograms ("kg") during this period, there was little production activity to support such output. No fuel or gas expenses were recorded as being incurred for the production and certain essential raw materials ingredients that are required for the Antioxidant Product were absent from the accounting records.*

The explanation by the management is that there was an error in the recording of the transactions in regard to these matters. Notwithstanding the explanations, we were not provided with sufficient evidence as to any adjustments made to or the accuracy and completeness of the HBXR transactions.

(b) Valuation of contingent consideration for acquisition of subsidiaries

As fully discussed in the aforesaid paragraph in section 2 Impairment of non-financial assets of our report, the impact of any impairment and the extent of the impairment would have caused the contingent consideration for acquisition of subsidiaries to be re-determined and recalculated in so far as the books and records are concerned; no adjustment to the contingent consideration was made in this respect. Due to the matters as discussed therein, we are unable to obtain sufficient appropriate audit evidence to ascertain the extent of the changes in the fair value gain on contingent consideration for acquisition of subsidiaries of RMB 16.8 million that was recognised in profit or loss for the year ended 31 March 2020 or to determine the appropriateness of the carrying amount of the contingent consideration for acquisition of subsidiaries of RMB 0.7 million (2019: RMB 17.5 million) as at that date. Consequently, we were unable to determine whether adjustments to the accompanying financial statements may be necessary.

(c) Veracity, existence and completeness of bank balances

(i) Inability to obtain bank confirmations and bank statements

We are not able to obtain bank confirmations or witness the printing of bank statements at the banks' premises for two of the subsidiaries of the Group, Shenzhen Yi Kei Logistics Supply-chain Ltd or "SZYK" and Shenzhen Bao Yao Agricultural Products Ltd or "SZBY", for cash at banks amounting to RMB 24.7 million as at 31 March 2020 which are included in Group's cash and bank balances. This is because the bank accounts have been closed by management and the banks concerned have denied us the bank confirmations or to witness the printing of the bank statements at their banking premises.

Basis for Disclaimer of Opinion (Cont'd)

1. Opening balance (Cont'd)

(c) Veracity, existence and completeness of bank balances (Cont'd)

(i) Inability to obtain bank confirmations and bank statements (Cont'd)

The matter arising in so far concerned two banks and three bank accounts from two subsidiaries as follows:

- *Account A held by SZYK, 惠州农村商业银行股份有限公司中心支行 ("Rural Commercial Bank"), bank account number XXXXXXXXX13112521 with a bank balance of RMB 24.7 million as at 31 March 2020),*
- *Account B held by SZBY, 惠州农村商业银行股份有限公司江南支行("Rural Commercial Bank"), bank account number XXXXXXXXX13114084 with a bank balance of RMB Nil as at 31 March 2020), and*
- *Account C held by SZBY, 广发银行股份有限公司惠阳支行 ("China Guangfa Bank"), bank account number XXXXXXXXXXX00100180 with a bank balance of RMB Nil as at 31 March 2020).*

According to the management, Account A was closed on 10 July 2020, and Account B and C were both closed on 30 March 2020.

(ii) Veracity of the bank statements and bank balances

We received the bank statements of Account A with Rural Commercial Bank from the management and noted anomalies on the bank statements of Account A as follows:

(i) management provided us with the bank statement of Account A with Rural Commercial Bank for the month of December 2019 that showed a report date ("报表日期") or printout date bearing a future date of 31 December 2020.

(ii) inconsistencies were noted concerning different bank statements report title and bank statements format in respect of Account A with Rural Commercial Bank in the months of September 2019, November 2019, December 2019, January 2020, March 2020 to June 2020.

Notwithstanding the anomalies noted above, the management has advised that their employees had obtained the bank statements directly from the bank concerned, and any anomalies noted thereon could only be attributed to errors made by the bank, which, according to the management, was also affected by the effects of the Covid-19 pandemic as far as the controls and operations of the banks are concerned. In this regard, the management has provided to the Board and the Audit Committee a notarised declaration in the PRC dated 14 October 2020 by its employees that they had obtained directly from the bank the above bank statements. In addition, the Board and the Audit Committee have noted that these local or rural bank accounts have been closed and are now opened with a state-owned bank, China Construction Bank, which showed an account balance of RMB 24.0 million based on the bank statement with that bank as at 27 July 2020. Furthermore, the Audit Committee will be recommending a special investigation into the inconsistencies noted above in due course.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

TO THE MEMBERS OF UNITED FOOD HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Basis for Disclaimer of Opinion (Cont'd)

1. Opening balance (Cont'd)

(c) Veracity, existence and completeness of bank balances (Cont'd)

(ii) Veracity of the bank statements and bank balances (Cont'd)

Due to a limitation of audit scope beyond the control of the management, because of the closure of the above-mentioned bank accounts and the denial of access by the banks to the historical records, the timing of obtaining the bank confirmations and the printing of the bank statements from these banks became impossible. Similarly, as explained in the preceding paragraph, we are unable to obtain satisfactory explanations and clarifications as to the aforesaid anomalies on the bank statements. We are also unable to perform the alternative procedures we consider necessary in this regard.

Consequently, we are unable to ascertain the veracity of the above-mentioned bank statements and existence and completeness of the bank balances totalling RMB 24.7 million and whether there are any facilities maintained with the banks which could have an impact on the financial statements and/or related information that require disclosure.

In respect of item 1(a) – impairment assessment of non-financial assets
Our opinion for the financial year ended 31 March 2021 in respect of the recoverability of the carrying amount of the Group's intangible assets - patents remained unchanged as there were no facts and circumstances that provide new audit evidence.

In respect of the impairment assessment of the Group's property, plant and equipment and rights-of-use assets, please refer to paragraph (b) of "Other Matters". In respect of the impairment assessment of the Group's intangible assets - patents, management represented that there has been no supply of gas by the relevant authorities to the factory plants of HBXR and CDPR for the financial year ended 31 March 2021. According to management, due to the lack of supply of gas, there have been no production activities arising from the patents of HBXR and CDPR for the year ended 31 March 2021. Concerning our statement on the supply of gas that "no approval was granted by the local authorities" in our FY2020 Auditor's Report, we have clarified that it refers to the lack of response and action taken by the local authorities to install, connect and supply the gas to the factory plants of HBXR and CDPR after management has written in to the local authorities for the status of the gas supply. Management confirms that no license or approval is required from the local authorities to operate the factory plants with regard to the supply of gas. For the year ended 31 March 2021, management has carried out an impairment assessment based on the VIU method and the key assumptions stated therein in Note 12 to the accompanying financial statements. An impairment allowance of RMB 57.4 million (2020: RMB 63.3 million) has been recognised in respect of the intangible assets - patents of the Group in profit or loss for the year ended 31 March 2021. The carrying amount of the intangible assets - patents of the Group was RMB Nil (2020: RMB 64.5 million) as at 31 March 2021.

Basis for Disclaimer of Opinion (Cont'd)

1. Opening balance (Cont'd)

In respect of item 1(a) – impairment assessment of non-financial assets (Cont'd)
Based on information available to us, we were unable to obtain sufficient appropriate audit evidence regarding the reasonableness amid the material uncertainties of these key assumptions used in the VIU method in the determination of the recoverable amount of the intangible assets - patents. In particular, we were unable to obtain evidence as to the timing and manner in which gas would be provided by the local authorities or for the lack of it. We were also unable to ascertain and obtain information and explanations as to the operating production capacity of HBXR and CDPR as their plant and equipment had remained idle throughout FY2021 and as of the date of these financial statements. Consequently, we were unable to ascertain the extent of impairment required nor the appropriateness of the impairment loss in respect of the intangible assets - patents for the year ended 31 March 2021 and the appropriateness of the carrying amount of the intangible assets - patents as at that date.

In respect of item 1(b) – Valuation of contingent consideration for acquisition of subsidiaries
Our opinion on the valuation of contingent consideration for acquisition of subsidiaries remained the same for the financial year ended 31 March 2021 as there were no facts and circumstances that provide new audit evidence as fully discussed in the abovementioned paragraph in item 1(a) - Impairment assessment of non-financial assets above.

The fair value of the contingent consideration was arrived at after taking into account the probability of meeting each performance target from the profit warranty given by the vendors, the estimated discount for lack of marketability ("DLOM") and the estimated share price. The valuation of contingent consideration for acquisition of subsidiaries is dependent on the VIU method and the key assumptions including the lack of supply of gas as stated therein in Note 12 to the accompanying financial statements. The key assumptions to the profit forecast have a direct impact on the expected performance target to be met, which in turn, affects the calculation of the fair value of the contingent consideration as the performance target is one of the components in that calculation. Based on those assumptions, a fair value gain on the contingent consideration for acquisition of subsidiaries of RMB 0.688 million (2020: RMB 16.8 million) was recognised in profit or loss for the year ended 31 March 2021. As at that date, the carrying amount of the contingent consideration for acquisition of subsidiaries was RMB Nil (2020: RMB 0.688 million).

Based on information available to us, we were unable to obtain sufficient appropriate audit evidence regarding the reasonableness and material uncertainties of the key assumptions used in the determination of the valuation of contingent consideration for acquisition of subsidiaries. Consequently, we were unable to determine whether adjustments to the accompanying financial statements may be necessary.

In respect of item 1(c) - Veracity, existence and completeness of bank balances
The following developments were noted as of the date of this report with regard to abovementioned item 1(c) – veracity, existence and completeness of bank balances:

On 15 June 2021 and 28 June 2021, the Company had announced that it had appointed a licensed law firm at the Bank municipality, Guangdong Zhuming Law Firm, to conduct a review of the veracity of the bank balances and who has provided a preliminary report within the legal framework and regulations in China in October 2020, with follow up emails in March 2021, to the Audit Committee and the Board of the Company. The Company is considering engaging a special auditor or to use the same law firm to perform additional procedures. The Company would be providing the terms of reference of the special investigation to the Singapore Exchange Regulations ("SGX Regco") for review before appointment of the special auditor.

Basis for Disclaimer of Opinion (Cont'd)

1. Opening balance (Cont'd)

In respect of item 1(c) - Veracity, existence and completeness of bank balances (Cont'd)
Notwithstanding the issuance of the preliminary report, we understand that the Audit Committee may be taking further steps to address the veracity of the bank balances. The outcome of the special investigation, if any, could require adjustments and/or additional disclosure to the accompanying financial statements. As at the date of this report, we have not been provided with any further evidence to show cause that there is a change of event or circumstances that could explain the reported matter otherwise.

We were unable to ascertain the accuracy and completeness of the transactions for the period from 1 April 2020 to 24 July 2020 in respect of the bank account held by SZYK with the Rural Commercial Bank, and any known adjustments and/or disclosures in this regard could have a consequential impact to the accompanying financial statements for the year ended 31 March 2021.

2. Current financial year – FY2021

(a) Deferred tax liabilities

Our opinion for the financial year ended 31 March 2021 in respect of the valuation of the deferred tax liabilities of the Group remained unchanged as there were no facts and circumstances that provide new audit evidence. The deferred tax liabilities of the Group relate mainly to the differences between the fair value and book value of the Group's intangible assets - patents, when the Group acquired the Target Companies in FY2019 (refer to Note 10 to the financial statements).

As fully discussed in the aforesaid paragraph in section 1(a) Impairment of non-financial assets of our report, we were unable to determine the extent of the impairment that may be required or the appropriateness of the carrying amount of the Group's intangible assets - patents as at 31 March 2021. Any adjustments to the carrying amount of the Group's intangible assets - patents would have a consequential financial impact on the carrying amount of the deferred tax liabilities of RMB Nil (2020: RMB 6.2 million) as at 31 March 2021. Accordingly, we were unable to ascertain the appropriateness of the carrying amount of the deferred tax liabilities being reported on as at 31 March 2021.

(b) Recoverability of deposit paid of RMB 35.0 million to SST

As disclosed in Note 16 to the accompanying financial statements, during the financial year ended 31 March 2021, the Group had paid a deposit of RMB 35.0 million to facilitate a potential business cooperation with Shenzhen Shareihome Technology Co., Ltd. ("SST") in the People's Republic of China ("PRC").

The deposit was paid pursuant to a Cooperation Framework Agreement (the "SST Agreement") with SST on 22 April 2021 in relation to the development of equipment production (Agricultural Artificial Intelligence), automation technology and marketing on internet of Things. The potential investee was valued at RMB 481.4 million based on a valuation report prepared as of 31 January 2021 by the investee.

Basis for Disclaimer of Opinion (Cont'd)

2. Current financial year – FY2021 (Cont'd)

(b) Recoverability of deposit paid of RMB 35.0 million to SST (Cont'd)

Based on the information available to the Company including the preliminary due diligence carried out by management and the valuation report prepared by the potential investee, and the undertaking by the Group's Chairwoman and controlling shareholder, Ms Song Yanan, to recover the security deposit of RMB35 million from SST and/or to personally guarantee the repayment of the security deposit to the Company, management is of the view that the deposit paid to SST is recoverable and no impairment loss is necessary.

We were unable to accept the use of the valuation report in determining the recoverability of the deposit paid for potential acquisition. This is because we were unable to assess the appropriateness of the valuation report prepared by the potential investee as we were not given access to perform a review of the valuation report. We were also not provided with the relevant and other financial information in determining the recoverability of the deposit. Subsequent to the financial year ended 31 March 2021 and as of the date of this report, no funds have been received from the aforesaid potential investee. Consequently, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the deposit paid to SST is recoverable.

(c) Recoverability of advances paid

As disclosed in Note 16 to the accompanying financial statements, during the financial year ended 31 March 2021, the Group has contracted for and paid advances of RMB 49.0 million (2020: Nil) to a new supplier, 惠州中凡机电设备有限公司 ("ZhongFan"), for the supply and installation of certain L-AP equipment for sale to a customer, Kangweijian. Under the purchase contracts entered into with the supplier, the supplier has to deliver and/or install the above-mentioned L-AP equipment between December 2020 and September 2021.

According to the management, ZhongFan had on 25 March 2021 informed the Group that it had encountered delays in securing certain imported parts and equipment that were necessary for the supply, delivery and installation of the L-AP equipment due to transhipment delays arising from the Covid-19 pandemic.

We were not provided sufficient information and explanation as to the timing and status of the supply and installation of these L-AP equipment. There was no supply or installation of the L-AP equipment in respect of the advances paid to Zhongfan for the financial year ended 31 March 2021 and as of the date of our report. We were also not provided with the relevant and other financial information in respect of the recoverability of the advances paid to Zhongfan. Consequently, we were unable to determine whether adjustments to the accompanying financial statements may be necessary.

Basis for Disclaimer of Opinion (Cont'd)

2. Current financial year – FY2021 (Cont'd)

(d) Impairment of goodwill

As fully disclosed in Note 11 to the accompanying financial statements, the Group had carried out an impairment assessment and recorded an impairment loss of RMB 9.7 million (2020: Nil) in profit or loss for the financial year ended 31 March 2021 in respect of the goodwill of Really Time Trading Limited ("RTTL") whose business is in food products trading. The carrying amount of the goodwill after the above-mentioned impairment was RMB 3.0 million (2020: RMB 12.7 million) as at 31 March 2021.

For the previous financial year ended 31 March 2020, management had carried out an impairment exercise on the goodwill which included forecasted revenues of RMB 52.6 million and gross profit margins of RMB 3.7 million for the financial year ended 31 March 2021. Despite the forecast, there were no revenue (2020: RMB 13.1 million) or trading activities as recorded in the books of RTTL for the year ended 31 March 2021. Management had advised that the operations of RTTL for the year ended 31 March 2021 had been disrupted by the impact of the Covid-19 pandemic including delays surrounding the import of food products for sale which was partly attributed to the ongoing trade war tension between China and US.

We were unable to obtain sufficient information and explanation over the significant variances in the cash flow projections made last year in respect of the current financial year ended 31 March 2021 and the actual financial results of RTTL for the year then ended. We were also unable to obtain sufficient appropriate audit evidence to satisfy ourselves on certain key assumptions supporting the cash flow forecast such as forecasted revenue, gross margins and the manner and timing in which RTTL continues to be affected, if any, by the continuing impact arising from the Covid-19 pandemic including the assumption on the delay in import of food products for sale that might be attributable to the ongoing trade war tension between China and US. In addition, as of the date of this report, there have been no sales or purchases being recorded in the books of RTTL. Consequently, due to material uncertainties over the aforesaid key assumptions, we were unable to determine whether adjustments to the accompanying financial statements may be necessary.

(e) Impairment of trade receivables

As disclosed in Note 16 to the accompanying financial statements, as at 31 March 2021, the Group has outstanding net trade receivables balances from contracts with customers of RMB 13.5 million (2020: RMB 14.4 million).

Included in the above-mentioned carrying amount is RMB 13.1 million (2020: RMB 14.2 million) that are past due for more than 120 days in respect of outstanding trade receivables of RTTL. Management had performed an expected credit loss ("ECL") analysis for the year ended 31 March 2021 and is of the view that no ECL allowance is deemed necessary.

2. Current financial year – FY2021 (Cont'd)

(e) Impairment of trade receivables (Cont'd)

Based on the information available to us, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the reasonableness of management's ECL assessment on these trade receivables amounting to RMB 13.1 million as at 31 March 2021. Based on information available to us, a majority of these trade receivables were either loss-making or have insufficient assets to repay the Group. In addition, there were no collections from these debtors during the financial year ended 31 March 2021 nor as of the date of this report. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

(f) Impairment of amounts due from subsidiaries

As at 31 March 2021, the amounts due from subsidiaries to the Company were RMB 115.0 million (2020: RMB 106.9 million).

A majority of these subsidiaries have reported deficits in their shareholders' funds as at 31 March 2021 and incurred net losses for the year then ended. Consequently, based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the extent of the impairment required nor the appropriateness of the carrying amounts due from the subsidiaries for the year ended 31 March 2021.

(g) Going concern

As stated in Note 2(a) to the financial statements, the Group reported a net loss of RMB 67.9 million (2020: RMB 96.2 million) for the financial year ended 31 March 2021 and recorded a cash outflow from operating activities of RMB 58.3 million (2020: RMB 18.9 million). This indicates the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Notwithstanding the above, the management believes that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 March 2021 is appropriate after taking into consideration the following factors:

- As at 31 March 2021, the Group has net current assets of RMB 96.2 million (2020: RMB 119.2 million) and net assets of RMB 124.3 million (2020: RMB 195.5 million), including cash and cash equivalents of RMB 20.6 million (2020: RMB 27.1 million);
- Cash flow forecast was prepared for the next 12 months after year end which showed that sufficient cash flows will be generated from operations to pay liabilities when they are due based on the assumptions made by management;
- Management expects the monies to be collected from the trade receivables and the return of the deposits paid for potential business acquisitions in the event there is no acquisition of the potential investee as well as the timely supply and installation of goods and services by the new supplier, Zhongfan, as disclosed in Note 16 to the financial statements; and
- The Group's Chairwoman and controlling shareholder, Ms Song Yanan, has on 18 July 2021, indicated her intention to the Board to support the Group's working capital requirements for the next 12 months after the reporting date.

2. Current financial year – FY2021 (Cont'd)

(g) Going concern (Cont'd)

Had adjustments been made to the financial statements in respect of the matters as fully explained in the aforesaid paragraphs in paragraph 2(b) Recoverability of deposit paid, paragraph 2(c) Recoverability of advances paid and paragraph 2(e) Impairment of trade receivables of our report, the going concern assumption as used by the management may not be appropriate. No such adjustments have been made to these financial statements.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of Section 90 of the Companies Act 1981 of Bermuda and International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with International Standards on Auditing and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the *Basis for Disclaimer Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Professional Conduct and Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other Matters

In so far as to the disclaimer of opinion made in FY2020 and carried forward to FY2021, the matters referred below were resolved during the financial year ended 31 March 2021 as follows:

(a) Discontinued operations

As stated in our auditor's report for the financial years ended 31 March 2019 and 2020, we were unable to obtain audit evidence on the discontinued operations with a reported loss of RMB 17.1 million and the recorded gain of RMB 27.2 million on the disposal of the disposal group classified as held for sale in respect of the disposal of the Post-Ante Group for the financial period ended 31 March 2019.

The above matter is considered to be resolved and dealt with during the current financial year ended 31 March 2021 as there is no consequential financial impact arising from the discontinued operations on the current financial year's results and/or on the comparability of the corresponding period for the current financial year then ended.

(b) Impairment of non-financial assets

As stated in our auditor's report for the year ended 31 March 2020, we were unable to ascertain the recoverability of the carrying amounts of the Group's property, plant and equipment and right-of-use assets ("ROU assets"). This was because we were unable to rely on the key assumptions used in determining the recoverable amount of the CGU based on value in use ("VIU") calculation in the previous financial year as stated in the above-mentioned paragraph 1(a) under Opening Balances. As stated in Note 12 to the accompanying financial statements, during the financial year ended 31 March 2021, management has performed an impairment assessment of the above assets based on the higher of the fair value less cost of disposal ("FVLCD") or VIU. The FVLCD comprising the Direct Market Comparison method and the Depreciated Replacement Cost method has indicated that the fair value of Group's property, plant and equipment and ROU assets approximate or is higher than their carrying values as at 31 March 2021. The carrying amounts of the property, plant and equipment and ROU assets were RMB 2.6 million (2020: RMB 2.7 million) and RMB 22.4 million (2020: RMB 8.7 million) respectively as at 31 March 2021. The property, plant and equipment and ROU assets that were previously qualified in our auditor's report in FY2020 are considered to be resolved for the financial year ended 31 March 2021.

(c) Recoverability of proceeds from the disposal of the Post-Ante Group

As stated in our auditor's report for the year ended 31 March 2020, following the disposal of the Post-Ante Group during the year ended 31 March 2019, the balance sales proceeds of RMB 15.0 million were overdue from the purchaser (the "Purchaser") as at 31 March 2020.

As fully disclosed in Note 16 to the financial statements, the aforesaid amount has been fully received during the financial year ended 31 March 2021. This matter that was previously qualified in our auditor's report in FY2020 is considered to be resolved for the financial year ended 31 March 2021.

Other Matters (Cont'd)

(d) Recoverability of deposits and termination of short-term investment

As stated in our auditor's report for the year ended 31 March 2020, there were two deposits with third parties for potential business acquisitions of RMB 35.0 million (paid to 深圳农畉食品开发集团有限公司 ("Nongfu") and RMB 25.0 million (paid to 唐山市胜润生物科技有限公司 ("Tangshan")) that were carried forward to the books as at 31 March 2020. During the financial year ended 31 March 2020, the Group placed RMB 40.0 million as a short-term investment with a third party (惠州市康维健生物科技有限公司 ("Kangweijian")) to earn a reasonable return (refer to Note 16 to the financial statements).

In respect of the RMB 25.0 million deposit placed with Tangshan, the Group has received full repayments during the financial year ended 31 March 2021. In respect of the RMB 35.0 million deposit placed with Nongfu, the Group has received full repayments subsequent to the financial year ended 31 March 2021 in June 2021.

In respect of the short-term investment placed with Kangweijian, the Group has fully received the sum of RMB 40.0 million from Kangweijian during the months of December 2020 and March 2021. The abovementioned matters that were qualified in our auditor's report in FY2020 are considered to be resolved for the financial year ended 31 March 2021.

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Companies Act 1981 of Bermuda (the "Act") to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chang Fook Kay.

Foo Kon Tan LLP
Public Accountants
and Chartered Accountants

Singapore,
6 September 2021

Notes to the financial statements
for the financial period ended 31 March 2021

2(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including interpretations promulgated by the International Financial Reporting Interpretations Committee ("IFRIC") issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Renminbi (RMB) to the nearest thousand, RMB'000. The functional currency of the Company is Hong Kong dollars. As the Group's businesses are traded mainly in RMB, the directors are of the view that a RMB financial reporting provides more relevant presentation of the Group's financial performance and cashflows.

All financial information has been presented in RMB, unless otherwise stated.

Going concern

The Group incurred a net loss of RMB 67.9 million (2020: RMB 96.2 million) for the financial year ended 31 March 2021 and recorded a cash outflow from operating activities of RMB 58.3 million (2020: RMB 18.9 million). This indicates the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

Notwithstanding the above, the management believes that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 March 2021 is appropriate after taking into consideration the following factors:

- As at 31 March 2021, the Group has net current assets of RMB 96.2 million (2020: RMB 119.2 million) and net assets of RMB 124.3 million (2020: RMB 195.5 million), including cash and cash equivalents of RMB 20.6 million (2020: RMB 27.1 million);
- Cash flow forecast was prepared for the next 12 months after year end which showed that sufficient cash flows will be generated from operations to pay liabilities when they are due based on the assumptions made by management;
- Management expects the monies to be collected from the trade receivables and the return of the deposits paid for potential business acquisitions in the event there is no acquisition of the potential investee as well as the timely supply and installation of goods and services by the new supplier, Zhongfan, as disclosed in Note 16 to the financial statements; and
- The Group's Chairwoman and controlling shareholder, Ms Song Yanan, has on 18 July 2021, indicated her intention to the Board to support the Group's working capital requirements for the next 12 months after the reporting date.

2(a) Basis of preparation (Cont'd)

Going concern (Cont'd)
In the event the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to the financial statements to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements.

Key sources of estimates uncertainty and significant judgements

The preparation of the financial statements in conformity with IFRS requires the management to exercise judgements in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only the financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are detailed below:

Significant judgements made in applying accounting policies

(i) Determination of functional currency

The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. These financial statements are presented in RMB, which is the functional and presentational currency of most of the Group entities. Notwithstanding that the functional currency of the Company is Hong Kong dollars, the financial statements of the Group and the Company have been presented in RMB in order to best represent the core business performance and its underlying exposures from an operational perspective as the Group carries out its production and trading operations in mainly RMB.

Determination of functional currency involves significant judgement and other companies may make different judgements based on similar facts. The functional currency of each of the group entities is principally determined by the primary economic environment in which the respective entity operates.

The Group reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. The determination of functional currency affects the carrying value of non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in profit or loss. It also impacts exchange gains and losses included in the profit or loss.

2(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumption when they occur.

(i) Useful lives and depreciation of property, plant and equipment and right-of-use assets (Notes 12 and 13)

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and right-of-use assets ("ROU assets"). Changes in the expected level of usage, maintenance programmes, and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment and ROU assets are disclosed in Notes 12 and 13 to the financial statements. A 5% difference in the estimated useful lives of property, plant and equipment from management's estimates will have no significant impact on the Group's loss for the year ended 31 March 2021.

(ii) Impairment of non-financial assets (Notes 11, 12, 13 and 14)

Goodwill, property, plant and equipment, ROU assets and intangible assets are reviewed to determine whether there are any indications that the carrying value of these assets may not be recoverable and have suffered an impairment loss or indications that an impairment loss recognised in prior periods may no longer exist or may have decreased as at the end of the reporting period. If any such indication exists, the assets are tested for impairment. An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and value-in-use.

These valuations were performed by an independent professional valuer. The determination of the recoverable amounts includes use of unobservable inputs. Factors such as changes in discount rates, the presence of competition, technical obsolescence and lower-than-anticipated product sales could lead to shorter useful lives or impairment. Due to the inherent valuation uncertainty, those estimated recoverable amounts may differ significantly from actual results, and those differences could be material.

The carrying amount the Group's patents, goodwill, property, plant and equipment, ROU assets and intangible assets, and the details of impairment tests are disclosed in Notes 11, 12, 13 and 14.

(iii) Valuation of inventories (Note 15)

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

The carrying amount of the Group's inventories is disclosed in Note 15. If the net realisable values of inventories increase/decrease by 5% from management's estimates, the Group's loss for the year ended 31 March 2021 would decrease/increase by approximately RMB 116,000 (2020 - RMB 76,000).

2(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(iv) Allowance for expected credit losses ("ECL") on trade and other receivables and amount due from subsidiaries (Notes 16 and 17)

Allowance for ECL of trade and other receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates including an adjustment for the impact of COVID-19, US-China trade tensions, and social unrest in Hong Kong. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

The Group and the Company apply the 3-stage general approach to determine ECL for non-trade amounts due from external parties and related parties. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The carrying amount of the Group's and the Company's trade and other receivables and amount due from subsidiaries are disclosed in Notes 16 and 17.

An ECL allowance of RMB Nil (2020 - RMB 17,326,000) for trade receivables of the Group was recognised for the year ended 31 March 2021. A decrease of 10% in the estimated future cash inflows will lead to further allowance for impairment of RMB 1.4 million and RMB 12.3 million (2020 - RMB 1.4 million and RMB 12.8 million) on the Group's trade and other receivables respectively. A decrease of 10% in the estimated future cash inflows will lead to further allowance for impairment of RMB 10,000 and RMB 11.5 million (2020 - RMB 1.6 million and RMB 10.7 million) on the Company's other receivables and amount due from subsidiaries respectively.

(v) Fair value measurement of contingent consideration for acquisition of subsidiaries in a business combination (Notes 10 and 23)

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the consideration transferred for business combination. Where the contingent consideration meets the definition of a derivative and thus financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on the market approach using the Chaffe Put Option Model and taking into account the probability of meeting each performance target from the profit warranty given by the vendors. As part of the purchase price allocation for the acquisition of Chengde Purun Shengwu Zhiyao Co., Ltd., Hebei Xingrun Shengwu Keji Gufen Co., Ltd. and Benchmark Trade Limited, in the previous financial period ended 31 March 2019, the Group identified an element of contingent consideration.

2(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(v) Fair value measurement of contingent consideration for acquisition of subsidiaries in a business combination (Notes 10 and 23) (Cont'd)

The carrying amount of the contingent consideration is disclosed in Note 23. Sensitivity analysis regarding the key input estimates used in the valuation is disclosed in Note 30 to the financial statements.

10 Subsidiaries

The Company	**31 March 2021 RMB'000**	31 March 2020 RMB'000
Unquoted equity shares, at cost	**9**	9
Less: Impairment loss on net investment in subsidiaries	**-**	-
Net carrying value	**9**	9

Details of the subsidiaries are:

Name of subsidiary	Country of incorporation	Effective equity interest held by the Group **2021 %**	2020 %	Principal activities
Directly held by the Company				
Brighten Ocean International Limited ("Brighten Ocean")	Hong Kong	**100**	100	Investment holding
Held by Brighten Ocean				
Yi Kei International Limited ("Yi Kei")	Hong Kong	**100**	100	Investment holding
Pearlfield China Limited ("Pearlfield")	Hong Kong	**100**	100	Investment holding
Benchmark Trade Limited ("Benchmark" or "BM")	Hong Kong	**80**	80	Trading of additives
Held by Pearlfield				
Shenzhen Bao Yao Agricultural Products Limited ("SZBY")	PRC	**100**	100	Trading of agricultural products
Really Time Trading Limited ("RTTL")	Hong Kong	**80**	80	Trading of food products
Held by RTTL				
Shenzhen Hualitai Food Trading Co., Ltd. ("SZHLT")	PRC	**80**	80	Trading of food products
Held by Yi Kei				
Shenzhen Yi Kei Logistics Supply-chain Limited ("SZYK")	PRC	**100**	100	Logistics services
United Express Trading Pte. Ltd.	Singapore	**100**	100	Trading of food products
Held by SZBY				
Hebei Xingrun Shengwu Keji Gufen Co., Ltd. ("HBXR")	PRC	**80**	80	Production and sale of animal feed and traditional medicine and trading of L-AP related equipment
Chengde Purun Shengwu Zhiyao Co., Ltd. ("CDPR")	PRC	**80**	80	Production and sale of additives
Held by HBXR				
Beijing Yirun Kemao Co., Ltd.	PRC	**76**	76	Trading of additives

10 Subsidiaries (Cont'd)

All subsidiaries of the Group as listed above, were audited by Foo Kon Tan LLP for consolidation purposes.

Acquisitions of subsidiaries during the financial period ended 31 March 2019
On 5 October 2017, the Board announced that the Company and two of the Company's wholly owned subsidiaries, Shenzhen Baoyao Agricultural Products Ltd. and Brighten Ocean International Ltd. (collectively, the "Purchasers"), had on 5 October 2017 entered into a sale and purchase agreement ("SPA") with Vendor A, Vendor B and Vendor C (collectively, the "Vendors"), for the sale and purchase of 80% equity interest in the following Target Companies:

- Chengde Purun Shengwu Zhiyao Co., Ltd. (承德普润生物制药有限公司) ("CDPR")
- Hebei Xingrun Shengwu Keji Gufen Co., Ltd. (河北兴润生物科技股份有限公司) ("HBXR"); and
- Benchmark Trade Limited ("Benchmark/BM")

(CDPR, HBXR and BM are collectively, known as the "Target Companies")

The acquisition is in line with the Group's strategy to move further up the supply chain on animal food products that uses Chinese medicine for the preparation of drugs for the prevention and treatment of livestock and poultry and other viral infection and diseases and the potential investment gain from the patented production of the additive L-Ascorbyl Palmitate ("L-AP") or antioxidant. The main product from HBXR is the production of an antioxidant, L-AP (C-22H38O7), which is widely used in various products such as edible oils, infant food products, cosmetics and feed additives for animal feed.

The consideration was RMB 120,000,000 and was paid/payable in the following manner:

- A deposit of RMB 25,000,000;
- A cash consideration of RMB 10,000,000; and
- The balance purchase price of RMB 85,000,000 payable by way of the issuance of Bonds which are convertible subject to the terms of the SPA.

Out of the total purchase consideration of RMB 120 million, RMB 25 million was paid in cash during the year ended 31 December 2017, RMB 10 million is payable in cash to the vendors (Note 21) and the Bonds to be issue representing the balance purchase consideration is payable by way of RMB 85 million of Bonds to be issued. The Bonds are convertible into shares of the Company in accordance with the terms of the SPA.

The Bonds
The issue of S$17,359,338 (equivalent to approximately RMB 85,000,000 based on a fixed foreign exchange rate of S$1: RMB 4.8965 as at 4 October 2017) in aggregate principal amount of zero per cent. convertible bonds (the "Bonds") by United Food Holdings Limited (the "Issuer"), is pursuant to the Sale and Purchase Agreement ("SPA") dated 5 October 2017 (as the same may from time to time be amended, modified or supplemented) (the "Agreement") between the Issuer, the purchasers and the vendors as referred to in the Agreement. The Bonds do not bear any interest. The Bondholder may convert any Bond into conversion shares at any time during the 12-month period commencing on the first day of FY2021.

The "Conversion Shares" means ordinary shares of the Issuer. The conversion price will be subject to adjustment such as share consolidation or rights issues etc as stipulated in the SPA. In the event there are outstanding Bonds that have not been converted into conversion shares within the conversion period, such Bonds shall automatically be converted into conversion shares at the expiration date of the conversion period. The Issuer shall not be permitted to redeem the Bonds. All Bonds which are converted by the Issuer in accordance with the conditions stipulated in the SPA will be cancelled.

As at 31 March 2020 and 2021 and as of the date of the report, no Bonds have been issued.

10 Subsidiaries (Cont'd)

Acquisitions of subsidiaries during the financial period ended 31 March 2019 (Cont'd)

Management has accounted for the Bonds to be issued representing the balance purchase consideration of RMB 85 million as a contingent consideration classified as a financial liability measured at fair value with changes in fair value recognised in profit or loss under IFRS 3 Business Combinations. This is because the amount of Bonds to be issued varies or depends on the amount of profits that are generated by the Target Companies under the profit warranty given by the vendors in the SPA.

The vendors of the Target Companies have provided a profit warranty of RMB 25 million each year over the next three financial years with a cumulative aggregate profit warranty of RMB 75 million. The amount of Bonds to be issued is calculated based on an agreed formula as: Amount of Bond to be issued is equal to [(Actual profits/RMB 25 million) x RMB 28.333 million Bonds] subject to a maximum aggregate number of RMB 85 million of Bonds.

The Acquisition was accounted for as a business combination using the acquisition method of accounting. Management has carried out a purchase price allocation exercise ("PPA") at the date of acquisition by using an independent professional valuer.

Summarised financial information in respect of the Group's subsidiaries that have non-controlling interest
Set out below are the summarised financial information without adjusting for equity interest of NCIs in the subsidiaries represents amounts before inter-company eliminations.

	RTTL Group RMB'000	HBXR/BM RMB'000	CDPR RMB'000
Financial year ended 31 March 2021			
Revenue	-	9,705	8
Loss for the year	282	(57,221)	2,333
Other comprehensive loss	1,153	-	-
Total comprehensive loss	1,435	(57,221)	2,333
Attributable to NCI:			
Loss for the year	56	(11,441)	467
Other comprehensive loss	231	-	-
Total comprehensive loss attributable to NCI	287	(11,441)	467
Non-current assets	-	5,074	19,971
Current assets	56,524	61,127	1,854
Current liabilities	(60,430)	(71,674)	(28,369)
Net (liabilities)/assets	(3,906)	(5,473)	(6,544)
Net (liabilities)/assets attributable to NCI:	(781)	(1,137)	(1,309)
Net cash outflow from operating activities	1,466	(46,450)	(1,522)
Net cash inflow from financing activities	(1,557)	46,469	1,523
Net changes in cash and cash equivalents	(91)	19	1

10 Subsidiaries (Cont'd)

Summarised financial information in respect of the Group's subsidiaries that have non-controlling interest (Cont'd)

	RTTL Group RMB'000	HBXR/BM RMB'000	CDPR RMB'000
Financial year ended 31 March 2020			
Revenue	13,068	17,045	192
Loss for the year	(14,994)	(59,477)	(41,188)
Other comprehensive loss	(65)	-	-
Total comprehensive loss	(15,059)	(59,477)	(41,188)
Attributable to NCI:			
Loss for the year	(2,999)	(11,931)	(8,238)
Other comprehensive loss	(13)	-	-
Total comprehensive loss attributable to NCI	(3,012)	(11,931)	(8,238)
Non-current assets	-	58,800	17,100
Current assets	55,514	16,616	1,892
Non-current liabilities	-	-	(10,000)
Current liabilities	(60,855)	(23,670)	(17,869)
Net (liabilities)/assets	(5,341)	51,746	(8,877)
Net (liabilities)/assets attributable to NCI:	(1,068)	10,303	(1,775)
Net cash outflow from operating activities	(9,712)	(5,351)	(545)
Net cash inflow from investing activities	-	-	17
Net cash inflow from financing activities	9,812	5,343	558
Net changes in cash and cash equivalents	100	(8)	30

11 Goodwill

The Group	31 March 2021 RMB'000	31 March 2020 RMB'000
Goodwill	**12,742**	12,742
Less: impairment loss	**(9,693)**	-
	3,049	12,742

Impairment test for goodwill

As at 31 March 2021, the carrying amount of goodwill is attributable to the food trading business constituting a cash-generating unit ("CGU"). The recoverable amount of the CGU was determined based on its value-in-use calculation, determined by discounting the projected five-year cash flows to be generated from the continuing use of the CGU at a pre-tax discount rate of 16.50% (2020 - 17.07%). The terminal value growth rate used does not exceed the historical long-term growth rate of the market the CGU operates in.

Key assumptions used for value-in-use calculations:

The Group	31 March 2021 %	31 March 2020 %
Growth rate[1]	**3.06**	3.14
Gross margin[2]	**8.0**	7.13
Discount rate[3]	**16.50**	17.07

1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.
2 Budgeted average gross margin.
3 Pre-tax discount rate applied to the pre-tax cash flow projections.

11 Goodwill (Cont'd)

These assumptions have been used for the analysis of each CGU. Management determines the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rates used are those that are consistent with industry reports. The discount rates used pre-tax and reflect specific risks relating to the business segments.

In FY2021, an impairment loss RMB 9,693,000 was charged to "other expenses" in profit or loss. This impairment charge in FY2021 had arisen from the Trading segment following the decline in customer demand as a result of the developments of the novel coronavirus outbreak, US-China trade tensions, and social unrest in Hong Kong. Management expects the trading of food products to resume towards the end of FY2022.

12 Property, plant and equipment

The Group	Leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Construc-tion in progress RMB'000	Total RMB'000
Cost					
At 1 April 2019	13,500	7,173	35	441	21,149
Adoption of IFRS 16:					
- Reclassification to right-of-use assets (Note 13)	(13,500)	-	-	-	(13,500)
At 1 April 2019	-	7,173	35	441	7,649
Additions	-	13	7	-	20
Disposal	-	(242)	-	-	(242)
At 31 March 2020 and 2021	**-**	**6,944**	**42**	**441**	**7,427**

The Group	Leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Construc-tion in progress RMB'000	Total RMB'000
Accumulated depreciation and impairment					
At 1 April 2019	**568**	**426**	**7**	**-**	**1,001**
Adoption of IFRS 16:					
- Reclassification to right-of-use assets (Note 13)	**(568)**	**-**	**-**	**-**	**(568)**
At 1 April 2019	**-**	**426**	**7**	**-**	**433**
Depreciation for the year	**-**	**1,080**	**14**	**-**	**1,094**
Disposal	**-**	**(54)**	**-**	**-**	**(54)**
Impairment loss for the year	**-**	**2,926**	**13**	**285**	**3,224**
At 31 March 2020	**-**	**4,378**	**34**	**285**	**4,697**
Depreciation for the year	**-**	**482**	**4**	**-**	**486**
Reversal of impairment loss	**-**	**(374)**	**(9)**	**-**	**(383)**
At 31 March 2021	**-**	**4,486**	**29**	**285**	**4,800**
Comprising:					
- Accumulated depreciation	-	1,934	25	-	1,959
- Accumulated impairment loss	-	2,552	4	285	2,841
Net book value					
At 31 March 2021	**-**	**2,458**	**13**	**156**	**2,627**
At 31 March 2020	-	2,566	8	156	2,730

12 Property, plant and equipment (Cont'd)

Due to the adoption of IFRS 16, leasehold buildings were reclassified to right of use assets amounted RMB 12,932,000 for the financial year ended 31 March 2020. Please refer to Note 13 for disclosure.

Impairment tests for property, plant and equipment, right-of-use assets (Note 13) and patents (Note 14)
As fully disclosed in Note 10 to the financial statements, the Group acquired the Target Companies comprising Chengde Purun Shengwu Zhiyao Co., Ltd. (承德普润生物制药有限公司) ("CDPR"), Hebei Xingrun Shengwu Keji Gufen Co., Ltd. (河北兴润生物科技股份有限公司) ("HBXR") and Benchmark Trade Limited ("BM") in the financial period ended 31 March 2019 ("fiscal year 2019"). HBXR/BM holds a patent for the production of the L-Ascorbyl Palmitate (C-22H38O7) ("L-AP") or ("Antioxidant Product") while CDPR holds patents for the preparation of drugs for the prevention and treatment of livestock and poultry and other viral infection and diseases (or "Animal Feed and Traditional Medicine").

Financial year ended 31 March 2021
During current financial year ended 31 March 2021, management, assisted by an independent professional valuer ("Independent Valuer"), carried out a review of the recoverable amount of its property, plant and equipment, right-of-use assets and patents attributable to the related CGUs. The impairment assessment was performed on the respective cash generating units ("CGU") of the Group and management has determined the recoverable amount based on the higher of fair value less cost of disposal ("FVLCD") and value in use ("VIU").

As permitted under IAS 36 Impairment of Assets, the impairment loss recognised in prior period for assets other than goodwill shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Accordingly, as there was a change in the estimates used from the value in use approach to the fair value less costs of disposal for the year ended 31 March 2021, the impairment loss that was recognised in prior periods was reversed in the year then ended in respect of the above non-financial assets.

A reversal of impairment loss of RMB 383,000 and RMB 14,172,000 has been recognised during current financial year ended 31 March 2021 on property, plant and equipment and ROU assets respectively as the recoverable amounts were higher than their carrying amount. The recoverable amount of property, plant and equipment and ROU assets were based on their fair value less cost to sell as determined by sale prices in recent transactions for similar assets and Depreciated Replacement Cost method, which are a fair value hierarchy Level 2 measurement.

An impairment loss of RMB 57,357,000 was recognised on the carrying amounts of the Group's patents for the year ended 31 March 2021 ("FY2021"). The recoverable amount of patents was based on value in use ("VIU") calculation. The impairment loss was recognised within "other expenses" in profit or loss.

During the financial year ended 31 March 2021, there were no production of the Antioxidant Product and Animal Feed and Traditional Medicine products. This is because that there is a lack of supply of gas or fuel by the local authorities directly to our factory plants for production by HBXR and CDPR.

According to a public notice dated 31 August 2020, the local authorities planned to implement the construction of a natural gas network in the industrial zone in which the Group operates. The construction was targeted to be completed by the end of October 2020. In this regard, management has written to the local authorities for the approval to install and supply the gas directly to the factory plants and expects the local authorities to approve and complete the installation and supply of gas in October 2020. There is no further development as of 31 March 2021 and as of the date of these financial statements.

12 Property, plant and equipment (Cont'd)

Impairment tests for property, plant and equipment, right-of-use assets (Note 13) and patents (Note 14) (Cont'd)

Financial year ended 31 March 2021 (Cont'd)
Accordingly, Management has determined that it was unable to ascertain the timing of the gas supply by the local authorities to its factory plants of HBXR and CDPR and has prepared the forecast on this basis in respect of the Additives segment and the Animal Feed and Traditional Medicine segment for the 5-year period from FY2022 to FY2026.

The VIU calculation prepared by management was based on a five-year forecast from the financial years ending 31 March 2022 to 2026 ("FY2022-FY2026") (the "Forecast") which included the following key assumptions and estimates:

- there will be no supply of gas by the local authorities amid strict environmental regulations; and
- the use of the terminal value instead of the average useful life of the patents in deriving the future discounted cash flows in determining the recoverable amount.

Financial year ended 31 March 2020
During the financial year ended 31 March 2020, the impairment assessment was performed on the respective cash generating units ("CGU") of the Group and management has determined the recoverable amount of the CGU based on value in use ("VIU") calculation. An impairment loss of RMB 3,224,000, RMB 14,172,000 and RMB 63,267,000 was recognised on the carrying amounts of the Group's property, plant and equipment, ROU assets and patents respectively for the year ended 31 March 2020 ("FY2020). The impairment loss on these plant and equipment, ROU assets and patents is recognised within "other expenses" in profit or loss.

HBXR sales
The sales of the Antioxidant Product by HBXR for the year ended 31 March 2020 amounted to RMB 129,000 which represented 0.25% of the forecast revenue of RMB 52.7 million that was prepared in the financial period ended 31 March 2019 for the same period. The actual production for the year ended 31 March 2020 was only 0.9 tonnes or 0.4% of the forecast production capacity for the same period, representing a 99.6% decrease from the forecast production capacity of 216 tonnes per annum. The Group incurred a gross loss of RMB 1.2 million (excluding sales of L-AP production equipment of RMB 16.4 million) for the year ended 31 March 2020 as compared to a forecast gross profit margin of RMB 41.1 million. In addition, the actual average selling price of the Antioxidant Product for the year ended 31 March 2020 was 33.6% lower when compared to management's forecast for the same period. While the forecast production of the Antioxidant Product was 216,000 kg for a 12-month period or 18,000 kg per month, the actual output for the year ended 31 March 2020 was only 939 kg.

CDPR Sales
The sales of the Animal Feed and Traditional Medicine by CDPR for the year ended 31 March 2020 amounted to RMB 192,000 which represented 0.76% of the forecast revenue of RMB 25.2 million that was prepared in the financial period ended 31 March 2019 for the same period. The actual production of the Animal Feed and Traditional Medicine for the year ended 31 March 2020 was 16 tonnes or 0.7% of the forecast production capacity for the same period, representing a 99.3% decrease from the forecast production capacity of 2,225 tonnes per annum. The Group incurred a gross profit of RMB 21,000 for the year ended 31 March 2020 as compared to a forecast gross profit margin of RMB 893,000 in respect of CDPR's operations. In addition, the actual average selling price of the Animal Feed and Traditional Medicine for the year ended 31 March 2020 was 96.1% lower when compared to management's forecast for the same period.

Subsequent to the financial year ended 31 March 2020, there were no production or sales of the Antioxidant Product and Animal Feed and Traditional Medicine products since that date and as of 30 September 2020. There were also no customers' orders or sales contract entered into with customers after 31 March 2020, and as of 30 September 2020. This is because that there is a lack of supply of gas or fuel by the local authorities directly to their factory plants for production.

12 Property, plant and equipment (Cont'd)

Impairment tests for property, plant and equipment, right-of-use assets (Note 13) and patents (Note 14) (Cont'd)

Financial year ended 31 March 2020 (Cont'd)
According to a public notice dated 31 August 2020, the local authorities plan to implement the construction of a natural gas network in the industrial zone in which the Group operates. The construction is targeted to be completed by the end of October 2020. In this regard, management has written to the local authorities for the approval to install and supply the gas directly to the factory plants and expects the local authorities to approve and complete the installation and supply of gas in October 2020.

Accordingly, Management had attributed the significantly lower actual sales and financial results of the Antioxidant product and the Animal Feed and Traditional Medicine to be mainly due to the lack of supply of gas or fuel by the local authorities directly to their factory plants at HBXR and CDPR for production as well as the adverse effects from the COVID-19 pandemic.

There was an error in the recording of the transactions in regard to the production of HBXR for the year ended 31 March 2020 due to incomplete records. Based on the accounting records of HBXR, despite production activities being carried out in the months of April 2019 to August 2019, there was no record of any Antioxidant Product being produced during this period. In addition, from the months of September 2019 to December 2019, while the records showed a production output of the Antioxidant Product of approximately 939 kilograms ("kg") during this period, there was little production activity to support such output. No fuel or gas expenses were recorded as being incurred for the production and certain essential raw materials ingredients that are required for the Antioxidant Product were absent from the accounting records.

The VIU calculation prepared by management was based on a five-year forecast from the financial years ending 31 March 2021 to 2025 ("FY2021-FY2025") (the "Forecast") which included the following key assumptions and estimates:

- projected production output, selling unit price, projected revenue and gross margins for the production of the Antioxidant Product and Animal Feed and Traditional Medicine in determining the recoverable amount of the property, plant and equipment, ROU assets and intangible assets including patents;
- the expected installation of the gas or fuel directly to the production plants of HBXR and CDPR from October 2020 for the production of the Antioxidant product and Animal Feed by the local authorities in the PRC; and
- the use of the terminal value instead of the average useful life of these assets in deriving the future discounted cash flows in determining the recoverable amount of the property, plant and equipment, ROU assets and patents.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

For the purpose of impairment testing assessment, the following are the cash generating units ("CGUs") as determined by the management:

CGUs	Entities
- Additive segment	HBXR/BM
- Animal feed and traditional medicine segment	CDPR

12 Property, plant and equipment (Cont'd)

Impairment tests for property, plant and equipment, right-of-use assets (Note 13) and patents (Note 14) (Cont'd)

Additive segment (HBXR/BM)

Key assumptions used for value-in-use calculations:

	31 March 2021	31 March 2020
Additive segment		
Revenue forecast:	**Year 1: RMB 0 million**	Year 1: RMB 3.2 million
- L-AP patented product sales	**Year 2: RMB 0 million**	Year 2: RMB 19.3 million
	Year 3: RMB 0 million	Year 3: RMB 21.9 million
	Year 4: RMB 0 million	Year 4: RMB 24.6 million
	Year 5: RMB 0 million	Year 5: RMB 29.2 million
Growth rate[1]	**0%**	2.56%
Gross margin[2]	**0%**	73.97%
Discount rate[3]	**16.89%**	20.24%
Production capacity utilisation rates (over a 5-year forecast period)	**0%**	5.00%-45.00%

1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.
2 Budgeted average gross margin.
3 Pre-tax discount rate applied to the pre-tax cash flow projections.

The impairment loss represents the write-down of certain assets in the Additive segment to their recoverable amount as a result of the adverse effects from the Covid-19 pandemic as well as the lack of supply of natural gas by the local authorities for production purposes. Natural gas is the necessary power source for production. The local government had made changes to the gas pipelines and had yet to connect them to the industries park where Hebei factory located. Therefore, the Hebei factory was unable to commence production. The use of natural gas by industries does not require a license.

The Group	**31 March 2021 RMB'000**	31 March 2020 RMB'000
Recoverable amount	**-**	58,800
Carrying amount:		
Intangible assets	**(48,791)**	(101,333)
Property, plant and equipment	**(1,432)**	(3,271)
ROU assets	**(1,735)**	(3,424)
(Impairment)/Surplus	**(51,958)**	(49,228)

Sensitivity analysis:
Reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value-in-use by the amounts shown below.

The Group	**Increase RMB'000**	**Decrease RMB'000**
31 March 2021		
Revenue forecast (5% movement)	**-**	-
Discount rate (1% movement)	**-**	-
31 March 2020		
Revenue forecast (5% movement)	3,300	(3,200)
Discount rate (1% movement)	(4,600)	5,500

12 Property, plant and equipment (Cont'd)

Impairment tests for property, plant and equipment, right-of-use assets (Note 13) and patents (Note 14) (Cont'd)

Animal feed and traditional medicine segment (CDPR)

Key assumptions used for value-in-use calculations:

	31 March 2021	31 March 2020
Animal Feed and Traditional Medicine segment		
Revenue forecast	**Year 1: RMB 0 million**	Year 1: RMB 0.5 million
	Year 2: RMB 0 million	Year 2: RMB 14.3 million
	Year 3: RMB 0 million	Year 3: RMB 18.4 million
	Year 4: RMB 0 million	Year 4: RMB 20.7 million
	Year 5: RMB 0 million	Year 5: RMB 24.0 million
Growth rate[1]	**0%**	2.56%
Gross margin[2]	**0%**	41.42%
Discount rate[3]	**15.62%**	19.15%
Production capacity utilisation rates (over a 5-year forecast period)	**0%**	1.00%-45.00%

1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.
2 Budgeted average gross margin.
3 Pre-tax discount rate applied to the pre-tax cash flow projections.

The impairment loss represents the write-down of certain assets in the Animal Feed and Traditional Medicine segment to their recoverable amount as a result of the adverse effects from the Covid-19 pandemic as well as the lack of supply of natural gas by the local authorities for production purposes.

The Group	**31 March 2021 RMB'000**	31 March 2020 RMB'000
Recoverable amount	**-**	17,200
Carrying amount:		
Intangible assets	**(8,566)**	(26,441)
Property, plant and equipment	**(812)**	(2,682)
ROU assets	**(6,511)**	(19,512)
(Impairment)/Surplus	**(15,889)**	(31,435)

Sensitivity analysis:
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the value-in-use by the amounts shown below.

The Group	**Increase RMB'000**	**Decrease RMB'000**
31 March 2021		
Revenue forecast (5% movement)	**-**	**-**
Discount rate (1% movement)	**-**	**-**
31 March 2020		
Revenue forecast (5% movement)	1,200	(1,300)
Discount rate (1% movement)	(1,700)	2,000

16 Trade and other receivables

	The Group		The Company	
	31 March 2021 RMB'000	31 March 2020 RMB'000	**31 March 2021 RMB'000**	31 March 2020 RMB'000
Trade receivables	**29,604**	31,694	**-**	-
Less: Expected credit loss allowance				
- At 1 April	**(17,326)**	(3,092)	**-**	-
- Impairment loss	**-**	(13,822)	**-**	-
- Write-off	**8**	72	**-**	-
- Foreign exchange differences	**1,229**	(484)	**-**	-
- At 31 March	**(16,089)**	(17,326)	**-**	-
Trade receivables – net	**13,515**	14,368		-
Other receivables (Note A)	**2,479**	24,209	**107**	15,116
Advances (Note B)	**49,152**	-	**-**	-
Deposits* (Note C)	**70,217**	102,194	**-**	579
Prepayment	**1,256**	1,363	**-**	-
VAT receivable	**99**	-	**-**	-
Total other receivables	**123,203**	127,766	**107**	15,695
Total trade and other receivables	**136,718**	142,134	**107**	15,695

Trade receivables are non-interest bearing and are generally on 0 to 90 (2020 - 0 and 90) days' term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. As at 1 April 2019, the Group's gross trade receivables from contracts with customers due from non-related parties amounted to RMB 17,747,000 (1 January 2018 - RMB 11,695,000).

Note (A)
Other receivables at 31 March 2020 include an RMB 15.0 million consideration receivable from the purchaser on the disposal of the Post-Ante Group during financial period ended 31 March 2019. The aforesaid amount has been fully received during the financial year ended 31 March 2021.

Note (B)
During the financial year ended 31 March 2021, the Group has contracted for and paid advances of RMB 49.0 million (2020: Nil) to a new supplier, 惠州中凡机电设备有限公司 ("ZhongFan"), for the supply and installation of certain L-AP equipment for sale to a customer, Kangweijian. Under the purchase contracts entered into with the supplier, the supplier has to deliver and/or install the above-mentioned L-AP equipment between December 2020 and September 2021. According to the management, ZhongFan had on 25 March 2021 informed the Group that it had encountered delays in securing certain imported parts and equipment that were necessary for the supply, delivery and installation of the L-AP equipment due to transhipment delays arising from the Covid-19 pandemic.

Note (C)
Details of the deposits are as follows:

(a) FY2020 - RMB 35.0 million deposit paid to 深圳农畉食品开发集团有限公司 ("Nongfu")
In respect of the RMB 35.0 million paid to Nongfu, the Group entered into an agreement with Nongfu in November 2016 for a potential business acquisition. The agreement for potential business acquisition has expired in November 2019 with no extensions or renewal terms. During the financial year ended 31 March 2021, given the Covid-19 pandemic, the Company has decided to accelerate the recovery of all deposits. The aforesaid amount has been fully received subsequent to the year end on 30 June 2021.

16 Trade and other receivables (Cont'd)

(b) FY2020 - RMB 25.0 million deposit paid to 唐山市胜润生物科技有限公司 ("Tangshan")

In respect of the RMB 25.0 million paid to Tangshan, the Group entered into an agreement with Tangshan in December 2018 for a potential business acquisition. During the financial year ended 31 March 2021, given the Covid-19 pandemic, the Company has decided to accelerate the recovery of all deposits. The aforesaid amount has been fully received during the financial year ended 31 March 2021.

(c) FY2020 - RMB 40.0 million short-term investment in 惠州市康维健生物科技有限公司 ("Kangweijian")

During the financial year ended 31 March 2020, the Group placed RMB 40.0 million as a short-term investment with a third party (惠州市康维健生物科技有限公司 ("Kangweijian")) to earn a reasonable return. During current financial year ended 31 March 2021, given the Covid-19 pandemic, the Company has decided to terminate the short-term investment and to recover the full sum paid. The aforesaid amount has been fully received during the financial year ended 31 March 2021.

(d) FY2021 - RMB 35.0 million deposit paid to Shenzhen Shareihome Technology Co., Ltd. ("SST")

During the financial year ended 31 March 2021, the Group had paid a deposit of RMB 35.0 million to facilitate a potential business cooperation with SST in the PRC. The deposit was paid pursuant to a Cooperation Framework Agreement (the "SST Agreement") with SST on 22 April 2021 in relation to the development of equipment production (Agricultural Artificial Intelligence), automation technology and marketing on internet of Things. The potential investee was valued at RMB 481.4 million based on a valuation report prepared as of 31 January 2021 by the investee.

Based on the preliminary due diligence carried out by management and the valuation report prepared by the potential investee, management is of the view that the deposit paid to SST is recoverable and no impairment loss is necessary.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	31 March 2021 RMB'000	31 March 2020 RMB'000	**31 March 2021 RMB'000**	31 March 2020 RMB'000
Hong Kong dollar	**107**	14,171	**107**	695
Renminbi	**136,611**	127,963	**-**	15,000
	136,718	142,134	**107**	15,695

The ageing analysis of trade receivables is as follows:

The Group	**31 March 2021 RMB'000**	31 March 2020 RMB'000
Not past due	**374**	104
Past due 1 to 30 days	**-**	5
Past due 31 to 60 days	**-**	-
Past due 61 to 90 days	**-**	63
Past due more than 90 days	**29,230**	31,522
Trade receivables (gross)	**29,604**	31,694
Less: Expected credit loss allowance	**(16,089)**	(17,326)
Trade receivables (net)	**13,515**	14,368

Further details of the Group's financial risk management of credit risk are disclosed in Note 27.