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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)**

### **CHANGE IN USE OF PROCEEDS FROM RIGHTS ISSUE**

References are made to (i) the prospectus of China Wantian Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 19 May 2023 (the “**Prospectus**”) in relation to the rights issue on the basis of one rights share for every five then existing shares held (the “**Rights Issue**”), which set out, among others, the reasons for the Rights Issue and the use of proceeds; and (ii) the announcement of the Company dated 27 March 2024 (the “**Results Announcement**”) in relation to the consolidated results of the Group for the nine months ended 31 December 2023, which set out, among others, the use of net proceeds from the Rights Issue. Unless otherwise defined, capitalised items used in this announcement shall have the same meanings as those defined in the Prospectus.

The net proceeds from the Rights Issue, after deducting the underwriting commission and expenses in connection therewith, were approximately HK\$102.31 million (the “**Net Proceeds**”). As stated in the paragraph headed “Reasons for the Rights Issue and Use of Proceeds” of the Prospectus, the Net Proceeds were intended to be applied by the Group as follows:

- (i) approximately 30% (approximately HK\$30.69 million) for financing the launching of a live cattle breeding site project;
- (ii) approximately 25% (approximately HK\$25.58 million) for financing the development of live cattle trading business;

- (iii) approximately 10% (approximately HK\$10.23 million) for financing the expansion of fresh food supply business;
- (iv) approximately 10% (approximately HK\$10.23 million) for financing the development of catering business;
- (v) approximately 10% (approximately HK\$10.23 million) for the repayment of outstanding borrowing;
- (vi) approximately 5% (approximately HK\$5.12 million) for the enhancement and upgrading of offices in the Greater Bay Area; and
- (vii) approximately 10% (approximately HK\$10.23 million) as the general working capital of the Group.

As at the date of this announcement, 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 the date of this announcement amounted to approximately HK\$38.85 million (the “**Unutilised Net Proceeds**”).

As disclosed in the Results Announcement, the Board has resolved to change the use of the Unutilised Net Proceeds for the launching of a live cattle breeding site project, which amounted to approximately HK\$30.69 million, such that the entire amount of approximately HK\$30.69 million will be used for expanding the Group’s fresh food supply business. 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 updated repayment schedule, are expected to be fully utilised by 31 December 2025.

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 and unutilised as the date of this announcement, the revised allocation of the Unutilised Net Proceeds and the updated expected timeline for the utilisation of the Unutilised Net Proceeds:

	Original allocation of the Net Proceeds as shown in the Prospectus		Amount utilised as at the date of this announcement	Unutilised Net Proceeds	Revised allocation of the Unutilised Net Proceeds	Updated expected timeline for full utilisation
	%	HK\$ million ( <i>approx.</i> )	HK\$ million ( <i>approx.</i> )	HK\$ million ( <i>approx.</i> )	HK\$ million ( <i>approx.</i> )	
Launching of a live cattle breeding site project	30	30.69	–	30.69	–	N/A
Development of live cattle trading business	25	25.58	(25.58)	–	–	N/A
Expansion of fresh food supply business	10	10.23	(10.23)	–	30.69	By the end of December 2024
Development of catering business	10	10.23	(10.23)	–	–	N/A
Repayment of outstanding borrowing	10	10.23	(2.07)	8.16	8.16	By the end of December 2025
Enhancement and upgrading of offices in the Greater Bay Area	5	5.12	(5.12)	–	–	N/A
General working capital of the Group	10	10.23	(10.23)	–	–	N/A
<b>Total</b>	<b>100</b>	<b>102.31</b>	<b>(63.46)</b>	<b>38.85</b>	<b>38.85</b>	

## **REASONS FOR THE CHANGE IN USE OF NET PROCEEDS**

As disclosed in the Prospectus, 30% of the Net Proceeds had been allocated for financing the launching of a live cattle breeding site project with an aim to develop the Group's related upstream supply chain business. After further evaluation of the factors relevant to the setting up of a live cattle breeding site, including the initial site setup, the breeding cycle and the overall operation, the Board considers that it is not the best timing for the Group to expand its business to related upstream supply chain business amidst ongoing uncertainties in the global economy. Further, the Board is of the view that a more prudent business development strategy would be desirable at the present time.

Taking into account the prominent performance of the food supply business for the nine months ended 31 December 2023, the Board resolved to reallocate the Unutilised Net Proceeds initially deployed for the launching of a live cattle breeding site project, which amounted to approximately HK\$30.69 million, for financing the expansion of the Group's fresh food supply business.

In the forthcoming year, the Group will continue its business focus on the development of food supply chain. The management is actively seeking international trade partners and striving for opportunities to participate in the global supply chains of various bulk products such as meat, vegetables, fruits, frozen items and condiments. Given aforementioned reallocation of the Unutilised Net Proceeds of approximately HK\$30.69 million, the Group intends to set aside such amount as working capital for the procurement of bulk products. As such, the Group will be able to further diversify its procurement category or increase the trading volume of the food supply, which will be conducive to increasing the turnover.

The updated expected timeline for fully using the Unutilised Net Proceeds is based on the best estimation of the present business market situations made by the Board. It might be subject to changes based on the market conditions in the future. The Board will continue to assess the plan for the use of the Unutilised Net Proceeds and may make revision where necessary to cope with the future market conditions.

The Board confirms that there is no material change in the business nature of the Company as set out in the Prospectus.

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.*