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**CHINA WANTIAN HOLDINGS LIMITED**

**中國萬天控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1854)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of China Wantian Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2022, together with the comparative figures for the corresponding period as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 September 2022*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	<b>2021</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	<b>68,747</b>	68,242
Cost of sales	7	<b>(53,847)</b>	(57,070)
<b>Gross profit</b>		<b>14,900</b>	11,172
Other income and gain	6	<b>1,626</b>	54
Selling and administrative expenses	7	<b>(19,101)</b>	(11,118)
Share-based payment expenses		<b>(3,829)</b>	–
Impairment losses under expected credit loss model	7	<b>(802)</b>	(911)
<b>Operating loss</b>		<b>(7,206)</b>	(803)

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income	8	<b>36</b>	23
Finance costs	8	<u>(347)</u>	<u>(379)</u>
Finance costs – net	8	<b>(311)</b>	(356)
Share of profit/(loss) of a joint venture		<u>9</u>	<u>(74)</u>
<b>Loss before income tax</b>		<b>(7,508)</b>	(1,233)
Income tax expense	9	<u>(584)</u>	<u>(145)</u>
<b>Loss for the period</b>		<u><b>(8,092)</b></u>	<u>(1,378)</u>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<u>154</u>	<u>–</u>
<b>Total comprehensive expense for the period</b>		<u><b>(7,938)</b></u>	<u>(1,378)</u>
Loss for the period attributable to:			
– Owners of the Company		<b>(8,092)</b>	(1,375)
– Non-controlling interests		<u>–</u>	<u>(3)</u>
		<u><b>(8,092)</b></u>	<u>(1,378)</u>
Total comprehensive expense for the period attributable to:			
– Owners of the Company		<b>(7,938)</b>	(1,375)
– Non-controlling interests		<u>–</u>	<u>(3)</u>
		<u><b>(7,938)</b></u>	<u>(1,378)</u>
Basic and diluted loss per share attributable to equity holders of the Company ( <i>expressed in HK cents per share</i> )	10	<u><b>(0.53)</b></u>	<u>(0.10)</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2022*

		Unaudited As at 30 September 2022 <i>HK\$'000</i>	Audited As at 31 March 2022 <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	12	34,555	31,199
Right-of-use assets		50,733	49,499
Deposits and prepayments	13	9	4
Interest in a joint venture		202	193
		85,499	80,895
<b>Current assets</b>			
Inventories		611	386
Trade receivables	13	30,372	21,005
Deposits and prepayments	13	6,742	8,206
Cash and cash equivalents		28,514	44,958
		66,239	74,555
<b>Current liabilities</b>			
Trade payables	16	1,321	2,110
Accruals and other payables	16	1,952	3,393
Borrowings	15	15,040	23,624
Current income tax liabilities		383	–
Lease liabilities		2,894	1,562
		21,590	30,689
<b>Non-current liabilities</b>			
Lease liabilities		3,785	2,925
Deferred tax liabilities		2,012	1,812
		5,797	4,737
<b>Net current assets</b>		44,649	43,866
<b>Net assets</b>		124,351	120,024

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>30 September</b>	31 March
		<b>2022</b>	2022
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Capital and reserves</b>			
Share capital	14	<b>15,384</b>	15,120
Share premium		<b>93,005</b>	82,151
Reserves		<b>1,401</b>	100
Retained earnings		<b>14,561</b>	22,653
		<hr/>	<hr/>
Equity attributable to equity holders of the Company		<b>124,351</b>	120,024
Non-controlling interests		–	–
		<hr/>	<hr/>
<b>Total equity</b>		<b>124,351</b>	120,024
		<hr/> <hr/>	<hr/> <hr/>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2022*

	Attributable to equity holders of the Company						Total	Non- controlling interests	Total equity
	Share capital	Share premium	Other reserve	Share option reserve	Translation reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2021 (Audited)	12,600	46,971	100	-	-	33,611	93,282	(11)	93,271
Loss for the period	-	-	-	-	-	(1,375)	(1,375)	(3)	(1,378)
Total comprehensive expense	-	-	-	-	-	(1,375)	(1,375)	(3)	(1,378)
Acquisition of additional interest in a subsidiary without change of control	-	-	-	-	-	(3)	(3)	14	11
Issue of new shares	2,520	35,280	-	-	-	-	37,800	-	37,800
Transaction cost on issue of new shares	-	(100)	-	-	-	-	(100)	-	(100)
As at 30 September 2021 (Unaudited)	<u>15,120</u>	<u>82,151</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>32,233</u>	<u>129,604</u>	<u>-</u>	<u>129,604</u>
As at 1 April 2022 (Audited)	<b>15,120</b>	<b>82,151</b>	<b>100</b>	-	-	<b>22,653</b>	<b>120,024</b>	-	<b>120,024</b>
Loss for the period	-	-	-	-	-	(8,092)	(8,092)	-	(8,092)
Other comprehensive expense: Exchange differences arising from translation of foreign operations	-	-	-	-	154	-	154	-	154
Total comprehensive expense	-	-	-	-	154	(8,092)	(7,938)	-	(7,938)
Recognition of equity-settled share-based payments	-	-	-	3,829	-	-	3,829	-	3,829
Issue of new shares upon exercise of share options	<u>264</u>	<u>10,854</u>	<u>-</u>	<u>(2,682)</u>	<u>-</u>	<u>-</u>	<u>8,436</u>	<u>-</u>	<u>8,436</u>
As at 30 September 2022 (Unaudited)	<u><b>15,384</b></u>	<u><b>93,005</b></u>	<u><b>100</b></u>	<u><b>1,147</b></u>	<u><b>154</b></u>	<u><b>14,561</b></u>	<u><b>124,351</b></u>	<u><b>-</b></u>	<u><b>124,351</b></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Suite 2106A, 21/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong.

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

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (HK\$’000), unless otherwise stated.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and the disclosure requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Companies Ordinance (Cap.622). The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 March 2022.

The accounting policies used in preparing the interim financial statements are consistent with those of the previous financial year, except for the amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which have become effective in this period as per below:

<b>Standard</b>	<b>Subject of amendment</b>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs 2018–2020	Annual improvements

The adoption of the above amended standards does not have significant financial effect to the condensed consolidated financial statements.

### **3 ESTIMATES**

The preparation of the unaudited condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the unaudited condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended 31 March 2022.

### **4 FINANCIAL RISK MANAGEMENT**

#### **4.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. There have been no changes in the risk management policies since the year ended 31 March 2022.

#### **4.2 Fair value estimation**

As at 30 September 2022 and 31 March 2022, the Group did not have any financial assets or financial liabilities that are measured at fair value.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in amortised costs in the unaudited condensed consolidated financial statements approximate their fair values.

### **5 SEGMENT INFORMATION**

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

In the previous period, the Group operated in a single operating segment and was principally engaged in the sourcing, processing and supplying of food ingredients in Hong Kong. During the period, this operating segment was grouped in "food supply". In addition, the Group commenced engaging in businesses in catering and environmental protection and technology in the People's Republic of China ("PRC"), and these businesses are considered to be new operating and reportable segments by the chief operating decision-maker.

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

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 September 2022 and 2021, respectively:

	Food supply		Catering		Environmental protection and technology		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue								
Revenue from external customers	<u>67,931</u>	<u>68,242</u>	<u>672</u>	<u>-</u>	<u>144</u>	<u>-</u>	<u>68,747</u>	<u>68,242</u>
Segment profit/(loss)	<u>7,217</u>	<u>(527)</u>	<u>(1,734)</u>	<u>-</u>	<u>(331)</u>	<u>-</u>	<u>5,152</u>	<u>(527)</u>
Unallocated corporate income							22	-
Unallocated corporate expenses							(8,551)	(276)
Share-based payment expenses							(3,829)	-
Finance costs – net							(311)	(356)
Share of profit/(loss) of a joint venture							<u>9</u>	<u>(74)</u>
Loss before income tax							(7,508)	(1,233)
Income tax expense							<u>(584)</u>	<u>(145)</u>
Loss for the period							<u>(8,092)</u>	<u>(1,378)</u>

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results represented the profit earned or loss incurred by each segment without allocation of central administration expenses and income, including directors' emoluments, other income and finance costs. This is the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segments as at 30 September 2022 and 31 March 2022, respectively:

	Food supply		Catering		Environmental protection and technology		Total	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000						
Segment assets	130,371	149,470	6,867	-	710	-	137,948	149,470
Unallocated							13,790	5,980
Consolidated assets							<u>151,738</u>	<u>155,450</u>
Segment liabilities	1,608	5,505	2,457	-	259	-	4,324	5,505
Unallocated							23,063	29,921
Consolidated liabilities							<u>27,387</u>	<u>35,426</u>

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments except for certain assets which are managed on a group basis. All liabilities are allocated to reportable segments except for certain financial liabilities which are managed on a group basis.

**(c) Information about major customers**

No customer individually contributed over 10% of the Group's revenue for the six months ended 30 September 2022.

Revenue from a customer of the Group amounting to HK\$7,302,000 contributed over 10% of the Group's revenue for the six months ended 30 September 2021.

(d) **Geographical information**

The Group's operations are located in both Hong Kong and the PRC.

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

	Revenue from external customers		Non-current assets	
	Six months ended 30 September 2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>	As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 March 2022 (Audited) <i>HK\$'000</i>
Hong Kong	67,931	68,242	79,354	80,895
The PRC	816	–	6,145	–
	<u>68,747</u>	<u>68,242</u>	<u>85,499</u>	<u>80,895</u>

6 **OTHER INCOME**

	Unaudited Six months ended 30 September	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grants ( <i>Note</i> )	1,338	–
Sundry income	288	54
	<u>1,626</u>	<u>54</u>

*Note:* The amount represented government grants received from the Employment Support Scheme and other programmes under the Anti-Epidemic Fund in relation to the outbreak of novel coronavirus (“COVID-19”). There are no unfulfilled conditions or other contingents attached to the grants.

**7 EXPENSES BY NATURE**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of inventories	<b>39,713</b>	43,948
Employee benefit expenses – including Directors' emoluments	<b>12,139</b>	8,732
Commission	<b>168</b>	230
Auditor's remuneration	<b>68</b>	480
Depreciation of property, plant and equipment ( <i>Note 12</i> )	<b>2,071</b>	1,784
Depreciation on right-of-use assets	<b>2,161</b>	905
Operating leases (short-term lease)	<b>313</b>	101
Transportation expenses	<b>6,579</b>	5,371
Impairment losses under expected credit loss model	<b>802</b>	911
Professional and consulting fees	<b>1,106</b>	2,551
Other expenses	<b>8,630</b>	4,086

**8 FINANCE COSTS – NET**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest expense on bank borrowings	<b>187</b>	378
Interest expense on lease liabilities	<b>160</b>	1
Finance costs	<b>347</b>	379
Interest income	<b>(36)</b>	(23)
Finance costs – net	<b>311</b>	356

## 9 INCOME TAX EXPENSE

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

The Hong Kong Profits Tax is calculated at the rate of 16.5% (six months ended 30 September 2021: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity's assessable profits is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
– Current period	<b>383</b>	–
Deferred income tax	<b>201</b>	145
	<hr/>	<hr/>
Income tax expense	<b>584</b>	145
	<hr/> <hr/>	<hr/> <hr/>

## 10 LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE PERIOD – BASIC AND DILUTED

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
Loss for the period attributable to equity holders of the Company ( <i>in thousand HK\$</i> )	<b>(8,092)</b>	(1,375)
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ( <i>in thousand</i> )	<b>1,520,934</b>	1,321,967
	<hr/> <hr/>	<hr/> <hr/>
Loss per share ( <i>expressed in HK cents per share</i> )	<b>(0.53)</b>	(0.10)
	<hr/> <hr/>	<hr/> <hr/>

For the six months ended 30 September 2022, the computation of diluted loss per share does not assume the exercise of the Company's share options since their assumed exercise would result in a decrease in loss per share.

Diluted loss per share and the basic loss per share for the six months ended 30 September 2022 and 2021 were the same as there were no potential dilutive ordinary shares in both periods.

## 11 DIVIDENDS

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

## 12 PROPERTY, PLANT AND EQUIPMENT

	<b>Buildings</b> <i>HK\$'000</i>	<b>Leasehold improvements</b> <i>HK\$'000</i>	<b>Furniture, fixtures and equipment</b> <i>HK\$'000</i>	<b>Motor vehicles</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Unaudited</b>					
<b>Six months ended</b>					
<b>30 September 2022</b>					
Net book value as at 1 April 2022	17,429	9,481	2,038	2,251	31,199
Additions	–	4,720	929	–	5,649
Depreciation ( <i>Note 7</i> )	(317)	(705)	(555)	(494)	(2,071)
Exchange alignment	–	(191)	(31)	–	(222)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value as at 30 September 2022</b>	<b>17,112</b>	<b>13,305</b>	<b>2,381</b>	<b>1,757</b>	<b>34,555</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Audited</b>					
<b>Year ended 31 March 2022</b>					
Net book value as at 1 April 2021	17,164	10,420	2,886	2,043	32,513
Additions	888	–	222	1,246	2,356
Depreciation	(623)	(939)	(1,070)	(1,038)	(3,670)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value as at 31 March 2022</b>	<b>17,429</b>	<b>9,481</b>	<b>2,038</b>	<b>2,251</b>	<b>31,199</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 13 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Trade receivables ( <i>Note (a)</i> )		
– Related parties	26	49
– Third parties	<u>30,346</u>	<u>20,956</u>
	<u><b>30,372</b></u>	<u><b>21,005</b></u>
Other prepayments	4,377	7,043
Other receivables and deposits	<u>2,374</u>	<u>1,167</u>
	6,751	8,210
Less: non-current portion: deposits and prepayments	<u>(9)</u>	<u>(4)</u>
Deposits and prepayments included in current assets	<u><b>6,742</b></u>	<u><b>8,206</b></u>

*Note:*

#### (a) Trade receivables

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Trade receivables	42,494	32,325
Less: loss allowance	<u>(12,122)</u>	<u>(11,320)</u>
	<u><b>30,372</b></u>	<u><b>21,005</b></u>

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

The Group normally grants credit terms to its customers ranging from 0 to 120 days (31 March 2022: 0 to 120 days). The ageing analysis of the trade receivables based on invoice dates is as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2022</b> <i>HK\$'000</i>	<b>Audited</b> <b>As at</b> <b>31 March</b> <b>2022</b> <i>HK\$'000</i>
1 to 30 days	<b>11,200</b>	4,984
31 to 60 days	<b>7,253</b>	2,670
61 to 90 days	<b>2,582</b>	2,482
91 to 120 days	<b>2,366</b>	3,441
Over 120 days	<b>19,093</b>	18,748
	<hr/>	<hr/>
Total	<b>42,494</b>	32,325
	<hr/> <hr/>	<hr/> <hr/>

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

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

#### 14 SHARE CAPITAL

	<b>Number of</b> <b>shares</b> <i>(in thousand)</i>	<b>Nominal</b> <b>amount</b> <i>HK\$'000</i>
<b>Ordinary shares of HK\$0.01 each</b>		
<b>Authorised:</b>		
At 31 March 2022 and 30 September 2022	2,000,000	20,000
	<hr/>	<hr/>
<b>Issued and fully paid:</b>		
At 31 March 2022	1,512,000	15,120
Issue of new shares upon exercise of share options	26,360	264
	<hr/>	<hr/>
At 30 September 2022	1,538,360	15,384
	<hr/> <hr/>	<hr/> <hr/>

## 15 BORROWINGS

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
<b>Current, secured</b>		
Bank borrowings due for repayment within 1 year which contain a repayment on demand clause ( <i>Note</i> )	15,040	10,400
Bank borrowings due for repayment after 1 year which contain a repayment on demand clause ( <i>Note</i> )	–	13,224
<b>Total borrowings</b>	<b>15,040</b>	<b>23,624</b>

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

*Note:*

As at 30 September 2022, bank borrowings of approximately HK\$15,040,000 (31 March 2022: approximately HK\$23,624,000) are secured/guaranteed by:

- (i) corporate guarantee provided by the Company (31 March 2022: same); and
- (ii) buildings and right-of-use assets amounting to approximately HK\$6,197,000 (31 March 2022: approximately HK\$6,321,000) and approximately HK\$37,853,000 (31 March 2022: approximately HK\$38,618,000) respectively held by the Group.

## 16 TRADE PAYABLES AND OTHER PAYABLES

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Trade payables ( <i>Note (a)</i> )		
– Related parties	–	5
– Third parties	1,321	2,105
	1,321	2,110
Other payables and accruals		
– Accruals for staff costs	1,323	1,971
– Commission payables	–	8
– Other accruals and other payables	629	1,414
	1,952	3,393
	<b>3,273</b>	<b>5,503</b>

Note:

(a) Trade Payables

The ageing analysis of the trade payables based on invoice dates is as follows:

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
0 to 30 days	934	1,634
31 to 60 days	30	402
61 to 90 days	357	74
	<u>1,321</u>	<u>2,110</u>

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

17 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Unaudited Six months ended 30 September 2022 HK\$'000	2021 HK\$'000
Sales of goods to a related company		
– Winning Tender Limited (Note (i))	262	329
Purchase of goods from a related party		
– Au Kit Ying (Note (ii))	–	10
– Zhongshan Wangu Sky Farm Co., Ltd. (Note (iii))	126	–
Rental fees and property management services fees paid and payable to the related companies		
– Zhongshan Wangu Business Management Co., Ltd. (Note (iii))	246	–
– Zhongshan Wangu Property Management Co., Ltd. (Note (iii))	212	–
– Zhongshan Wangu Real Estate Investment and Development Co., Ltd. (Note (iii))	204	–
Service fee paid to a related company		
– WG International Group Limited (Note (iii))	184	–
	<u>1,321</u>	<u>2,110</u>

Notes:

- (i) Mr. Liu Chi Ching (“**Mr. Liu**”), who is an executive Director and a substantial shareholder of the Company, has a beneficial interest in this company.
- (ii) Ms. Au Kit Ying, who is an owner of the business, is a related person to Mr. Liu.
- (iii) These related companies are controlled by Dr. Hooy Kok Wai and Mr. Zhong Xueyong, who are executive Directors and substantial shareholders of the Company.

(b) **Key management compensation**

Key management includes executive Directors. The compensation paid or payable to key management for employee services is disclosed as follows:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Wages, salaries and allowances	<b>1,724</b>	1,612
Retirement benefit costs	<b>18</b>	18
Share-based payments	<b>3,270</b>	–
	<b>5,012</b>	<b>1,630</b>

**18 EVENTS AFTER THE REPORTING PERIOD**

On 7 November 2022, Great Point Limited (the “**Purchaser**”), a direct wholly-owned subsidiary of the Company, entered into a share purchase agreement (the “**Share Purchase Agreement**”) with Mr. Kwong Ping Man (the “**Vendor**”), pursuant to which, among other things, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell all the issued shares of Champion Point Limited, for a total consideration of HK\$44.0 million. The total consideration shall be satisfied by the Purchaser procuring the Company to allot and issue 91,660,000 new shares of the Company in three tranches to the Vendor at the issue price of HK\$0.48 per share subject to the terms and conditions of the Share Purchase Agreement (the “**Acquisition**”).

All of the conditions precedent as stated in the Share Purchase Agreement have been satisfied. Pursuant to the Share Purchase Agreement, completion of the Acquisition will take place on the fifth business day after the satisfaction of all the conditions precedent. Further announcement(s) will be made by the Company in due course. Details of the Acquisition are set out in the announcement of the Company dated 7 November 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the sourcing, processing and supplying of food ingredients, with a focus on the provision of vegetables and fruit to food service operators in Hong Kong. It supplies food ingredients to over 480 customer outlets and offers more than 1,300 types of food ingredients to its customers. After completion of the general offer in August 2021, the Group has officially stepped towards a new milestone by setting up its business operation points in Shenzhen and Zhongshan, and later opening two restaurants in Zhongshan as an extension of its downstream business to enhance the overall profit margin through a one-stop industry chain. At the same time, the Group has also been actively supporting national policies to realise the vision of net-zero carbon emission by establishing a department dedicated to promoting modern agriculture and green education in primary and secondary schools and enterprises in the Greater Bay Area, with an aim of promoting a green and environmentally-friendly lifestyle and making the world a greener place.

The Group recorded a net loss of approximately HK\$8.1 million for the six months ended 30 September 2022 (the “**Reporting Period**”) as compared to a net loss of approximately HK\$1.4 million for the six months ended 30 September 2021. Such increase in the net loss was mainly attributable to (i) the increase in operating expenses incurred following the establishment of the Group’s headquarters in the Greater Bay Area and as part of its business expansion in the Greater Bay Area; and (ii) the recognition of the share-based payment expenses of approximately HK\$3.8 million arising from the share options granted during the Reporting Period. Despite the recorded net loss, the revenue from the Group’s existing business remained stable during the Reporting Period and the business expansion in the Greater Bay Area will help the Group to further strengthen its existing business. In addition, the share option expenses, which were recognised purely due to the accounting standards, did not involve any cash outlay. As such, there would be no adverse effect on the Group’s operating cash flows and operation.

### OUTLOOK

The year 2022 marks a new chapter for the Group. With the establishment of the headquarters in the Greater Bay Area and the fifth wave of the COVID-19 outbreak gradually under control in the middle of the year, the Group has officially expanded its businesses into catering and environmental protection and technology in the Greater Bay Area. Looking ahead, leveraging on the extensive business experience of management and their well-established business network in the PRC, the Group will continue to identify potential business opportunities. By adhering to the business philosophy of “People-Oriented, Pragmatism, Creativity and Honest and Responsible”, the Group will set up a one-stop food industry chain system covering from the source of cultivation to the food supply chain and the catering businesses, with a view to becoming a leading service provider for good life in the PRC and a premier green brand in the Greater Bay Area.

## **FINANCIAL REVIEW**

During the Reporting Period, the Group has expanded its food supply business to related upstream and downstream businesses in the PRC and introduced two additional segments, namely (i) catering: and (ii) environmental protection and technology.

### **Revenue**

The Group's revenue for the Reporting Period was approximately HK\$68.7 million, which slightly increased by 0.7% from approximately HK\$68.2 million for the six months ended 30 September 2021.

Revenue attributable to the food supply business for the Reporting Period remained quite stable at approximately HK\$67.9 million, which accounted for 98.8% of the Group's revenue, representing a slight decrease of approximately 0.5% from approximately HK\$68.2 million for the six months ended 30 September 2021.

Revenue generated from the businesses of catering and environmental protection and technology were approximately HK\$0.7 million and HK\$0.1 million, respectively, which accounted for 1.2% of the Group's revenue. The contributions from these two new businesses are expected to gradually increase, which will further strengthen the Group's performance.

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

The Group's gross profit for the Reporting Period was approximately HK\$14.9 million, which grew by approximately 33.4% from approximately HK\$11.2 million for the six months ended 30 September 2021. The Group's gross profit margin for the Reporting Period was approximately 21.7% as compared to approximately 16.4% for the six months ended 30 September 2021. The improvement in both the gross profit and the gross profit margin was mainly driven by the food supply business, which contributed approximately HK\$14.6 million or approximately 98.0%, to the Group's gross profit. Gross profit margin of food supply business also increased by approximately 5.1 percentage points to approximately 21.5%, reflecting an improvement in the product mix.

### **Other income**

The Group's other income for the Reporting Period was approximately HK\$1.6 million as compared to approximately HK\$54,000 for the six months ended 30 September 2021. Such increase was primarily attributable to the receipt of non-recurring government grants of approximately HK\$1.3 million from the Employment Support Scheme and other programmes under the Anti-Epidemic Fund during the Reporting Period, which were absent for the six months ended 30 September 2021.

## Selling and administrative expenses

The Group's selling and administrative expenses for the Reporting Period were approximately HK\$19.1 million, representing an increase of approximately 71.8% from approximately HK\$11.1 million for the six months ended 30 September 2021, which was primarily due to the increase in administrative and payroll expenses incurred following the establishment of the Group's Greater Bay Area headquarters and as part of its business expansion in the Greater Bay Area.

## Share-based payment expenses

The share-based payment expenses for the Reporting Period were approximately HK\$3.8 million (six months ended 30 September 2021: Nil), which represented the fair value of the share options granted on 13 April 2022 over the vesting periods.

## Loss for the Reporting Period

On account of the above-mentioned factors, the Group's loss for the Reporting Period increased to approximately HK\$8.1 million as compared to a net loss of approximately HK\$1.4 million for the six months ended 30 September 2021.

## USE OF NET PROCEEDS FROM SHARE SUBSCRIPTION

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

As at 30 September 2022, approximately HK\$15.7 million out of the net proceeds from the share subscription had not been utilised. The remaining net proceeds are expected to be utilised on or before 31 December 2023. The utilisation of the net proceeds from the share subscription is summarised as follows:

	<b>Planned use of net proceeds as shown in the Circular HK\$ million</b>	<b>Actual use of net proceeds up to 30 September 2022 HK\$ million</b>	<b>Unutilised net proceeds up to 30 September 2022 HK\$ million</b>
Repayment of bank loans	22.0	22.0	–
Establishment of two retail outlets	10.0	–	10.0
General working capital	5.7	–	5.7
Total	<u>37.7</u>	<u>22.0</u>	<u>15.7</u>

## **CAPITAL STRUCTURE**

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

As at 30 September 2022, the Group had bank borrowings of approximately HK\$15.0 million, which were denominated in Hong Kong dollars (31 March 2022: approximately HK\$23.6 million). The Group's bank borrowings were primarily obtained at variable rates and used in financing the working capital requirement for its operations and the purchase of the existing premises.

As at 30 September 2022, the Group had approximately HK\$28.5 million in bank balance (31 March 2022: approximately HK\$45.0 million). The Group had no bank overdraft as at 30 September 2022 (31 March 2022: Nil). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

As at 30 September 2022, total assets, which included current assets of approximately HK\$66.2 million (31 March 2022: approximately HK\$74.6 million) and non-current assets of approximately HK\$85.5 million (31 March 2022: approximately HK\$80.9 million), decreased by 2.4% to approximately HK\$151.7 million (31 March 2021: approximately HK\$155.5 million), which was primarily attributable to the decrease in bank balance.

As at 30 September 2022, total liabilities, which included current liabilities of approximately HK\$21.6 million (31 March 2022: HK\$30.7 million) and non-current liabilities of approximately HK\$5.8 million (31 March 2022: HK\$4.7 million), decreased by 22.7% to approximately HK\$27.4 million (31 March 2022: HK\$35.4 million), which was mainly due to repayment of bank borrowings.

As at 30 September 2022, the current ratio of the Group, being current assets divided by current liabilities, increased to 3.1 (31 March 2022: approximately 2.4) as new funding raised from the exercise of share options.

## **GEARING RATIO**

As at 30 September 2022, the gearing ratio of the Group, being total borrowings (including total lease liabilities) divided by total equity, decreased to approximately 17.5% (31 March 2022: approximately 23.4%) following the issue of new shares upon exercise of the share options and repayment of bank borrowings.

## **CHARGE ON GROUP ASSETS**

As at 30 September 2022, the Group has pledged its leasehold lands under right-of-use assets and buildings with a net book value amounting to approximately HK\$44.1 million (31 March 2022: approximately HK\$44.9 million) for certain banking facilities granted to the Group.

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

Save as disclosed in this announcement, the Group had no significant investment with a value of 5% or more of the Group's total assets as at 30 September 2022. There was no material acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the Reporting Period. There were no other plans for material investment or capital asset as at 30 September 2022.

## **FOREIGN EXCHANGE EXPOSURE**

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

## **TREASURY POLICY**

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

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 September 2022 (31 March 2022: Nil).

## **CAPITAL COMMITMENTS**

As at 30 September 2022, the Group did not have capital commitments in respect of acquisition of property, plant and equipment (31 March 2022: Nil).

## **SEGMENT INFORMATION**

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

## **INFORMATION ON EMPLOYEES**

As at 30 September 2022, the Group employed a total of 140 employees (31 March 2022: 69). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonuses. Various types of trainings are provided to the employees from time to time. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the Reporting Period amounted to approximately HK\$12.1 million (30 September 2021: approximately HK\$8.7 million).

## **INTERIM DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the Reporting Period (30 September 2021: Nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **DIRECTORS' SECURITIES TRANSACTIONS**

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

## **CORPORATE GOVERNANCE PRACTICE**

The Company is committed to achieving and maintaining high standards of corporate governance as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders and other stakeholders of the Company, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to promote the interests of the shareholders of the Company.

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

The Company's corporate governance practices are based on the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules and amended from time to time. To the best knowledge and belief of the Directors, the Company has complied with the applicable code provisions of the CG Code throughout the Reporting Period.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 26 September 2016 and comprises the three independent non-executive Directors, namely Ms. Lui Choi Yiu Angela (Chairman), Mr. Leung Sui Chung and Mr. Siu Chun Pong Raymond.

The Group’s unaudited condensed consolidated financial statements for the Reporting Period have not been audited nor reviewed by the Company’s independent auditor, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the Reporting Period comply with the applicable accounting standards and the Listing Rules, and that adequate disclosures have been made.

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

Hong Kong, 18 November 2022

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