UNITED FOOD HOLDINGS LIMITED

聯合食品控股有限公司

ANNUAL REPORT 2022

Contents

OUR CORE BUSINESS

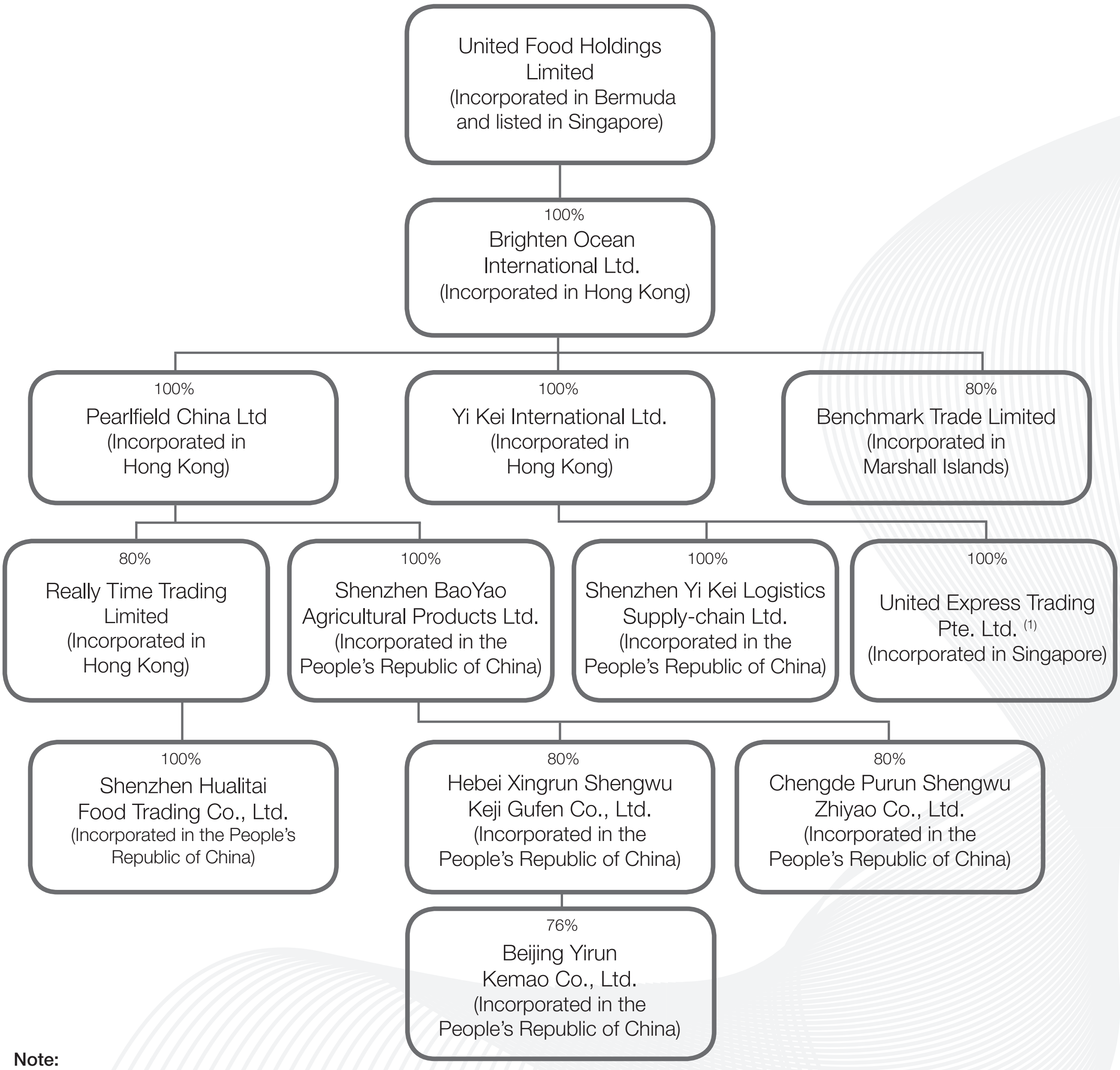
United Food Holdings Limited (the "Company") was incorporated in Bermuda on 14 August 2000 and its shares were listed on the Main Board of the Singapore Exchange Securities Trading Limited on 26 March 2001.

Potential investment gain from the patented production of the additive L-Ascorbyl Palmitate ("L-AP") or antioxidant

Animal Feed/Traditional Medicine and Addictions

Trading of Food Products

The organisation chart of the Company and its subsidiaries (the "Group") is shown as follows:



Note:

(1) United Express Trading Pte. Ltd. was incorporated on 6 June 2019

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS

On behalf of the Board of Directors (the "**Board**") of United Food Holdings Limited (the "**Company**" or together with its subsidiaries, the "**Group**"), I am pleased to present to you, the Annual Report together with the Audited Financial Statements of the Group and the Company for the financial period from 1 April 2021 to 31 March 2022 ("**FY2022**").

PERFORMANCE REVIEW

The Group recorded revenue of RMB59.3 million for FY2022 compared to RMB9.7 million in FY2021. The revenue of RMB59.2 million was mainly from the Group's Additives Related Segment including sales of L-Ascorbyl Palmitate ("**L-AP**") related equipment and provision of technical consultation services.

The revenues generated from the subsidiaries, CDPR and HBXR/Benchmark were RMB0.07 million and RMB59.2 million respectively for FY2022. Revenue from CDPR was mainly derived from the animal feed/traditional medicine segment. Revenue from HBXR/Benchmark which was mainly derived from L-AP or anti-oxidant manufactory machineries related selling, had also adversely affected by the lack of supply of natural gas from the local government and Covid-19 impact for production.

In FY2022, the Group recorded a net loss of RMB0.36 million which was lower than the net loss of RMB67.9 million in FY2021.

MAJOR DEVELOPMENT

Given there was no further development to date on approval from the local authorities for gas supply, the Company had on 30 May 2023 announced that the Group had entered into a Deed of Termination (the "**Termination**") with Chengde Xingxinda Shengwu Keji Co., Ltd. (承德兴新达生物科技有限公司) ("**Vendor A**"), Chengde Pumeida Shengwu Keji Co., Ltd. (承德普美达生物科技有限公司) ("**Vendor B**") and Lin Zhongshi ("**Vendor C**") (collectively, the **Vendors**") in relation to the sale and purchase agreement dated 5 October 2017, as amended and supplemented by the supplemental agreements entered into by the parties on 26 June 2018, 1 October 2018 and 7 June 2019 (for the acquisition of (i) 80% of the total equity interests in HBXR 河北兴润生物科技股份有限公司, (ii) 80% of the total equity interests in CDPR 承德普润生物制药有限公 and (iii) 80% of the issued and paid-up share capital of Benchmark Trade Limited ("**Benchmark**"). The Company will make necessary announcement as and when there is any material development on the Termination.

The Group has also entered into a Cooperation Framework Agreement (the "**SST Agreement**") with Shenzhen Shareihome Technology Co., Ltd. ("**SST**") on 22 April 2021 in relation to the development of equipment production (Building Information Management System), automation technology and marketing on the Internet of Things. The Company engaged the following professionals to perform due diligence on the SST acquisition:- a) Baker Tilly as auditors; b) Crowe Horwath Capital Pte. Ltd. as the financial advisor; c) Cushman & Wakefield as the valuer; and d) Rajah & Tan LLP ("**R&T**") as a legal counsel in Singapore and JunHe LLP as a legal counsel in Beijing as the collaboration partner with R&T (collectively, the '**Professionals**'). Shareholders will be kept informed of any new developments.

Trading of the Company's securities was suspended from 8 September 2021 and the Company is working towards the resumption of trading after the completion of the special audit.

Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") had, on 14 October 2021, directed the Company to conduct a special audit on the observations raised by the Auditors (the "**Special Audit**"). On 14 December 2021, the Board has, as approved by the SGX RegCo, appointed KPMG Services Pte. Ltd. ("**KPMG**") as the Special Auditor in relation to the Special Audit. The Company will make further announcements on any material updates in relation to the Special Audit, the Follow up Review and the special audit, including key findings of KPMG, to update the shareholders of the Company, as and when appropriate.

OUTLOOK

2022 has been a turbulent year marked by geopolitical and economic uncertainties.

The prolonged COVID-19 outbreak has significant adverse impact on the Group's Trading Segment businesses. With the full relaxation of China's COVID-19 pandemic control measures policies in 2H2023, and the implementation of a policy package to stabilise the China economy, the Group will further optimize its organisational structure and resources to streamline operational efficiencies.

Going forward, the Group seeks to diversify into other sustainable long term business, explore new innovative business initiatives, strategic alliances, and enhance global trade and operational capabilities as part of its long term growth strategy. Through strategic partnerships and acquisitions, the Group can gain access to new markets, technologies and resources, which can help accelerate its growth and improve its competitive position that secures our future.

CHAIRMAN'S MESSAGE

The Group remains committed to enhancing shareholders' value in the long term.

IN APPRECIATION

I would like to express my sincere gratitude to our fellow directors on the Board for their insight and contribution as we steer the Group through these challenging times, and to our dedicated management, employees and all stakeholders who have faithfully stood by us during these challenging times and continue to put faith in our journey towards a better future.

The Board welcomed Mr Zhao Ling who was appointed as an Independent Director on 27 November 2023 and looking forward to his valuable input and contribution to the Company. We would like to express our heartfelt appreciation to Mr Zeng Wei for his contribution to the Board and Management over the last 2 years.

We look forward to your continued support as we keep focus on growing our businesses and taking them forward in the years ahead.

Song Yanan
Non-Executive Chairman

主席致词

致各位股东

本人謹代表联合食品控股有限公司（本公司），連同其附屬公司統稱（本集團）之董事會（董事會）向你们提呈本集團截止2021年4月1日至2022年3月31日的公司年报和审计报表 (2022本集团年报和审计报表)。

业绩回顾

本集团于2022财政年度之收益为人民币5,927万元，而2021财政年度则为人民币970万元。人民币5,927万元的收入主要来自本集团添加剂相关分部，包括销售L-抗坏血酸棕榈酸酯（“**L-AP**”）相关设备及提供技术咨询服务。

在2022财年中,子公司CDPR和HBXR/Benchmark带来的收入分别为人民币7万元和人民币5,920万元。CDPR的收入主要来自动物饲料/传统医药分部，由于该分部受到非洲猪瘟的不利影响，因此大部分产品销往家禽业。而HBXR/Benchmark的收入主要来自L-AP或抗氧化制造机械相关销售，同时也受到当地政府天然气供应不足和COVID-19的疫情影响。

本集团之净亏损为人民币36万元。这低于2021财年的净亏损为人民币6,790万元。

重要进展

鉴于迄今为止当地政府对天然气供应的批准尚未取得进一步进展，于2023年5月30日，本集团宣布与承德兴新达生物科技有限公司（“**卖方A**”)、承德普美达生物科技有限公司（“**卖方B**”）及林忠师（“**卖方C**”）(统称”**卖方**”）就日期为2017年10月5日的买卖协议订立终止契约经双方于2018年6月26日、2018年10月1日和2019年6月7日签订的补充协议修订及补充关于收购(i)河北兴润生物科技股份有限公司（“**HBXR**”）80%股权, (ii) 承德普润生物制药有限公司（“**CDPR**”）总股本权益的 80% 及 (iii) Benchmark Trade Limited 已发行及缴足80%的股本。本集团将在任何进展时作出必要的公告。

本集团亦于2021年4月22日与SST订立合作框架协议（“**SST协议**”），内容涉及发展智能设备生（楼宇信息管理系统）、物联网自动化技术的开发及销售。公司聘请了以下专业人士对收购 SST 进行尽职调查：a) 天职会计师事务所担任审计师；b) Crowe Horwath Capital Pte. Ltd.担任财务顾问；c) 戴德梁行（Cushman & Wakefield）担任估值师；d)立杰律师事务所（Rajah & Tan LLP，简称“**R&T**”）担任新加坡法律顾问，君合律师事务所（JunHe LLP）担任北京法律顾问，作为 R&T 的合作伙伴（统称 “专业人士”）。 集团将随时向股东更新任何新的进展。

公司证券自2021年9月8日起停牌，公司正在努力争取在特别审计完成后复牌。

新加坡交易所监管公司（“**新交所监管公司**”）于2021 年 10 月 14 日指示公司对外部审计师提出的意见进行特别审计（“**特别审计**”）。 董事会经新交所监管公司于2021 年 12 月 14 日的批准，任命毕马威服务私人有限公司（“**KPMG**”）担任其特别审计的特别审计员。本公司将就有关特别审核、后续审查及特别审计的任何重大更新事宜，包括KPMG的主要调查结果，发布进一步公告，以向本公司股东提供最新信息。

展望

2022年是动荡的一年，地缘政治和经济充满不确定性。

新型冠状病毒疫情的长期爆发对集团贸易分部的业务产生了重大不利影响。隨著中國疫情防控政策在2023下半年全面放開及一攬子穩經濟政策措施实施，本集團將进一步优化组织架构和资源，以提高运营效率。

展望未来，集团寻求多元化展，拓展其他可持续的长期业务，探索新的创新业务计划、战略联盟，并增强全球贸易和运营能力，以此作为集团长期发展战略的一部分。通过战略合作伙伴关系和收购，集团可以获得新的市场、技术和资源，这有助于加速其发展并提高其竞争地位，从而确保我们的未来。

本集团仍致力于长远提升股东价值。

铭谢

藉此机会,本人谨向董事会各位董事表示诚挚的谢意，感谢他们在带领集团度过这段充满挑战的时期所提供的贡献，并向在这些充满挑战的时期支持我们的敬业的管理层、员工和商业伙伴表示诚挚的谢意，并继续对我们迈向更美好未来的旅程充满信心。

董事会欢迎赵灵先生的加入，并期待他为公司提供宝贵意见和贡献。我们也在此衷心感谢曾伟先生在过去两年对董事会和管理层做出的贡献。

我祈望各位未來持续支持，我们将继续专注于发展我们的业务发展并将其推向前进。

宋亞南
非執行主席

FINANCIAL HIGHLIGHTS

	FY2022 RMB'000	FY2021 RMB'000	Changes %
REVENUE	**59,267**	9,713	510%
GROSS PROFIT	**5,317**	1,316	304%
PROFIT / (LOSS) FROM OPERATIONS	**624**	(70,497)	-101%
PROFIT / (LOSS) BEFORE TAX	**624**	(70,497)	-101%
LOSS AFTER TAX	**(356)**	(67,941)	-99%
LOSS ATTRIBUTABLE TO SHAREHOLDERS	**(476)**	(57,023)	-99%
SHAREHOLDER' FUND	**123,076**	127,566	-4%
TOTAL ASSETS	**182,519**	187,753	-3%
TOTAL LIABILITIES	**62,290**	63,414	-2%
NET ASSETS	**120,229**	124,339	-3%
Profitability			
GROSS MARGIN	**9.0%**	14%	-34%
OPERATING MARGIN	**1.1%**	-726%	-100%
RETURN ON REVENUE	**-0.8%**	-587%	-100%
RETURN ON AVERAGE EQUITY	**-0.4%**	-36%	-99%
RETURN ON AVERAGE ASSETS	**-0.3%**	-26%	-99%
Per Share Data (Notes)			
A. NET ASSETS (RMB)	**0.64**	0.66	-2%
B. (LOSS) / PROFIT (RMB)	**(0.003)**	(0.30)	-99%
C. GROSS DIVIDEND (RMB)	**–**	–	N/A
Notes			
SHARES (Year end)	**187,902,647**	187,902,647	

Notes :

a. The net assets per share was calculated on 187,902,647 shares.

b. No dividend was declared and proposed in FY2022 and FY2021.

Condensed Consolidated Statements of Profit or Loss (RMB'000)	**FY2022**	**FY2021**	**FY2020**	**FY2019**	**FY2017**
REVENUE*	**59,267**	9,713	30,305	122,900	168,872
NET (LOSS) / PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	**(476)**	(57,023)	(73,005)	62,402	(68,804)

*For comparative purpose, the revenue from continuing operations has been combined with the revenue from discountinued operations.

Condensed Consolidated Statements of Financial Position (RMB'000)	**FY2022**	**FY2021**	**FY2020**	**FY2019**	**FY2017**
PROPERTY, PLANT AND EQUIPMENT*	**2,154**	2,627	2,730	20,148	43,303
LAND USE RIGHTS*	**21,834**	10,642	3,729	11,010	20,430
NET CURRENT ASSETS	**155,482**	159,659	170,794	178,126	134,775
CAPITAL AND RESERVES	**123,076**	127,566	188,068	248,563	185,098

*For comparative purpose, the property, plant and equipment, and land use right from continuing operations has been combined with the property, plant and equipment, and land use right from discontinued operations.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a revenue of RMB59.3 million for the financial period from 1 April 2021 to 31 March 2022 (“FY2022”) compared to RMB9.7 million for the financial period from 1 April 2020 to 31 March 2021 (“FY2021”).

In FY2022, the Group recorded a net loss of RMB0.48 million lower than the net loss of RMB57.0 million in FY2021 in the absence of the impairment loss on goodwill attributable to the food trading business constituting a cash-generating unit.

1. **Revenue**

   The Group recorded revenue of RMB59.3 million for FY2022 compared to RMB9.7 million in FY2021. The revenue of RMB59.3 million was mainly from the Group’s Additives Related Segment including sales of L-Ascorbyl Palmitate (“L-AP”) related equipment and provision of technical consultation services.

2. **Gross Profit**

   The Group recorded a gross profit of RMB5.3 million in FY2022 which was mainly contributed by Additive Related Segment.

3. **Other Income**

   Other income of RMB3.0 million was recorded in FY2022 comprised mainly due to foreign currency exchange differences , as compared to other income of RMB17.8 million in FY2021.

4. **Administrative Expenses**

   Administrative expenses decreased by RMB13.9 million to RMB6.1 million in FY2022 compared to RMB20.0 million in FY2021 mainly due to the decrease in amortisation of patents and absence of impairment loss on trade receivables.

5. **Property, Plant and Equipment (“PPE”), Land Use Rights, Intangible Assets-Patents**

   The decrease in PPE, land use rights and intangible assets was mainly attributable to depreciation and amortization charges.

6. **Trade Receivables**

   Trade receivables was mainly the trade receivables the Group’s trading segment.

7. **Other Receivables**

   Other receivables mainly comprised of deposits.

   RMB35 million refundable 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 (Building Information Management System), automation technology and marketing on internet of Things.

   During FY2022, the Group further paid deposit totalling RMB50 million to SST. As at 31 March 2022, the deposit owing by SST to the Group was RMB85 million.

8. **Trade and Other Payables**

   The trade payables were mainly from trading segment and other payables were mainly the other payables from subsidiaries of the acquisition of HBXR and CDPR, also included in other payable is a cash purchase consideration from acquisition of new subsidiaries of RMB10 million which have not yet paid as at 31 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

9. Contingent Consideration

Contingent consideration arose from the acquisition of HBXR, CDPR and Benchmark which was completed in September 2018. The contingent consideration comprises the convertible bond to be issued which is contingent on the profit guarantee of the vendors. The contingent consideration is classified as financial liability measured at fair value, changes in fair value is recognised in profit and loss. The changes in fair value of the contingent consideration have been recognised in profit or loss for FY2022 and FY2021 were as follows :

	FY2022	FY2021
	RMB'000	RMB'000
Contingent consideration at beginning of year	**–**	688
Changes in fair value of contingent consideration recognised in profit or loss	**–**	(688)
Contingent consideration at reporting date	**–**	–

10. Cash Flow Statement

Net cash flow of RMB15.6 million was used in FY2022, in which net cash of RMB3.5 million was generated from operating activities, net cash of RMB15.0 million was used in investing activities, and net cash of RMB4.1 million was used in financing activities.

11. Exposure to Fluctuations in Exchange Rates

The businesses of the Group were mainly conducted in Renminbi ("RMB") except for the payment of certain expenses in United States dollars, Singapore dollars and Hong Kong dollars. The reporting currency of the Group is RMB. The Directors are of the view that RMB is relatively stable against the relevant currencies and the Group will closely monitor the fluctuations in exchange rates, and that hedging by means of derivative instruments is therefore not necessary.

BOARD OF DIRECTORS

Song Yanan
Non-Executive Chairman

Ms Song Yanan ("Ms Song") was appointed as a Non-Executive Director on 11 July 2016 and as Non-Executive Chairman of the Board on 15 August 2016, respectively and re-elected on 28 September 2021. Ms Song has over 18 years of industry experience, including investment and management in supermarket chain and high-end consumer products. Ms Song has been working at Renrenle Commercial Group Limited, as the manager for acquisition and Chief Executive Office Secretariat from 1999 to 2003 and as a personal assistant to the Chairman of the Board since 2003. Ms Song holds a Degree of Executive Master of Science in Logistics and Supply Chain Management awarded jointly from Tsinghua University and The Chinese University of Hong Kong.

Wu Xiaoran
Executive Director

Mr Wu Xiaoran ("Mr Wu") was appointed as Executive Director on 11 July 2016 and re-elected on 28 September 2021. He is responsible for financial management of the Group. Mr Wu was an auditor in Mazars Beijing. He then joined a private equity, investment advisory firm in Canada and Hong Kong for 7 years. Mr Wu has over 20 years of financial, shipping and auditing experiences in China, North America and Europe. Mr Wu holds a Post-graduate Certificate in law from the South China Agriculture University and a Master of Business Administration from Université de Paris 1 Pantheon Sorbonne, France.

Ling Chung Yee
Lead Independent Director

Prof Ling Chung Yee ("Prof Ling") was appointed as the Lead Independent Director of the Company on 20 November 2015 and re-elected on 30 November 2020. Prof. Ling is a Professional Board Director. Concurrently, he is also an Adjunct Professor in Finance at the SKEMA Business School, an Academic Program Director at SMU Academy and the CEO & Founder of FollowTrade.

Prof. Ling is a seasoned veteran with more than 20 years in investment banking with JPMorgan, Lehman Brothers, Goldman Sachs and Salomon Smith Barney. His expertise is in digital finance, sustainable investing and Asia real estate, and he had completed some of the highest-profile advisory and capital market transactions in the region. Prof. Ling is also a distinguished board director with more than 16 years of corporate governance experience across Asia. Prof Ling also serves as an Independent Board Director at Amplefield Ltd, Ley Choon Group Holdings Limited and VinFast Auto Ltd. He held past directorships at Vingroup JSC and Debao Property Development Ltd. in the past 3 years.

Prof. Ling graduated from INSEAD with a Global EMBA and from the National University of Singapore with a BBA (Hons).

Chng Hee Kok
Independent Director

Mr Chng Hee Kok was appointed as an Independent Director of the Company on 23 October 2015 and re-elected on 29 July 2019.

Mr Chng was formerly a Member of Parliament of Singapore from 1984 to 2001. His business experience and leadership positions spanned across Manufacturing, Property Development, Hotel Management, Trading, Entertainment and Food & Beverage Industries. He was the Chief Executive Officer of Yeo Hiap Seng Ltd, Scotts Holdings Limited, Hartawan Holdings Limited, HG Metals Manufacturing Limited and LH Group Limited. He held past directorships at Public Utilities Board, Sentosa Development Corporation, Singapore Institute of Directors and Blackgold Natural Resources Limited. Mr Chng currently serves as Independent Director in Luxking Group Holdings Limited, Metech International Limited, The Place Holdings Ltd. and Debao Property Development Ltd. Mr Chng graduated from the University of Singapore with a First-Class Honours degree in Mechanical Engineering and was awarded Institute of Engineers Singapore Gold Medal and Mobil Silver Medal. He also holds a Master of Business Administration degree from the National University of Singapore, and completed the Program for Executive Development at IMD Lausanne Switzerland.

BOARD OF DIRECTORS

Zhao Ling
Independent Director

Mr Zhao Ling was appointed as an Independent Director of the Company on 27 November 2023. He is the founder and director of PPL Accounting Consultancy Pte Ltd. He also holds a directorship in PPL Travelling Consultancy Pte Ltd and PPL Nanyang. Mr Zhao was a finance officer and subsequently a procurement team leader in the business and finance industries.

Mr Zhao graduated from Oxford Brookes University with a Bachelor of Science in Applied Accounting, honour degree. He also holds a Diploma from Dalian Maple Tree International High School, British Columbia and a Certified Accounting Technician, United Kingdom.

KEY EXECUTIVES

Liu Yang
Chief Marketing Officer

Mr Liu Yang was appointed the Group's Chief Marketing Officer on 29 September 2017. Before joining the Group, he served as Head of Global Procurement for 7 years in Guangzhou Pharmaceutical Holdings Limited which ranked No.1 among the top 100 pharmaceutical companies in China and where he was responsible for global business development and procurement in distribution unit. He also had 10 years' solid management experience in Fortune 500 multinational corporation and listed companies in China and Hong Kong. Mr Liu holds an Executive Master Degree from The Chinese University of Hong Kong and a Diploma from the Chartered Institute of Purchasing and Supply in United Kingdom. He was also awarded Certified Professional in Supply Management by the Institute for Supply Management in United States.

CORPORATE INFORMATION

Board of Directors
Song Yanan, Non-Executive Chairman
Wu Xiaoran, Executive Director
Ling Chung Yee, Lead Independent Director
Chng Hee Kok, Independent Director
Zhao Ling, Independent Director
(Appointed on 27 November 2023)

Management Team
Wu Xiaoran, Executive Director
Liu Yang, Chief Marketing Officer

Nominating Committee
Ling Chung Yee, Chairman
Chng Hee Kok
Zhao Ling

Remuneration Committee
Zhao Ling, Chairman
Ling Chung Yee
Chng Hee Kok

Audit Committee
Chng Hee Kok, Chairman
Ling Chung Yee
Zhao Ling

Company Secretary
Chiang Wai Ming

Assistant Company Secretary
Conyers Corporate Services (Bermuda) Limited

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Boardroom Corporate & Advisory Services Pte. Ltd.
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Share Registrar
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Chartered Accountants of Singapore
1 Raffles Place, #04-61/ 62 One Raffles Place Tower 2,
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Tel: [65] 6336 3355
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Audit Partner-in-charge:
Yeo Boon Chye
(with effect from financial year ended 31 March 2022)

Investor Relations
United Food Holdings Limited
Laurent Wu, Executive Director
Email: finance@unitedfoodholdings.com

CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") and management of United Food Holdings Limited strive to maintain high standards of corporate governance to ensure greater transparency and to protect the interests of its shareholders. The Board's commitment to good corporate governance practices is essential for Directors to discharge their corporate and fiduciary responsibilities and fundamental in the enhancement of long-term shareholders' value.

The Board has taken steps to align the Group's governance framework with the recommendations of the Code of Corporate Governance 2018 (the "**Code**"), where they are applicable, relevant and practicable to the Group for FY2022. The Company has generally adhered to the framework and complied with all principles outlined in the Code for FY2022. Where there were deviations from the provisions of the Code, appropriate explanations have been provided in the relevant sections. The Company will continue to enhance its corporate practices appropriate to the conduct and growth of its business and to review such practices from time to time, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**").

(A) Board Matters

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board is responsible for the overall performance of the Group. It sets the Group's strategic direction and vision and directs the Group's overall strategy, policies, business plans, as well as, stewardship and allocation of the Group's resources.

The principal functions of the Board include, but are not limited to the following:

- Reviewing and approving board policies, strategies and financial objectives for the Group and monitoring the performance of management;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, including financial, operational and compliance risk areas identified by the Audit Committee that needed to be strengthened for assessment and the Audit Committee's recommendations on actions to be taken to address and monitor the areas of concern;
- Approving major funding proposals, investment and divestment proposals including merger and acquisition transactions and timely announcements of material transactions;
- Approving quarterly and full year results announcements;
- Recommending the declaration of dividends;
- Approving all appointments/re-appointments/re-elections of Directors and appointment of key management personnel;
- Setting of the Group's value and standards, and ensuring that obligation to shareholders and others are understood and met; and
- Assuming responsibility for corporate governance.

<u>Conflict of Interest</u>

Directors must avoid situations in which their own personal or business interest directly or indirectly conflict or potentially conflict, with the interest of the Group. Where a director has a conflict or potential conflict of interest in relation to any matter, he/she shall immediately declare his/her interest and the conflict; and will rescue himself/herself from any discussion on the matter and abstain from participating in any Board decision, unless the Board is of the opinion that his/her participation is necessary to enhance the efficacy of such discussion.

CORPORATE GOVERNANCE

Board approval

The Board's approval is required for matters, *inter alia*, corporate restructuring, mergers and acquisitions, investments and divestments, acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptance of bank facilities, the Group's quarterly and full year's results and interested person transactions.

Delegation by the Board

The Board is supported by Board Committees including, the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). These committees' function within clearly defined terms of reference and operating procedures. All committees are chaired by an Independent Director. The ultimate responsibility for the final decision on all matters, however, lies with the Board. Further details of the scope and functions of the various Board Committees are set out in this Annual Report.

Board Meetings and Attendance

The Board has scheduled 4 meetings a year to coincide with the announcements of the Group's quarterly and full year results. Additional meetings are convened as and when they are deemed necessary to address significant transactions or issues that may arise in between the scheduled meetings.

The dates of meetings of all the Board and Board Committees meetings, as well as the Annual General Meeting ("**AGM**"), are scheduled well in advance each year, in consultation of the Board. Where a physical Board meeting is not possible, the Company's Bye-laws provide for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in meetings to communicate with each other simultaneously. The Board also approves important matters as may be necessary to address any specific significant matters pertaining to the Company through written resolutions, which are circulated to the Board together with all relevant information relating to the proposed matters.

Directors' attendances at Board and Board Committee meetings in FY2022, as well as the frequency of such meetings, are set out below:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nominating Committee Meeting
Total meetings held during FY2022	**5**	**5**	**1**	**1**
Ms Song Yanan	5	1(1)	1(1)	–
Mr Wu Xiaoran	5	5(1)	1(1)	1(1)
Mr Chng Hee Kok	5	5	1	1
Prof Ling Chung Yee	5	5	1	1
Mr Zeng Wei*	5	5	1	1
Mr Zhao Ling**	–	–	–	–

*Resigned on 20 May 2023
**Appointed on 27 November 2023

Notes:

(1) Attendance at meetings on a "By Invitation" basis.

Access to information

The Board is furnished with detailed information concerning the Group to enable them to be fully apprised of conditions and other factors affecting the Group's operations and to understand the decisions and actions of management. All Directors have unrestricted access to the Group's management and information. From time to time, Independent Directors meet with management and conduct ad-hoc discussions on the Group's business and operational matters. Management staff are invited to attend Board Meetings, as and when appropriate, to provide additional insight to matters raised, and to respond to any queries that the Board members may have.

Management provides Board members with detailed Board papers containing complete and timely information before each meeting. Such Board papers and any other relevant documents are circulated to all Board members before the meetings. Management provides periodic financial and corporate information, performance of the individual divisions within each business segment and management proposals to enable the Directors to make informed decisions on issues to be considered at Board meetings.

Directors may request for further explanation, briefing or discussion on any aspect of the Group's operations or business from the management. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

The Company Secretary attends the Board and Board Committee meetings and assists the Chairman of the Board and Board Committees in the development of the agendas for the various Board and Board Committees meetings of the Company and prepares minutes of meetings. She is responsible for keeping the Board updated on any relevant regulatory changes. The Company Secretary also ensures that established procedures, all relevant rules, and regulations that are applicable to the Group are complied with.

The appointment and the removal of the Company Secretary shall be reviewed by the Board.

The Board has separate and independent access to management and the Company Secretary at all times. Directors are aware that they may seek independent legal and other professional advice at the Company's expense, as and when necessary.

Directors' Orientation, Training and Development

The Group encourages Directors to receive regular training and updates on relevant laws and regulations and to participate in conferences, seminars or any training programme to equip themselves with the relevant knowledge to discharge their responsibilities in an effective and efficient manner.

Newly appointed Directors receive orientation and training, if necessary, to familiarize themselves with the Group's business activities, strategic direction and the regulatory environment in which the Group operates in, as well as their statutory and other duties and responsibilities as Directors. Directors would also be provided with extensive background information on the Group's history, industry-specific knowledge, mission, and values. Directors are also given the opportunity to visit the Group's operational facilities and to interact with management to gain a better insight of the Group's business operations. A first time Director with no prior experience as a Director of a listed company will be required to attend certain specific modules of the Listed Entity Director (LED) Programme conducted by Singapore Institute of Directors ("**SID**") in order to acquire the relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the Listing Rules of the SGX-ST.

Newly appointed Directors will also be given letters explaining the terms of their appointment as well as their duties and obligations.

Mr Zhao Ling was appointed as a Director on 27 November 2023. The Company will arrange for Mr Zhao Ling to attend the relevant training on the roles and responsibilities of a Director of a listed issuer as well as mandated sustainability training course as prescribed by the SGX-ST.

As of the date of this Annual Report, the Independent Directors namely Mr Chng Hee Kok and Prof Ling Chung Yee had completed the mandated sustainability training course required under the Listing Manual. The Non-Executive Chairman and the Executive Director have not attended sustainability training due to their tight schedule in 2023 but committed to enroll themselves for such training early 2024.

The Board and key management personnel are updated on amendments/requirements of the SGX-ST, corporate governance and other statutory and regulatory requirements and key changes in financial reporting standards from time to time, so as to enable them to properly discharge their duties as Board and Board Committee members.

The Company Secretary also informs the Directors of upcoming conferences and seminars relevant to their roles as directors of the Company. The external auditors would update the AC and the Board on new and revised financial reporting standards that are applicable to the Company or the Group annually.

CORPORATE GOVERNANCE

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As of the date of this Annual Report, the Board comprises 5 members, 3 of whom are iindependent.

Non-Executive Director:
Ms Song Yanan (Chairman)

Executive Director:
Mr Wu Xiaoran

Independent Directors:
Mr Chng Hee Kok
Prof Ling Chung Yee
Mr Zhao Ling**

**Appointed on 27 November 2023

The Board comprises Directors from diverse business, industry, management, and financial aspects. The Directors bring with them a wide spectrum of skills, experience, expertise and objective perspective to effectively lead and direct the Group. The diversity of the Directors' experience allows meaningful exchange of ideas and views in the development of the Group's strategy and performance. The profiles of the Directors are set out on pages 8 to 9 of this Annual Report.

The Directors have given due consideration to the size and composition of the Board. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective and informed decision-making. The Board considers the present Board size appropriate and effective, taking into the account the size, scope and nature of the Group's operations.

<u>Board Independence</u>

The Board comprises a majority of Independent Directors. The Independent Directors offer alternative views to the Group's business and corporate activities and bring objective judgment to bear on business activities as well as, transactions involving conflicts of interest and other complexities.

The NC also reviews the independence of each Director annually with reference to the guidelines set out in the Code, and the NC has also considered the annual review of Director's independence, review of the Board and Board committee meeting minutes for incidents or records of how Independent Directors actively sought explanation, self-assessment checklist and peer-review questionnaires. The Board will then, in turn, determine the independence of Directors, taking into account the evaluation by the NC. The NC with the concurrence of the Board is of the view that no individual or small group of individuals dominates the Board's decision-making process.

Non-Executive and Independent Directors contribute to the Board process by monitoring and reviewing management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

<u>Meeting of Independent Directors with the Auditors and without Management</u>

The Non-Executive and Independent Directors led by the Lead Independent Director Meet with the auditors at least once a year, or periodically as appropriate without the presence of management and Executive Directors in order to facilitate a more effective check on management and provide feedback to the Chairman of the Board after such meeting.

In addition, the Non-Executive and Independent Directors also communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives and hold informal meetings without the presence of management.

Board composition and diversity

The Company had adopted its Board Diversity Policy on 19 May 2022 (the "**Policy**"). The Board and the NC are committed to ensuring diversity on the Board including but not limited to appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting and finance, legal and regulatory, business and management experience, industry knowledge, and strategic planning to avoid groupthink and foster constructive debate.

The Code provides that where the Chairman is not an Independent Director, the Independent Director should make up a majority of the Board. With one (1) Executive Director and three (3) Independent Directors making up a majority of the Board, the Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest.

The Board had adopted a Board diversity policy and the measurable objectives identified include:

1. In designing the Board's composition, Board diversity has been considered from a wide range of aspects, including but not limited to age, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. Directors with technical, legal, financial, management and audit background will provide various extensive business experiences to the Company. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenges that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Company and its subsidiaries ("**Group**"), and support succession planning and development of the Board.

2. For achieving an optimal Board, additional measurable objectives/specific diversity targets may be set and reviewed from time to time to ensure their appropriateness. Such factors will be considered by the Company based on its business model and specific needs and the ultimate decision will be based on merit, value and contribution that the selected candidates will bring to the Board.

3. The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. The Board would take into consideration the following measures:

   a. Gender diversity

      The Company does not set any specific target for female Directors in the Board but will work towards having female Directors on the Board, if the opportunity arises.

      The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board in order to attract and retain women participation on the Board.

      In recognition of the importance and value of gender diversity in the composition of the Board, Ms Song Yanan, was appointed as Non-Executive Chairman on 11 July 2016. This diversity facilitates constructive debate on the business activities of the Company and enables management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board.

CORPORATE GOVERNANCE

b. Age diversity

The Company does not set any specific target for the boardroom age diversity but will work towards having appropriate age diversity in the Board, if the opportunity arises.

The Company does not fix age limit for its Directors given that such Directors are normally reputed and experienced in the corporate world and could continue to contribute to the Board in steering the Company. The Board is fully committed to promoting age, diversity, valuing the contribution of its members regardless of age, and seek to eliminate age stereotyping and discrimination on age.

c. Ethnic diversity

The Company does not set any specific target for ethnic diversity in the boardroom but will work toward having appropriate ethnic diversity in the Board, if the opportunity arises.

Taking into account the nature and scope of the Group's business and the number of Board Committees, the Board believes that the current size and composition provide sufficient diversity without interfering with efficient decision making.

The Company is committed to implementing the Policy and will review the Policy periodically to ensure its effectiveness and alignment with best practice and the requirements of the Code, or as amended from time to time, and other relevant legislation. Any progress made towards the implementation of this Policy will be disclosed in future Corporate Governance Reports of the Company, as appropriate.

As of the date of this Annual Report, none of the Independent Directors have served on the Board for a period exceeding 9-year from the date of their appointments.

Notwithstanding, the tenure of office for Mr Chng Hee Kok and Mr Ling Chung Yee who were appointed on 23 October 2015 and 20 November 2015 respectively, will exceed the 9-year limit in October/November 2024. The Company will seek to refresh the Board membership progressively and in an orderly manner.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Ms Song Yanan is the Group's Non-Executive Chairman. Mr Wu Xiaoran, the Executive Director, effectively functions as the Chief Executive Officer ("**CEO**"). They are not related to each other and each performs separate functions to ensure an appropriate balance of power and authority and greater capacity of the Board for independent decision.

The Chairman is responsible for the implementation of corporate policies and effective working of the Board. She ensures that Board meetings are held when necessary, encouraging constructive discussion and sharing of views among Board members.

The Executive Director is mainly responsible for the financial and operational performance of the Group, including reviewing and charting the Group's corporate directions and strategies, financial planning and related investment activities. He ensures that corporate policies are properly complied with and works closely with the Chairman to review corporate and other business issues. He also ensures the quality and timeliness of the flow of information between management and the Board.

This division of responsibilities ensures that there are checks and balances on their individual power and authority within the Group.

Prof Ling Chung Yee was appointed as the Lead Independent Director on 20 November 2015 to represent the views of Independent Directors and to facilitate a two-way flow of information between shareholders, the Chairman and the Board. He will be available to shareholders in the event their concerns are not resolved through the Chairman, Executive Director, or for which contact is inappropriate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

The NC is regulated by a set of written terms of reference and consisted of 3 members, all of whom are Independent Directors. As of the date of this Annual Report, members of the NC are:

Prof Ling Chung Yee (Chairman, Lead Independent Director)
Mr Chng Hee Kok
Mr Zhao Ling**

**Appointed on 27 November 2023

The NC meets at least once a year.

The NC Chairman is not associated in any manner with any substantial shareholder of the Company.

The principal functions of the NC are as follows:

- reviewing and recommending to the Board the structure, size and composition of the Board and Board Committees;
- identifying candidates and reviewing all nominations for the appointment to the Board and Board committees, having regard to the mix of skills and experience which the Directors should bring to the Board and submission of such nominations to the Board for consideration;
- reviewing and determining annually, the independence of Directors, bearing in mind the circumstances set forth in the Code and any other salient factors;
- considering and making recommendations to the Board on all Board appointments/re-appointments, including nomination of Directors retiring by rotation, having regard to the Directors' contribution and performance;
- reviewing and evaluating whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations;
- deciding how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval; assessing the effectiveness of the Board and Board Committees;
- reviewing succession plans, in particular, the Chairman and CEO; and
- overseeing the induction, orientation, training and professional development programmes for any new and existing Directors.

Process for Appointment of new Director and Re-appointment of Directors

The NC had adopted a process for the selection and appointment of new Directors which provides the procedure for identification of potential candidates' skills, knowledge, experience and assessment of candidates' suitability.

In identifying suitable candidates, the NC will consider the current Board composition and the desired competencies of the new Board member with an aim to achieve board diversity and may use any of the following channels :-

i. advertise or use services of external advisors to facilitate a search;

ii. approach alternative sources such as the SID; and

iii. consider candidates from a wide range of backgrounds from internal and external sources.

CORPORATE GOVERNANCE

After short listing the candidates, the NC shall :

a. consider and interview all candidates on merit against objective criteria, taking into consideration his/her qualifications, business and related experience, commitment, ability to contribute to the Board, such other qualities and attributes that may be required by the Board; and

b. evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

In accordance with the Rule 720(5) of the Listing Manual of SGX-ST, all Directors shall submit themselves for re-nomination and re-election at least once every three (3) years. The Company's Bye-Laws provides that one-third of the Directors is to retire from the office by rotation and submit themselves for re-nomination and re-election at every AGM. The chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. Each Director is also requested to retire at least once in every three years. New Directors, who are appointed during the financial year, will submit themselves for re-election at the next Annual General Meeting ("**AGM**").

The following directors will be retiring at the forthcoming AGM pursuant to the Company's Bye-laws:-

a. Mr Chng Hee Kok [pursuant to Bye-Law 86(1)]

b. Prof Ling Chung Yee [pursuant to Bye-Law 86(1)]

c. Mr Zhao Ling [pursuant to Bye-Law 85(2)]

Mr Chng Hee Kok, Prof Ling Chung Yee and Mr Zhao Ling have signified their consents to remain in office.

The NC having considered the attendance and participation of Mr Chng Hee Kok and Prof Ling Chung Yee at the Board and Board Committee meetings, in particular, their contribution to the business and operations of the Group has nominated Mr Chng Hee Kok and Prof Ling Chung Yee for re-election at the forthcoming AGM. Mr Zhao Ling who was appointed on 27 November 2023 shall retire and be eligible for re-election at the forthcoming AGM.

Each member of the NC shall abstain from voting on any resolutions and/or participating in deliberations in respect of his re-election as Director.

Mr Chng Hee Kok will, upon re-election as Director of the Company, remain as Chairman of AC, a member of the NC and RC of the Company while Prof Ling Chung Yee will, upon re-election as a Director of the Company, remain as Chairman of NC, a member of the RC and AC of the Company. Mr Zhao Ling will, upon re-election as a Director of the Company, remain as Chairman of RC, a member of the AC and RC of the Company.

Details of the Directors seeking re-election can be found in a Table set out on pages 29 to 36 of this Annual Report.

Continuous Review of Directors' Independence

The task of assessing the independence of the Directors is delegated to the NC. The NC reviews the independence of each Director annually, and as and when circumstances require.

Annually, each Independent Director is required to complete a Director's Independence Checklist (the "**Checklist**") to confirm his independence. The Checklist is drawn up based on the guidelines provided in the Code. Thereafter, the NC reviews the Checklist completed by each Independent Director, assess the independence of the Independent Directors and recommends its assessment to the Board.

The Board, after taking into account the views of the NC, determined that Prof Ling Chung Yee, Mr Chng Hee Kok and Mr Zhao Ling are independent.

There is no Independent Director who has served the Board for more than nine years from the date of his appointment.

Directors' Time Commitments

A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Group. The Board, with the concurrence of the NC, having considered the confirmations received from Prof Ling Chung Yee, Mr Chng Hee Kok and Mr Zhao Ling, is of the view that their multiple board representations do not hinder them from carrying out their duties as Directors of the Company. The Board and the NC are also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The NC is of the view that putting a maximum limit on the number of listed company board representations is arbitrary, given that time requirements for each company vary, thus one should not be presumptuous as time commitment cannot be objectively determined in all situations.

There is no alternate Director on the Board.

Succession Planning for the Board and Key Management Personnel

Currently, the Company does not have any formal succession plan for the Chairman, CEO as well as key management personnel. The NC seeks to evaluate available options bearing in mind the Company's strategic priorities and the factors affecting the long-term success of the Company and also in close consultation with the existing Chairman, CEO or equivalent, to develop such plan over time to ensure business continuity.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board committees and individual directors.

The Board has, through the NC, adopted a process to evaluate the effectiveness of the Board and its Board Committees annually. No individual Director assessment is conducted as the NC is mindful that each member of the Board contributes in different ways to the effectiveness of the Board. As part of this process, Directors would complete Board and Board Committees performance evaluation questionnaires and the findings would be analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board and Board Committees. The Board and Board Committees evaluation covers amongst others, the size and composition of the Board and Board Committees, access to information, Board and Board Committees processes and accountability in relation to discharging the principle responsibilities of the respective Board and Board Committees and standards of conducts of Board members.

Based on the NC's review, the NC is generally satisfied with the Board and Board Committees evaluation results for FY2022, which indicated areas for improvement with no significant problems being identified.

No external facilitators were used in the assessment of the Board as a whole and its Board Committees.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

The RC consists of 3 members, all of whom are independent. As of the date of this report, members of the RC are:

Mr Zhao Ling**(Chairman)
Prof Ling Chung Yee
Mr Chng Hee Kok

**Appointed on 27 November 2023

The RC meets at least once annually.

The principal functions of the RC are as follows:

- recommend to the Board a framework of remuneration for the Board and key management personnel of the Group with the aim of building a capable and committed Board and management team through competitive compensation which is sufficient to attract, retain and motivate key management personnel of the required caliber to run the Group effectively;

- determine and review specific remuneration packages and terms of employment for the Executive Director and key management personnel, including renewal of service agreements and termination terms;

- review and recommend Directors' fees for Non-Executive Directors, taking into account factors such as their effort and time spent, and their responsibilities; and

- review whether the Executive Director and key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time. If required, the RC will seek expert advice inside or outside the Company on the remuneration of all Directors and executive compensation.

The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, termination terms and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards, and ensure that the interests of the Executive Director are aligned with that of shareholders. The RC's recommendations are submitted to the Board for endorsement. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his/her remuneration package.

No external remuneration consultants were appointed for the financial year under review.

The Group does not have any employee share option scheme or any long-term scheme in place.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

As part of its responsibilities, the RC reviews the remuneration of each of the Directors and key management personnel's remuneration packages annually and makes recommendations to the Board for approval. The RC ensures that their remuneration commensurate with their performance, giving due regard to the financial and commercial performance and business needs of the Group and the performance of the individual Director.

The Executive Director does not receive directors' fees. The remuneration packages of the Executive Director and the key management personnel comprise primarily a basis salary component and a variable component, which are the bonuses and other benefits. The remuneration packages of the Executive Director and key management personnel do not contain any financial incentive component.

The RC is of the view that the current remuneration of the Non-Executive Directors is appropriate, taking into account factors such as effort and time spent and responsibilities of the Directors. Other than the Directors' fees, the Non-Executive Directors do not receive any other forms of remuneration from the Company.

The RC had recommended to the Board an amount of S$190,000 as Directors' fees for the financial year ended 31 March 2023 ("FY2023"). The Board will table this at the forthcoming AGM for shareholders' approval. No Director or a member of the RC is involved in deciding his own remuneration.

In addition, in recognizing the contribution and participation of the Independent Directors for the additional works rendered in 2022, the RC had recommended to the Board an amount of S$30,000 as Directors' fees for FY2022. The Board accepted the recommendation and will table this at the forthcoming AGM for shareholders' approval.

DISCLOSURE ON REMUNERATION

Principle 8: ***The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

The following table sets out the Directors' Remuneration for FY2022:

Name of Directors	Salary	Fees	Bonus	Total
Mr Wu Xiaoran	HKD600,000	–	–	HKD600,000
Ms Song Yanan	–	SGD10,000	–	SGD10,000
Prof Ling Chung Yee	–	SGD60,000 SGD10,000^	–	SGD70,000
Mr Chng Hee Kok	–	SGD60,000 SGD10,000^	–	SGD70,000
Mr Zeng Wei*	–	SGD60,000 SGD10,000^	–	SGD70,000

*Resigned on 20 May 2023
^A total of SGD30,000 as Directors' fees for FY2022 will be tabled at the forthcoming AGM for shareholders' approval

The Executive Director's Service Agreement was for an initial period of 3 years and is renewable for successive periods of one year each. The Service Agreement can be terminated by not less than 3 months' notice by either party or such shorter period as may be mutually agreed between the parties.

Notwithstanding Guideline 9.1 of the Code, there was only 1 key management personnel during FY2022. The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the key management personnel due to competitiveness of the industry for key talent and increase risk of poaching by other competitors in the market. As such, the Board has deviated from complying with the recommendation. The Board only partially complies with the recommendation by providing below a breakdown showing the level and mix of remuneration of the key management personnel in bands of S$250,000 for FY2022.

Name of Key Management Personnel	Designation	Salary %	Bonus %	Other Benefits %	Total %
Below SGD250,000 per annum					
Liu Yang	Chief Marketing Officer	100	–	–	100

The Board believes that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation are consistent with the intent of Principle 8 of the Code.

The Company does not have any long-term incentive schemes.

There were no employees of the Group who are immediate family members of a Director of the CEO, and whose remuneration exceeds SGD50,000 during FY2022.

During the financial year, there was no termination, retirement or post-employment benefits granted to any director or key management personnel.

CORPORATE GOVERNANCE

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9:** **The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board is of the view that the Group's risk management process and system of internal controls are designed to manage, rather than to eliminate, the risk of failure to achieve the Group's strategic objectives. Action plans to manage the risks are continually being monitored and refined. The Board acknowledges that it is responsible for the overall internal controls framework to safeguard shareholders' interests and the Group's business and assets, but recognizes that no cost effective internal controls system will preclude all errors and irregularities. Such system however could only provide reasonable but not absolute assurance against material misstatement or loss.

Tle internal controls system stipulates a series of procedures and policies, which the Board believes, plays an important role in assisting the Board and management with respect to risk management.

Management regularly reviews the Group's Company's business and operational activities to identify areas of significant financial, operational and compliance risks. Steps have been taken to document the operational procedures to minimize the identified risks in various areas. Any significant matters are reported to the AC and Board.

The external auditors, Foo Kon Tan LLP during the conduct of their annual audit procedures on the statutory financial statements, may also report on matters relating to internal controls relevant to the Group's preparation of financial statements as specified by their scope of work as stated in their audit plan. Any material non-compliance and internal control weaknesses noted by the external auditors and recommendation for improvement will be reported to the AC.

On 17 December 2021, the Company announced the appointment of KPMG Services Pte. Ltd. ("**KPMG**") as special auditors. At the date of this Annual Report, the findings from KPMG have not be finalizalised. The statutory financial statements and/or the internal control may be subject to further modification depending on the findings from KPMG.

As required under the Code, the Board had received written assurances from the Non-Executive Chairman and Executive Director (who is also the Finance Director) of the Company:

(a) that the financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances; and

(b) regarding the effectiveness and adequacy of the Company's risk management and internal control systems.

Other Head of Divisions who are responsible point (b) above had also provided written assurance to the Board.

Based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, the regular audits, monitoring and reviews performed by the internal and external auditors and review of the Risk Management Assessment Framework, subject to finalizationtion of the special audit, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management are adequate and effective to address the financial, operational, compliance and information technology risks as at 31 March 2022.

Audit Committee

Principle 10: The Board has an AC which discharge its duties objectively.

The AC comprises all Independent Directors. As at the date of this report, the members of the AC are as follows:

Mr Chng Hee Kok (Chairman)
Prof Ling Chung Yee
Mr Zhao Ling**

**Appointed on 27 November 2023

The Board is of the opinion that the AC Chairman and members of the AC are appropriate qualified, with the necessary accounting, financial, business management and corporate experience to discharge their responsibilities.

The AC meets at least four times a year and as and when deemed appropriate to carry out its functions.

The AC works under clear defined terms of reference adopted by the Board. The principal functions of the AC are to:

- review with management the Group's general policies, procedures and controls in relation to management accounting, financial reporting, risk management and ethics;
- review the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls;
- review significant financial reporting issues and judgments to ensure the integrity of the financial statements;
- review any formal announcement relating to the Group's financial performance;
- review the independence and objectivity of the external auditors, their audit plans and the related audit findings;
- review the external auditors' management letter and management's responses;
- review the assistance provided by management to the external auditors;
- review the nature and extent of non-audit services performed by the external auditors;
- review the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its duties;
- review the effectiveness of the Group's internal audit function;
- recommend the re-appointment of the external auditors; approve the compensation of the external auditors, and review of the scope and results of the audit and its cost-effectiveness;
- review the internal audit plan and the Group's internal accounting controls system as well as the internal audit reports and where necessary ensure that appropriate actions have been taken to implement the recommendations made;
- review legal and regulatory matters that may have a material impact on the financial statements;
- review the Group's transactions with related parties and interested persons and situations where a conflict of interest may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

CORPORATE GOVERNANCE

- review arrangements by which staff of the Group may in confidence, raise concerns about possible improprieties in financial reporting or, other matters.

The AC has explicit authority to investigate any matters within its terms of reference, full access to and cooperation by management and full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly. The AC also generally undertakes such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, as amended.

For FY2022, the AC had:

(i) held five meetings to review the quarterly and full year results;

(ii) reviewed the annual audit plans, including the nature and scope of the internal and external audits before commencement of these audits;

(iii) reviewed and approved the consolidated audited financial statements;

(iv) reviewed the interested person transactions;

(v) reviewed and discussed the reports of the internal auditors and external auditors and consider the effectiveness of responses/actions taken by management on the audit recommendations and observations;

(vi) reviewed the adequacy and effectiveness of the Group's internal audit function;

(vii) met with the internal and external auditors without the presence of management and had established that both the internal and external auditors have had the full co-operation of management in carrying out the audit for FY2022. Both the internal and external auditors had also confirmed that no restrictions were placed on the scope of their audits; and

(viii) undertaken a review of all audit and non-audit services provided by the external auditors to ensure that the nature and provision of such services would not affect the independence and objectivity of the external auditors. It was noted that audit fees amounted to SGD220,000 for the audit of the Company and its subsidiaries in FY2022. No non-audit services were rendered by the auditors in FY2022.

(ix) Appointed KPMG as special auditors, upon request of SGX-ST.

The AC is of the view that the external auditors are independent. The external auditors have affirmed their independence in this respect.

The external auditors of the Company and its significant subsidiaries are Foo Kon Tan LLP. The Company has complied with Rules 712 and 715 of the Listing Manual. The AC was satisfied that the resources and experience of Foo Kon Tan LLP, the audit engagement partner and the team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group. Therefore, the AC recommended to the Board that Foo Kon Tan LLP be re-appointed as the external auditors. The Board accepted the recommendation and has proposed a resolution to shareholders for the re-appointment of Foo Kon Tan LLP. The Group's subsidiaries are disclosed under Note 3 of the Notes to the Financial Statements on pages 70 to 74 of this Annual Report.

The AC has full access to resources to enable it to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements and to discharge its functions fully. During FY2022, the external auditors have provided updates on accounting standards and issues at the AC meetings.

The Company has in place a "Whistle-Blowing" Programme, whereby employees of the Group and any other party may, in confidence, raise concerns about possible corporate and financial improprieties and other reporting matters to the Independent Directors. A whistle-blowing feedback channel is posted on the Company's website. There were no whistle blowing incidents reported in FY2022.

Internal Audit

The Group has an in-house internal audit function team based at the Group's headquarters in Luanping county, China. The in-house internal audit department is responsible for the review of the effectiveness of the Group's internal controls system and procedures and reports directly to the AC Chairman on internal audit matters. The head of the internal audit function team is Mr Liu Yang. Mr Liu Yang holds an Executive Master Degree from the Chinese University of Hong Kong and a Diploma from the Chartered Institute of Purchasing and Supply in United Kingdom. He was also awarded Certified Professional in Supply Management by the Institute for Supply Management in United States.

Mr Ni ShaoJun, a qualified Chinese Accountant is a member of the internal audit team and a Finance Manager of the Group since 2018. He has more than 20 years' experience in auditing fields and has great exposure in manufacturing, trading and food industries. The internal audit function team adopted the Enterprise Risk Management Framework with reference to the principle of the International Professional Practice Framework of the Institute of Internal Auditors in performing the Company's internal audit.

The internal audit team prepared and presented the internal audit plan which, *inter alia*, categorized inputs gathered from the audits, reviewed risk map, reviewed core programs of the Group and critical internal control areas. The AC had reviewed the internal audit findings prepared by the Group's in-house internal audit department. During the year, the Group's in-house internal audit department adopted a risk-based auditing approach that focused on material internal controls, including financial, operational, information technology and compliance controls as well as risk management procedures. Any material non-compliance and weakness in internal controls and recommendation for improvements are reported to the AC. The FY2022 Internal Audit Report was submitted to the AC with relevant audit findings and recommendations. The AC also had reviewed the effectiveness of actions taken by management on the recommendations made by the internal audit team.

(D) Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings

Principle 11: ***The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

Engagement with Shareholders

Principle 12: ***The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.***

The Group recognises the importance of maintaining a constructive and effective communication channel with all shareholders, stakeholders, investors and the public in general.

The Group does not practise selective disclosure. In line with continuous disclosure obligations of the SGX-ST's Listing Manual and the Bermuda Companies Act, the Board's policy is that all shareholders should be informed of all major developments that impact the Group. The Board embraces openness and transparency in the conduct of the Group's affairs. Information is communicated to shareholders on a timely basis through:-

- Annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report contains all relevant information about the Group, including future developments and other disclosures required by the Bermuda Companies Act and International Financial Reporting Standards ("**IFRS**");
- Quarterly and full-year results announcements containing a summary of the financial information and affairs of the Group for the period are disseminated through SGXNET and news releases;
- Notices of and explanatory notes for AGMs and special general meetings;

CORPORATE GOVERNANCE

- Minutes of AGMs and special general meetings are also available to shareholders upon their request;

- Shareholders can access information on the Group's website www.unitedfood.com.sg which provides, *inter alia*, corporate announcements, press releases, annual reports, and profile of the Group.

Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

The Company will review the need for analyst briefings, investor roadshows or Investors' Day briefings when the Group's financial performance improves. The Company has an internal investor relations function which focuses on facilitating communications with shareholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and financial performance. During such interactions, the Company solicits and understands the views of shareholders and the investment community.

Shareholders are encouraged to attend the Company's AGM to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM as the principal forum for dialogue with shareholders, and is for shareholders to voice their views, raise issues to and seek clarification from the Board or management regarding the Company and its operations. All shareholders of the Company will receive the Annual Report and Notice of AGM within the mandatory period. The Notice of AGM is also advertised in a local newspaper in Singapore.

The Chairmen of the AC, NC and RC attend AGMs to address questions at the AGM. The Company's external auditors are also invited to attend the AGM and are available to assist the Directors, in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

Forthcoming AGM to be convened

The forthcoming AGM in respect of FY2022 will be held physically at Level 3, Thinking Space 3, HomeTeamNS Bedok Reservoir, 900 Bedok North Rd Singapore 479994 on 29 December 2023. Shareholders will be able to raise questions and vote in person at the AGM. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the forthcoming AGM, submission of questions in advance of the AGM, and voting at the AGM by shareholders or their duly appointed proxy(ies) are set out in the Notice of AGM released on SGXNet on 14 December 2023.

Shareholders are encouraged to submit their questions relating to the agenda of the general meeting in advance prior to the general meeting to designated email address and mailing address. After the publication of the notice of general meeting, shareholders are allowed at least 7 calendar days to submit their questions.

In ensuring shareholders remain well-informed, the Company would address shareholders questions 48 hours prior to the closing date and time for the lodgement of proxy forms for the forthcoming AGM for FY2022.

An independent scrutineer was appointed to validate the proxy forms submitted by the shareholders and the votes of all such valid proxies were counted and verified. The voting results of all votes cast for or against each resolution will be screened at the meeting with respective percentages and these details will be announced through SGXNET after the meeting. The Company Secretary prepares the minutes of general meeting, which incorporate substantial and relevant comments or queries from shareholders and responses from the Board and Management. These minutes will be publicly available at SGX-ST's website and the Company's website within one (1) month from the date of AGM.

All shareholders of the Company will receive the Annual Report and Notice of AGM within the mandatory period. Together with the Annual Report, the Company also attaches a copy of the proxy form and annual report request form to shareholders.

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings. Electronic poll voting may be efficient in terms of speed but may not be cost effective. In this respect, the Company did not adopt electronic poll voting.

In accordance with the Company's Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act.

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the re-election of the retiring Directors. Detailed information of each resolution in the AGM agenda is in the explanatory notes to the AGM Notice in the Annual Report. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

Dividend

The Group does not have a dividend policy. In considering the declaration of dividends, the Company will have to take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. No dividend has been declared for FY2022 due to the Group's loss position.

(E) Managing Stakeholders Relationships

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interest of the Company are served.

The Company maintains a corporate website to constantly communicate with stakeholders. The Company welcomes any comment, feedback and query from the stakeholders through the Company's corporate website and strives to engage and manage relationships with the stakeholders. Stakeholders may find such information on the investors relation section of the Company's corporate website.

(F) Interested Person Transactions

The Company does not have a mandate for transactions with Interested Persons.

(G) Material Contracts

There are no material contracts of the Company or its subsidiaries involving the interest of the CEO, Directors or Controlling Shareholders either still subsisting as at 31 March 2022 or if not then subsisting, entered into since the end of the previous financial year.

(H) Dealings in Securities

The Group has adopted an internal compliance code of conduct to provide guidance to the Group, its officers regarding dealings in the securities of the Company and the implications of insider trading.

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Directors and key employees of the Group, who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company during the periods at least 2 weeks and one month before the announcement of the Group's quarterly and full-year results respectively and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. Directors and employees are also not allowed to deal in the Company's securities on short-term considerations and during the two weeks before the announcement of the Company's financial statements for the first three quarters of its financial year and the one month before the announcement of the Company's full year financial results.

The Company confirmed that it has adhered to its policy for securities transactions for FY2022 pursuant to Rule 1207(19) of the Listing Manual.

(I) Risk Management Policies and Processes

The Board regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks as follows:

Environment Friendliness

The Group's production processes are fully in compliance with the local environmental protection and safety standards in the PRC. The Group's waste-water recycling treatment plant has been appraised by the local environmental authority to be the model for other enterprises to follow in promoting a hygienic and healthy environment.

Fire and Other Calamity That Will Disrupt Production

To prevent fire or other calamity that may disrupt the Group's production, the Group has implemented safety measures at all its production facilities and office buildings. The Group has established safety procedures and regular drills are conducted to ensure that employees familiarize themselves with the basic safety protocols. The Group has sufficient fire insurance coverage against possible losses in respect of damages to its property, inventory and plant & machinery.

Change in Political, Economic and Legal Environment in the PRC

As the PRC economy is undergoing various developments, the PRC government will continue to refine its legal system and various economic policies to maintain and encourage foreign investment. We anticipate that China will continue to be the source of all of our revenue. Any change in China's political, economic and social conditions, law, and regulations and policies or any significant decline in the condition of the Chinese economy could adversely affect consumer buying power, result in a decrease in the growth rate of food industry in China, and reduce demand for the products in our portfolio, which in turn would have a material adverse on our business, results of operations and financial conditions. The Group endeavors to adapt to the various changes and will seek formal consultation with the relevant legislative authorities to ensure that the Group is in compliance with the relevant rules and regulations.

The Group's financial risk and management is discussed under the Note 27 of the Notes to Financial Statements of the Annual Report.

(J) Use of Proceeds

As at the date of this Annual Report, there were no proceeds arising from placement of shares.

(K) Sustainability Report

The company is committed to upholding its sustainability practices and creating value for its stakeholders. A standalone sustainability report for FY2022 will be released to SGX-ST. Stakeholders can access the sustainability report on the SGX-ST's website and the Company's corporate website.

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Additional Information on Directors seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

Mr Chng Hee Kok, Prof Ling Chung Yee and Mr Zhao Ling are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 29 December 2023 under Ordinary Resolutions 2 to 4 as set out in the Notice of AGM dated 14 December 2023 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of Director	Mr Chng Hee Kok	Prof Ling Chung Yee	Mr Zhao Ling
Date of Appointment	23 October 2015	20 November 2015	27 November 2023
Date of Last Re-Appointment	29 July 2019	30 November 2020	Not Applicable ("N.A.")
Age	74	46	36
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered among others, the recommendation of the Nominating Committee, contribution, qualifications and work experience of Mr Chng Hee Kok, is of the view that he is suitable for re-election as an Independent Director of the Company.	The Board having considered among others, the recommendation of the Nominating Committee, contribution, qualifications and work experience of Prof Ling Chung Yee, is of the view that he is suitable for re-election as an Independent Director of the Company.	The Board having considered among others, the recommendation of the Nominating Committee, qualifications and work experience of Mr Zhao Ling, is of the view that he is suitable for re-re-election as an independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No.	No.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of Audit Committee, Members of Nominating Committee and Remuneration Committee	Lead Independent Director, Chairman of Nominating Committee, Members of Audit Committee and Remuneration Committee	Independent Director, Chairman of Remuneration Committee, Members of Audit Committee and Nominating Committee
Professional qualifications	Please refer to Director's Profile on page 8 of Annual Report.	Please refer to Director's Profile on page 8 of Annual Report.	Please refer to Director's Profile on page 9 of Annual Report.
Working experience and occupation(s) during the past 10 years	Please refer to Director's Profile on page 8 of Annual Report.	Please refer to Director's Profile on page 8 of Annual Report.	Please refer to Director's Profile on page 9 of Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	N.A.	N.A.	N.A.

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Name of Director	Mr Chng Hee Kok	Prof Ling Chung Yee	Mr Zhao Ling
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other principal commitments* including Directorships# *Principal commitments has the same meaning as defined in the Code. #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)			
Past (for the last 5 years)	1. Sino-America Tours Corporation Pte. Ltd. 2. Ellipsiz Ltd 3. Samudera Shipping Line Ltd. 4. Chaswood Resources Holdings Ltd 5. KTL Global Limited 6. Blackgold Natural Resources Ltd 7. Ferrstron Electric Pte Ltd 8. Cashflws Pte. Ltd.	1. Debao Property Development Ltd 2. Derong Real Estate Holdings Pte Ltd 3. Dynamic Real Estate Holdings Pte Ltd 4. Vingroup JSC 5. Sino Grandness Food Industry Group Ltd 6. Ace Achieve Infocom Ltd 7. Pine Capital Group Ltd 8. Advance Capital Partners Asset Management Pte Ltd 9. Pine Ventures Management Pte. Ltd. (fka BSDCN Pte Ltd)	Nil
Present	1. Full Apex (Holdings) Ltd 2. Luxking Group Holdings Limited 3. The Place Holdings Limited 4. Rational Pricing Technologies Pte. Ltd. 5. Debao Property Development Ltd 6. Metech International Limited	1. Vinfast Auto Ltd. 2. Follow Trade Pte. Ltd. 3. Amplefield Ltd 4. Ley Choon Group Holding Ltd	1. PPL Accounting Consultancy Pte Ltd 2. PPL Travelling Consultancy Pte. Ltd. 3. PPL Nanyang

Name of Director	Mr Chng Hee Kok	Prof Ling Chung Yee	Mr Zhao Ling
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Full Apex (Holdings) Limited ("**FAHL**") had received a winding up petition on 8 February 2018 ("**Petition**") by certain creditors ("**Petitioner**") and Mr Chng was an Independent Director during the tenure. Based on the public available information, on 23 November 2020, the Petition be withdrawn and the joint provisional liquidators be discharged and released, with effect upon payment of the JPLs' fees, expenses and costs ("**Withdrawal and Discharge Order**"). FAHL received Order dated 5 January 2021 from Bermuda Court that the Withdrawal and Discharge Order has taken effect on 3 November 2020.	Prof Ling have been made to understand that Tap Venture Fund I Pte. Ltd. ("**Tap Venture**"), in which he was an Independent Non-Executive Director from 19 September 2017 to 8 November 2018, is currently undergoing compulsory winding up by way of liquidation. Based on publicly available information, it appears that Tap Venture was in liquidation since 29 September 2020, which is within a period of two years from the date I ceased to be a director. I was not aware of the affairs of Tap Venture since my cessation as an independent non-executive director in November 2018.	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

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Name of Director	Mr Chng Hee Kok	Prof Ling Chung Yee	Mr Zhao Ling
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

Name of Director	Mr Chng Hee Kok	Prof Ling Chung Yee	Mr Zhao Ling
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes. Please refer to the Appendix I set out on page 35 of the this Annual Report.	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

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Name of Director	Mr Chng Hee Kok	Prof Ling Chung Yee	Mr Zhao Ling
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes. Please refer to the Appendix I set out on page 36 of the this Annual Report.	No	No
Prior Experience as a Director of a Listed Company on the Exchange			
Any prior experience as a director of an issuer listed on the Exchange?	This is a re-election of a director.	This is a re-election of a director.	This is a re-election of a director.
If yes, please provide details of prior experience.	Not applicable.	Not applicable.	Not applicable.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable.	Not applicable.	Not applicable.

Name of Director	Mr Chng Hee Kok	Prof Ling Chung Yee	Mr Zhao Ling
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable	Not Applicable	Not Applicable

Appendix I – Declaration form of Mr. Chng Hee Kok

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere.

Auston International Group Ltd.

Mr. Chng was an independent director of Auston International Group Ltd. ("**Auston**") from 20 March 2003 to 25 June 2007. There had been investigations initiated by the Commercial Affairs Department ("**CAD**") into Auston, acting on a report lodged by a legal representative acting for Auston, that the prospectus issued for Auston's initial public offering in April 2003, had false and misleading information. Auston's Audit Committee also commissioned Deloitte & Touche to investigate the accounts of previous years and findings were issued in February 2005 and made available to the CAD. Investigations had revealed that there were accounting irregularities within Auston pertaining to the treatment of university fees payable by Auston to its university partners.

The then Chief Executive Officer and then Chief Financial Officer were charged and dealt with, for offences under Section 477A of the Penal Code and the Securities Futures Act. Auston had been charged under Section 253(1) read with Section 253(4)(a) of the Securities Futures Act. In 2007 SGHC 219, the judge, on appeal, ruled that the Chief Executive Officer and Chief Financial Officer were ultimately liable rather than the Company, and had reduced the fine of the Company from S$90,000 to S$10,000.

Mr. Chng was not a subject of the investigation, nor was he fined or penalised.

Metech International Limited

The Board of Metech International Limited, which Mr. Chng used to be the Independent Director at the material time, received a letter from Singapore Exchange Regulation ("**SGX RegCo**") dated 5 June 2020 and was given an opportunity to make representations in respect of a Notice of Compliance dated 27 December 2019 issued by SGX RegCo on the disclosure of a former Director. A private warning was subsequently issued to the Board by SGX RegCo. For the avoidance of doubt, Mr. Chng was not a director of Metech International Limited during the time of the offence.

KTL Global Limited

In 2021, KTL Global Limited announced that the Audit Committee of the Company has received a report from its statutory auditors, regarding potential fraud in financial reporting in light of certain alleged unusual activities in trade receivables involving one of the Company's subsidiaries, Bluegas Pte. Ltd.. The Audit Committee of the Company has been notified on 13 August 2021 by the auditors that the auditors, as required under Section 207 of the Companies Act, have made a written report to the Ministry of Finance on certain matters which the auditors found to be irregular. The Audit Committee and the board has, in consultation with the SGX-ST RegCo, engaged Deloitte & Touche Financial Advisory Services Pte. Ltd. ("**DTFAS**"), to undertake an independent review of the concerns raised by the auditors in the report. The scope of the review was subject to SGX-ST RegCo's approval. DTFAS will liaise with, take instructions from, and report its findings directly to the Audit Committee of the Company and SGX-ST RegCo. The company announced on 10 February 2023 that the review was still ongoing.

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(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

NTUC Club

Mr. Chng was the chief executive officer of NTUC Club when the offence was committed. The NTUC Club owned a number of private limited companies and Mr. Chng was a director in those entities. As such, Mr. Chng was fined S$5,000 in August 2007 for failure to disclose his beneficial interest in a company that had dealings with three firms in the NTUC Group where he was a director. Notwithstanding that Mr. Chng had previously made verbal declarations of his involvements to the other directors and those directors were aware of his involvement, he failed to provide a written declaration of his interests resulting in the authorities issuing him a fine. In the course of recording Mr. Chng's statements, he had provided certain information which were deemed to be false or misleading and for that, he was given a written warning under Section 28B(b) Prevention of Corruption Act. Mr. Chng was fined S$5,000 in August 2007 under section 156 of the Companies Act, Chapter 50 and was given a warning under section 28(B)(b) of the Prevention of Corruption Act, Chapter 241.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2022

The directors present their statement to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the year ended 31 March 2022.

Opinion of the directors

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the financial positions of the Company and of the Group as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement with reference to Note 2(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this report are:

Executive director:

Mr. Wu Xiaoran

Non-executive director:

Ms. Song Yanan (Chairman)

Independent Non-executive directors:

Prof. Ling Chung Yee
Mr. Chng Hee Kok
Mr. Zeng Wei (Resigned on 20 May 2023)
Mr. Zhao Ling (Appointed on 27 November 2023)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of the year, nor at any time during the year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

According to the Register of Directors' Shareholdings, the following directors, who held office as at the end of the year, had interests in shares of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
	As at 1.4.2021	**As at 31.3.2022**	As at 1.4.2021	**As at 31.3.2022**
Ordinary shares of the Company of HK$0.10 each				
Song Yanan	–	**–**	44,223,680	**44,223,680**

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2022.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or date of appointment, if later or at the end of the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2022

Share options

There are presently no option schemes on unissued shares of the Company except as disclosed in Note 3 and 16 relating to the issuance of a maximum aggregate of RMB 85 million of bonds that are convertible into shares of the Company subject to the terms and conditions of the share purchase agreement on the acquisition of subsidiaries.

Audit committee

At the end of the financial year, the Audit Committee comprises the following members:

Mr. Chng Hee Kok (Chairman)
Prof. Ling Chung Yee
Mr. Zeng Wei

Details of the Company's Audit Committee, Nominating Committee and Remuneration Committee are set out in the Corporate Governance Report.

Directors' contractual benefits

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within 1 year without payment other than statutory compensation.

Independent auditors

The auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has indicated its willingness to accept re-appointment.

Interested person transactions

Except for the transactions disclosed in Note 25 to the financial statements, there were no interested person transactions during the financial year from 1 April 2021 to 31 March 2022. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The Audit Committee will review all interested person transactions to be entered to ensure that the relevant rules under Chapter 9 of the Listing Manual of the SGX-ST are complied with. The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and Section 90 of the Companies Act 1981 of Bermuda, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material statements, whether due to fraud or error.

On behalf of the Board of Directors

Song Yanan Non-executive Chairman	Wu Xiaoran Executive Director

Dated: 5 December 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of the United Food Holdings Limited

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 2022, 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

<u>The Group</u>

1. <u>Veracity, existence and completeness of bank balances</u>

   i. Inability to obtain bank confirmations and bank statements

   As fully described in the 2021 Annual Report, we were unable to obtain the bank confirmations and witnessed the bank statements printing at the banking hall for three accounts belonging to the two of the subsidiaries of the Group (namely, SZYK and SZBY) for cash at bank amounted to RMB 24.7 million as at 31 March 2020 which were reported in the Group's financial statements. This is because the bank accounts had been closed by management and our request was denied by the bank.

   ii. Veracity of the bank statements and bank balance

   The anomalies as to the bank statements with Rural Commercial Bank for selected period under review was fully described in the 2021 Annual Report. There was a credit balance of RMB 24 million on 27 July 2020 which were under rural bank accounts which was closed and now maintained with a state-owned bank, China Construction Bank.

   Due to the limitation of audit scope as explained herein which is beyond the control of the management, we were unable to perform sufficient appropriate audit evidence to ascertain the correctness of the bank balance during the period from 1 April 2020 to 24 July 2020 for the bank account maintained with Rural Commercial Bank and the bearing it may have on the financial year ended 31 March 2021.

   On 14 December 2021, the Company received the instructions from SGX Regco to conduct a special audit on the following matters:-

   i) veracity of transactions involving Hebei Xingrun Shengwu Keji Gufen Co., Ltd. (河北兴润生物科技股份有限公司) ("HBXR") and Chengde Purun Shengwu Zhiyao Co., Ltd. (承德普润生物制药有限公司) ("CDPR"); and

   ii) inconsistencies of bank balances with respect to Shenzhen Yi Kei Logistics Supply-chain Ltd ("SZYK") and Shenzhen Bao Yao Agricultural Products Ltd ("SZBY").

   On 17 December 2021, the Board announced that they appointed KPMG as special auditors. At the date of this report, the findings from KPMG has not been finalised. Our report may be subject to further modification depending on the findings from KPMG.

INDEPENDENT AUDITOR'S REPORT

To the Members of the United Food Holdings Limited

Basis for Disclaimer of Opinion (Cont'd)

The Group (Cont'd)

2. Acquisition of 80% shareholding interests in the Target companies

   (a) *Profit Warranty*

   For the past 3 years, i.e. FY2020, FY2021 and FY2022, the variance between the Adjusted Net Loss and the Profit Warranty as defined in the Acquisition Circular dated 5 July 2018 and its supplemental agreements to the SPA have not been accounted for in the books where the Company is entitled to recover from the vendors. We were unable to determine the extent of amount recoverable from the vendors due to lack of supply of natural gas for production by HBXR and CDPR as described in Note 5.

   (b) *Valuation of contingent consideration for the Acquisition*

   Due to no production carried out in HBXR plant for the revenue to be earned, the possible impairment of financial and non-financial assets and the extent of reliability of the valuation report produced during the FY2020 and FY2021 audits, we were unable to ascertain the correctness of the fair value gain on contingent consideration of RMB 0.7 million in FY2021, RMB 16.8 million in FY2020 and RMB 26.9 million in FY2019 as reported in the financial statements for the Acquisition then. The reported contingent consideration as shown under current liabilities was RMB 44.5 million at inception. As of the date of this report, there is no valuation carried out on acquisition of business to determine the valuation of contingent consideration on the acquisition for the financial year ended 31 March 2022.

3. Sales and Purchases

   As disclosed in Note 31 – Other financial information, the matters which we are concerned are as follows:

   (i) In respect of sales transactions of RMB 52.7 million (exclude VAT) entered into by HBXR for the supply of equipment to Huizhou KWJ Biotechnology Co., Ltd (惠州市康维健生物科技有限公司) ("KWJ") for the financial year ended 31 March 2022, we have requested for relevant and appropriate audit evidence as to the sales made. However, we were provided with all the contracts but incomplete delivery orders and no sales invoices. The Group recorded the receivable for these transactions totalling RMB 47.5 million as at 31 March 2022. We understand from Mr Liang Bing (HBXR General Manager) the sales made to KWJ is mainly to expand the L-AP plant belonging to KWJ with the acquired patent technology from HBXR. On this basis, we are unable to determine whether sales are properly recorded. In respect of the timing of revenue recognition, we are unable to determine whether the revenue is accrued in the appropriate accounting period.

   (ii) In the 2021 Annual Report, we reported that we were not provided sufficient information and explanation as to the timing and status of the supply and installation of equipment purchased from 惠州中凡机电设备有限公司 ("ZhongFan"). There was no supply or installation of the equipment in respect of the advances of RMB 49.2 million paid to ZhongFan for the financial year ended 31 March 2021. During the financial year 2022, HBXR recorded net outflow of RMB 3.7 million to ZhongFan from the supply of equipment. The Group recorded no amount owing to/by ZhongFan as at 31 March 2022. On this basis, we were unable to determine whether purchases were properly accounted for.

Basis for Disclaimer of Opinion (Cont'd)

The Group (Cont'd)

4. Recoverability of deposits paid to SST

In the 2021 Annual Report, we highlighted that we were unable to ascertain the recoverability of debt as to the deposit of RMB 35 million to Shenzhen SST, a company incorporated in the Peoples' Republic of China ("PRC").

SZBY paid a deposit of RMB 35 million for facilitating a potential business cooperation. 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.

During the financial year ended 31 March 2022, SZBY further paid deposits totalling RMB 50 million to SST. The deposits totalling RMB 85 million was paid to Shenzhen Yizhe Technology Co., Ltd, a nominee for SST. As at 31 March 2022, the deposits owing by SST to SZBY was RMB 85 million. We were not provided with the management, discussion and analysis of the new business, nor the management assessment on the recoverability of these deposits. Consequently, we were unable to determine whether the deposits paid to SST are recoverable.

5. Impairment assessment of non-current assets of the Group

The non-current assets comprise intangible assets, goodwill, property, plant and equipment and right-of-use assets. As at 31 March 2022, the intangible assets of RMB 120 million arising from the Acquisition had been fully impaired from inception. The remaining sum of goodwill of RMB 3.049 million (FY2021: RMB 3.049 million) as at 31 March 2022 relates to the August 2017 acquisition of Really Time Trading Limited ("RTTL") and the subsidiary acquired is Shenzhen Hualitai Food Trading Co., Ltd. ("Hualitai"). RTTL has no trading activities since FY2020 while Hualitai has no trading activities since FY2019.

Additives segment

As at 31 March 2022, the carrying value of the property, plant and equipment (including land use rights) recorded in the books of HBXR was RMB 1.3 million (FY2021: RMB 1.7 million). There is no production since the Acquisition because no business activities and production is allowed due to lack of supply of natural gas by the local government.

Animal feed and traditional medicine

As at 31 March 2022, the carrying value of the property, plant and equipment (including land use rights) recorded in the books of CDPR was RMB 11.2 million (FY2021: RMB 11.6 million). The carrying value of land use right was RMB 10.4 million (FY2021: RMB 10.6 million) as at 31 March 2022.

The management of the Group subsidiaries has not performed an assessment of the possible impairment as at the reporting date nor there is a profit forecast prepared for impairment assessment in the light of the circumstances as stated herein.

Because of the matters described in the preceding paragraphs, we were unable to ascertain the extent of impairment to be made to the property, plant and equipment including the land use rights as well as the residual goodwill.

6. Impairment of trade receivables

As disclosed in Note 9 to the accompanying financial statements, as at 31 March 2022, the Group has outstanding net trade receivables from contract with customers of RMB 58.3 million (2021: RMB 13.5 million) which include the RMB47.5 million (2021: Nil) receivable from KWJ. The management of the Group has not performed an assessment of the possible impairment of trade receivables as at the reporting date. We were unable to ascertain the extent of impairment of trade receivables to be made.

INDEPENDENT AUDITOR'S REPORT

To the Members of the United Food Holdings Limited

Basis for Disclaimer of Opinion (Cont'd)

The Group (Cont'd)

7. Going concern - Limitation of scope and fundamental uncertainty relating to the going concern basis

   We draw attention to Note 2(a) of the financial statements which states that the financial statements have been prepared on a going concern basis.

   Despite the Group has net tangible assets of RMB 117.2 million (FY2021: RMB 121.3 million) and the current assets exceeded the current liabilities by RMB 93.2 million (FY2021: RMB 96.3 million), the Group reported profit before taxation of RMB 0.6 million (2021: loss before taxation of RMB 70.5 million) for the financial year ended 31 March 2022 and recorded cash generated from operating activities of RMB 3.5 million (2021: cash used in operating activities of RMB 58.3 million), the factors listed below may affect the appropriateness of the going concern:

   (i) the inability of the existing business to generate sufficient cashflows for the Group;

   (ii) there is no new business identified to be materialise yet;

   (iii) the impact of impairment on trade receivables of RMB 58.3 million;

   (iv) the impact of impairment on other receivables of RMB 85 million;

   (v) the impact on the sanctions imposed on the production;

   (vi) there is no cashflow forecast provided to review the business opportunities, if any; and

   (vii) there is no indication of external funding to support new business.

   To the best of the knowledge of the directors of the Company, there is a potential value on the patent which has been fully written off. The amount was RMB 120 million.

   Accordingly, we were unable to assess whether the going concern assumption is appropriate as to the Group's ability to continue as a going concern in the next twelve months from the date of this report. The resultant effect may cause adjustments to be made to the financial statements and reclassification of accounts for which no such adjustment has been effected in the books.

The Company

Amount owing by subsidiaries

As at 31 March 2022, the amount owing by subsidiaries were RMB 109.4 million (FY2021: RMB 115 million) (Note 10). Most of the subsidiaries have reported deficits in their shareholder's fund as at 31 March 2022 and reported losses for the year then ended. The management of the Company has not performed any assessments of the possible impairment of amount owing by subsidiaries as at the reporting date. Consequently, we were unable to determine whether the amount owing by subsidiaries can be recoverable.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of the United Food Holdings Limited

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.

Report on Other Legal and Regulatory Requirements

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 ("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 Yeo Boon Chye.

Foo Kon Tan LLP
Public Accountants
and Chartered Accountants

Singapore, 5 December 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2022

		The Group		The Company	
		31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
ASSETS					
Non-current assets					
Subsidiaries	3	**–**	–	**9**	9
Goodwill	4	**3,049**	3,049	**–**	–
Property, plant and equipment	5	**2,154**	2,627	**–**	–
Right-of-use assets	6	**21,834**	22,418	**–**	–
Intangible assets	7	**–**	–	**–**	–
		27,037	28,094	**9**	9
Current assets					
Inventories	8	**1,950**	2,320	**–**	–
Trade and other receivables	9	**148,694**	136,718	**103**	107
Amounts due from subsidiaries	10	**–**	–	**109,377**	115,015
Cash and cash equivalents	11	**4,838**	20,621	**810**	786
		155,482	159,659	**110,290**	115,908
Total Assets		**182,519**	187,753	**110,299**	115,917
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	12	**18,685**	18,685	**18,685**	18,685
Reserves	13	**104,391**	108,881	**77,972**	82,932
Equity attributable to owners of the Company		**123,076**	127,566	**96,657**	101,617
Non-controlling interests	3	**(2,847)**	(3,227)	**–**	–
Total Equity		**120,229**	124,339	**96,657**	101,617
LIABILITIES					
Current liabilities					
Trade and other payables	14(a)	**48,497**	49,602	**1,476**	1,621
Provision for onerous contract	14(b)	**3,380**	3,380	**–**	–
Amounts due to subsidiaries	10	**–**	–	**12,166**	12,679
Borrowings	15	**9,990**	9,990	**–**	–
Contingent consideration for acquisition of subsidiaries	16	**–**	–	**–**	–
Current tax payable		**423**	442	**–**	–
		62,290	63,414	**13,642**	14,300
Non-current liabilities					
Borrowings	15	**–**	–	**–**	–
Deferred tax liabilities	17	**–**	–	**–**	–
		–	–	**–**	–
Total Liabilities		**62,290**	63,414	**13,642**	14,300
Total Equity and Liabilities		**182,519**	187,753	**110,299**	115,917

The accompanying notes form an intergral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2022

	Note	Year ended 31 March 2022 RMB'000	Restated Year ended 31 March 2021 RMB'000
Continuing operations			
Revenue	18	**59,267**	9,713
Cost of sales		**(53,950)**	(8,397)
Gross profit		**5,317**	1,316
Other income	19	**3,043**	17,839
Selling and distribution costs		**(374)**	(856)
Administrative expenses	20	**(6,110)**	(20,009)
Finance expenses	23	**(1,185)**	(1,130)
Other expenses	21	**(67)**	(67,657)
Profit/(loss) before taxation from continuing operations		**624**	(70,497)
Income tax	22	**(980)**	2,556
Loss for the year	23	**(356)**	(67,941)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation difference		**(3,754)**	(3,248)
Total comprehensive loss for the year		**(4,110)**	(71,189)
Loss attributable to:			
Equity holders of the Company		**(476)**	(57,023)
Non-controlling interests	3	**120**	(10,918)
		(356)	(67,941)
Total comprehensive loss attributable to:			
- Equity holders of the Company		**(4,490)**	(60,502)
- Non-controlling interests	3	**380**	(10,687)
		(4,110)	(71,189)
Earnings per share:			
- Basic	24(a)	*	*
- Diluted	24(b)	*	*

* not meaningful

The accompanying notes form an intergral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2022

	← Attributable to owners of the Company →									
	Share capital	Share premium	Contributed surplus reserve	Statutory reserve	Capital redemption reserve	Accumulated losses	Exchange translation reserves	Sub-Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2020	18,685	58,276	397,141	–	2,982	(289,239)	223	188,068	7,460	195,528
Total comprehensive loss for the year										
Loss for the year	–	–	–	–	–	(57,023)	–	(57,023)	(10,918)	(67,941)
Currency translation difference - net	–	–	–	–	–	–	(3,479)	(3,479)	231	(3,248)
Total comprehensive loss for the year	–	–	–	–	–	(57,023)	(3,479)	(60,502)	(10,687)	(71,189)
At 31 March 2021	18,685	58,276	397,141	–	2,982	(346,262)	(3,256)	127,566	(3,227)	124,339

The accompanying notes form an intergral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2022

			Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Contributed surplus reserve RMB'000	Statutory reserve RMB'000	Capital redemption reserve RMB'000	Accumulated losses RMB'000	Exchange translation reserves RMB'000	Sub-Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 April 2021	**18,685**	**58,276**	**397,141**	**–**	**2,982**	**(346,262)**	**(3,256)**	**127,566**	**(3,227)**	**124,339**
Total comprehensive (loss)/profit for the year										
Profit for the year	–	–	–	–	–	(476)	–	(476)	120	(356)
Currency translation difference - net	–	–	–	–	–	–	(4,014)	(4,014)	260	(3,754)
Total comprehensive (loss)/profit for the year	–	–	–	–	–	(476)	(4,014)	(4,490)	380	(4,110)
At 31 March 2022	18,685	58,276	397,141	–	2,982	(346,738)	(7,270)	123,076	(2,847)	120,229

The accompanying notes form an intergral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2022

	Note	Year ended 31 March 2022 RMB'000	Year ended 31 March 2021 RMB'000
Cash Flows from Operating Activities			
Profit/(Loss) before taxation		**624**	(70,497)
Adjustments for:			
Depreciation of property, plant and equipment	5	**492**	486
Depreciation of right-of-use assets	6	**584**	418
Amortisation of intangible assets	7	**–**	7,150
Impairment loss on goodwill	4	**–**	9,693
Reversal of impairment loss on property, plant and equipment	5	**–**	(383)
Reversal of impairment loss on right-of-use assets	6	**–**	(14,172)
Impairment loss on intangible assets	7	**–**	57,357
Inventories written-off	8	**65**	591
Provision for onerous contract	20	**–**	3,670
Fair value changes on contingent consideration on acquisition of subsidiaries	16	**–**	(688)
Finance cost		**1,185**	1,130
Interest income	19	**(11)**	(35)
Cash flow generated from/(used in) operating activities before working capital changes		**2,939**	(5,280)
Change in inventories		**305**	(1,391)
Change in trade and other receivables		**(581)**	(52,661)
Change in trade and other payables		**853**	1,124
Cash generated from/(used in) operations		**3,516**	(58,208)
Tax paid		**–**	(76)
Net cash generated from/(used in) operating activities		**3,516**	(58,284)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		**(19)**	–
Proceeds from disposal of subsidiaries in prior year	3	**–**	15,000
Deposit for potential business acquisitions	9	**(50,000)**	–
Refund of deposit for short-term investment	9	**35,000**	40,000
Interest received		**11**	35
Net cash (used in)/generated from investing activities		**(15,008)**	55,035
Cash Flows from Financing Activities			
Advances from shareholders		**–**	2,041
Repayment of advances from shareholders		**(2,957)**	(4,000)
Repayment of borrowings – principal		**–**	(10)
Repayment of borrowings – interest		**(1,185)**	(1,130)
Net cash used in financing activities		**(4,142)**	(3,099)
Net decrease in cash and cash equivalents		**(15,634)**	(6,348)
Effect of foreign exchange rate changes on balances of cash held in foreign currencies		**(149)**	(171)
Cash and cash equivalents at beginning of year		**20,621**	27,140
Cash and cash equivalents at end of year	11	**4,838**	20,621

The accompanying notes form an intergral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2022

Reconciliation of liabilities arising from financing activities, excluding equity items

	Note	As at 1 April 2021	Cash flows (net)	Non-cash movement: Interest expense	Non-cash movement: Foreign exchange movement	As at 31 March 2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Advances from shareholders	14	**3,090**	**(2,957)**	**–**	**–**	**133**
Borrowings	15	**9,990**	**(1,185)**	**1,185**	**–**	**9,990**

	Note	As at 1 April 2020	Cash flows (net)	Non-cash movement: Interest expense	Non-cash movement: Foreign exchange movement	As at 31 March 2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Advances from shareholders	14	5,060	(1,959)	–	(11)	3,090
Borrowings	15	10,000	(1,140)	1,130	–	9,990

The accompanying notes form an intergral part of these consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

1 General information

The Company was incorporated in Bermuda on 14 August 2000 with limited liability under the Companies Act 1981 of Bermuda. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Group is located at 16F The Hong Kong Club Building, 3A Chater Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 3 to these consolidated financial statements.

The financial statements of United Food Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2022 ("FY2022") were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

2(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS")/ ("IAS") 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 financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand ("RMB'000"). All financial information is presented in Renminbi, unless otherwise stated.

Going concern

Despite the Group has net tangible assets of RMB 117.2 million (FY2021: RMB 121.3 million) and the current assets exceeded the current liabilities by RMB 93.2 million (FY2021: RMB 96.3 million), the Group reported profit before taxation of RMB 0.6 million (2021: loss before taxation of RMB 70.5 million) for the financial year ended 31 March 2022 and recorded cash generated from operating activities of RMB 3.5 million (2021: cash used in operating activities of RMB 58.3 million).

Notwithstanding the matters referred below, the director of the Company are of the opinion that the going concern is appropriate:

(a) The impact on the contingent consideration recognised as income and the effect on profit warranty;

(b) Lack of supply of natural gas for the use of production by the respective entity, HBXR and CDPR;

(c) The impact on the sanctions imposed by the authority to cease production by HBXR and CDPR; and

(d) No new business ventures were identified in the future period.

In the opinion of the directors of the Group, they believe that there is reasonable ground that the deposits of RMB 81.7 million can be recoverable and that the trade receivable of RMB 58.3 million is collectable to meet the future cashflows needs. Efforts are continuously met to identify new business opportunity given the challenging condition placed by HBXR. Where possible, new external borrowings will be sought by the Group.

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

Significant judgements and accounting estimates

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

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amount recognised in the financial statements:

(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.

(ii) Income tax (Note 22)

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

Significant judgements made in applying accounting policies (Cont'd)

(iii) Acquisition of business

The Group made an acquisition of companies or entities for the purpose of generating business. At the date of acquisition, the Group assesses whether the purchase of an entity constitutes a business combination or an asset acquisition. In cases where the acquired entity meets the definition of a business, the Group accounts for the purchase as a business combination. When the acquired entity does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. In making this distinction, the Group identifies and considers the assets purchased and the processes, inputs and workforce transferred, and then assesses the capability of these elements to significantly contribute together to the ability to generate outputs.

Critical accounting estimates and 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 5 and 6)

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 5 and 6 to the financial statements.

In FY2022, the management did not perform an assessment of the possible impairment of property, plant and equipment and ROU assets as at the reporting date.

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 (other than goodwill) 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 cash-generating unit ("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.

(ii) Impairment of non-financial assets (Notes 4, 5, 6 and 7)

In FY2021, the 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 of the Group's patents, goodwill, property, plant and equipment, ROU assets and intangible assets, and the details of impairment tests are disclosed in Notes 4, 5, 6 and 7.

In FY2022, the management did not perform an assessment of the possible impairment of goodwill, property, plant and equipment, ROU assets and intangible assets as at the reporting date.

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

Critical accounting estimates and key sources of estimation uncertainty (Cont'd)

(iii) Valuation of inventories (Note 8)

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 8. 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 2022 would decrease/increase by approximately RMB 98,000 (2021 - RMB 116,000).

(iv) Allowance for expected credit losses ("ECL") on trade and other receivables (including advances and deposits) and amount due from subsidiaries (Notes 9 and 10)

Allowance for ECL of trade and other receivables and amount due from subsidiaries 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 including an adjustment for the impact of COVID-19. 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 has provided expected credit loss on past due trade receivables where:

(a) there is no credit impair to be expected, a percentage has been applied to the debt on a general basis;

(b) there is a credit impair expected, a percentage has been applied to the specific debt if doubtful on the basis to the extent of the probability of default; and

(c) there is a credit-impaired and regarded as in default, a full sum of the specific debt will be written off to profit or loss.

The carrying amount of the Group's and the Company's trade and other receivables and amount due from subsidiaries are disclosed in Notes 9 and 10.

In FY2022, management did not perform an assessment of the possible impairment of trade and other receivables and amount due from subsidiaries.

(v) Fair value measurement of contingent consideration for acquisition of subsidiaries in a business combination (Notes 3 and 16)

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)

Critical accounting estimates and key sources of estimation uncertainty (Cont'd)

(v) Fair value measurement of contingent consideration for acquisition of subsidiaries in a business combination (Notes 3 and 16) (Cont'd)

The carrying amount of the contingent consideration is disclosed in Note 16. Sensitivity analysis regarding the key input estimates used in the valuation is disclosed in Note 30 to the financial statements.

In FY2022, there is no valuer appointed to determine the fair value of the contingent consideration as at the reporting date as management determines the probability of meeting the profit warranty is remote. The contingent consideration was based on the fair value determined in FY2021.

2(b) Interpretations and amendments to published standards effective in 2021/2022

On 1 April 2021, the Company and the Group have adopted all the new and revised IAS/IFRS and amendments to IAS/IFRS, effective for the current financial year that are relevant to them.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to IFRS 16	*COVID-19 Related Rent Concessions*	1 June 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform - Phase 2*	1 January 2021
Amendment to IFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*	1 April 2021

The adoption of these new or amended IAS/IFRS, where applicable, did not result in substantial changes to the Company's and the Group's accounting policies and had no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

2(c) New and revised IFRS issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised IAS/IFRS, IFRIC and amendments to IAS/IFRS that have been issued but are not yet effective to them.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to IFRS 3	*Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to IFRS 17	*Insurance Contracts*	1 January 2023
Annual Improvements to IFRSs 2018 - 2020:		
Amendments to IAS 1	*Subsidiary as a First-Time Adopter*	1 January 2022
Amendments to IFRS 9	*Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*	1 January 2022
Amendments to IFRS 16	*Lease Incentives*	1 January 2022
Amendments to IAS 41	*Taxation in Fair Value Measurements*	1 January 2022

2(c) New and revised IFRS issued but not yet effective (Cont'd)

Reference	Description	Effective date (Annual periods beginning on or after)
<u>Annual Improvements to IFRSs 2018 - 2020: (Cont'd)</u>		
IFRS 17	*Insurance Contracts*	1 January 2023
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*	1 January 2023
Amendments to IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS 8	*Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS 1	*Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

Management does not anticipate that the adoption of the above new standards and amendments to standards in future periods will have a material impact to the financial statements in the period of their initial adoption.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Information on its subsidiaries is given in Note 3 to the financial statements.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee, if and only if, the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

<u>A change in the ownership interest</u>

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under IFRS 9, where applicable, the cost on initial recognition of an investment in an associate.

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group. Business combination is accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional 'concentration test' is met, and the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Bargain purchase

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognised in statement of profit or loss and other comprehensive income on a straight-line basis so as to write off the depreciable amounts of these assets over their estimated useful lives as follows:

Plant and machinery	5 to 10 years
Furniture, fixtures and office equipment	3 to 5 years

No depreciation is provided on construction-in-progress. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense in statement of comprehensive income during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Gains and losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net proceeds and the carrying amount of the asset and are recognised in statement of comprehensive income on the date of retirement or disposal.

Depreciation method, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

2(d) Summary of significant accounting policies (cont'd)

Intangible assets (Cont'd)

Patents

Patents acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 10 to 13 years, which is the shorter of their estimated useful lives and periods of contractual rights.

Land use rights

Land use rights are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis to write off the cost of the land use rights over the lease terms of 50 years. From 1 April 2019, land use rights are reclassified to "right-of-use assets".

Investment in subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses on an individual subsidiary basis. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise cash and cash equivalents, trade and other receivables and amount due from subsidiaries.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other operating income or other expense". Interest income from these financial assets is recognised using the effective interest rate method and presented in "other operating income".

- FVTPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other operating income and other expense".

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

For other financial assets and debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the financial assets and debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the financial assets and debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than days past due.

The Group consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts (if any). Bank overdrafts (if any) are included within borrowings in current liabilities in the statements of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowances for obsolete or slow-moving items. Cost is determined on a first-in, first-out basis, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling prices in the ordinary course of business less any estimated costs to be incurred to completion and disposal.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2(d) Summary of significant accounting policies (Cont'd)

Financial liabilities

The Group's financial liabilities include trade and other payables, amounts due to related parties, borrowings, lease liabilities and contingent consideration for acquisition of subsidiaries.

Financial liabilities are recognised when the Group and the Company become a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in statement of comprehensive income. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

Contingent consideration in the form of bonds payable, 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.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Leases

<u>The Group as lessee</u>

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(a) *Right-of-use asset*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold buildings	10 to 20 years
Land use rights	50 years

The right-of-use assets are presented as a separate line item in the statements of financial position.

(b) *Lease liability*

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate. Lease payments include the following:

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

The Group as lessee (Cont'd)

(b) Lease liability (Cont'd)

Lease payments include the following:

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

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is subsequently measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that is not part of the original term and is not accounted for as a separate lease.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability is presented as a separate line item in the statements of financial position.

(c) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(d) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2(d) Summary of significant accounting policies (Cont'd)

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

(i) Revenue from trading income

The Group purchases and sells food products in the marketplace. Revenue is recognised when the control of the goods has been transferred to the customer, which is when the customer obtains control of the goods. During the FY2022 and FY2021, there is no trading income generated.

(ii) Sales of additives

The Group manufactures and sells the additive (L-Ascorbyl Palmitate or L-AP) or antioxidants in the marketplace. Revenue is recognised when the control of the goods has been transferred to the customer, which is when the customer obtains control of the goods.

(iii) Sales of animal feed and traditional medicine

The Group manufactures and sells the animal feed and traditional medicine in the marketplace. Revenue is recognised when the control of the goods has been transferred to the customer, which is when the customer obtains control of the goods.

(iv) Sale of equipment

The Group purchases and sells equipment. Revenue is recognised when the control of the goods has been transferred to the customer, which is when the customer obtains control of the goods.

(v) Provision of technical consultation services

Technical consultation services are recognised over time as the service are simultaneously performed and consumed by the customer.

(vi) Services rendered

Services rendered for contracts entered for the provision of services is recognised over time as revenue where the benefit of the services is transferred to the customer as it performs.

(vii) Interest income

Interest income is recognised on a time apportion basis using the effective interest method.

Employee benefits

(a) Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2(d) Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)

(b) Retirement benefits

Pursuant to the relevant regulations of the government of the People's Republic of China (the "PRC"), the subsidiaries in Mainland China have each participated in a local municipal government retirement benefit scheme (the "Scheme"), pursuant to which the subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group's subsidiaries in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the consolidated statement of profit or loss and other comprehensive income as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) has control or joint control of the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or the Company or a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and the fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and members of management team are considered key management personnel.

2(d) Summary of significant accounting policies (Cont'd)

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

All operating segments' operating results are reviewed regularly by the Group's directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Additional disclosures on operating segments are shown in Note 32 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the Group's directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise contingent consideration (Note 24).

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable statement of comprehensive income at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

2(d) Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in statement of comprehensive income, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Value-added tax

The Group's sales of goods in the PRC are subjected to Value-added tax ("VAT") at the applicable tax rate for PRC domestic sales. Input VAT on purchases can be deducted from output VAT subject to agreement by the tax authority. The Group's export sales are not subject to VAT.

Revenue, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "other receivables" or "other payables" in the consolidated statement of financial position.

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gain and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings are derecognised when the obligation is discharge, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash transferred or liabilities assumed, is recognised in profit or loss.

2(d) Summary of significant accounting policies (Cont'd)

Borrowings (Cont'd)

Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, excluding inventories, subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flows evaluation. All assets are subsequently reassessed for indicators that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case, it is charged to equity.

An impairment loss, except for goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss has been recognised. A reversal of impairment loss is recognised in profit or loss.

Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2(d) Summary of significant accounting policies (Cont'd)

Current and non-current classification (Cont'd)

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in RMB, whereas the functional currency of the Company is Hong Kong dollars.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the statement of comprehensive income, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to statement of comprehensive income as part of the gain or loss on disposal of the foreign operation.

Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates at the dates of the transactions. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial positions of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at average exchange rates.

(iii) All resulting currency translation differences are recognised in the currency translation reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations, if any, are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

3 Subsidiaries

The Company	31 March 2022 RMB'000	31 March 2021 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	Proportion of ownership interest and voting rights held by the Group 2022	2021	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	Dormant
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	Dormant
Held by RTTL				
Shenzhen Hualitai Food Trading Co., Ltd. ("SZHLT")	PRC	**80**	80	Dormant
Held by Yi Kei				
Shenzhen Yi Kei Logistics Supply-chain Limited ("SZYK")	PRC	**100**	100	Dormant
United Express Trading Pte. Ltd.	Singapore	**100**	100	Dormant
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 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

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

3 Subsidiaries (Cont'd)

Acquisition of business 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"), 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")

(The legal completion of the acquisition of business for CDPR, HBXR and BM are collectively, known as the "Target Companies") is in September 2018 where the said entities become the subsidiaries of the Group.

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 million and was paid/payable in the following manner:

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

Included in the consideration sum of RMB 120 million was an amount of RMB 25 million paid in cash during the year ended 31 December 2017. Another amount of RMB 10 million is due payable in cash to the vendors. The remaining consideration sum is satisfied by the issuance of bonds. Under the terms of SPA dated 5 October 2017, the bonds is required to be convertible into shares of the Company with no redemption permitted.

The Bonds

The issuance of bond for the consideration sum of S$17,359,338 (equivalent to approximately RMB 85 million based on a fixed foreign exchange rate of S$1: RMB 4.8965 as at 4 October 2017) is carried at zero per cent based on the conversion price of $0.45 per Conversion shares. Conversion Shares shall not be entitled to any dividends, rights, allotments or other distributions, before the date of issuance of the Conversion Shares. Each of the First Bond Subscription Date, Second Bond Subscription Date, and Third Bond Subscription Date to be the date falling not more than 120 days from the financial year end of FY2020, FY2021, and FY2022 respectively.

The "Conversion Shares" means ordinary shares of the Issuer and will be admitted to listing on the Mainboard of the SGX-ST. The conversion price is subject to price adjustments such as share consolidation or rights issues etc as stipulated in the SPA.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

3 Subsidiaries (Cont'd)

Acquisition of business during the financial period ended 31 March 2019 (Cont'd)

The Bonds (Cont'd)

Without prejudice to the above adjustment mechanisms applicable for each Bond Subscription Date, within 10 Business Days from the date of issue of the relevant completion accounts of the Target Companies for FY2020, in the event the aggregate amount of Adjusted Net Profit of the Target Companies for FY2018, FY2019 and FY2020 ("Total Adjusted Net Profit") (Amended to FY2020, FY2021 and FY2022 as stipulated in the supplemental agreement dated on 7 June 2019) is an amount that is:

(a) equal to or exceeds RMB 75 million; the total number of Bonds issued to Vendor C shall be equivalent to the principal amount of RMB85 million;

(b) less than RMB 75 million but more than RMB Nil; the total number of Bonds issuable to Vendor C shall correspond to the principal amount of Bonds due to Vendor C; and

(c) equal to or less than RMB Nil; any Bonds previously issued to Vendor C for the years of FY2018 and/or FY2019 and the Bond Conditions shall be cancelled in full, and no further Bonds shall be issued to Vendor C.

In the event the Adjusted Net Profit for each of FY2018, FY2019 and FY2020 are not met, the shortfall between the actual profit for each financial year and RMB 25 million will be compensated in the following manner:

(a) If the Adjusted Net Profit for each of FY2018, FY2019 and FY2020 is negative, i.e. the Target Companies are loss making:

- the Vendors shall pay the amount of losses in cash in the manner stipulated by the Purchasers. Such payment shall be the amount of the losses made by the Target Companies for the relevant financial year; and the Purchase Consideration shall be subject to any adjustments to the principal amount of Bonds to be issued to Vendor C based on the cumulative Adjusted Net Profit for FY2018, FY2019 and FY2020;

(b) If the Adjusted Net Profit for each of FY2018, FY2019 and FY2020 is less than RMB 25 million but more than RMB Nil; the Purchase Consideration shall be subject to any adjustments to the principal amount of Bonds to be issued to Vendor C, provided that the total principal amount of Bonds to be issued for all of FY2018, FY2019 and FY2020 shall not exceed RMB 85 million. In addition, in the event the Total Adjusted Net Profit is an amount that is:

- less than RMB 75 million but more than RMB Nil; the total number of Bonds issuable to Vendor C shall correspond to the principal amount of Bonds due to Vendor C; and

- equal to or less than RMB Nil; any Bonds previously issued to Vendor C for FY2018 and/or FY2019 shall be cancelled in full, and no further Bonds shall be issued to Vendor C.

The Bonds will not be issued by the Company until the relevant completion accounts of the Target Companies for each of FY2018, FY2019 and FY2020 have been presented to the Company and subject to the adjustment mechanisms set out in connection to the Profit Warranty.

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 2021 and 2022 and as of the date of the report, no Bonds have been issued.

3 Subsidiaries (Cont'd)

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

The Bonds (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 from FY2020 to FY2022, 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 28.3 million Bonds] subject to a maximum aggregate number of RMB 85 million of Bonds.

The acquisition of business 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 based on the valuation carried out by an independent professional valuer.

On 30 May 2023, the Company announced that SZBY and BOIL have engaged a legal counsel and entered into a deed of termination ("Termination") with the Vendors in relation to the SPA dated 5 October 2017, as amended and supplemented by the supplemental agreements entered into by the parties on 26 June 2018, 1 October 2018 and 7 June 2019 on the basis that the Group had tried to use portable supply of natural gas for interim production but found this to be not cost effective and the supply to be uncertain in local district. The Group has yet to receive any formal notification of the resumption in natural gas supply as of to-date and the attempts to reach out for the government agencies for an update but to no avail.

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 2022			
Revenue	–	59,197	70
(Loss)/Profit for the year	(532)	3,304	(2,233)
Other comprehensive income	1,619	–	–
Total comprehensive profit/(loss)	1,087	3,304	(2,233)
Attributable to NCI:			
(Loss)/Profit for the year	(106)	662	(447)
Other comprehensive income	324	–	–
Total comprehensive profit/(loss) attributable to NCI	218	662	(447)
Non-current assets	–	4,469	19,521
Current assets	62,996	64,251	1,814
Current liabilities	(65,476)	(75,643)	(31,213)
Net liabilities	(2,480)	(6,924)	(9,878)
Net liabilities attributable to NCI:	(496)	(1,348)	(1,976)
Net cash inflow/(outflow) from operating activities	237	488	(1,853)
Net cash (outflow)/inflow from financing activities	(240)	(497)	1,823
Net changes in cash and cash equivalents	(3)	(9)	(30)

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

3 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 2021			
Revenue	–	9,705	8
Profit/(loss) for the year	282	(57,221)	2,333
Other comprehensive income	1,153	–	–
Total comprehensive profit/(loss)	1,435	(57,221)	2,333
Attributable to NCI:			
Profit/(loss) for the year	56	(11,441)	467
Other comprehensive income	231	–	–
Total comprehensive profit/(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	(3,906)	(5,473)	(6,544)
Net liabilities attributable to NCI:	(781)	(1,137)	(1,309)
Net cash inflow/(outflow) from operating activities	1,466	(46,450)	(1,522)
Net cash (outflow)/inflow from financing activities	(1,557)	46,469	1,523
Net changes in cash and cash equivalents	(91)	19	1

4 Goodwill

The Group	Note	31 March 2022 RMB'000	31 March 2021 RMB'000
Goodwill		**12,742**	12,742
Less: impairment loss			
- At 1 April		**(9,693)**	–
- Impairment loss made	21,23	**–**	(9,693)
- At 31 March		**(9,693)**	(9,693)
		3,049	3,049

Impairment test for goodwill

The carrying amount of goodwill is attributable to the food trading business as reported under RTTL Group 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%. 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 2022 %	31 March 2021 %
Growth rate[1]	*	**3.06**
Gross margin[2]	*	**8.0**
Discount rate[3]	*	**16.50**

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.

* No impairment assessment was carried out for the financial year

These assumptions had been used for the analysis of the food trading business CGU. Management determined the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rates used were those that were consistent with industry reports. The discount rates used pre-tax and reflected 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 charged in FY2021 had arisen from the food 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 expected the trading of food products to resume towards the end of FY2022.

In FY2022, management did not perform an assessment of the possible impairment of goodwill as at the reporting date.

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For the financial year ended 31 March 2022

5 Property, plant and equipment

The Group	Note	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost					
At 1 April 2020, At 31 March 2021		6,944	42	441	7,427
Addition		19	–	–	19
At 31 March 2022		**6,963**	**42**	**441**	**7,446**
Accumulated depreciation and impairment					
At 1 April 2020		4,378	34	285	4,697
Depreciation for the year	20,23	482	4	–	486
Reversal of impairment loss	19,23	(374)	(9)	–	(383)
At 31 March 2021		**4,486**	**29**	**285**	**4,800**
Depreciation for the year	20,23	**485**	**7**	**–**	**492**
At 31 March 2022		**4,971**	**36**	**285**	**5,292**
Comprising:					
- Accumulated depreciation		2,419	32	–	2,451
- Accumulated impairment loss		2,552	4	285	2,841
Net book value					
At 31 March 2022		**1,992**	**6**	**156**	**2,154**
At 31 March 2021		2,458	13	156	2,627

<u>Impairment tests for property, plant and equipment, right-of-use assets (Note 6) and patents (Note 7)</u>

As fully disclosed in Note 3 to the financial statements, the Group acquired the Target Companies comprising CDPR, HBXR and BM during the financial period ended 31 March 2019. HBXR/BM holds a patent for the production of the 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").

<u>FY2021</u>

As at 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 had 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. Due to a change in the estimates used in the methodology from the value in use approach to the fair value less costs of disposal for the year ended 31 March 2021, the impairment loss recognised in prior periods was then reversed.

5 Property, plant and equipment (Cont'd)

Impairment tests for property, plant and equipment, right-of-use assets (Note 6) and patents (Note 7) (Cont'd)

A reversal of impairment loss of RMB 383,000 and RMB 14,172,000 on property, plant and equipment and ROU assets respectively were recognised during the financial year ended 31 March 2021 as the recoverable amounts reported was higher than the carrying amount. The recoverable amount of property, plant and equipment and ROU assets were based on their FVLCD 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. The recoverable amount of patents was based on 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 was a lack of supply of gas or fuel to be provided by the local authorities directly to the Group for the use in the factory plants 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 operated under the government initiatives of transforming the use of clean energy where coal energy is to be replaced by natural gas. The construction was targeted to be completed by the end of October 2020. In this regard, management written to the local authorities for the approval to install and supply the gas directly to the factory plants. Such approval has yet to be received from the local authorities to install and supply of gas in October 2020 despite application from the Company to the local authorities made since 2019. There was no further development as of 31 March 2021 and as of the date of these financial statements other than the local authorities has notified that the infrastructure for the supply of natural gas has been completed in October 2021.

Accordingly, management determined that in sofar as the forecast was concerned, there was no certainty to the timing of the gas supply by the local authorities to its factory plants belonging to HBXR and CDPR regarding the business segment of Additives and the Animal Feed and Traditional Medicine covered a 5-year period from FY2022 to FY2026.

The VIU calculation prepared by management was based on a five-year forecast from the financial years FY2022-FY2026 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.

Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. These growth rates were 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

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For the financial year ended 31 March 2022

5 Property, plant and equipment (Cont'd)

Impairment tests for property, plant and equipment, right-of-use assets (Note 6) and patents (Note 7) (Cont'd)

Additive segment (HBXR/BM)

Key assumptions used for value-in-use calculations:

	31 March 2022	31 March 2021
Additive segment		
Revenue forecasts: - L-AP patented product sales	*	Year 1: RMB 0 million Year 2: RMB 0 million Year 3: RMB 0 million Year 4: RMB 0 million Year 5: RMB 0 million
Growth rate[1]	*	0%
Gross margin[2]	*	0%
Discount rate[3]	*	16.89%
Production capacity utilisation rates (over a 5-year forecast period)	*	0%

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.

* No impairment assessment was carried out for the financial year

The impairment loss represented 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.

The Group	**31 March 2022 RMB'000**	31 March 2021 RMB'000
Recoverable amount	**–**	–
Carrying amount:		
Intangible assets	*	(48,791)
Property, plant and equipment	*	(1,432)
ROU assets	*	(1,735)
(Impairment)/Surplus	*	(51,958)

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.

	Increase/(Decrease)	
The Group	**31 March 2022 RMB'000**	31 March 2021 RMB'000
Revenue forecast (5% movement)	*	–
Discount rate (1% movement)	*	–

* No impairment assessment was carried out for the financial year

5 Property, plant and equipment (Cont'd)

Impairment tests for property, plant and equipment, right-of-use assets (Note 6) and patents (Note 7) (Cont'd)

Animal feed and traditional medicine segment (CDPR)

Key assumptions used for value-in-use calculations:

	31 March 2022	31 March 2021
Animal Feed and Traditional Medicine segment		
Revenue forecast	*	Year 1: RMB 0 million Year 2: RMB 0 million Year 3: RMB 0 million Year 4: RMB 0 million Year 5: RMB 0 million
Growth rate[1]	*	0%
Gross margin[2]	*	0%
Discount rate[3]	*	15.62%
Production capacity utilisation rates (over a 5-year forecast period)	*	0%

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.

* No impairment assessment was carried out for the financial year

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.

	31 March 2022	31 March 2021
The Group	**RMB'000**	RMB'000
Recoverable amount	*	–
Carrying amount:		
Intangible assets	*	(8,566)
Property, plant and equipment	*	(812)
ROU assets	*	(6,511)
(Impairment)/Surplus	*	(15,889)

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.

	Increase / Decrease	
	31 March 2022	31 March 2021
The Group	**RMB'000**	RMB'000
Revenue forecast (5% movement)	*	–
Discount rate (1% movement)	*	–

* No impairment assessment was carried out for the financial year

5 Property, plant and equipment (Cont'd)

Impairment tests for property, plant and equipment, right-of-use assets (Note 6) and patents (Note 7) (Cont'd)

FY 2022

In FY2022, management did not perform an assessment of the possible impairment of property, plant and equipment, right of use assets and patent as at the reporting date.

6 Right-of-use assets

The Group	Note	Leasehold buildings RMB'000	Land use rights RMB'000	Total RMB'000
Cost				
At 1 April 2020, 31 March 2021 and 31 March 2022		**13,500**	**11,100**	**24,600**
Accumulated amortisation and impairment losses				
At 1 April 2020		8,565	7,371	15,936
Amortisation for the year	20,23	332	86	418
Reversal of impairment loss	19,23	(7,173)	(6,999)	(14,172)
At 31 March 2021		**1,724**	**458**	**2,182**
Amortisation for the year	20,23	332	252	584
At 31 March 2022		**2,056**	**710**	**2,766**
Comprising:				
- Accumulated depreciation		**2,056**	**710**	**2,766**
- Accumulated impairment loss		**–**	**–**	**–**
Net book value				
At 31 March 2022		**11,444**	**10,390**	**21,834**
At 31 March 2021		11,776	10,642	22,418

Details of the leasehold building in the Group's right-of-use assets ("ROU assets") as follows:

Location	Tenure	Unexpired lease term (year)	Existing use	Gross floor area (sq. metres)
Dongyaoshangcun Luanping County, Chengde, Hebei, China 滦平县大屯乡东窑上村	Leasehold	43 years	Industrial	9,088

Details of the land use rights in the Group's ROU assets as at the reporting dates are as follows:

Location	Tenure	Unexpired lease term (year)	Existing use	Land area (sq. metres)
Dongyaoshangcun Luanping County, Chengde, Hebei, China 滦平县大屯乡东窑上村	Leasehold	44 years	Industrial	26,404

6 Right-of-use assets (Cont'd)

Refer to Note 5 for impairment assessment of ROU assets.

As at the end of the reporting period, the carrying amount of leasehold buildings and land use rights of the Group which have been pledged to financial institutions to secure bank facilities was as follows:

Carrying amount	Note	**31 March 2022 RMB'000**	31 March 2021 RMB'000
Leasehold buildings (9,088 sq.m. gross floor area)			
滦平县大屯乡东窑上村: 滦平县房权证11003子第113080号	15	**11,444**	11,776
Land use rights (26,404 sq.m. land area)			
滦平县大屯乡东窑上村: 滦国用（2013）第0117号	15	**10,390**	10,642

7 Intangible assets

The Group Cost	Note	Patents RMB'000
At 1 April 2020, At 31 March 2021 and at 31 March 2022		**148,643**
Accumulated amortisation and impairment losses		
At 1 April 2020		84,136
Amortisation for the year	20,23	7,150
Impairment loss for the year	21,23	57,357
At 31 March 2021 and 31 March 2022		**148,643**
Comprising:		
- Accumulated depreciation		28,019
- Accumulated impairment loss		120,624
Net book value		
At 31 March 2022		**–**
At 31 March 2021		–

Patents relate to the following:

(a) Preparation of drugs for the prevention and treatment of livestock and poultry and other viral infection and diseases which are held by CDPR; and

(b) Production of the additive L-AP or antioxidant which are held by HBXR/BM.

In the opinion of the management, the Group continues to promote the use of the patent technology which they believe there is a commercial value.

Refer to Note 5 for impairment assessment of intangible assets - patents.

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8 Inventories

The Group	**31 March 2022 RMB'000**	31 March 2021 RMB'000
At cost:		
Raw materials	**361**	433
Work-in-progress	**–**	–
Finished goods	**1,589**	1,887
	1,950	2,320

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RMB 53,034,000 (2021 - RMB 8,720,000).

During the year ended 31 March 2022, inventories written off amounted to RMB 65,000 (2021 - RMB 591,000).

9 Trade and other receivables

		The Group		The Company	
	Note	**31 March 2022 RMB'000**	31 March 2021 RMB'000	**31 March 2022 RMB'000**	31 March 2021 RMB'000
Trade receivables		**73,824**	29,604	**–**	–
Less: Expected credit loss allowance					
- At 1 April		**(16,089)**	(17,326)	**–**	–
- Write-off		**–**	8	**–**	–
- Exchange differences		**614**	1,229	**–**	–
- At 31 March		**(15,475)**	(16,089)	**–**	–
Trade receivables – net		**58,349**	13,515	**–**	–
Other receivables		**3,826**	2,479	**103**	107
Advances	9.1	**–**	49,152	**–**	–
Deposits	9.2	**81,708**	70,217	**–**	–
Prepayment		**4,811**	1,256	**–**	–
VAT receivable		**–**	99	**–**	–
Total other receivables		**90,345**	123,203	**103**	107
Total trade and other receivables		**148,694**	136,718	**103**	107

Trade receivables are non-interest bearing and are generally on 0 to 90 (2021 - 0 and 90) days' term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9 Trade and other receivables (Cont'd)

9.1 FY2021 - RMB 49 million advances paid to 惠州中凡机电设备有限公司 ("ZhongFan")

In FY2021, the Group contracted and paid advances of RMB 49.2 million to a new supplier, ZhongFan, for the supply and installation of certain equipment for delivery to a customer, Kangweijian. Under the purchase contract entered with the supplier, the supplier is to deliver and/or install the above-mentioned equipment between December 2020 and September 2021. There was a delay in delivery by ZhongFan due to some delays of securing certain imported parts and equipment regarding the equipment due to the Covid-19 pandemic.

During the financial year ended 31 March 2022, HXBR paid another advances of RMB 3.7 million to ZhongFan for the supply of equipment. The sales was then made to Kangweijian. Under this arrangement, there was no amount owing by ZhongFan to HXBR as at 31 March 2022.

9.2 (i) FY2021 - RMB 35 million deposit paid to Shenzhen Shareihome Technology Co., Ltd. ("SST")

Included in the deposits is a deposit of RMB 35 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.

During the financial year ended 31 March 2022, the Group through its subsidiary, SZBY, further paid deposits totalling RMB 50 million to SST. The deposits totalling RMB 85 million was paid to Shenzhen Tizhe Technology Co. Ltd, a nominee for SST. As at 31 March 2022, the deposit owing by SST to SZBY was RMB 85 million.

(ii) RMB 35 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 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 decided to accelerate the recovery of all deposits. The aforesaid amount was fully received during the financial year ended 31 March 2022.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong dollar	**103**	107	**103**	107
Renminbi	**148,591**	136,611	**–**	–
	148,694	136,718	**103**	107

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9 Trade and other receivables (Cont'd)

The ageing analysis of trade receivables is as follows:

The Group	31 March 2022 RMB'000	31 March 2021 RMB'000
Not past due	*53,270	374
Past due 1 to 30 days	–	–
Past due 31 to 60 days	–	–
Past due 61 to 90 days	–	–
Past due more than 90 days	20,554	29,230
Trade receivables (gross)	73,824	29,604
Less: Expected credit loss allowance	(15,475)	(16,089)
Trade receivables (net)	58,349	13,515

* mainly owing by KWJ to the sum of RMB47.5 million

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

10 Amounts due from/(to) subsidiaries

Amounts due from/(to) subsidiaries, comprise mainly advances, are denominated in Hong Kong dollars, unsecured, non-interest bearing and repayable on demand.

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

11 Cash and cash equivalents

	The Group		The Company	
	31 March 2022 RMB'000	31 March 2021 RMB'000	31 March 2022 RMB'000	31 March 2021 RMB'000
Cash and cash equivalents	4,838	20,621	810	786

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	31 March 2022 RMB'000	31 March 2021 RMB'000	31 March 2022 RMB'000	31 March 2021 RMB'000
Hong Kong dollar	924	1,793	806	782
Renminbi	3,804	18,693	–	–
Others	110	135	4	4
	4,838	20,621	810	786

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

12 Share capital

The Group and The Company	Number of ordinary shares	Nominal value of ordinary shares HK$'000	RMB'000
Authorised:			
At 1 April 2020 and March 2021 (par value of HK$0.10 each) and at 31 March 2022 (par value of HK$0.10 each)	**5,000,000,000**	**500,000**	**450,760**
Issued and fully paid-up ordinary shares:			
At 1 April 2020, at 31 March 2021 and 31 March 2022	**187,902,647**	**18,790**	**18,685**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All issued shares rank equally with regard to the Company's residual assets.

13 Reserves

	The Group		The Company	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Share premium	**58,276**	58,276	**58,276**	58,276
Contributed surplus reserve	**397,141**	397,141	**397,141**	397,141
Capital redemption reserve	**2,982**	2,982	**2,982**	2,982
Accumulated losses	**(346,738)**	(346,262)	**(372,543)**	(371,415)
Statutory reserve	**–**	–	**–**	–
Exchange translation reserve	**(7,270)**	(3,256)	**(7,884)**	(4,052)
	104,391	108,881	**77,972**	82,932

<u>Share premium</u>

The share premium account may be distributed in the form of fully paid bonus shares.

<u>Contributed surplus reserve</u>

Contributed surplus reserve represents the excess of the credit amount arising from the capital reduction over the amount utilised to offset against the Company's accumulated losses as at 31 December 2017.
Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of a company is available for distribution.

<u>Capital redemption reserve</u>

Capital redemption reserve represents the nominal value of the Shares of the Company for which the capital redemption is by way of utilising the retain earnings upon repurchase and cancellation of Shares by the Company.

<u>Accumulated losses</u>

The accumulated losses comprise the distributable reserves recognised in the preceding years less any dividends declared. The total of such profits or losses brought forward and the loss derived for the current reporting period constitute the total distributable reserves, that is the maximum amount available for distribution to the shareholders, at the reporting date.

13 Reserves (Cont'd)

Statutory reserve

In accordance with the relevant PRC regulations, being the wholly-owned foreign investment enterprise established in Mainland China, is required to appropriate not less than 10% of its profit after tax to its statutory reserve, until the balance of the reserve reaches 50% of its registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset against any of its accumulated losses. There were no appropriations of the statutory reserve during the year (2021 - Nil).

Exchange translation reserve

The exchange translation reserve comprises foreign exchange differences arising from the translation of the financial statements of Group entities whose functional currencies are different from that of the Group's presentation currency.

14(a) Trade and other payables

		The Group		The Company	
		31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Trade payables		**8,973**	9,287	**–**	–
Other payables	14.1	**14,049**	17,847	**242**	302
Liability owing to vendors	14.2	**10,000**	10,000	**–**	–
Advances from customer	14.3	**9,459**	9,455	**–**	–
VAT payable		**1,753**	–		
Accruals		**4,263**	3,013	**1,234**	1,319
		48,497	49,602	**1,476**	1,621

The fair value of trade and other payables approximate their carrying amounts due to their short duration.

14.1 Other payables include advances from shareholders of RMB 0.1 million (2021 - RMB 3.1 million) and amounts due to ex-shareholders of the Target Companies of RMB 2 million (2021 - RMB 2 million) which are non-trade in nature, unsecured, interest-free and repayable on demand.

14.2 The liability of RMB 10 million payable to the vendors as cash consideration for the acquisition of Target companies where the profit warranty period has matured (Refer to Note 3).

14.3 The advances from customer as at 31 March 2022 include RMB 9.4 million payments in advance for the purchase of equipment.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong dollar	**18,093**	19,726	**1,476**	1,621
Renminbi	**30,404**	29,876	**–**	–
	48,497	49,602	**1,476**	1,621

14(b) Provision for onerous contract

Provision for onerous contract comprise the contractual amount payable to an unrelated party for the development and maintenance of the patents on the Additives and Animal Feed and Traditional Medicine segment.

Provision for onerous contract are denominated in Renminbi.

15 Borrowings

The Group

The bank loans of the Group are secured over leasehold buildings and land use rights with carrying amounts of RMB 11.4 million and RMB 10.4 million respectively as at 31 March 2022 (2021 - RMB 11.8 million and RMB 10.6 million) [see Note 6].

All borrowings are denominated in RMB. The loans are repayable on demand (2021 - repayable due in January 2022) with 7.8% (2021 - 7.8%) interest per annum.

16 Contingent consideration for acquisition of subsidiaries

The manner in which the obligation to settle the acquisition of business for the Target company comprise a contingent consideration. 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 discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

As stipulated in the SPA, there was a profit warranty of RMB 25 million each year over 3 years with a cumulative aggregate profit warranty of RMB 75 million in respect of the issurance of Bonds for the consideration sum of RMB 85 million.

The amount of Bonds to be issued depends on the amount of profits to be achieved by the vendors under the profit warranty given by the vendors to the Group and is calculated based on an agreed formula. The profit warranty is based on the forecast prepared on the use of the patents to produce and sell the L-AP antioxidant product held by HXBR/BM as well as for the patents on the preparation of drugs for the prevention and treatment of livestock and poultry and other viral infection and diseases held by CDPR as mentioned in the aforesaid paragraph on impairment of assets (Note 5). In financial year 2022, the Group reported sales made to KWJ on the sales of equipment including installation to the sum of RMB 52.7 million.

In FY2021, the independent professional valuer appointed by management has applied the Chaffe Put Option Model in estimating the fair value of the Bonds to be issued representing the balance purchase consideration comprised the contingent consideration at RMB Nil as at 31 March 2021.

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, and certain valuation variables such as the discount for lack of marketability ("DLOM") and the estimated share price at the relevant dates of valuation.

The contingent consideration is measured at fair value at each reporting date with changes recognised in profit or loss as 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.

16 Contingent consideration for acquisition of subsidiaries (Cont'd)

The changes in the fair value of the contingent consideration have been recognised in profit or loss as follows:

The Group	Note	**31 March 2022 RMB'000**	31 March 2021 RMB'000
Contingent consideration at beginning of year		**–**	688
Changes in fair value of contingent consideration recognised in profit or loss	19	**–**	(688)
Contingent consideration at reporting date		**–**	–

17 Deferred tax liabilities

Movements in deferred tax liabilities are as follows:

The Group	**31 March 2022 RMB'000**	31 March 2021 RMB'000
Deferred income tax liabilities		
Balance at beginning	**–**	2,295
Reversal of temporary differences (Note 22)	**–**	(2,295)
Balance at end	**–**	–

The deferred income tax liabilities balance was attributable to the differences between the fair values and book values of the leasehold land and building at date of acquisition in 2019.

18 Revenue

The Group	**Year ended 31 March 2022 RMB'000**	Year ended 31 March 2021 RMB'000
Revenue		
Sales of food products ("Trading")	**–**	–
Sales of animal feed and traditional medicine	**70**	8
Sales of additives	**229**	468
Sales of equipment	**5,068**	8,158
Sales of equipment including installation	**52,693**	–
Provision of technical consultation services	**1,207**	1,079
	59,267	9,713

18 Revenue (Cont'd)

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of entities of the Group.

	At point in time RMB'000	Over time RMB'000	Total RMB'000
Year ended 31 March 2022			
Mainland China			
- Sales of animal feed and traditional medicine	**70**	**–**	**70**
- Sales of additives	**229**	**–**	**229**
- Sales of equipment	**5,068**	**–**	**5,068**
- Sales of equipment including installation	**52,693**	**–**	**52,693**
- Provision of technical consultation services	**–**	**1,207**	**1,207**
	58,060	**1,207**	**59,267**

There is no revenue from sales of food products from Hong Kong.

	At point in time RMB'000	Over time RMB'000	Total RMB'000
Year ended 31 March 2021			
Mainland China			
- Sales of animal feed and traditional medicine	8	–	8
- Sales of additives	468	–	468
- Sales of equipment	8,158	–	8,158
- Provision of technical consultation services	–	1,079	1,079
	8,634	1,079	9,713

The Group applies the practical expedient in IFRS 15 and does not disclose information about its remaining performance obligation as the performance obligation is part of contracts that have original expected duration of one year or less.

19 Other income

The Group	Note	Year ended 31 March 2022 RMB'000	Year ended 31 March 2021 RMB'000
Fair value changes in contingent consideration	16	**–**	688
Reversal of impairment loss on property, plant and equipment	5	**–**	383
Reversal of impairment loss on ROU assets	6	**–**	14,172
Interest income		**11**	35
Local government grant		**1**	323
Foreign currency exchange differences		**2,889**	1,746
Sale of raw materials		**–**	211
Others		**142**	281
		3,043	17,839

20 Administrative expenses

The Group	Note	**Year ended 31 March 2022 RMB'000**	Year ended 31 March 2021 RMB'000
Amortisation of patents	7	**–**	7,150
Directors' remuneration	23	**861**	1,471
Depreciation of property, plant and equipment	5	**492**	486
Depreciation of ROU assets	6	**584**	418
Employee benefit expenses	23	**2,129**	2,637
Office supplies		**426**	1,122
Professional fees		**1,537**	1,252
Provision for onerous contract		**–**	3,670
Others		**81**	1,803
		6,110	20,009

Provision for onerous contract comprised the contractual amount payable to an unrelated party for the development and maintenance of the patents on the Additives and Animal Feed and Traditional Medicine segment.

21 Other expenses

The Group	Note	**Year ended 31 March 2022 RMB'000**	Year ended 31 March 2021 RMB'000
Impairment loss on goodwill	4	**–**	9,693
Impairment loss on patents	7	**–**	57,357
Inventories written off	8	**65**	591
Others		**2**	16
		67	67,657

22 Income tax

The Group	Note	Year ended 31 March 2022 RMB'000	Year ended 31 March 2021 RMB'000
Current tax expense			
Current year		**980**	(261)
Deferred tax expense			
Current year	17	**–**	(2,295)
Income tax credit		**980**	(2,556)

The Group	Year ended 31 March 2022 RMB'000	Year ended 31 March 2021 RMB'000
Profit/(loss) before taxation	**624**	(70,497)
Reconciliation of effective tax rate		
Tax at domestic rate applicable to profits in the countries concerned	**156**	(17,624)
Tax effect on non-deductible expenses (a)	**269**	12,842
Non-taxable income (b)	**–**	(172)
Effect of tax rates in foreign jurisdictions	**253**	823
Deferred tax assets not recognised	**302**	1,575
Income tax credit	**980**	(2,556)

(a) Expenses not deductible for tax purposes relate mainly to depreciation and amortisation of non-qualifying assets and other disallowed expenses such as impairment loss on leasehold buildings, plant and equipment, right-of-use assets and patents on trade and other receivables incurred in the ordinary course of business.

(b) Non-taxable income relates mainly to the items of other income consisting of the gain from bargain purchase and fair value changes in contingent consideration which are not taxable.

Subject to the agreement by the tax authorities, the Group has unutilised tax losses of RMB 5.5 million (2021 - RMB 6 million) available for offset against future profits at the reporting date. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB Nil (2021 - RMB Nil) that will expire in 2026. Other tax losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

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23 Profit/(loss) for the year

The Group	Note	Year ended 31 March 2022 RMB'000	Year ended 31 March 2021 RMB'000
Profit/(loss) for the year has been arrived at after charging/(crediting):			
Audit fees			
- Auditors of the Company		**1,164**	1,093
Cost of inventories sold	8	**53,034**	8,720
Directors' remuneration:			
- Fees		**861**	1,471
Depreciation of property, plant and equipment	5	**492**	486
Amortisation of ROU assets	6	**584**	418
Amortisation of patents	7	**–**	7,150
Impairment loss on goodwill	4	**–**	9,693
Reversal of impairment loss on property, plant and equipment	5, 19	**–**	(383)
Reversal of impairment loss on ROU assets	6, 19	**–**	(14,172)
Impairment loss on patents	7, 21	**–**	57,357
Finance cost:			
- Borrowings		**1,185**	1,130
Write-off of inventories	8, 21	**65**	591
Foreign currency exchange differences		**(2,889)**	(1,746)
Fair value changes in contingent consideration	16, 19	**–**	(688)

The Group	Note	Year ended 31 March 2022 RMB'000	Year ended 31 March 2021 RMB'000
Employee benefit expenses (excluding directors' remuneration):			
- Wages and salaries		**2,553**	3,159
- Contributions to defined contribution plan		**356**	261
		2,909	3,420
Employee benefit expenses are recorded as follows:			
- Cost of sales		**714**	487
- Selling and distribution expenses		**66**	296
- Administrative expenses	20	**2,129**	2,637
		2,909	3,420

24 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The Group	**Year ended 31 March 2022**	Year ended 31 March 2021
Loss attributable to ordinary shareholders of the Company (RMB'000)		
Loss for the year	**(476)**	(57,023)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**187,902,647**	187,902,647
Basic earnings per share (RMB):		
Loss for the year	*	(0.30)

* not meaningful

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, i.e. contingent consideration (Note 16).

As disclosed in Note 3, the balance of the purchase price of RMB 85 million in relation to the acquisition of business is payable by way of the issuance of Bonds which are convertible subject to the terms of the sale and purchase agreement. The maximum number of shares of the Company that may be issued pursuant to the terms and conditions of the sale and purchase agreement is 38,576,307.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

The Group	**Year ended 31 March 2022**	Restated Year ended 31 March 2021
Loss attributable to ordinary shareholders of the Company (RMB'000)		
Loss for the year	**(476)**	(57,023)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**187,902,647**	187,902,647
Adjustment for contingent consideration (Note 3)	**–**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**187,902,647**	187,902,647
Diluted earnings per share (RMB):		
Loss for the year	*	*

* not meaningful

The effect of the bonds as to its conversion as potential ordinary shares is antidilutive for the contingent consideration as to 38,576,307 shares. This is because the conversion to ordinary shares would decrease loss/increase profit per share. Accordingly, the calculation of diluted loss per share does not assume conversion because that would have an antidilutive effect on loss per share.

25 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, there were significant transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

The Group	Note	**31 March 2022 RMB'000**	31 March 2021 RMB'000
Compensation of key management personnel: short-term employee benefits	(i)	**919**	1,656

(i) Further details of directors' remuneration are included in Note 26 to the financial statements.

26 Directors' remuneration

The number of directors of the Group whose remuneration falls within the following band is disclosed in compliance with Rule 1207(11) of Chapter 12 of the Listing Manual of the SGX-ST:

The Group	Executive/ non-executive directors	Independent non-executive directors	Total
2022			
Below S$250,000 (equivalent to approximately RMB1,200,000)	**2**	**3**	**5**
2021			
Below S$250,000 (equivalent to approximately RMB1,200,000)	2	3	5

27 Financial risk management

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group. The Group's and the Company's major classes of financial assets are bank deposits and trade and other receivables. Cash is held with reputable financial institutions of high credit ratings.

The Group performs ongoing credit evaluation of its customers' financial conditions and requires no collateral from its customers.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors.

27 Financial risk management (Cont'd)

Credit risk (Cont'd)

The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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27 Financial risk management (Cont'd)

Credit risk (Cont'd)

Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's credit risk exposure in relation to trade receivables by segment under IFRS 9 are set out as follows:

		Past due				
	Current	**1-30 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
2022						
Gross trade receivables						
Animal feed and traditional medicine	–	–	–	–	961	961
Food additive	53,431	–	–	–	–	53,431
Trading	–	–	–	–	19,432	19,432
	53,431	–	–	–	20,393	73,824
Less: Impairment loss						
Animal feed and traditional medicine	–	–	–	–	(928)	(928)
Food additive	–	–	–	–	–	–
Trading	–	–	–	–	(14,547)	(14,547)
	–	–	–	–	(15,475)	(15,475)
	53,431	–	–	–	4,918	58,349
Net trade receivables						
Animal feed and traditional medicine	–	–	–	–	33	33
Food additive	53,431	–	–	–	–	53,431
Trading	–	–	–	–	4,885	4,885
	53,431	–	–	–	4,918	58,349

27 Financial risk management (Cont'd)

Credit risk (Cont'd)

Trade receivables (Cont'd)

		Past due				
	Current RMB'000	1-30 days RMB'000	31-60 days RMB'000	61-90 days RMB'000	> 90 days RMB'000	Total RMB'000
2021						
Gross trade receivables						
Animal feed and traditional medicine	–	–	–	–	961	961
Food additive	374	–	–	–	–	374
Trading	–	–	–	–	28,269	28,269
	374	–	–	–	29,230	29,604
Less: Impairment loss						
Animal feed and traditional medicine	–	–	–	–	(928)	(928)
Food additive	–	–	–	–	–	–
Trading	–	–	–	–	(15,161)	(15,161)
	–	–	–	–	(16,089)	(16,089)
	374	–	–	–	13,141	13,515
Net trade receivables						
Animal feed and traditional medicine	–	–	–	–	33	33
Food additive	374	–	–	–	–	374
Trading	–	–	–	–	13,108	13,108
	374	–	–	–	13,141	13,515

There is no information provided regarding the changes on the risk of a default as to the lifetime expected credit losses that represent the expected credit risk and the extent of the average credit losses with respect of a risk occur.

Other receivables and amount due from subsidiaries

The Group and the Company assessed the latest performance and financial position of the counterparties, adjusted for future outlook of industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-months ECL and determined that the ECL is insignificant. As disclosed in Notes 9 and 10 to the financial statements, management believes that no additional credit risk lies in the Group's and the Company's trade and other receivables.

27 Financial risk management (Cont'd)

Credit risk (Cont'd)

Other receivables and amount due from subsidiaries (Cont'd)

Significant concentration of credit risks

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total exposure. The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis.

	The Group		The Company	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
By geographical areas				
PRC	**53,464**	12,741	**–**	–
Hong Kong	**4,885**	774	**–**	–
	58,349	13,515	**–**	–

Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flow.

		◄------- Contractual cash flows -------►		
The Group	**Carrying amount**	**Total contractual cash flows**	**Less than one year**	**Within two to five years**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At 31 March 2022				
Financial liabilities				
Trade and other payables (excluding VAT payable)	46,744	46,744	46,744	–
Provision for onerous contract	3,380	3,380	3,380	–
Borrowings	9,990	10,639	10,639	–
	60,114	60,763	60,763	–
At 31 March 2021				
Financial liabilities				
Trade and other payables	49,602	49,602	49,602	–
Provision for onerous contract	3,380	3,380	3,380	–
Borrowings	9,990	10,639	10,639	–
	62,972	63,621	63,621	–

27 Financial risk management (Cont'd)

Liquidity risk (Cont'd)

The Company	Carrying amount	Contractual cash flows: Total contractual cash flows	Less than one year	Within two to five years
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 March 2022				
Financial liabilities				
Trade and other payables	1,476	1,476	1,476	–
Amounts due to subsidiaries	12,166	12,166	12,166	–
	13,642	13,642	13,642	–
At 31 March 2021				
Financial liabilities				
Trade and other payables	1,621	1,621	1,621	–
Amounts due to subsidiaries	12,679	12,679	12,679	–
	14,300	14,300	14,300	–

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are dominated in foreign currencies.

The Group is not exposed to significant foreign currency as its transactions are denominated in the respective functional currencies of the Group's entities.

28 Capital management

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements. However, the subsidiaries incorporated in the PRC are subject to currency exchange restrictions on the remittance of funds out of the PRC.

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28 Capital management (Cont'd)

The Group and the Company monitor capital using gearing ratio, which is net debt divided by total equity. Net debt represents total liabilities less cash and cash equivalents.

	The Group		The Company	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Total liabilities	**62,290**	63,414	**13,642**	14,300
Less: Cash and cash equivalents	**(4,838)**	(20,621)	**(810)**	(786)
Net debt (A)	**57,452**	42,793	**12,832**	13,514
Total equity (B)	**120,229**	124,339	**96,657**	101,617
Gearing ratio (times) (A)/(B)	**0.48**	**0.34**	**0.13**	**0.13**

29 Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:

	31 March 2022	31 March 2021
The Group	**RMB'000**	RMB'000
Financial assets		
Trade and other receivables, excluding prepayment and VAT receivable (Note 9)	**143,883**	135,363
Cash and cash equivalents (Note 11)	**4,838**	20,621
	148,721	155,984
Financial liabilities		
Trade and other payables, excluding VAT payable (Note 14)	**46,744**	49,602
Provision for onerous contract	**3,380**	3,380
Borrowings (Note 15)	**9,990**	9,990
	60,114	62,972

	31 March 2022	31 March 2021
The Company	**RMB'000**	RMB'000
Financial assets		
Trade and other receivables (Note 9)	**103**	107
Amounts due from subsidiaries (Note 10)	**109,377**	115,015
Cash and cash equivalents (Note 11)	**810**	786
	110,290	115,908
Financial liabilities		
Trade and other payables (Note 14)	**1,476**	1,621
Amounts due to subsidiaries (Note 10)	**12,166**	12,679
	13,642	14,300

30 Fair value measurement

Definition of fair value

IFRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and

Level 3 : unobservable inputs for the asset or liability.

Fair value measurement of other financial assets and financial liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (trade and other receivables, cash and cash equivalents, balances with related parties, trade and other payables and provision) approximate their fair values because of the short period to maturity.

The Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

Fair value measurement of contingent consideration

The fair values of contingent consideration related to the acquisition of the Target Companies is estimated using a market approach taking into account the probability of meeting each performance target from the profit warranty given by the vendors, certain valuation variables such as the discount for lack of marketability (“DLOM”) and the estimated share price which involves significant judgements.

The following table shows the Levels within the hierarchy of the contingent consideration measured at fair value as at 31 March 2022 and 2021:

The Group	31 March 2022 RMB’000	31 March 2021 RMB’000
Contingent consideration (Bonds to be issued)		
Level 3	–	–
Contingent consideration (Bonds to be issued)		
Level 3	–	–

For movements in the contingent consideration, refer to Note 16.

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30 Fair value measurement (Cont'd)

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring Level 3 fair values as well as the significant unobservable inputs used.

Type	Carrying amount at 31 March 2022	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Contingent consideration	**RMB Nil**	–	–	–
Contingent consideration	RMB Nil	Market approach	– Probability of meeting profit warranty of RMB 85 million – DLOM of 26.28%	The higher the probability that the profit warranty is met, the higher the value of the contingent consideration. The higher the DLOM, the lower the value of the contingent consideration.

Sensitivity analysis

An increase in three percentage points to DLOM, holding other inputs constant, would not have any effects to the fair value of contingent consideration as at the reporting date.

31 Other financial information

Purchases and trade payables, Sales and trade debtors

(a) KWJ, ZhongFan and Defu

The two major customers of HBXR are Huizhou KWJ Biotechnology Co., Ltd (惠州市康维健生物科技有限公司) ("KWJ") and 惠州市德福实业有限公司 ("Defu") since the financial year ended 31 March 2020 for sales of equipment. KWJ was a supplier to HBXR in FY2021. Defu and KWJ have common legal representative.

On 12 November 2020, the Company announced that the Group has a short-term investment of RMB 40 million in a low-risk fund managed by a licensed fund company in China under Shenzhen Hui Pu Seng Cai Fu Investment Co., Ltd., with reasonable return. Due to Covid-19 pandemic, the Company decided to terminate and withdrew from the short-term investment. The management agreed with Shenzhen Hui Pu Seng Cai Fu Investment Co., Ltd that the RMB 40 million short-term investment will be repaid in two tranches by the end of March 2021. In aggregate, the sum of RMB 40 million was received in two tranches of RMB 20 million each in FY2020 and FY2021 where the subsidiaries, SZBY and SZYK received from KWJ. The entire sum of RMB 40 million was then remitted to HBXR.

- *Sales and purchase arrangements*

On 29 June 2021, the Company made an announcement that HBXR entered into arrangement where there were three sales contracts entered with KWJ for a sum of RMB 77.5 million to supply equipment to KWJ. For the sales order, HBXR entered into five purchase contracts with ZhongFan for a sum of RMB 69.74 million to purchase the equipment including the services for installation required by KWJ. Under the purchase contracts entered with the supplier, the supplier has to deliver and/or install the above-mentioned equipment between December 2020 and September 2021.

31 Other financial information (Cont'd)

Purchases and trade payables, Sales and trade debtors (Cont'd)

(a) KWJ, ZhongFan and Defu (Cont'd)

The fund for the supply of equipment from ZhongFan was from the RMB 40 million recovered from the short-term investment. For these contracts, sales made to KWJ totalled RMB 52.7 million (exclude VAT) and the purchases from 惠州中凡机电设备有限公司 ("ZhongFan") was RMB 47.8 million (exclude VAT) for the financial year ended 31 March 2022. For sales made to Defu under separate contracts, the amount was RMB 5.1 million (FY2021 - RMB 7.9 million).

- *Sales to KWJ*

During the financial year ended 31 March 2022, HBXR entered into sales transactions of RMB 52.7 million (exclude VAT) for the supply of equipment to KWJ. The receivable for these transactions remained was RMB 47.5 million as at 31 March 2022. We understand from Mr Liang Bing (HBXR General Manager), the sales made to KWJ is mainly to expand the L-AP plant belonging to KWJ with the patent technology. There are subsequent receipt of RMB 2.6 million subsequent to the reporting date.

- *Purchases from ZhongFan*

According to the management, ZhongFan informed the Group that there were delays in securing certain imported parts and equipment that were necessary for the supply, delivery and installation of the equipment due to the Covid-19 pandemic.

As disclosed in Note 9 to the financial statements, during the financial year ended 31 March 2021, under the contract, HBXR paid advances of RMB 49.2 million to ZhongFan for the supply and installation of certain equipment for sales to be made to KWJ. During the financial year ended 31 March 2022, HBXR recorded net outflow of RMB 3.7 million to ZhongFan for the supply of equipment. In respect of the contractual obligation, as disclosed in Note 9.1 to the financial statements, the total advances made by HBXR to ZhongFan amounted to RMB 52.9 million (the contractual sum) upon supply of equipment made. The Group recorded no amount owing to/by ZhongFan as at 31 March 2022. We understand from Mr Liang Bing that there was offsetting arrangement amongst the parties.

The Group has entered into arrangement with KWJ where KWJ has been given the rights to use the patent belonging to the Group.

32 Operating segment information

For management reporting purposes, the Group is organised into reportable operating segments which are the Group's strategic business units.

A summary of the details of the operating segments is as follows:

(a) The trading segment relates to the business of purchases and sales of food products.

(b) The additives segment relates to the manufacture and sales of L-AP or antioxidant.

(c) The animal feed and traditional medicine segment relates to the manufacture and sales of animal feed and traditional medicine from traditional Chinese herbs.

(d) Others comprise mainly corporate office functions.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

32 Operating segment information (Cont'd)

Year ended 31 March 2022	Trading RMB'000	Additives RMB'000	Animal feed and traditional medicine RMB'000	Others RMB'000	Consolidated RMB'000
Segment revenue					
Sales of food products	–	–	–	–	–
Sales of animal feed and traditional medicine	–	–	70	–	70
Sales of food additives	–	229	–	–	229
Sales of equipment	–	5,068	–	–	5,068
Sales of equipment including installation	–	*52,693	–	–	52,693
Provision of technical consultation services	–	1,207	–	–	1,207
Net sales to external customers	–	59,197	70	–	59,267
Segment results (EBIDTA)	(532)	4,799	(474)	(919)	2,874
Bank interest income	–	–	–	11	11
Bank interest cost	–	(25)	(1,160)	–	(1,185)
Depreciation of property, plant and equipment	–	(348)	(144)	–	(492)
Depreciation of ROU assets	–	(129)	(455)	–	(584)
Profit before tax					624
Segment assets	18,300	59,669	21,316	78,396	177,681
Reconciliation:					
Corporate and unallocated assets					4,838
Total assets					182,519
Segment liabilities	18,116	19,162	21,594	1,242	60,114
Reconciliation:					
Corporate and unallocated liabilities					423
VAT payable					1,753
Total liabilities					62,290
Other segment information:					
Depreciation of property, plant and equipment	–	348	144	–	492
Depreciation of ROU assets	–	129	455	–	584

* relate to the LAP technology

32 Operating segment information (Cont'd)

Year ended 31 March 2021	Trading	Additives	Animal feed and traditional medicine	Others	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue					
Sales of food products	–	–	–	–	–
Sales of animal feed and traditional medicine	–	–	8	–	8
Sales of food additives	–	468	–	–	468
Services rendered	–	8,158	–	–	8,158
Provision of technical consultation services	–	1,079	–	–	1,079
Net sales to external customers	–	9,705	8	–	9,713
Segment results (EBIDTA)	22	(50,380)	2,380	(13,370)	(61,348)
Bank interest income	–	–	–	35	35
Bank interest cost	(1)	–	(1,130)	–	(1,131)
Depreciation of property, plant and equipment	–	(348)	(137)	–	(485)
Depreciation of ROU assets	–	(129)	(289)	–	(418)
Amortisation of intangible assets	–	(6,364)	(786)	–	(7,150)
Loss before tax					(70,497)
Segment assets	16,160	57,304	21,777	71,792	167,033
Reconciliation:					
Corporate and unallocated assets					20,621
VAT receivable					99
Total assets					187,753
Segment liabilities	11,180	18,324	20,558	12,910	62,972
Reconciliation:					
Corporate and unallocated liabilities					442
Total liabilities					63,414
Other segment information:					
Depreciation of property, plant and equipment	1	348	137	–	486
Depreciation of ROU assets	–	129	289	–	418
Amortisation of intangible assets	–	6,364	786	–	7,150
Impairment loss on goodwill	9,693	–	–	–	9,693
Reversal of impairment loss on property, plant and equipment	–	(218)	(165)	–	(383)
Reversal of impairment loss on ROU assets	–	(1,560)	(12,612)	–	(14,172)
Fair value gain on contingent consideration	–	–	–	(688)	(688)

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

32 Operating segment information (Cont'd)

Reportable segments' assets are reconciled to total assets as follows:

The Group	**31 March 2022 RMB'000**	31 March 2021 RMB'000
Segment assets	**177,681**	167,033
Unallocated assets		
Cash and bank balances	**4,838**	20,621
VAT receivable	**–**	99
Total assets per consolidated financial statements	**182,519**	187,753

Reportable segments' liabilities are reconciled to total liabilities as follows:

The Group	**31 March 2022 RMB'000**	31 March 2021 RMB'000
Segment liabilities	**60,114**	62,972
Unallocated liabilities		
Current tax payable	**423**	442
VAT payable	**1,753**	–
Total liabilities per consolidated financial statements	**62,290**	63,414

Geographical information

The following table presents revenue and non-current assets information based on the Group's geographical segments for the years ended 31 March 2022 and 31 March 2021.

The Group	**31 March 2022 RMB'000**	31 March 2021 RMB'000
Revenue		
Mainland China	**59,267**	9,713
Hong Kong	**–**	–
	59,267	9,713
Non-current assets		
Mainland China	**23,988**	25,045
Hong Kong	**3,049**	3,049
	27,037	28,094

Information about major customers

During the financial year ended 31 March 2022, sales to one customer (2021 - 2) made up more than 10% of the Group's total revenue these sales are attributable to Addictive segment.

33 Prior year adjustments

(a) Comparative figures

The following comparative figures have been restated due to prior year adjustments as mentioned below:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	As at 31 March 2021		
	As reported	Prior year adjustments	As restated
	RMB	RMB	RMB
Earnings per share			
- Diluted	(0.30)	–	*

* not meaningful

The reason for the restatement is on the basis that effect of the bonds as to its conversion as potential ordinary shares is antidilutive for the contingent consideration as to 38,576,307 shares. Based on the valuation report there is no revenue reported in the forecast and therefore the fair value of contingent consideration become challenged. This is because the conversion to ordinary shares would decrease loss/increase profit per share. Accordingly, the calculation of diluted loss per share does not assume conversion because that would have an antidilutive effect on loss per share.

STATISTICS OF SHAREHOLDINGS

As at 22 November 2023

No. of shares issued	:	187,902,647
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Treasury Shares and Shubsidary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	10	0.26	259	0.00
100 - 1,000	1,635	43.21	1,133,400	0.60
1,001 - 10,000	1,790	47.30	6,543,997	3.48
10,001 - 1,000,000	334	8.83	20,664,402	11.00
1,000,001 AND ABOVE	15	0.40	159,560,589	84.92
TOTAL	**3,784**	**100**	**187,902,647**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	GOLDEN EVER INTERNATIONAL PROPERTY MANAGEMENT LIMITED	44,223,680	23.54
2	RUIFUER TRADING GROUP LIMITED	22,895,701	12.18
3	CHINESE GLORY INVESTMENTS LIMITED	22,012,442	11.71
4	TING CHENG-FA	12,909,905	6.87
5	PHILLIP SECURITIES PTE LTD	11,473,315	6.11
6	GU YULIN	10,000,000	5.32
7	LIU JUN	10,000,000	5.32
8	CHRISTINE MAK	9,110,513	4.85
9	DBS NOMINEES (PRIVATE) LIMITED	7,858,200	4.18
10	CHAN WAI MAN	1,850,500	0.98
11	UOB KAY HIAN PRIVATE LIMITED	1,617,133	0.86
12	PING ZHI	1,600,400	0.85
13	FENG XIAO	1,404,000	0.75
14	LOKE YEE WOON	1,359,200	0.72
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,245,600	0.66
16	RAFFLES NOMINEES (PTE.) LIMITED	992,060	0.53
17	GOH BEE LAN	957,300	0.51
18	NG WONG WAI LAN	845,500	0.45
19	WANG HUICHANG	814,400	0.43
20	WEI ZHENGWEI	731,000	0.39
	TOTAL	**163,900,849**	**87.21**

STATISTICS OF SHAREHOLDINGS

As at 22 November 2023

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Golden Ever International Property Management Limited	44,223,680	23.54	–	–
Ruifuer Trading Group Limited	22,895,701	12.18	–	–
Chinese Glory Investments Limited	22,012,442	11.71	–	–
Song Yanan(1)	–	–	44,223,680	23.54
David Yip Wai Sun(2)	–	–	22,012,442	11.71
Wang Tingbao(3)	–	–	22,212,464	11.82
Gu Yulin	10,000,000	5.32	–	–
Liu Jun	10,000,000	5.32	–	–
Christine Mak(4)	9,110,513	4.85	42,000	0.022
Zhu Yanhui(5)	–	–	22,895,701	12.18
Ting Cheng-Fa	12,909,905	6.87	–	–

Notes:

(1) Song Yanan is deemed interested in the Shares of the Company held by Golden Ever International Property Management Limited by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore ("**SFA**").

(2) David Yip Wai Sun is deemed to be interested in the Shares of the Company held by Chinese Glory Investments Limited by virtue of Section 4 of the SFA.

(3) Wang Tingbao is deemed to be interested in the Shares of the Company held by the following:

(i) all the Shares held by Chinese Glory Investments Limited by virtue of Section 4 of the SFA;

(ii) 22 Shares held under UOB Kay Hian Pte Ltd; and

(iii) 200,000 Shares held under Phillip Securities (HK) Ltd.

(4) Christine Mak is deemed to be interested in 42,000 Shares held under DBS Vickers (Hong Kong) Limited, as nominee of Ms Christine Mak.

(5) Zhu Yanhui is deemed to be interested in the Shares of the Company held by Ruifuer Trading Group Limited by virtue of Section 4 of the SFA.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information provided and to the best knowledge of the Directors, approximately 30.07% of the issued ordinary shares of the Company were held in the hands of the public as at 22 November 2023 and therefore Rule 723 of the Listing of Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **UNITED FOOD HOLDINGS LIMITED** (the "**Company**") will be held at Level 3, Thinking Space 3, HomeTeamNS Bedok Reservoir, 900 Bedok North Rd Singapore 479994 on Friday, 29 December 2023 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2022 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors who are retiring pursuant to the following:

   Mr Chng Hee Kok [Retiring under the Company's Bye-law 86(1)] **(Resolution 2)**
   [See explanatory note (i)]

   Prof Ling Chung Yee [Retiring under the Company's Bye-law 86(1)] **(Resolution 3)**
   [See explanatory note (ii)]

   Mr Zhao Ling [Retiring under the Company's Bye-law 85(2)] **(Resolution 4)**
   [See explanatory note (iii)]

3. To approve the payment of Directors' fees of S$190,000 for the financial year ended 31 March 2023, to be paid quarterly in arrears (2022: S$190,000). **(Resolution 5)**

4. To approve the payment of additional Directors' fees of S$30,000 payable to Independent Directors for the financial year ended 31 March 2022.
   [See explanatory note (iv)] **(Resolution 6)**

5. To re-appoint Foo Kon Tan LLP, Public Accountants and Chartered Accountants, Singapore as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a fee and on such terms to be agreed by the Directors of the Company. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

7. **Renewal of the General Issue Mandate**

   "THAT authority be and is hereby given to the Directors to:

   (a) (i) allot and issue shares in the Company whether by way of rights, bonus or otherwise;

   (ii) convertible securities;

   (iii) additional convertible securities arising from adjustments made to the exercise price or conversion price and, where appropriate, the number of convertible securities previously issued in the event of a rights issue, bonus issue or subdivision or consolidation of shares pursuant to Rule 829 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

   (iv) shares arising from the conversion of convertible securities,

   at any time and upon such terms and conditions for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any convertible securities made or granted by the Directors while this Ordinary Resolution was in force, provided that:

(1) the aggregate number of shares and convertible securities to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of convertible securities, made or granted pursuant to this Ordinary Resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and convertible securities to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Ordinary Resolution) does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising shares options or vesting of share awards; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

provided that any adjustments made under sub-paragraphs (a) and (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and

(4) unless earlier revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law or the Bye-laws of the Company to be held, whichever is earlier.

[See Explanatory Note (v)] **(Resolution 8)**

By Order of the Board

Chiang Wai Ming
Company Secretary

Singapore, 14 December 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note to Resolutions to be passed –

(i) Mr Chng Hee Kok will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee, a member of the Nominating Committee and Remuneration Committee of the Company. Mr Chng Hee Kok will be considered as an Independent Director of the Company. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, further information on Mr Chng Hee Kok is set out on Pages 29 to 36 of the Company's Annual Report.

(ii) Prof Ling Chung Yee will, upon re-election as a Director of the Company, remain as Chairman of Nominating Committee, a member of the Remuneration Committee and Audit Committee of the Company. Prof Ling Chung Yee will be considered as an Independent Director of the Company. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, further information on Prof Ling Chung Yee is set out on Pages 29 to 36 of the Company's Annual Report.

(iii) Mr Zhao Ling will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee, a member of the Audit Committee and Nominating Committee of the Company. Mr Zhao Ling will be considered as an Independent Director of the Company. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, further information on Mr Zhao Ling is set out on Pages 29 to 36 of the Company's Annual Report.

(iv) The Board proposed additional directors' fees for the year ended 31 March 2022 payable to Mr Chng Hee Kok, Prof Ling Chung Yee and Mr Zeng Wei, the three Independent Directors in view of their contribution and participation for the additional works rendered in 2022.

(v) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting ("**AGM**") until the date of the next AGM, to allot and issue shares and convertible securities in the Company up to an aggregate amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a *pro rata* basis.

Notes

1. The members of the Company [including depositor holding shares through the Central Depository (Pte) Limited ("**Depositor**")] are invited to attend **physically** at the Annual General Meeting ("**AGM**"). There will be **no option** for members to participate virtually.

2. Members (including Depositors) may raise questions at the AGM or submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. For members who would like to submit questions in advance of the AGM, they may submit their questions via the following methods by Thursday, 21 December 2023, 10.00 a.m.:-

   a) if submitted by post, be lodged at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   b) be submitted via email to the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.teamc@boardroomlimited.com.

   Members submitting questions are requested to state: (a) their full name; and (b) the member's identification/registration number, failing which the Company shall be entitled to regard the submission as invalid. The Company will publish its responses to the substantial and relevant questions submitted by members prior to the abovementioned deadline by Friday, 22 December 2023, which is at least 48 hours before the proxy form deadline.

   For questions received after 21 December 2023, the Company will endeavour to address all substantial and relevant questions submitted by shareholders prior to or during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. The Company will publish the responses to such questions together with the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of the AGM.

3. A member (including Depositor) can appoint the Chairman of the AGM as his/her/its proxy **but** this is **not mandatory**.

   If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

4. A Depositor who is unable to attend the AGM and wishes to appoint a nominee as The Central Depository (Pte) Limited's proxy to attend and vote on his/her/ its behalf, must complete, sign and return the Depositor Proxy Form in the manner as described under items 6 and 7 below.

5. A member with shares registered in his name in the Register of Members who is unable to attend the AGM and wishes to appoint a proxy to attend and vote at the AGM in his/ her/ its stead, he/ she/ it should complete, sign and return the Member Proxy Form in the manner as described under items 6 and 7 below.

6. A Member Proxy Form and Depositor Proxy Form (collectively known as "**Proxy Forms**") must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Forms are executed by a corporation, they must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Forms are executed by an attorney on behalf of the appointor, a letter or power of attorney or a duly certified copy thereof must be lodged with the Proxy Forms, failing which the Proxy Forms may be treated as invalid.

7. The Proxy Forms must be submitted to in the following manner:

   (a) if submitted by post, be lodged at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted electronically, be submitted via email to the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.teamc@boardroomlimited.com.

   in either case, by Wednesday, 27 December 2023 at 10.00 a.m., being no later than 48 hours before the time fixed for the AGM.

   A Member and a Depositor who wish to submit a Member Proxy Form and Depositor Proxy Form must complete and sign the Proxy Forms respectively, before submitting them by post to the address provided above, or before sending them by email to the email address provided above.

8. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

9. A member who is Central Provident Fund Investment Scheme member ("**CPF Investor**") and/or Supplementary Retirement Scheme investor ("**SRS Investor**") may participate in the AGM by: (a) attending the AGM in person; (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or (c) voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies). CPF Investor and SRS Investor who wishes to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 18 December 2023, being seven (7) working days prior to the date of the AGM.

   Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the AGM. We encourage members to mask up when attending the AGM.

10. The Chairman of the AGM, as proxy, need not be a Member of the Company

11. The Notice of AGM, Member Proxy Form, Request Form (to request for printed copy of the Annual Report) and the Annual Report will be sent to members by electronic means via publication on the Company's website at https:www.unitedfood.com.sg/ir/corporate_information.htm and on the SGXNet at https://www.sgx.com/securities/company-announcements. Printed copies of the Notice of AGM, Proxy Forms and Request Form will also be sent by post to members. Members who wish to receive a printed copy of the Annual Report are required to complete the Request Form and email it to srs.teamc@boardroomlimited.com, or post it to the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 by 20 December 2023.

*A Relevant intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a capital markets services license holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend and vote at the AGM and/or any adjournment thereof, a member of the Company or a Depositor, (i) consents to the collection, use and disclosure of the member or Depositor's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of the proxy(ies) and representative(s) for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member or a Depositor discloses the personal data of the member or Depositor's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member or Depositor's breach of warranty.

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