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**CHINA WANTIAN HOLDINGS LIMITED**

**中國萬天控股有限公司**

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

**(Stock Code: 1854)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of China Wantian Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 31 December 2023, together with the comparative figures for the year ended 31 March 2023, as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2023

		<b>Period from 1 April 2023 to 31 December 2023</b>	Year ended 31 March 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	<b>194,109</b>	202,136
Cost of sales		<u>(165,114)</u>	<u>(166,251)</u>
<b>Gross profit</b>		<b>28,995</b>	35,885
Other income and gain	6	<b>1,719</b>	2,979
Selling expenses		<b>(13,755)</b>	(7,807)
Administrative expenses		<b>(89,884)</b>	(44,556)
Impairment losses under expected credit loss model	7	<u><b>(2,116)</b></u>	<u>(4,351)</u>
<b>Operating loss</b>		<b>(75,041)</b>	(17,850)
Interest income	8	<b>182</b>	176
Finance costs	8	<u><b>(1,257)</b></u>	<u>(1,138)</u>
Finance costs – net	8	<b>(1,075)</b>	(962)
Gain/(loss) on change in fair value of contingent consideration payable	17	<b>30,486</b>	(5,545)
Share of loss of a joint venture		<u>–</u>	<u>(17)</u>
<b>Loss before income tax</b>	7	<b>(45,630)</b>	(24,374)
Income tax credit/(expense)	9	<u><b>8</b></u>	<u>(3,354)</u>
<b>Loss for the period/year</b>		<b>(45,622)</b>	(27,728)
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences arising from translation of foreign operations		<u><b>284</b></u>	<u>116</u>
Other comprehensive income for the period/year, net of tax		<u><b>284</b></u>	<u>116</u>
<b>Total comprehensive income for the period/year</b>		<u><b>(45,338)</b></u>	<u>(27,612)</u>
<b>Loss per share (HK cents)</b>	11		
Basic		<u><b>(2.48)</b></u>	<u>(1.68)</u>
Diluted		<u><b>(2.48)</b></u>	<u>(1.68)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		As at 31 December 2023 <i>HK\$'000</i>	As at 31 March 2023 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		34,951	38,054
Right-of-use assets		50,618	52,991
Goodwill	12	12,821	42,752
Deposits, prepayments and other receivables	13	31	9
		<u>98,421</u>	<u>133,806</u>
		-----	-----
<b>Current assets</b>			
Inventories		4,278	2,972
Trade receivables	13	30,315	41,012
Deposits, prepayments and other receivables	13	22,930	7,407
Amounts due from related parties	18	2,590	718
Financial assets at fair value through profit or loss		1,015	–
Bank deposits		16,605	–
Cash and cash equivalents		61,627	30,415
		<u>139,360</u>	<u>82,524</u>
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<b>Current liabilities</b>			
Trade payables	14	2,163	12,137
Accruals and other payables	14	9,435	4,006
Bank borrowings		10,777	13,350
Loans from the intermediate holding company		–	13,000
Amounts due to related parties	18	1,190	1,216
Lease liabilities		8,987	4,130
Tax payable		1,879	2,964
Contingent consideration payable	17	–	15,661
		<u>34,431</u>	<u>66,464</u>
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		<b>As at 31 December 2023 HK\$'000</b>	<b>As at 31 March 2023 HK\$'000</b>
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>1,938</b>	2,068
Lease liabilities		<b>4,703</b>	5,625
Contingent consideration payable	17	<u>–</u>	<u>30,486</u>
		<b>6,641</b>	38,179
		<u>6,641</u>	<u>38,179</u>
<b>Net Current Assets</b>		<b>104,929</b>	16,060
		<u>104,929</u>	<u>16,060</u>
<b>NET ASSETS</b>		<b>196,709</b>	111,687
		<u>196,709</u>	<u>111,687</u>
<b>Capital and reserves</b>			
Share capital	15	<b>19,122</b>	15,475
Reserves	15	<b>177,587</b>	96,212
		<u>177,587</u>	<u>96,212</u>
<b>TOTAL EQUITY</b>		<b>196,709</b>	111,687
		<u>196,709</u>	<u>111,687</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 31 December 2023*

	Share capital <i>(Note 15)</i> <i>HK\$'000</i>	Share premium <i>(Note 15)</i> <i>HK\$'000</i>	Other reserve <i>(Note 15)</i> <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Translation reserve <i>(Note 15)</i> <i>HK\$'000</i>	Retained earnings/ (accumulated losses) <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
As at 1 April 2022	15,120	82,151	100	–	–	22,653	120,024
Loss for the year	–	–	–	–	–	(27,728)	(27,728)
Other comprehensive income	–	–	–	–	116	–	116
Total comprehensive income	–	–	–	–	116	(27,728)	(27,612)
Issue of new shares upon exercise of share options <i>(Note 15)</i>	264	10,853	–	(2,682)	–	–	8,435
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary <i>(Note 15)</i>	91	4,856	–	–	–	–	4,947
Recognition of equity-settled share-based payments	–	–	–	5,893	–	–	5,893
As at 31 March 2023 and 1 April 2023	15,475	97,860	100	3,211	116	(5,075)	111,687
Loss for the period	–	–	–	–	–	(45,622)	(45,622)
Other comprehensive income	–	–	–	–	284	–	284
Total comprehensive income	–	–	–	–	284	(45,622)	(45,338)
Issue of new shares upon rights issue, net <i>(Note 15)</i>	3,095	99,217	–	–	–	–	102,312
Issue of new shares upon exercise of share options <i>(Note 15)</i>	277	10,885	–	(2,733)	–	–	8,429
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary <i>(Note 15)</i>	275	15,386	–	–	–	–	15,661
Recognition of equity-settled share-based payments	–	–	–	3,958	–	–	3,958
As at 31 December 2023	<u>19,122</u>	<u>223,348</u>	<u>100</u>	<u>4,436</u>	<u>400</u>	<u>(50,697)</u>	<u>196,709</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2023

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 6 April 2016 as an exempted company with limited liability under Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is Suite 2106, 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 services; and (iii) environmental protection and technology services.

In the opinion of the directors of the Company, Ace Source Holdings Limited, a company incorporated in the British Virgin Islands (“**BVI**”), is the immediate parent; and Wise Global Holding Limited, a company incorporated in the BVI, is the ultimate parent of the Company.

### 2. CHANGES IN ACCOUNTING POLICIES

#### (a) Adoption of new and amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) – from 1 April 2023

The Hong Kong Institute of Certified Public Accountants has issued a new and several amended HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

None of these amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that are not yet effective for the current accounting period.

**(b) Amended HKFRSs that have been issued but are not yet effective**

The following amended HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ <b>2020 Amendments</b> ”) <sup>1,4</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ <b>2022 Amendments</b> ”) <sup>1,4</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

These amendments are either currently not relevant to the Group or are not expected to have material impact on the Group in the current or future reporting periods and in the foreseeable future.

**3. BASIS OF PREPARATION**

**(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Main Board of the Stock Exchange.

**(b) Change of financial year end date**

On 6 September 2023, the Board announced that the financial year end date of the Company has been changed. The new financial year-end date is 31 December commencing from the financial period ended 31 December 2023. This change was implemented to align its financial year end date with that of its operating subsidiaries in the People’s Republic of China (“**PRC**”) in accordance with the relevant statutory requirements. Accordingly, the accompanying consolidated financial statements for the current financial period covers a nine months’ period from 1 April 2023 to 31 December 2023. The comparative figures, however, encompass a twelve months’ period from 1 April 2022 to 31 March 2023, and hence are not directly comparable.

(c) **Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(d) **Functional and presentation currencies**

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) except otherwise stated.

**4. REVENUE**

An analysis of the Group’s disaggregation of revenue from contracts with customers for the period/year is as follows:

	<b>Period from 1 April 2023 to 31 December 2023 HK\$’000</b>	<b>Year ended 31 March 2023 HK\$’000</b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Food supply	<b>181,082</b>	196,462
Catering services	<b>12,171</b>	4,925
Environmental protection and technology services	<b>856</b>	749
	<b>194,109</b>	<b>202,136</b>
<b>Timing of revenue recognition</b>		
At a point in time	<b>193,253</b>	201,387
Transferred over time	<b>856</b>	749
	<b>194,109</b>	<b>202,136</b>

## 5. SEGMENT INFORMATION

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

During the year ended 31 March 2023, the Group reorganised its internal reporting structure, which resulted in changes to the composition of its reportable segment. Information reported to the CODM, for the purposes of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided.

For the ‘food supply’ segment, the information reported to the CODM is further categorised into two operations, which are sourcing, processing and supplying of food ingredients in Hong Kong, and the commencement of a new business during the year ended 31 March 2023 engaging in trading of live cattle, food ingredients and aquatic products in the PRC, along with the acquisition of Champion Point Limited (as detailed in Note 16). Each of the two operations is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as ‘food supply’ because the CODM considered these individual operating segments carry the similar nature of products, which are ultimately consumable fresh food ingredients, and the class of customer and the methods used to distribute their products are also similar.

In addition to the above reportable segment, the Group commenced two businesses engaging in catering services and environmental protection and technology services respectively in the PRC. Each of them is considered as a new operating and reportable segment by the CODM during the year ended 31 March 2023.

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

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable segments for the period ended 31 December 2023 and the year ended 31 March 2023, respectively:

	Food supply		Catering services		Environmental protection and technology services		Unallocated		Total	
	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue										
Revenue from external customers	<b>181,082</b>	196,462	<b>12,171</b>	4,925	<b>856</b>	749	-	-	<b>194,109</b>	202,136
Profit/(loss) for the period/year before the following items:	<b>5,819</b>	8,516	<b>(21,915)</b>	(6,245)	<b>(733)</b>	(834)	<b>(27,881)</b>	(25,092)	<b>(44,710)</b>	(23,655)
Gain on disposal of property, plant and equipment	30	-	-	-	-	-	-	-	30	-
Gain on termination of leases	-	-	125	-	-	-	-	260	125	260
Interest income	180	174	1	-	-	-	1	2	182	176
Finance costs	(525)	(525)	(276)	(139)	-	-	(456)	(474)	(1,257)	(1,138)
Share of loss of a joint venture	-	(17)	-	-	-	-	-	-	-	(17)
Profit/(loss) before taxation	<b>5,504</b>	8,148	<b>(22,065)</b>	(6,384)	<b>(733)</b>	(834)	<b>(28,336)</b>	(25,304)	<b>(45,630)</b>	(24,374)
Income tax credit/(expense)	8	(3,311)	-	(43)	-	-	-	-	8	(3,354)
Segment results	<b>5,512</b>	4,837	<b>(22,065)</b>	(6,427)	<b>(733)</b>	(834)	<b>(28,336)</b>	(25,304)	<b>(45,622)</b>	(27,728)

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 represent the profit earned or loss incurred by each segment. This is the measure reported to the CODM 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 31 December 2023 and 31 March 2023, respectively:

	Food supply		Catering services		Environmental protection and technology services		Total	
	As at 31 December 2023 HK\$'000	As at 31 March 2023 HK\$'000	As at 31 December 2023 HK\$'000	As at 31 March 2023 HK\$'000	As at 31 December 2023 HK\$'000	As at 31 March 2023 HK\$'000	As at 31 December 2023 HK\$'000	As at 31 March 2023 HK\$'000
Assets before following items:	165,712	148,414	16,530	16,484	202	133	182,444	165,031
Goodwill	12,821	42,752	-	-	-	-	12,821	42,752
Segment assets	178,533	191,166	16,530	16,484	202	133	195,265	207,783
Unallocated assets							42,516	8,547
Consolidated assets							<u>237,781</u>	<u>216,330</u>
Segment liabilities	17,441	76,788	14,398	7,217	101	72	31,940	84,077
Unallocated liabilities							9,132	20,566
Consolidated liabilities							<u>41,072</u>	<u>104,643</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, including bank balances and cash of HK\$27,855,000. Assets used jointly by operating segments are allocated on the basis of revenues earned by individual operating segments.
- All liabilities are allocated to reportable segments except for certain financial liabilities which are managed on a group basis. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

(c) Other segment information

	Food supply		Catering services		Environmental protection and technology services		Unallocated		Total	
	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023	Period from 1 April 2023 to 31 December 2023	Year ended 31 March 2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions to non-current assets (Note)	1,141	149	14,147	18,315	-	-	7,253	6,894	22,541	25,358
Depreciation of property, plant and equipment	2,725	3,568	3,357	1,584	-	-	337	160	6,419	5,312
Depreciation of right-of-use assets	1,390	1,812	2,367	1,053	-	-	2,592	2,250	6,349	5,115
Gain on disposal of investment in joint venture	-	(84)	-	-	-	-	-	-	-	(84)
Impairment losses under expected credit loss model	2,034	4,346	81	4	1	1	-	-	2,116	4,351
(Gain)/loss on change in fair value of contingent consideration payable	-	-	-	-	-	-	(30,486)	5,545	(30,486)	5,545
Impairment loss on property, plant and equipment	-	-	4,497	-	-	-	440	-	4,937	-
Impairment loss on right-of-use assets	-	-	3,773	-	-	-	1,469	-	5,242	-
Impairment loss on goodwill	29,931	-	-	-	-	-	-	-	29,931	-

Note: Additions to non-current assets included the additions of property, plant and equipment and right-of-use assets.

**(d) Information about major customers**

Revenue from customer of the corresponding period/year contributing over 10% of the total revenue of the Group is as follows:

	<b>Period from 1 April 2023 to 31 December 2023 HK\$'000</b>	<b>Year ended 31 March 2023 HK\$'000</b>
Customer A from food supply segment	<b>33,961</b>	27,651

**(e) Geographical information**

The Group's operations are located in both Hong Kong and the PRC (for the year ended 31 March 2023: 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 or the services are provided) and non-current assets (based on the geographical location of the assets):

	<b>Revenue from external customers</b>		<b>Non-current assets (Note)</b>	
	<b>Period from 1 April 2023 to 31 December 2023 HK\$'000</b>	<b>Year ended 31 March 2023 HK\$'000</b>	<b>As at 31 December 2023 HK\$'000</b>	<b>As at 31 March 2023 HK\$'000</b>
Hong Kong	<b>100,337</b>	139,166	<b>74,902</b>	73,252
PRC	<b>93,772</b>	62,970	<b>23,488</b>	60,545
	<b>194,109</b>	202,136	<b>98,390</b>	133,797

*Note:* Non-current assets excluded financial instruments.

## 6. OTHER INCOME AND GAIN

	<b>Period from 1 April 2023 to 31 December 2023 HK\$'000</b>	Year ended 31 March 2023 HK\$'000
Government grants ( <i>Note</i> )	25	1,440
Sundry income	440	535
Service income from the intermediate holding company	951	660
Service income from a related party	148	–
Gain on disposal of property, plant and equipment	30	–
Gain on disposal of joint venture	–	84
Gain on termination of lease	125	260
	<u>1,719</u>	<u>2,979</u>

*Note:*

For the period ended 31 December 2023, government grants of approximately HK\$25,000 refer to the amount of grants obtained from the SME Export Marketing Fund launched by the Government of Hong Kong to encourage small and medium enterprises to expand their markets outside Hong Kong by providing financial assistance to them for participation in export promotion activities.

For the year ended 31 March 2023, government grants of approximately HK\$1,440,000 refer to the amount of grants obtained from the Employment Support Scheme under the Anti-epidemic Fund launched by the Government of Hong Kong supporting the payroll of the Group's employees. The Group does not have other unfulfilled obligations relating to this programme.

## 7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Period from 1 April 2023 to 31 December 2023 HK\$'000	Year ended 31 March 2023 HK\$'000
Cost of inventories	144,245	137,044
Employee benefit expenses	34,390	34,408
Employee benefit expenses – including directors' emoluments	30,432	28,515
Share-based payment expenses	3,958	5,893
Auditor's remuneration		
– Audit related services	1,380	1,150
– Non-audit services	70	150
Depreciation of property, plant and equipment	6,419	5,312
Depreciation on right-of-use assets	6,349	5,115
Impairment losses under expected credit loss model	2,116	4,351
Impairment loss on property, plant and equipment	4,937	–
Impairment loss on right-of-use assets	5,242	–
Impairment loss on goodwill ( <i>Note 12</i> )	29,931	–
(Gain)/loss on change in fair value of contingent consideration payable ( <i>Note 17</i> )	(30,486)	5,545
Operating leases (short-term leases)	688	1,026
Transportation expenses	10,155	14,543
Professional and consulting fees	3,607	3,030
Foreign exchange differences, net	(20)	(7)
	<u>                    </u>	<u>                    </u>

## 8. FINANCE COSTS – NET

	Period from 1 April 2023 to 31 December 2023 HK\$'000	Year ended 31 March 2023 HK\$'000
Interest expenses on bank borrowings	521	524
Interest expenses on loans from the intermediate holding company	171	203
Interest expenses on lease liabilities	565	411
Finance costs	<u>1,257</u>	<u>1,138</u>
Interest income	<u>(182)</u>	<u>(176)</u>
Finance costs – net	<u>          1,075</u>	<u>          962</u>

## 9. INCOME TAX (CREDIT)/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 the Cayman Islands income tax.

### Hong Kong Profits Tax

The Hong Kong Profits Tax is calculated at the rate of 16.5% (for the year ended 31 March 2023: 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.

### PRC Enterprise Income Tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the period/year.

Certain subsidiaries have been approved as small low-profit enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 5%.

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

	<b>Period from 1 April 2023 to 31 December 2023 HK\$'000</b>	<b>Year ended 31 March 2023 HK\$'000</b>
<b>Current income tax</b>		
Hong Kong Profits Tax	38	1,835
PRC Enterprise Income Tax	84	1,263
	<u>122</u>	<u>3,098</u>
<b>Deferred income tax</b>		
– Current period/year provision	(130)	256
Income tax (credit)/expense	<u>(8)</u>	<u>3,354</u>

## 10. DIVIDEND

The board does not recommend the payment of a final dividend for the period ended 31 December 2023 (for the year ended 31 March 2023: HK\$nil).

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

	<b>Period from 1 April 2023 to 31 December 2023</b>	Year ended 31 March 2023
Loss attributable to equity holders of the Company ( <i>HK\$'000</i> )	<u><b>(45,622)</b></u>	<u>(27,728)</u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><b>1,837,360,000</b></u>	<u>1,653,369,000</u>

The weighted average number of ordinary shares for the purpose of basic loss per share for current and prior reporting periods has been adjusted to reflect the effect of the rights issue completed on 13 June 2023 with details as set out in Note 15.

The diluted loss per share is the same as the basic loss per share for the period ended 31 December 2023 and the year ended 31 March 2023 as the impact of the dilution of the share options and the contingent consideration shares payable as mentioned in Note 17 are anti-dilutive.

**12. GOODWILL**

	<i>HK\$'000</i>
<b>COST</b>	
As at 1 April 2022	–
Acquired through business combination ( <i>Note 16</i> )	<u>42,752</u>
As at 31 March 2023, 1 April 2023 and 31 December 2023	<u>42,752</u>
<b>ACCUMULATED IMPAIRMENT</b>	
As at 1 April 2022, 31 March 2023 and 1 April 2023	–
Impairment loss recognised in the period	<u>29,931</u>
As at 31 December 2023	<u>29,931</u>
<b>NET BOOK VALUE</b>	
As at 31 March 2023	<u><u>42,752</u></u>
As at 31 December 2023	<u><u>12,821</u></u>

Goodwill arose because the consideration paid for the acquisition effectively included amounts in relation to the benefits of revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill or impairment thereof recognised is expected to be deductible for income tax purposes.

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to the business as follows:

	As at 31 December 2023 <i>HK\$'000</i>	As at 31 March 2023 <i>HK\$'000</i>
Acquisition of Champion Point Limited in the food supply segment	<u>12,821</u>	<u>42,752</u>

Goodwill associated with the above-mentioned business arose when the business combination was completed, details of which are set out in Note 16.

During the period ended 31 December 2023, the directors of the Company determine that impairment loss of approximately HK\$29,931,000 had been recognised to the carrying amount of goodwill of this CGU included in the food supply segment (for the year ended 31 March 2023: HK\$nil).

### 13. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2023 <i>HK\$'000</i>	As at 31 March 2023 <i>HK\$'000</i>
<b>Trade receivables</b> ( <i>Note</i> )		
– Related parties	173	–
– Third parties	<u>30,142</u>	<u>41,012</u>
	<u>30,315</u>	<u>41,012</u>
Trade deposits paid	17,655	4,266
Prepayments	1,628	532
Other receivables	1,772	1,552
Deposits	<u>1,906</u>	<u>1,066</u>
	<u>22,961</u>	<u>7,416</u>
Less: non-current portion: deposits, prepayments and other receivables	<u>(31)</u>	<u>(9)</u>
Deposits, prepayments and other receivables included in current assets	<u>22,930</u>	<u>7,407</u>

Note:

	<b>As at 31 December 2023 HK\$'000</b>	As at 31 March 2023 HK\$'000
Trade receivables	<b>41,608</b>	56,683
Less: loss allowance	<b>(11,293)</b>	(15,671)
	<b>30,315</b>	41,012

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 (for the year ended 31 March 2023: 0 to 120 days). The ageing analysis of the trade receivables based on invoice date is as follows:

	<b>As at 31 December 2023 HK\$'000</b>	As at 31 March 2023 HK\$'000
1 to 30 days	<b>13,169</b>	33,201
31 to 60 days	<b>6,821</b>	3,166
61 to 90 days	<b>3,176</b>	1,627
91 to 120 days	<b>2,765</b>	929
Over 120 days	<b>15,677</b>	17,760
Total	<b>41,608</b>	56,683

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 other than certain receivables which are assessed individually, these receivables have been grouped based on shared credit risk characteristics and the days past due.

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. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 31 December 2023 <i>HK\$'000</i>	As at 31 March 2023 <i>HK\$'000</i>
Trade payables ( <i>Note</i> )		
– Related parties	–	65
– Third parties	<u>2,163</u>	<u>12,072</u>
	<u>2,163</u>	<u>12,137</u>
Other payables and accruals		
– Accruals for staff costs	3,629	2,214
– Renovation payables	3,130	–
– Other payables and other accruals	<u>2,676</u>	<u>1,792</u>
	<u>9,435</u>	<u>4,006</u>
	<u><b>11,598</b></u>	<u><b>16,143</b></u>

*Note:*

As at 31 December 2023 and 31 March 2023, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December 2023 <i>HK\$'000</i>	As at 31 March 2023 <i>HK\$'000</i>
0 to 30 days	1,815	8,535
31 to 60 days	163	1,411
61 to 90 days	123	1,456
91 to 120 days	<u>62</u>	<u>735</u>
	<u><b>2,163</b></u>	<u><b>12,137</b></u>

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

## 15. SHARE CAPITAL AND RESERVES

### (a) Share capital

	Number of ordinary shares (in thousand)	Nominal value of ordinary shares HK\$'000
<b>Authorised share capital</b>		
Ordinary shares of HK\$0.01 each		
As at 1 April 2022, 31 March 2023, 1 April 2023, and 31 December 2023	2,000,000	20,000
<b>Issued and fully paid</b>		
Ordinary shares of HK\$0.01 each		
As at 1 April 2022	1,512,000	15,120
Issue of new shares upon exercise of share options ( <i>Note (i)</i> )	26,360	264
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary ( <i>Note (ii)</i> )	9,160	91
As at 31 March 2023 and 1 April 2023	1,547,520	15,475
Issue of new shares upon rights issue ( <i>Note (iii)</i> )	309,504	3,095
Issue of new shares upon exercise of share options ( <i>Note (i)</i> )	27,700	277
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary ( <i>Note (ii)</i> )	27,490	275
As at 31 December 2023	1,912,214	19,122

#### Notes:

- (i) Pursuant to the share option scheme adopted on 26 September 2016:
- 23,860,000 new shares were issued on 25 July 2022 upon exercise of share options;
  - 2,500,000 new shares were issued on 26 September 2022 upon exercise of share options;
  - 3,870,000 new shares were issued on 1 August 2023 upon exercise of share options; and
  - 23,830,000 new shares were issued on 7 August 2023 upon exercise of share options.
- (ii) Pursuant to the Share Purchase Agreement (as defined in Note 16), details of which are set out in Note 16:
- 9,160,000 new shares were issued to Mr. Kwong Ping Man on 25 November 2022; and
  - 27,490,000 new shares were issued to Mr. Kwong Ping Man on 1 August 2023.

- (iii) a rights issue of one rights share for every five existing shares held by members on the register of members was made on 13 June 2023 at an issue price of HK\$0.36 per share, resulting in an issue of 309,504,000 new shares for a total cash consideration, before expenses, of approximately HK\$111,421,000.
- (iv) All the new shares rank *pari passu* with the existing shares in all respects.
- (v) Subsequent to the end of the reporting period, upon the passing of an ordinary resolution at the extraordinary general meeting of the Company held on 6 February 2024, the increase in authorised share capital became unconditional and effective. Accordingly, with effect from 6 February 2024, the authorised share capital of the Company has increased to HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.

**(b) Reserves**

Details of movements on the Group's reserves are set out in the consolidated statement of changes in equity.

**(i) Share premium**

Share premium of the Company represents the excess of the proceeds received over the nominal value of the Company's shares issued.

**(ii) Other reserve**

Other reserve of the Company mainly represents the difference of the nominal value of the shares issued and the net asset value of the subsidiaries of the Company upon the reorganisation in 2016.

**(iii) Translation reserve**

The translation reserve comprises exchange differences relating to the translation of the financial statements of the foreign operations of the Group from their functional currency to the Group's presentation currency, which are recognised directly in other comprehensive income and accumulated in translation reserve.

## 16. BUSINESS COMBINATION

For the year ended 31 March 2023

### *Acquisition of Champion Point Limited (“Champion Point”)*

On 7 November 2022, Great Point Limited (“**Great Point**”), a direct wholly-owned subsidiary of the Company, entered into a share purchase agreement (the “**Share Purchase Agreement**”) with Mr. Kwong Ping Man (“**Mr. Kwong**”), an independent third party, pursuant to which Great Point has conditionally agreed to acquire and Mr. Kwong has conditionally agreed to sell all the issued shares of Champion Point, which indirectly held the entire equity interest of Shenzhen Wealth Source Trading Development Company Limited\* (深圳豐源貿易發展有限公司) (“**Shenzhen Wealth Source**”, together with Champion Point, collectively, “**Champion Point Group**”). The acquisition has been accounted for using the acquisition method. Shenzhen Wealth Source is a company incorporated in the PRC, which is principally engaged in trading of live cattle, food ingredients and aquatic products in the PRC.

The acquisition was subsequently completed on 25 November 2022 (the “**Completion Date**”). The fair value of each of the Consideration Shares (as defined below) was HK\$0.54, being the quoted price of the Company’s shares on the Completion Date. The fair value of the First Tranche Consideration Shares (as defined below) amounted to approximately HK\$4,947,000.

The estimated fair value of such contingent arrangement obligation as at the Completion Date, comprising the Second Tranche Consideration Shares and Third Tranche Consideration Shares (as defined below), amounted to approximately HK\$40,602,000. The fair value of such contingent consideration payable amounted to approximately HK\$46,147,000 as at the end of the reporting period and has been presented separately on the consolidated statement of financial position. The relevant details are set out in Note 17.

The following summarises the consideration transferred, the assets acquired and the liabilities assumed at the date of acquisition:

#### Consideration

	<i>HK\$’000</i>
Consideration Shares issued ( <i>Note (i)</i> )	4,947
Contingent consideration arrangement ( <i>Notes (ii) and (iii)</i> )	40,602
	<hr/>
	45,549
	<hr/> <hr/>

#### *Notes:*

As set out in the Company’s announcements dated 7 November 2022 and 25 November 2022, the consideration for the acquisition would be settled by way of allotment and issue by the Company to Mr. Kwong of 91,660,000 new shares of the Company (the “**Consideration Share(s)**”) in three tranches, of which:

- (i) 9,160,000 Consideration Shares (the “**First Tranche Consideration Shares**”) were allotted and issued upon the completion of the acquisition of Champion Point;

- (ii) 27,490,000 Consideration Shares (the “**Second Tranche Consideration Shares**”) are to be allotted and issued after the issue of the audited financial statement of Shenzhen Wealth Source for the year ended 31 March 2023 (the “**FY2023**”) subject to the consideration adjustment, under which the audited net profit after tax of Shenzhen Wealth Source for the FY2023 (the “**2023 Net Profit**”) shall be between 85% and 100% of the target net profit after tax of Shenzhen Wealth Source for the FY2023 of RMB5,450,000 (equivalent to approximately HK\$6,206,000) (the “**2023 Target Net Profit**”); and
- (iii) 55,010,000 Consideration Shares (the “**Third Tranche Consideration Shares**”) are to be allotted and issued after the issue of the audited financial statement of Shenzhen Wealth Source for the year ending 31 March 2024 (the “**FY2024**”) subject to the consideration adjustment, under which the audited net profit after tax of Shenzhen Wealth Source for the FY2024 (the “**2024 Net Profit**”) shall be between 85% and 100% of the target net profit after tax of Shenzhen Wealth Source for the FY2024 of RMB7,500,000. (equivalent to approximately HK\$8,567,000) (the “**2024 Target Net Profit**”).

Fair values of the identifiable assets and liabilities recognised at the Completion Date were as follows:

	<i>HK\$'000</i>
Trade receivables	9,410
Other receivables	100
Cash and cash equivalents	62
Trade payables	(6,492)
Other payables	(283)
	<u>2,797</u>
<b>Goodwill arising on acquisition:</b>	
Consideration	45,549
Less: fair value of identifiable net assets acquired	(2,797)
	<u>42,752</u>
<b>Net cash inflow arising on acquisition:</b>	
Consideration paid	–
Cash and cash equivalents acquired of	62
	<u><u>62</u></u>

## 17. CONTINGENT CONSIDERATION PAYABLE

	<b>For the period ended 31 December 2023 HK\$'000</b>	For the year ended 31 March 2023 HK\$'000
At the beginning of the reporting period	46,147	–
Addition during the period/year	–	40,602
Settlement during the period/year	<b>(15,661)</b>	–
Net fair value (gain)/loss on financial instruments recognised in profit and loss	<b>(30,486)</b>	5,545
At the end of the reporting period	<b>–</b>	46,147
Analysed to:		
Current portion	–	15,661
Non-current portion	–	30,486

On 7 November 2022, Great Point entered into the Share Purchase Agreement with Mr. Kwong to acquire all the issued shares of Champion Point. The fair value of the consideration of approximately HK\$45,549,000 is to be settled by the Company for the allotment and issue of the Consideration Shares in three tranches. The details of the acquisition of Champion Point are set out in Note 16.

As at 31 December 2023, the directors of the Company have remeasured the remaining contingent consideration to be nil (as at 31 March 2023: approximately HK\$46,147,000), and a gain on remeasurement of approximately HK\$30,486,000 is recognised in profit or loss during the period (for the year ended 31 March 2023: loss on remeasurement of approximately HK\$5,545,000).

The Group recognises the fair value of those contingent considerations for the acquisition, as of their respective acquisition dates as part of the consideration transferred in exchange for the acquired subsidiary. The fair value measurement requires, among other things, significant estimation of post-acquisition performance of the acquired subsidiary and significant judgment on time value of money.

## 18. RELATED PARTY TRANSACTIONS

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

The directors are of the view that the following companies were related parties that had material transactions or balances with the Group during the period ended 31 December 2023 and the year ended 31 March 2023:

<b>Name of the related party</b>	<b>Relationship with the Group</b>
Macy Catering Limited	Mr. Liu Chi Ching (“ <b>Mr. Liu</b> ”), who is an executive director and a substantial shareholder of the Company, has beneficial interest
Winning Tender Limited	Mr. Liu, who is an executive director and a substantial shareholder of the Company, has beneficial interest
WG International Group Limited	This company is controlled by Dr. Hooy Kok Wai (“ <b>Dr. Hooy</b> ”) and Mr. Zhong Xueyong (“ <b>Mr. Zhong</b> ”), who are executive directors and substantial shareholders of the Company
China Wantian International Group Limited	The intermediate holding company of the Group
Greater Bay Area Association of Listed Companies Limited	This company is managed and controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu Sky Farm Co., Limited* (中山萬谷天空農場有限公司)	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu Property Management Co., Ltd.* (中山市萬谷物業管理有限公司)	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu Business Management Co., Ltd.* (中山萬谷商業管理有限公司)	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu Real Estate Investment and Development Co., Ltd.* (中山市萬谷房地產投資開發有限公司)	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu Basket Plaza Investment and Management Co., Ltd.* (中山市萬谷菜籃子廣場投資管理有限公司)	This company is controlled by Dr. Hooy and Mr. Zhong, who are executive directors and substantial shareholders of the Company
Zhongshan Wangu East District Central Market Co., Ltd.* (中山市萬谷東區中心市場有限公司)	This company is controlled by Mr. Zhong, who is an executive director and a substantial shareholder of the Company

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

**(a) Transactions with related parties**

	<b>Period from 1 April 2023 to 31 December 2023 HK\$'000</b>	<b>Year ended 31 March 2023 HK\$'000</b>
<b>Related parties' transactions</b>		
Sales of goods to related companies		
– Winning Tender Limited	–	262
– Macy Catering Limited	<b>439</b>	–
Purchase of goods from a related party		
– Zhongshan Wangu Sky Farm Co., Limited* (中山萬谷天空農場有限公司)	<b>(650)</b>	(591)
Short-term lease, management fees and utilities expenses paid to		
– Zhongshan Wangu Property Management Co., Ltd.* (中山市萬谷物業管理有限公司)	<b>(60)</b>	(113)
– Zhongshan Wangu Business Management Co., Ltd.* (中山萬谷商業管理有限公司)	<b>(2,178)</b>	(547)
– Zhongshan Wangu Real Estate Investment and Development Co., Ltd.* (中山市萬谷房地產投資開發有限公司)	<b>(444)</b>	(517)
– Zhongshan Wangu Basket Plaza Investment and Management Co., Ltd.* (中山市萬谷菜籃子廣場投資管理有限公司)	<b>(2,219)</b>	(1,219)
Service fee received from the intermediate holding company		
– China Wantian International Group Limited	<b>951</b>	660
Service fee received from a related party		
– Greater Bay Area Association of Listed Companies Limited	<b>148</b>	–
Interest expenses on loans from the intermediate holding company		
– China Wantian International Group Limited	<b>(171)</b>	(203)
Service fee paid to a related company		
– WG International Group Limited	<b>–</b>	(184)

**(b) Balances with related parties**

Except as disclosed in Notes 13 and 14, the amounts due from/(to) the related companies are non-trade in nature, unsecured, interest-free and repayable on demand.

\* *The English translation is not the official name and is for reference purposes only*

## MANAGEMENT DISCUSSION AND ANALYSIS

In retrospect of 2023, the global economy was subject to multiple challenges such as geopolitical conflicts, ongoing interest rate hikes by the Federal Reserve and deglobalisation. Amidst the global economic uncertainty, China forged ahead, effectively overcoming the complicated situation underpinned by internal as well as external difficulties and maintaining overall stability of its macro-economy on all fronts. Within this year, ongoing improvements in major economic and social development indicators were achieved and ultimately, a 5.2% overall economic growth was reported, which exceeded expectations. Such growth has provided strong proof for the consistency and resilience of China's development as a robust economy and the nation's status as an important stabilising factor in the global economic development.

Year 2023 has been a significant period with the economy and the society growing towards greener and more coordinated qualitative development. Green development, carbon reduction and sustainable development have become important consensuses of the society and ESG has become a primary driver advancing the development of “a community with a shared future for mankind”. Riding on the favourable trend in social development, China Wantian has risen to the occasion and grown into a remarkable force behind the quest of the society for co-prosperity.

## BUSINESS REVIEW

During the nine months ended 31 December 2023 (the “**period under review**” or the “**Period**”), the Group remained firmly and deeply engaged in the segment pertaining to sustainable and low-carbon green development guided by the broader vision of “letting every household eat well every day”. It vigorously developed its food supply chain business by establishing its presence in the Guangdong-Hong Kong-Macau Bay Area (the “**Greater Bay Area**” or the “**GBA**”) with a global perspective. The Group persisted in the development of the three principal segments of food supply, catering and environmental protection and technology with a strong emphasis on the fulfilment of the dream to enhance people's livelihood and environmental protection in further consolidation of its leading position in the food supply chain of the GBA. As one of the world's largest city clusters, the GBA is expected to grow into a world-class cluster with the largest population and highest economic worth among its global peers by about 2030 given the continuous implementation and deepening of the national strategy relating to the GBA development. On the basis of the above, both the food supply market and the catering market hold out broad prospects for growth.

During the period under review, the Group garnered extensive recognition in Hong Kong's capital market for its broad prospects for development as it successfully enlisted investment funds managed by well-known institutional investors such as Franklin Templeton Investments (Asia) Limited and China Asset Management (Hong Kong) Limited as shareholders. The commitments by star institutional investors have attested to the prospects for sustainable development in the Group's business and enhanced its reputation in Hong Kong's capital market. Subsequently, a social celebrity also became an investor in the Company via a private investment vehicle, further strengthening the confidence of the capital market and the public in the Group's development.

On the business front, the Group vigorously pursued growth in business results and it achieved a leaping growth in the sales revenue driven by the three-thronged business segments, of which food supply remained a pillar for the Group's revenue. Food and dining has always been an important aspect in people's livelihood. As people become increasingly eager in the quest for a pleasant lifestyle, a quality food supply segment will always hold out bright prospects. The Group aims for the food supply business, which is closely associated with people's livelihood, and, through the participation in the material links of the food supply chains for bulk products, supplies "every meal of the residents of the GBA" with quality food, fostering a pleasant lifestyle for the people and a gratifying future for the world.

During the period under review, the Group continued to focus on the development of the food supply chain business, being a pillar segment, by offering more than ten bulk commodities such as meat, vegetables, fruits, seafood, frozen items, eggs and condiments. Connecting people's livelihood on one end and the industry on the other, food supply is a major driver for the Group's future development as well as a key base on which a pleasant lifestyle is created. The Group will enhance its revenue and profitability by introducing diverse categories of food ingredients so that it would grow into a first-rate green brand in the food supply chain of the GBA.

In connection with environmental protection and technology, the Group has developed more than 300 "sky farms" on the back of its core proprietary technologies following the active development of its environmental protection and technology business over the years, as encouraged by the nation's long-term green development policy. Benefiting from the fact that the major cities in the GBA have successively launched education systems emphasising practical curricula, education policies are continuously seen tilting towards quality education and students are required to gain credits in a variety of practical curricula. As such, the Group expects that the trend of quality education will provide a new growth engine for the development of the sky farm. In the new financial year, China Wantian will actively seize development opportunities presented by government policies as well as the urban development trend of revitalising industrial buildings and undeveloped land sites, and continue to extend the outreach of the sky farm to other cities and regions in the GBA so as to enhance the Group's sound reputation in green economic development and further increase its business revenue.

As for catering, the Group seized the historic opportunity arising from the full relaxation of anti-epidemic control measures and the resumption of consumer spending during the year to rapidly open new restaurants and strengthen its restaurant business network in Zhongshan, while at the same time enhancing the service quality of its catering business in the hope that its catering segment will be developed in terms of both quantity and quality. During the period under review, the Group introduced different types of new restaurants and formed a delicatessen regime with diverse types and echelons ranging from western fine dining, Chaozhou cuisine, Thai food, seafood stall dining and authentic Cantonese-style cafes, offering a wide array of dining choices to the residents of Zhongshan and creating a number of reputed local dining brands such as the "Sky Series" and the "Wan Shi Hui Series", which have established a sound brand reputation for China Wantian in the catering sector of the GBA.

Situated in the central business district of Zhongshan, the Group's restaurants benefit from the prime locations and busy pedestrian flow. Many of them have become popular dining venues on the Internet. By offering dining brands in different echelons, the Group has created diverse dining scenes and experience for consumers. In future, China Wantian will continue to explore new development opportunities and the Group expects to achieve a higher level of performance in 2024 in terms of service quality and the revenue generated from the catering segment, as well as a further expansion of its restaurant network into other regions in the GBA.

## **FINANCIAL REVIEW**

As stated in the announcement of the Company dated 6 September 2023, the Board resolved to change the financial year end date of the Company from 31 March to 31 December to align the financial year end date of the Company with that of the subsidiaries of the Company which were incorporated and are operating in the PRC with the financial year end date of 31 December in accordance with the relevant statutory requirements. The change took effect from and including the financial year 2023 of the Company. The Board considers that such change will better facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the current financial period covers the period of nine months from 1 April 2023 to 31 December 2023, which may not be fully comparable to the results of previous years covering the period of twelve months.

The Group's operating results for the Period were contributed by its three businesses, namely (i) food supply; (ii) catering services; and (iii) environmental protection and technology services.

### **Revenue**

The Group's revenue for the Period was approximately HK\$194.1 million (for the year ended 31 March 2023: HK\$202.1 million).

The food supply business remains the main revenue stream of the Group. The revenue generated from the food supply business amounted to approximately HK\$181.1 million for the Period, accounting for approximately 93.3% of the total revenue (for the year ended 31 March 2023: HK\$196.5 million, 97.2%). During the Period, the revenue derived from the GBA market was approximately HK\$80.7 million and accounted for approximately 44.6% of the revenue from the food supply segment (for the year ended 31 March 2023: HK\$57.3 million, 29.2%). The increase in the Group's segment revenue was mainly attributable to the revenue derived from the PRC market contributed by the new fresh food supply of trading of eggs and pork. Revenue derived from the Hong Kong market, which was mainly the provision of vegetables and fruits in Hong Kong, amounted to approximately HK\$100.3 million, representing approximately 55.4% of the segment revenue (for the year ended 31 March 2023: HK\$139.2 million, 70.8%).

The catering services business, comprising the operation of various restaurants in the city of Zhongshan, contributed a revenue of approximately HK\$12.2 million for the Period, representing approximately 6.3% of the Group's total revenue (for the year ended 31 March 2023: HK\$4.9 million, 2.4%). The environmental protection and technology services business, comprising the provision of services for building a comprehensive practice base to promote the ideas of green, environmental protection and low-carbon concepts, recorded a revenue of approximately HK\$0.9 million during the Period, accounting for approximately 0.4% of the Group's total revenue (for the year ended 31 March 2023: HK\$0.7 million, 0.4%).

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

The Group's gross profit for the Period was approximately HK\$29.0 million, representing a gross profit margin of approximately 14.9% (for the year ended 31 March 2023: HK\$35.9 million, representing a gross profit margin of approximately 17.8%).

The gross profit derived from the Group's food supply business for the Period was approximately HK\$24.6 million, representing a gross profit margin of approximately 13.6% (for the year ended 31 March 2023: HK\$33.4 million, representing a gross profit margin of approximately 17.0%). Meanwhile, with the change in the product mix of the food supply business in the PRC, the gross profit margin decreased by 3.4 percentage points. The decrease in the gross profit margin for the Period was due to the fact that facing a remarkably different business environment, the Group had to spend time securing new customers and new sales orders, which had impacted on its profitability for the Period.

The gross profit derived from the Group's catering business and environmental protection and technology business for the Period was approximately HK\$4.2 million and HK\$0.2 million respectively, representing a respective gross profit margin of approximately 34.6% and 20.1%.

### **Other income and gain**

The Group's other income and gain for the Period was approximately HK\$1.7 million (for the year ended 31 March 2023: HK\$3.0 million). The decrease was primarily due to the absence of government grants related to COVID-19 for the Period.

### **Finance costs, net**

The Group's finance costs, net for the Period were approximately HK\$1.1 million (for the year ended 31 March 2023: HK\$1.0 million). The slight increase was mainly due to the increase in the interest on lease liabilities as new tenancy agreements were entered into by the Group during the Period for the purpose of business expansion in the catering services segment.

## **Selling expenses**

The Group's selling expenses for the Period were approximately HK\$13.8 million (for the year ended 31 March 2023: HK\$7.8 million). The increase was mainly due to the additional payroll expenses incurred for the purpose of expanding the Group's catering business.

## **Administrative expenses**

The Group's administrative expenses for the Period were approximately HK\$89.9 million (for the year ended 31 March 2023: HK\$44.6 million). The increase was mainly attributable to the provision of (i) impairment losses on goodwill of approximately HK\$29.9 million, arising from the recoverable amount of the acquisition of Champion Point in food supply segment, which is lower than its then carrying amount; and (ii) impairment losses on right-of-use assets of approximately HK\$5.2 million; and (iii) impairment losses on property, plant and equipment of approximately HK\$4.9 million, both of which were incurred given that the revenue generated from the newly opened eateries in GBA was yet to cover the operating costs incurred, including fixed costs and depreciation.

## **Gain/(loss) on change in fair value of contingent consideration payable**

The Group's gain on change in fair value of contingent consideration payable was approximately HK\$30.5 million for the Period (for the year ended 31 March 2023: loss on change in fair value of HK\$5.5 million), which was primarily due to the adjustment for changes in fair value of the contingent consideration payable.

## **Impairment losses under expected credit loss model**

The Group recorded impairment losses under expected credit loss model of approximately HK\$2.1 million for the Period (for the year ended 31 March 2023: HK\$4.4 million). The decrease was due to a decrease in overdue payments from the customers.

## **Loss for the Period**

Taking into consideration the above-mentioned factors, loss for the Period was approximately HK\$45.6 million (for the year ended 31 March 2023: approximately HK\$27.7 million).

## **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 ordinary shares with a nominal value of HK\$0.01 each in the share capital of the Company (the "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.

As stated in the announcement of the Company dated 24 November 2022, the Board resolved to change the planned use of the unutilised net proceeds in the amount of approximately HK\$10.0 million from establishing two retail outlets to catering for the opening of the new eateries and operation of the catering business in Zhongshan, the PRC.

As at 31 December 2023, the net proceeds from the share subscription had been fully utilised. The utilisation of the net proceeds is summarised as follows:

	<b>Revised planned use of net proceeds</b>	<b>Unutilised net proceeds as at 1 April 2023</b>	<b>Amount utilised during the Period</b>	<b>Unutilised net proceeds as at 31 December 2023</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Repayment of bank loans	22.0	–	–	–
General working capital	5.7	–	–	–
Capital expenditures for opening two new eateries	5.5	–	–	–
Working capital for the catering business	4.5	1.3	(1.3)	–
	<u>37.7</u>	<u>1.3</u>	<u>(1.3)</u>	<u>–</u>
Total	<u>37.7</u>	<u>1.3</u>	<u>(1.3)</u>	<u>–</u>

## USE OF NET PROCEEDS FROM RIGHTS ISSUE

On 11 April 2023, the Company announced the raising of not less than approximately HK\$111.4 million, before expenses, by way of a rights issue at a subscription price of HK\$0.36 per rights share by issuing up to 309,504,000 Shares to the qualifying shareholders of the Company, whose names appear on the register of members of the Company as at the close of business on 18 May 2023 (the “**Rights Issue**”). On the same date, the Company entered into an underwriting agreement (the “**Underwriting Agreement**”) with RaffAello Securities (HK) Limited (the “**Underwriter**”), pursuant to which the Rights Issue was fully underwritten by the Underwriter.

On 13 June 2023, the Company allotted and issued 309,504,000 Shares under the Rights Issue, with an aggregate nominal value of approximately HK\$3.10 million and a total market value of approximately HK\$191.89 million based on the closing price of HK\$0.62 per Share on 11 April 2023, being the date of the Underwriting Agreement. The gross proceeds from the Rights Issue were approximately HK\$111.42 million and the net proceeds from the Rights Issue (after deducting the relevant expenses) were approximately HK\$102.31 million (the “**Net Proceeds**”), with a net price per rights share being approximately HK\$0.33.

The Company issued a prospectus dated 19 May 2023 in relation to the Rights Issue, which set out, among others, the reasons for the Rights Issue and the use of proceeds from the Rights Issue (the “**Prospectus**”). As stated in the Prospectus, the conducting of the Rights Issue aimed to enlarge the Company’s shareholder base with the introduction of strong and credible investors, strengthen its capital base for the purpose of expanding the Group’s businesses in the GBA as well as capturing suitable business opportunities.

As at 31 December 2023, the Group had utilised approximately HK\$63.46 million, representing approximately 62.03% of the Net Proceeds. The remaining balance of the Net Proceeds as at 31 December 2023 amounted to approximately HK\$38.85 million (the “**Unutilised Net Proceeds**”).

Set out below are the details of the Net Proceeds, including the original allocation of the Net Proceeds as shown in the Prospectus (in terms of percentage and amount), the amount utilised during the Period and the Unutilised Net Proceeds.

	Original allocation of the Net Proceeds as shown in the Prospectus		Amount utilised during the Period	Unutilised Net Proceeds
	(%)	HK\$ million (approx.)	HK\$ million (approx.)	HK\$ million (approx.)
Launching of a live cattle breeding site project	30	30.69	–	30.69
Development of live cattle trading business	25	25.58	(25.58)	–
Expansion of fresh food supply business	10	10.23	(10.23)	–
Development of catering business	10	10.23	(10.23)	–
Repayment of outstanding borrowing	10	10.23	(2.07)	8.16
Enhancement and upgrading of offices in the GBA	5	5.12	(5.12)	–
General working capital of the Group	10	10.23	(10.23)	–
	<u>100</u>	<u>102.31</u>	<u>(63.46)</u>	<u>38.85</u>

The Unutilised Net Proceeds of approximately HK\$8.16 million will remain being used for the repayment of the Group’s outstanding borrowing, and, based on the best estimation of the revised repayment schedule, are expected to be fully utilised by 31 December 2025.

On 27 March 2024, the Board has resolved to change the Unutilised Net Proceeds of approximately HK\$30.69 million, which was originally allocated for the launching of a live cattle breeding site project. Details of the change in the use of the Unutilised Net Proceeds and also the expected timeline of utilisation are disclosed in a separate announcement of the Company dated 27 March 2024 in relation to the change in the use of proceeds from the Rights Issue.

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Group during the 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, bank borrowings and the proceeds from the issue of new Shares upon the Rights Issue.

As at 31 December 2023, the Group had bank borrowings of approximately HK\$10.8 million (31 March 2023: approximately HK\$13.4 million), which was denominated in Hong Kong dollars. The Group's bank borrowings were primarily obtained at variable rates and used in financing the working capital requirement for its operations and the purchase of the existing premises.

As at 31 December 2023, the Group had approximately HK\$61.6 million in cash and cash equivalents and HK\$16.6 million in bank deposits (31 March 2023: approximately HK\$30.4 million and HK\$nil). The Group had no bank overdraft as at 31 December 2023 (31 March 2023: Nil). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

As at 31 December 2023, total assets, which comprised current assets of approximately HK\$139.4 million (31 March 2023: approximately HK\$82.5 million) and non-current assets of approximately HK\$98.4 million (31 March 2023: approximately HK\$133.8 million), increased by approximately 9.9% to approximately HK\$237.8 million (31 March 2023: approximately HK\$216.3 million), which was primarily attributable to the net effect of (i) the proceeds from the issue of new Shares upon the Rights Issue during the Period, resulting in an increase on cash and cash equivalents; and (ii) the effect from the provision of impairment losses on goodwill of approximately HK\$29.9 million.

As at 31 December 2023, total liabilities, which comprised current liabilities of approximately HK\$34.4 million (31 March 2023: approximately HK\$66.5 million) and non-current liabilities of approximately HK\$6.6 million (31 March 2023: approximately HK\$38.2 million), decreased by approximately 60.8% to approximately HK\$41.1 million (31 March 2023: approximately HK\$104.6 million), which was mainly due to (i) the decrease in contingent consideration payable of approximately HK\$46.1 million; and (ii) the repayment of loans from the intermediate holding company and bank borrowings of approximately HK\$13.0 million and HK\$2.6 million respectively.

As at 31 December 2023, the current ratio of the Group, being current assets divided by current liabilities, increased to approximately 4.0 (31 March 2023: approximately 1.2), which was mainly attributable to (i) the proceeds from the issue of new Shares upon the Rights Issue during the Period, which resulted in an increase on cash and cash equivalents; and (ii) the issue of the Company's equity shares on 1 August 2023 arising from the acquisition of Champion Point, resulting in a decrease in contingent consideration payable in current liabilities portion of approximately HK\$15.7 million.

## **GEARING RATIO**

As at 31 December 2023, the gearing ratio of the Group, being total borrowings (comprising bank borrowings and loans from the intermediate holding company) and lease liabilities divided by total equity, decreased to approximately 12.4% (31 March 2023: approximately 32.3%), which was primarily due to (i) the repayment of loans advanced from the intermediate holding company of HK\$13.0 million, resulting in a decrease in total debt; and (ii) the issue of new Shares upon the Rights Issue and the exercise of share options during the Period, resulting in increases in share premium and equity.

## **CHARGE ON GROUP ASSETS**

As at 31 December 2023, the Group had pledged its leasehold land under right-of-use assets and buildings under property, plant and equipment with a net book value amounting to approximately HK\$41.8 million (31 March 2023: HK\$43.2 million) for certain banking facilities granted to the Group.

## **MAJOR CUSTOMERS AND SUPPLIERS**

The Group's largest customer accounted for approximately 17.5% (for the year ended 31 March 2023: approximately 13.7%) of the Group's total revenue while the Group's five largest customers in aggregate accounted for approximately 41.0% (for the year ended 31 March 2023: approximately 33.6%) of the Group's total revenue for the Period.

The Group's largest supplier accounted for approximately 22.6% (for the year ended 31 March 2023: approximately 32.9%) of the Group's total purchases while the Group's five largest suppliers in aggregate accounted for approximately 63.1% (for the year ended 31 March 2023: approximately 70.9%) of the Group's total purchases for the Period.

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

## **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.

## **SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET**

Save as disclosed in this announcement, the Group had no significant investment with a value of 5% or more of the Group's total assets as at 31 December 2023. There were no other plans for material investment or capital asset as at 31 December 2023.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 December 2023 (31 March 2023: HK\$46.1 million).

## **CAPITAL COMMITMENTS**

As at 31 December 2023, the Group did not have capital commitments in respect of acquisition of property, plant and equipment (31 March 2023: 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 31 December 2023, the Group had 281 employees working in Hong Kong and the PRC (31 March 2023: 146). 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 fund contributions) for the Period amounted to approximately HK\$34.4 million (for the year ended 31 March 2023: approximately HK\$34.4 million).

## **FINAL DIVIDENDS**

The Board does not recommend the payment of a final dividend for the Period (31 March 2023: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

### **Increase in authorised share capital**

On 12 January 2024, the Company announced a proposed increase in the authorised share capital of the Company from HK\$20,000,000 (divided into 2,000,000,000 shares of a nominal value of HK\$0.01 each) to HK\$100,000,000 (divided into 10,000,000,000 shares of a nominal value of HK\$0.01 each) (the “**Increase in Authorised Share Capital**”).

Upon the passing of an ordinary resolution at the extraordinary general meeting of the Company held on 6 February 2024, the Increase in Authorised Share Capital has become unconditional and effective with effect from 6 February 2024. Details of the Increase in Authorised Share Capital are set out in the circular of the Company dated 18 January 2024 and the announcement of the Company dated 6 February 2024.

### **Proposed adoption of a new share option scheme and termination of the existing share option scheme**

On 12 January 2024, the Company announced a proposed adoption of a new share option scheme and the termination of the existing share option scheme adopted by the Company on 26 September 2016, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be convened by the Company. The provisions of the new share option scheme will comply with the requirements of the amended Chapter 17 of the Listing Rules, which has taken effect from 1 January 2023.

## **Supplemental agreement to the Share Purchase Agreement in relation to the acquisition of sale shares of Champion Point**

On 12 January 2024, the Company announced that Great Point, a direct wholly-owned subsidiary of the Company, entered into a supplemental share purchase agreement (the “**Supplemental Agreement**”) with Mr. Kwong Ping Man, pursuant to which the parties have agreed to amend certain terms of the Share Purchase Agreement, which mainly relate to the calculation and payment mechanism of the Third Tranche Consideration Shares covering in particular, the scope of net profit, the reference financial period and the minimum profit percentage for entitlement to the Third Tranche Consideration Shares. Details of the Supplemental Agreement are set out in the announcement of the Company dated 12 January 2024.

## **CORPORATE GOVERNANCE**

To the best knowledge and belief of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code, which is set out in Appendix C1 to the Listing Rules and amended from time to time, throughout the Period.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Period.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding Directors’ securities transactions. Based on specific enquiry with the Directors, all Directors confirmed that they had complied with the Model Code throughout the Period.

## **AUDIT COMMITTEE**

The Audit Committee was established on 26 September 2016 in accordance with Appendix C1 to the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Ms. Lui Choi Yiu Angela (Chairman), Mr. Siu Chun Pong Raymond and Mr. Lam Chi Wing.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and to discuss matters regarding internal control and financial reporting, including the review of the Group’s annual results for the Period.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the Period as set out in the preliminary announcement have been agreed by the Company's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the Period. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by BDO on the preliminary announcement.

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

Hong Kong, 27 March 2024

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