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**Zhengwei Group Holdings Company Limited**  
**正味集团控股有限公司**

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

**(Stock Code: 2147)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**FINANCIAL HIGHLIGHTS**

- The Group's revenue for the six months ended 30 June 2023 was approximately RMB191.7 million, representing an increase of approximately 14.8% from approximately RMB167.0 million for the six months ended 30 June 2022.
- Profit for the six months ended 30 June 2023 was approximately RMB29.7 million, representing an increase of approximately 42.1% from approximately RMB20.9 million for the six months ended 30 June 2022.
- Gross profit for the six months ended 30 June 2023 was approximately RMB64.6 million, representing an increase of approximately 19.6% from approximately RMB54.0 million for the six months ended 30 June 2022.

## RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhengwei Group Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023 (“**6MFY2023**”), together with comparative figures for the corresponding period in 2022 (“**6MFY2022**”) as set out below:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
	Notes	2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Revenue	5	191,722	166,956
Cost of sales		<u>(127,160)</u>	<u>(112,987)</u>
Gross profit		64,562	53,969
Other revenue		329	288
Other gains and losses		1,205	266
Distribution and selling expenses		(14,513)	(13,281)
Administrative expenses		(14,753)	(16,706)
Finance costs	6	<u>(1,268)</u>	<u>(1,814)</u>
Profit before income tax expense		35,562	22,722
Income tax expense	7	<u>(5,900)</u>	<u>(1,853)</u>
Profit and total comprehensive income for the period		<u>29,662</u>	<u>20,869</u>
<b>Total comprehensive income for the period attributable to:</b>			
Owner of the Company		<u>29,662</u>	<u>20,869</u>
Earnings per share – Basic and diluted (RMB)	9	<u>0.04</u>	<u>0.03</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at <b>30 June 2023</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2022 <i>RMB'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	40,444	42,131
Right-of-use assets		5,990	6,171
Investment property		–	–
Goodwill		269	269
Intangible assets		262	330
Financial asset at fair value through other comprehensive income		1,233	1,233
Deferred tax assets		490	946
<b>Total non-current assets</b>		<b>48,688</b>	51,080
<b>Current assets</b>			
Inventories	11	78,076	90,671
Trade receivables	12	62,311	64,016
Prepayments, deposits and other receivables	13	455	12,696
Right of return assets		–	1,152
Amounts due from shareholders		–	343
Cash and cash equivalents		296,814	156,831
<b>Total current assets</b>		<b>437,656</b>	325,709
<b>Total assets</b>		<b>486,344</b>	376,789
<b>Current liabilities</b>			
Trade payables	14	42,114	47,763
Contract liabilities		584	506
Other payables and accruals		7,151	21,891
Borrowings	15	35,600	44,477
Lease liabilities		84	84
Income tax payable		4,570	2,024
<b>Total current liabilities</b>		<b>90,103</b>	116,745
<b>Net current assets</b>		<b>347,553</b>	208,964
<b>Total assets less current liabilities</b>		<b>396,241</b>	260,044

	<i>Notes</i>	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>As at 31 December 2022 RMB'000 (Audited)</b>
<b>Non-current liabilities</b>			
Borrowings	<i>15</i>	<u>2,627</u>	<u>1,599</u>
<b>Total non-current liabilities</b>		<u>2,627</u>	<u>1,599</u>
<b>NET ASSETS</b>		<u><u>393,614</u></u>	<u><u>258,445</u></u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	<i>16</i>	55,580	372
Reserves		<u>338,034</u>	<u>258,073</u>
<b>TOTAL EQUITY</b>		<u><u>393,614</u></u>	<u><u>258,445</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Zhengwei Group Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 30 June 2020, as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**HKEx**”) on 13 January 2023.

The registered office of the Company is located at 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands. Its principal place of business is 487 Yuhu Road, Jingji Development Area, Xiaolan, Nanchang County, Nanchang City, Jiangxi Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and the Group, comprising the Company and its subsidiaries, is principally engaged in sourcing, processing and trading of dried delicacies, snacks, dried aquatic products, grains, seasonings and others in the PRC.

The ultimate controlling parties of the Group are Mr. Yang Shengyao (“**Mr. Yang**”) and Ms. Lin Qiuyun (“**Ms. Lin**”), the spouse of Mr. Yang, who are the executive director/the chairman and the executive director of the board of directors of the Company (the “**Controlling Shareholders**”), respectively.

## 2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the Group’s consolidated financial statements for the year ended 31 December 2022 (the “**2022 Annual Financial Statements**”), except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2023.

The preparation of these condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods. The details are disclosed in Note 4.

These condensed consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated. These condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group for the six months ended 30 June 2023. These condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS**”) and should be read in conjunction with the 2022 Annual Financial Statements.

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis. These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2022 Annual Financial Statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2023.

### 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2022 Annual Financial Statements.

### 5. REVENUE

The Group is principally engaged in sourcing, processing and trading of dried delicacies, snacks, dried aquatic products, grains, seasonings and others in the PRC.

Revenue represents the net invoiced value of goods supplied and earned by the Group.

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Dried delicacies	<b>48,518</b>	50,471
Snacks	<b>90,735</b>	77,467
Dried aquatic products	<b>40,700</b>	29,300
Grains	<b>10,141</b>	8,187
Seasonings and others	<b>1,628</b>	1,531
	<b><u>191,722</u></b>	<u>166,956</u>
<b>Timing of revenue recognition</b>		
At a point in time	<b><u>191,722</u></b>	<u>166,956</u>

## 6. FINANCE COSTS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Interest expenses on bank and other borrowings	1,268	1,813
Interest expenses on lease liabilities	—	1
	<u>1,268</u>	<u>1,814</u>

## 7. INCOME TAX EXPENSE

The amount of income tax expense in the condensed consolidated statements of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Current tax – PRC Enterprise Income Tax (the “PRC EIT”) – for the period	<u>5,443</u>	<u>1,840</u>
Deferred tax – for the period	<u>457</u>	<u>13</u>
Income tax expenses	<u>5,900</u>	<u>1,853</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (“BVI”), the Company incorporated in the Cayman Islands and the Company’s subsidiary incorporated in the BVI are not subject to any income tax.

Hong Kong Profits Tax for the Company’s subsidiary incorporated in Hong Kong has been provided at the rate of 16.5% on the estimated assessable profits.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC EIT of the subsidiaries of the Group is calculated based on the statutory tax rate of 25%, except for the following two subsidiaries. Jiangxi Zhengwei Food Co., Limited\* (江西正味食品有限公司) and Guangchang County Zhenglian Biotechnology Co., Limited\* (廣昌縣正蓮生物科技有限公司) were approved for the High and New Technology Entities (“HNTE”) qualification under the PRC EIT Law and its relevant regulations and are entitled to a preferential tax rate of 15%.

## 8. DIVIDENDS

No interim dividend in respect of the six months ended 30 June 2023 has been proposed by the Directors (Six months ended 30 June 2022: Nil).

## 9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to ordinary equity holders of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Audited)
Profit for the period attributable to owners of the Company for the purpose of computation of basic earnings and diluted earnings per share <i>(RMB'000)</i>	<u><b>29,662</b></u>	<u>20,869</u>
Weighted average number of ordinary shares for the purpose of computation of basic and diluted earnings per share	<u><b>786,666,667</b></u>	<u>600,000,000</u>
Basic and diluted earnings per share <i>(RMB)</i>	<u><b>0.04</b></u>	<u>0.03</u>

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the six-month period ended 30 June 2023 included the weighted average number of shares pursuant to issuance of shares of 200,000,000 shares and 600,000,000 shares assumed to be in issue throughout the six-month period ended 30 June 2023 as referred to below.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the six-month period ended 30 June 2022 was based on 600,000,000 ordinary shares, representing the total number of ordinary shares of the Company immediately after the capitalisation issue of 594,736,800 new shares (the “**Capitalisation Issue**”) as disclosed in the Prospectus, as if all these shares had been in issue throughout the six-month period ended 30 June 2022.

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the six-month period ended 30 June 2023 and 2022.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, additions to the Group’s property, plant and equipment were approximately RMB74,000 (30 June 2022: approximately RMB2,247,000).



## 11. INVENTORIES

	As at <b>30 June</b> <b>2023</b> <i><b>RMB'000</b></i> <b>(Unaudited)</b>	As at 31 December 2022 <i>RMB'000</i> (Audited)
Raw materials	34,635	52,154
Finished goods	27,833	37,554
Finished goods – purchased merchandise	<u>15,608</u>	<u>963</u>
	<u><b>78,076</b></u>	<u><b>90,671</b></u>

## 12. TRADE RECEIVABLES

The Group's trading term with customers are mainly on credit. The credit terms are generally 30 to 90 days.

An ageing analysis, based on the invoice dates, as of 30 June 2023 and 31 December 2022 is as follows:

	As at <b>30 June</b> <b>2023</b> <i><b>RMB'000</b></i> <b>(Unaudited)</b>	As at 31 December 2022 <i>RMB'000</i> (Audited)
Within 1 month	40,640	48,074
1 to 2 months	21,671	15,942
2 to 3 months	–	–
Over 3 months	<u>–</u>	<u>–</u>
	<u><b>62,311</b></u>	<u><b>64,016</b></u>

### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Note</i>	As at <b>30 June</b> <b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2022 <b>RMB'000</b> <b>(Audited)</b>
<b>Current</b>			
Prepayments		349	348
Value added tax recoverable			
Deposit		226	256
Other receivables		—	6,530
		<hr/>	<hr/>
Deferred listing expenses		—	5,682
		<hr/>	<hr/>
Less: Provision for impairment loss recognised		(120)	(120)
		<hr/>	<hr/>
	(a)	<u><b>455</b></u>	<u><b>12,696</b></u>

*Note:*

- (a) The carrying amounts of prepayments and deposits and other receivables were primarily denominated in RMB and approximated their fair values due to their short maturity at the reporting date.

### 14. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

	As at <b>30 June</b> <b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2022 <b>RMB'000</b> <b>(Audited)</b>
Trade payables	<u><b>42,114</b></u>	<u><b>47,763</b></u>

An ageing analysis of trade payables as at the respective reporting dates, based on the invoice dates, is as follows:

	As at <b>30 June</b> <b>2023</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Within 6 months	<u><b>42,114</b></u>	<u>47,763</u>

## 15. BORROWINGS

	As at <b>30 June</b> <b>2023</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
<b>Current</b>		
Bank loans – secured	<u><b>35,600</b></u>	<u>44,477</u>
<b>Non-current</b>		
Bank loans, secured	<u><b>2,627</b></u>	<u>1,599</u>
<b>Total borrowings</b>	<u><b>38,227</b></u>	<u>46,076</u>

## 16. SHARE CAPITAL

	Number '000	Amount US\$'000	Amount RMB'000
Ordinary shares of par value of HK\$0.1 each			
<b>Authorised</b>			
As at 1 January 2022 (audited)	100	100	715
Share subdivision ( <i>Note (i)</i> )	9,900	–	–
Increase in authorised share capital ( <i>Note (ii)</i> )	7,990,000	79,900	557
As at 31 December 2022 (audited) and 30 June 2023 (unaudited)	<u>8,000,000</u>	<u>80,000</u>	<u>1,272</u>
<b>Issued and fully paid</b>			
As at 1 January 2022 (audited)	53	53	372
Share subdivision ( <i>Note (i)</i> )	5,210	–	–
As at 31 December 2022 (audited)	5,263	53	372
Issuance of new shares upon listing	200,000	2,000	13,895
Issuance of shares for Capitalisation Issue	<u>594,737</u>	<u>5,947</u>	<u>41,313</u>
As at 30 June 2023 (unaudited)	<u>800,000</u>	<u>8,000</u>	<u>55,580</u>

### Notes:

- (i) On 20 June 2022, pursuant to the written resolutions passed by the Shareholders, each of the issued and unissued shares with a par value of US\$1.0 in the share capital of the Company was subdivided into 100 Shares of a par value of US\$0.01 each, such that the Company's authorised share capital is US\$100,000 divided into 10,000,000 Shares with a par value of US\$0.01 each.
- (ii) On 16 December 2022, the shareholders further resolved to increase the authorised share capital to US\$80,000,000 divided into 8,000,000,000 Shares with a par value of US\$0.01 each by the creation of an additional 7,990,000,000 new shares, each ranking pari passu with the shares then in issue in all respects.
- (iii) In connection with the Company's issuance of new shares upon listing, the Company allotted and issued 200,000,000 shares of US\$0.01 each at a price of HK\$0.68 per Share on 13 January 2023 as a result of the completion of listing. The gross proceeds from issuance of new shares of approximately RMB121,491,240 of which approximately RMB13,895,000 was credited to the Company's share capital, and the remaining balance of approximately RMB107,596,240 before deduction of share issuance expenses, was credited to share premium account. The share premium account can be used for deduction of share issuance expenses. After the share premium account of the Company being credited as a result of the issuance of new shares upon listing, RMB41,685,000 was capitalised from the share premium account and applied in paying up in full at par 594,736,800 new Shares for allotment and issue to shareholders whose names appear on the register of members of the Company at the close of business on 13 January 2023 in proportion to their respective shareholdings.

## 17. RELATED PARTY DISCLOSURES

### Compensation of key management personnel

The remuneration of the Directors and other members of key management during the periods was as follows:

	Six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Audited)
Fees		
Salaries and other benefits	1,051	285
Contributions to retirement benefits scheme	<u>18</u>	<u>18</u>
	<u><u>1,069</u></u>	<u><u>303</u></u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group mainly produce, and to a lesser extent trade, dried food products and snacks in Jiangxi Province, and to a lesser extent, Sichuan Province and Hubei Province.

#### **Manufacturing business**

For the manufacturing business, we produce and sell a variety of (i) snacks (including vegetable snacks and meat snacks) such as bamboo shoots crisps and roasted duck necks; and (ii) packaged dried food products such as fungi, dried aquatic products, algae, grains and seasonings in the PRC. We generally (i) source raw materials from our suppliers, (ii) process the raw materials and package products at our own production facilities, and (iii) sell the products under our own “Shengyao (聲耀)” and “Gangweifang (贛味坊)” brands to customers including retailers such as supermarkets and grocery stores, corporate customers and other individual customers in the PRC as well as e-commerce channel on Tmall.com.

#### **Trading business**

For the trading business, we purchase dried candied fruit, nuts and other products in bulk from suppliers and sell to retailers and corporate customers without further processing in the PRC.

#### **Sales channels and customer base**

Having over 20 years of history and experience in dried food production and the continuous commitment and effort in maintaining high quality product and emphasis on food safety, the Group has established a solid customer base, including retailers such as supermarkets and grocery stores, corporate customers and other individual customers. Some of our products are sold at concessionary counters in supermarkets where our promoters will promote and interact face-to-face with end consumers to provide useful product information tailored to the interests and needs of individual consumers. During 6MFY2023, our products were mainly sold and delivered to customers located in Jiangxi Province, Hubei Province, Zhejiang Province and Sichuan Province.

#### **Production facilities**

As at the date of this announcement, the Group has two production facilities, namely Nanchang Plant and Guangchang Plant, in Jiangxi Province, the PRC. Nanchang Plant is specialised in the processing and packaging of dried food products and Guangchang Plant is equipped with cooking equipment which is dedicated for the production of snacks.

## **PROSPECT AND OUTLOOK**

As consumers are constantly evolving with their tastes and preferences, the Group will continuously develop and introduce new snack products to keep up with consumer trends. The Group will conduct internal research on popularity of different snacks products and obtain feedback from our retailer customers on acceptance of new flavours and purchase pattern of end consumers in the market. The Group intends to introduce new vegetable snacks such as mushrooms and new meat snacks such as boneless chicken feet, beef jerky, pork trotters, quail eggs and quail meat snacks. With the long-term and established relationship with our retailer customers, our Directors consider that the Group already has stable sales channels to sell and market new snack products readily.

For the second half of 2023, the Group will continue to enhance marketing efforts and expand sales channels to maximise the exposure of its own brands and the accessibility of products to end consumers across the PRC in order to maximise returns for shareholders. In particular, the Group intends to (i) expand sales network and concessionary counter network in supermarkets in Southwestern China, in particular Sichuan Province; (ii) strengthen marketing and promotional efforts in cooperation with supermarket chain customers; and (iii) expand marketing efforts by advertising snacks products through traditional media such as television and commercial broadcasts, advertisements at high-traffic locations as well as social media such as WeChat.

## **FINANCIAL REVIEW**

### **Revenue**

During 6MFY2023, the revenue of the Group mainly represents (i) the sales from manufacturing of snacks and dried food products; and (ii) the sales from trading of snacks and dried food products.

During 6MFY2023, the Group recorded a total revenue of approximately RMB191.7 million, representing an increase of 14.8% from RMB167.0 million for 6MFY2022. The increase was mainly attributable to the increase of sales in snacks and dried aquatic products.

### **Cost of sales**

The cost of sales of the Group mainly comprised of (i) direct materials costs; (ii) production costs; (iii) direct labour costs; and (iv) others.

For 6MFY2023, the Group's cost of sales was approximately RMB127.2 million, representing an increase of 12.5% from approximately RMB113.0 million for 6MFY2022. The above increase was mainly due to the increase in direct material costs which was generally in line with the increase in our revenue.

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

For 6MFY2023, the Group recorded (i) gross profit of approximately RMB64.6 million, representing an increase of 19.6% from RMB54.0 million for 6MFY2022; and (ii) gross profit margin of approximately 33.7%, representing an increase of 1.4% from 32.3% for 6MFY2022. The increase was mainly due to (i) the growth of our sales of approximately RMB24.8 million; and (ii) the increase in sales price of our products in general.

## **Other revenue**

Other revenue mainly comprised government grants, interest income from bank deposits and rental income. Government grants were one-off in nature and mainly represented grants received from the PRC local government authority as subsidies to the Group.

Other revenue of the Group increased from approximately RMB288,000 for 6MFY2022 to approximately RMB329,000 for 6MFY2023, which was mainly attributable to the increase in interest income as a result of the increase in bank deposits.

## **Other gains and losses**

Other gains and losses of the Group increased from approximately RMB0.3 million for 6MFY2022 to approximately RMB1.2 million for 6MFY2023. Such increase was primarily due to the increase in foreign exchange gains and losses.

## **Distribution and selling expenses**

The distribution and selling expenses of the Group remained relatively stable at approximately RMB13.3 million and RMB14.5 million for 6MFY2022 and 6MFY2023, respectively.

## **Administrative expenses**

Administrative expenses mainly comprised of research and development, staff cost, legal and professional expenses, depreciation and amortization, other taxes, entertainment and transportation expenses, office expenses and others. The administrative expenses of the Group decreased from approximately RMB16.7 million for 6MFY2022 to approximately RMB14.8 million for 6MFY2023.

## **Profit for 6MFY2023**

The Group's profit for 6MFY2023 was approximately RMB29.7 million, as compared to approximately RMB20.9 million in 6MFY2022.



## Net current assets

The net current assets of the Group increased from approximately RMB209.0 million for 6MFY2022 to approximately RMB347.6 million for 6MFY2023. The increase was primarily due to the increase in cash and cash equivalents of approximately RMB140.0 million.

## Liquidity and capital resources

To manage liquidity risk, the Board closely monitors the Group's liquidity position and its compliance with lending covenants in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet its liquidity requirements in the short and long term.

	<b>6MFY2023</b> <i>RMB'000</i>	<b>6MFY2022</b> <i>RMB'000</i>
Net cash generated from/(used in) operating activities	<b>37,250</b>	48,725
Net cash used in investing activities	<b>402</b>	(2,059)
Net cash generated from/(used in) financing activities	<b>102,331</b>	(35,792)
Net increase in cash and cash equivalents	<b><u>139,983</u></b>	<b><u>10,874</u></b>

As at 30 June 2023, the Group's cash and cash equivalents amounted to approximately RMB296.8 million, representing an increase of approximately 89.3% from approximately RMB156.8 million as at 31 December 2022.

## Gearing ratio

The gearing ratio as at 30 June 2023 was approximately 9% (as at 31 December 2022: approximately 15%). Such decrease was mainly attributable to the decrease in borrowings of approximately RMB7.8 million and the increase in cash and cash equivalents of approximately RMB140.0 million.

## Significant investment held

During 6MFY2023, the Group had no significant investment and material investment plans, the fair value of which accounted for more than 5% of the Group's total assets.

## **Material acquisitions and disposals of subsidiaries, associates and joint ventures**

The Group had no material acquisition or disposal of subsidiaries, associates and joint ventures for 6MFY2023.

## **Capital commitments and contingent liabilities**

As at 30 June 2023, the Group had no significant capital commitments or contingent liabilities.

## **Foreign exchange risks**

During 6MFY2023, the Group had not adopted any foreign currency hedging policy. However, our management will regularly monitor foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

## **Employees and remuneration**

As of 30 June 2023, the Group had a total of 716 employees, compared to 671 employees as of 30 June 2022. The increase in the number of employees was due to the corresponding increase in sales and the need for more production staff in the factories. The Group's remuneration policies were determined with reference to the performance, qualification and experience of individual employee, as well as the results of the Group and the market condition. The Group contributed in respect of our employees in the PRC social security funds including, pension insurance, medical insurance, unemployment insurance, occupational injury insurance, insurance for maternity leave and housing provident fund contributions as required under the PRC laws and regulations.

## **USE OF PROCEEDS FROM GLOBAL OFFERING**

The shares of the Company (the "**Shares**") were listed on the Stock Exchange since 13 January 2023 (the "**Listing Date**"). Based on the offer price of HK\$0.68 per Share, the net proceeds from the global offering, after deducting listing related expenses, amounted to approximately HK\$97.3 million (the "**Net Proceeds**"), which is lower than the estimated net proceeds of approximately HK\$110.7 million as disclosed in the prospectus of the Company dated 30 December 2022 (the "**Prospectus**"). The difference of approximately HK\$13.4 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the section headed "Future Plans And Use Of Proceeds" in the Prospectus. Nevertheless, the Directors will constantly evaluate the business objectives of the Group and may change or modify the plan against changing market conditions to ascertain the business growth of the Group.

As at 30 June 2023, the Group had utilised the Net Proceeds as set out in the table below:

Intended application of the net proceeds	Percentage of total net proceeds	Estimated planned allocation <i>HK\$ million</i>	Adjusted planned allocation <i>HK\$ million</i>	Utilised amount up to 30 June 2023 <i>HK\$ million</i>	Unutilised amount as at 30 June 2023 <i>HK\$ million</i>	Expected timetable for utilising the planned allocation
Building a new factory and acquiring new production lines in the Group's Guangchang Plant	74.1%	82.0	72.1	–	72.1	On or before 30 June 2024
Enhancing the Group's marketing efforts and expanding the Group's sales channels	15.9%	17.6	15.5	5.1	10.4	On or before 31 December 2024
Working capital and other general corporate purposes	10.0%	11.1	9.7	2.4	7.3	On or before 31 December 2024
Total	<u>100%</u>	<u>110.7</u>	<u>97.3</u>	<u>7.5</u>	<u>89.8</u>	

The Company intends to continue to apply the Net Proceeds in the manner consistent with that mentioned above.

The unutilised net proceeds have been placed in short-term interest-bearing accounts with licensed banks in Hong Kong. In the event that the Directors decide to use such net proceeds in a manner different from that stated in the Prospectus, the Company will issue further announcement in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

## EVENT AFTER THE REPORTING PERIOD

### Rule 13.17 of the Listing Rules disclosure

On 28 July 2023, Jiangxi Zhengwei Food Co., Ltd.\* (江西正味食品有限公司) (“**Jiangxi Zhengwei**”) and Jiangxi Leweijia Food Co., Ltd.\* (江西樂味佳食品有限公司) (“**Jiangxi Leweijia**”), each an indirect wholly-owned subsidiary of the Company, entered into a supply chain service agreement with Nanchang County Cultural Tourism Investment Co., Ltd.\* (南昌縣文化旅遊投資有限公司) (“**Nanchang Tourism**”), an independent third party. Pursuant to which, Shengyao Investment Group Limited (“**Shengyao Investment**”), one of the controlling shareholders of the Company and a company wholly-owned by Mr. Yang Shengyao (“**Mr. Yang**”), the chairman, an executive Director and one of the controlling shareholders of the Company, has agreed to pledge 146,000,000 shares of nominal value of US\$0.01 each in the share capital of the Company (the “**Pledged Shares**”) held by it in favour of Nanchang Tourism as security for a financial assistance (the “**Financial Assistance**”) in the limit of up to RMB60,000,000 provided by Nanchang Tourism to Jiangxi Zhengwei and Jiangxi Leweijia.

As at the date of this announcement, (i) Shengyao Investment holds 190,207,478 Shares, representing approximately 23.78% of the issued share capital of the Company; and (ii) the 146,000,000 Pledged Shares under the share charge agreement represent approximately 18.25% of the issued share capital of the Company. The Pledged Shares is expected to be discharged and released upon repayment of the Financial Assistance in full.

Please refer to the announcement of the Company dated 28 July 2023 for further details. Saved as disclosed above, there are no other material events affecting the Group since 30 June 2023 and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities since the Listing Date and up to the date of this announcement.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders of the Company (the “**Shareholder(s)**”) and to enhance corporate value and accountability.

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules (the "**CG Code**"). Throughout the period from the Listing Date to the date of this announcement, save for the deviation from code provision C.2.1 of the CG Code as disclosed in the paragraph headed "Chairman and Chief Executive Officer" below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code.

### **Chairman and Chief Executive Officer**

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. Mr. Yang is the chairman of the Board and the chief executive officer of the Company. Considering that Mr. Yang has been operating and managing the Group since its foundation, the Board believes that it is in the best interest of the Group to have Mr. Yang taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS OF LISTED ISSUERS**

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors and supervisors' securities transactions since the Listing Date and up to the date of this announcement.

### **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (year ended 31 December 2022: nil). There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, Mr. Lau Jing Yeung William, Mr. Li Taihong and Mr. Lee Kwok Tung Louis. Mr. Lau Jing Yeung William is the chairman of the Audit Committee. The primary duties of the Audit Committee include but not limited to supervising our internal control, risk management, financial information disclosure and financial reporting matters. Their composition and written terms of reference are in line with the CG Code.

The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2023 and discussed with the management of the Company and is of the view that such financial information have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the Audit Committee of the Company.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement for the six months ended 30 June 2023 is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([zhengwei100.com](http://zhengwei100.com)), and the interim report for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the aforesaid websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Zhengwei Group Holdings Company Limited**  
**Mr. Yang Shengyao**  
*Chairman*

Hong Kong, 30 August 2023

*As at the date of this announcement, the executive Directors are Mr. Yang Shengyao, Ms. Lin Qiuyun and Mr. Li Hui; and the independent non-executive Directors are Mr. Li Taihong, Mr. Lau Jing Yeung William and Mr. Lee Kwok Tung Louis.*