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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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**ANNUAL RESULT**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhengwei Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023 (“**FY2023**” or “**Reporting Period**”) together with comparative figures for the year ended 31 December 2022 (“**FY2022**”) as set out below:

**HIGHLIGHTS**

	Year ended 31 December		Percentage change
	2023	2022	
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	<b>445,214</b>	356,847	+24.8%
Gross profit	<b>147,260</b>	119,256	+23.5%
Profit for the year	<b>67,517</b>	46,697	+44.6%

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Revenue	4	<b>445,214</b>	356,847
Cost of sales		<u><b>(297,954)</b></u>	<u>(237,591)</u>
Gross profit		<b>147,260</b>	119,256
Other income	5	<b>6,355</b>	775
Other gains and losses	6	<b>(164)</b>	423
Distribution and selling expenses		<b>(32,821)</b>	(27,799)
Administrative expenses		<b>(36,632)</b>	(27,724)
Reversal of impairment loss/(provision for impairment loss) on trade, deposits and other receivables, net		<b>120</b>	(60)
Listing expenses		<b>(4,515)</b>	(8,690)
Finance costs	7	<u><b>(2,904)</b></u>	<u>(3,258)</u>
Profit before income tax expense	8	<b>76,699</b>	52,923
Income tax expense	9	<u><b>(9,182)</b></u>	<u>(6,226)</u>
Profit for the year		<u><b>67,517</b></u>	<u>46,697</u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		<u><b>67,517</b></u>	<u>46,697</u>

	<i>Notes</i>	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i>
<b>Profit for the year</b>		<b><u>67,517</u></b>	<u>46,697</u>
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Changes in fair value of financial asset at fair value through other comprehensive income ("FVOCI")		<u>121</u>	<u>112</u>
Other comprehensive income for the year		<u>121</u>	<u>112</u>
Total comprehensive income for the year		<b><u>67,638</u></b>	<u>46,809</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b><u>67,638</u></b>	<u>46,809</u>
<b>Earnings per share</b>			
– Basic and diluted ( <i>RMB</i> )	<i>11</i>	<b><u>0.09</u></b>	<u>0.08</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>2023</b>	2022
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<i>12</i>	<b>107,149</b>	42,131
Right-of-use assets		<b>6,032</b>	6,171
Goodwill		<b>269</b>	269
Intangible assets		–	330
Financial asset at fair value through other comprehensive income		<b>1,354</b>	1,233
Prepayment for acquisition of land use rights		<b>9,525</b>	–
Deferred tax assets, net		<b>797</b>	946
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>125,126</b>	51,080
<b>Current assets</b>			
Inventories	<i>13</i>	<b>98,272</b>	90,671
Trade receivables	<i>14</i>	<b>92,300</b>	64,016
Prepayments, deposits and other receivables		<b>7,736</b>	12,696
Right of return assets		<b>156</b>	1,152
Amounts due from shareholders		–	343
Cash and cash equivalents		<b>199,186</b>	156,831
		<hr/>	<hr/>
<b>Total current assets</b>		<b>397,650</b>	325,709
		<hr/>	<hr/>
<b>Total assets</b>		<b>522,776</b>	376,789
<b>Current liabilities</b>			
Trade payables	<i>15</i>	<b>48,360</b>	47,763
Other payables and accruals		<b>16,774</b>	21,891
Contract liabilities		<b>9</b>	506
Borrowings		<b>18,199</b>	44,477
Lease liabilities		<b>84</b>	84
Income tax payable		<b>2,415</b>	2,024
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>85,841</b>	116,745
		<hr/>	<hr/>

	<i>Notes</i>	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i>
<b>Net current assets</b>		<u>311,809</u>	<u>208,964</u>
<b>Total assets less current liabilities</b>		<u>436,935</u>	<u>260,044</u>
<b>Non-current liabilities</b>			
Borrowings		<u>–</u>	<u>1,599</u>
<b>Total non-current liabilities</b>		<u>–</u>	<u>1,599</u>
<b>NET ASSETS</b>		<u><u>436,882</u></u>	<u><u>258,445</u></u>
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>16</i>	55,580	372
Reserves		<u>381,355</u>	<u>258,073</u>
<b>TOTAL EQUITY</b>		<u><u>436,935</u></u>	<u><u>258,445</u></u>

## NOTES

### 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 have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 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 parent of the Company is Shengyao Investment Group Limited, a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling parties of the Company 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.

On 1 June 2022 and 2 June 2022 respectively, each of Mr. Yang, Ms. Lin, Nanchang Tongli Enterprise Management Center (Limited Partnership), Nanchang County Changnan Financial Control Fund Management Company Limited, Lei Jun Feng, Li Hui, Xinlin Su, Wu Bangjun, Fuzhou Digital Economy Investment Group Company Limited, Zhao Wenjun, Luo Zikang, Zheng Yongrong and Lan Hui entered into separate equity transfer agreements to transfer their respective equity interest of 31.70%, 17.24%, 15.51%, 8.37%, 7.05%, 5.17%, 5.00%, 2.16%, 1.77%, 1.73%, 1.72%, 1.72% and 0.86% in Jiangxi Zhengwei Food Co., Ltd to the Company at the aggregate nominal consideration of RMB1.00 (the “**Group Reorganisation**”). The Group Reorganisation was completed and such consideration was fully settled on 8 June 2022. Upon completion of the Group Reorganisation, the Company become the holding company of the subsidiaries comprising the Group.

After the completion of the Group Reorganisation, the Group is regarded as a continuing entity since all the entities which took part in the Group Reorganisation were deemed to be controlled by the same ultimate controlling parties before and immediately after the Reorganisation. Consequently, immediately after the Group Reorganisation, there was a continuation of the risks and benefits to the ultimate controlling party that existed prior to the Reorganisation. The Group Reorganisation has been accounted for as a restructuring under common control in a manner similar to pooling of interests. Accordingly, the consolidated financial statements has been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the years presented.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Adoption of new or amended HKFRSs – effective 1 January 2023

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

None of these new or 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 is not yet effective for the current accounting period.

### (b) New or amended HKFRSs that have been issued but not yet effective

The following new or amended HKFRSs, potentially relevant to the Group’s 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.

HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</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> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Further details about those HKFRSs that are not yet effective and are expected to be applicable to the Group are as follows:

#### ***HK Interpretation 5 (Revised), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause and Amendments to HKAS 1, Classification of Liabilities as Current or Non-current***

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (Revised) was revised as a consequence of the Amendments to HKAS 1 issued in August 2022. The revision to HK Int 5 (Revised) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

***Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transaction arise.

***Amendments to HKAS 1, Non-current Liabilities with Covenants***

The amendments clarify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. An entity is required to disclose information about these covenants in the notes to the financial statements.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

***Amendments to HKAS 21 Lack of Exchangeability***

The amendments specify how to assess whether a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the disclosures to provide.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

**3. BASIS OF PREPARATION**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

The consolidated financial statements have been prepared under the historical cost basis except for the financial assets at fair value through other comprehensive income, which are measured at fair value as explained in the accounting policies set out below.

**(c) Functional and presentation currency**

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company. Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates. All values in the consolidated financial statements are rounded to the nearest thousand except when otherwise indicated.

**4. REVENUE AND SEGMENT INFORMATION**

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.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Dried delicacies	112,060	88,079
Snacks	233,975	186,862
Dried aquatic products	72,888	58,817
Grains	22,955	20,220
Seasonings and others	3,336	2,869
	<u>445,214</u>	<u>356,847</u>
<b>Timing of revenue recognition</b>		
At a point in time	<u>445,214</u>	<u>356,847</u>

**Reportable segment revenue, profit and other material items**

The information reported to the board of directors of the Company, being the chief operating decision makers (“CODM”), for the purpose of resource allocation and performance assessment.

The Group determines its operating segments based on the reports reviewed by the CODM that are used to make strategic decisions.

The Group reportable segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Manufacturing	<b>406,199</b>	320,267
Trading	<b>39,015</b>	36,580
	<b>445,214</b>	356,847

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

	<b>Year ended 31 December 2023</b>		
	<b>Manufacturing</b> <i>RMB'000</i>	<b>Trading</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>SEGMENT REVENUE</b>			
External sales	<b>406,199</b>	<b>39,015</b>	<b>445,214</b>
Inter-segment sales	<b>47,771</b>	–	<b>47,771</b>
	<b>453,970</b>	<b>39,015</b>	<b>492,985</b>
Reportable segment profit	<b>73,199</b>	<b>13,372</b>	<b>86,571</b>
Depreciation and amortisation	<b>(6,437)</b>	<b>(126)</b>	<b>(6,563)</b>
Interest revenue	<b>577</b>	<b>38</b>	<b>615</b>
Interest expense	<b>(2,852)</b>	<b>(52)</b>	<b>(2,904)</b>
Reversal of impairment loss:			
– Trade receivables	–	–	–
– Deposits and other receivables	<b>62</b>	<b>58</b>	<b>120</b>
	<b>62</b>	<b>58</b>	<b>120</b>
Reversal of write-down of inventories	<b>(334)</b>	–	<b>(334)</b>
Income tax expense	<b>(6,491)</b>	<b>(2,692)</b>	<b>(9,183)</b>

	Year ended 31 December 2022		
	Manufacturing	Trading	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>SEGMENT REVENUE</b>			
External sales	320,267	36,580	356,847
Inter-segment sales	<u>42,178</u>	<u>–</u>	<u>42,178</u>
	<u>362,445</u>	<u>36,580</u>	<u>399,025</u>
Reportable segment profit	<u>49,601</u>	<u>12,878</u>	<u>62,479</u>
Depreciation and amortisation	(4,031)	(170)	(4,201)
Interest revenue	361	25	386
Interest expense	(3,017)	(241)	(3,258)
(Impairment loss)/reversal of impairment loss:			
– Trade receivables	3	1	4
– Deposits and other receivables	<u>(32)</u>	<u>(32)</u>	<u>(64)</u>
	<u>(29)</u>	<u>(31)</u>	<u>(60)</u>
Reversal of write-down of inventories	<u>171</u>	<u>–</u>	<u>171</u>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Revenue</b>		
Reportable segment revenue	492,985	399,025
Elimination of inter-segment revenue	<u>(47,771)</u>	<u>(42,178)</u>
Consolidated revenue	<u><u>445,214</u></u>	<u><u>356,847</u></u>
<b>Profit before income tax expense</b>		
Reportable segment profit	86,571	62,479
Unallocated corporate income	31	–
Listing expense	(4,515)	(8,690)
Unallocated corporate expenses	<u>(5,388)</u>	<u>(866)</u>
Consolidated profit before income tax expense	<u><u>76,699</u></u>	<u><u>52,923</u></u>
<b>Other material items</b>		
Reportable depreciation and amortisation	<u><u>6,563</u></u>	<u><u>4,201</u></u>

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to the CODM for review.

### Geographical information

The management determines the Group is domiciled in the PRC, which is the location of the Group's principal office. The Group's revenue information above is based on the delivery destinations of the Group's products requested by the customers. The Group's revenue from external customers is all derived from the customers located in the PRC.

The geographical location of non-current assets (other than deferred tax assets and financial assets) is based on the physical location of the assets or the location of operation to which they are allocated. As at 31 December 2022 and 2023, all of the Group's non-current assets are located in the PRC.

### Information about major customers

Revenue attributed to customers that accounted for 10% or more of the Group's total revenue as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A	184,803	151,284
Customer B	70,028	57,909
Customer C	<u>59,310</u>	<u>49,320</u>
	<u><u>314,141</u></u>	<u><u>258,513</u></u>

## 5. OTHER INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income from bank deposits	646	386
Government grants ( <i>Note</i> )	<u>5,709</u>	<u>389</u>
	<u><u>6,355</u></u>	<u><u>775</u></u>

*Note:* Government grants mainly represent grants received from the PRC local government authority as:

- (a) incentive for being successfully listed on the Main Board of the Stock Exchange for the year ended 31 December 2023;
- (b) incentive of agricultural development for the year ended 31 December 2023 which does not have other unfulfilled obligations; and
- (c) incentive for revenue growth and new technology industrial enterprise for the years ended 31 December 2022 and 2023 which does not have other unfulfilled obligations.

## 6. OTHER GAINS AND LOSSES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Reversal for the provision of social insurance and housing provident fund	–	481
Loss on disposal of property, plant and equipment	(2)	(58)
Net foreign exchange losses	<u>(162)</u>	<u>–</u>
	<u><u>(164)</u></u>	<u><u>423</u></u>

## 7. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest expenses on bank and other borrowings	2,902	3,256
Interest expenses on lease liabilities	<u>2</u>	<u>2</u>
	<u><u>2,904</u></u>	<u><u>3,258</u></u>

## 8. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before income tax expense is arrived at after (crediting)/charging:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Write-down of inventories/(reversal of write-down) ( <i>Note (i)</i> )	<u>334</u>	<u>(171)</u>
Depreciation charge:		
– Owned property, plant and equipment ( <i>Note 12</i> )	6,010	3,620
– Right-of-use-assets	<u>223</u>	<u>223</u>
	<u>6,233</u>	<u>3,843</u>
Amortisation on intangible assets included in:		
– Administrative expenses	–	9
– Research and development costs	<u>330</u>	<u>349</u>
	<u>330</u>	<u>358</u>
Auditors' remuneration	660	741
Cost of inventories recognised as expenses, including reversal of write-down and write-down of inventories	297,954	237,591
Listing expenses	4,515	8,690
Research and development costs	18,319	13,363
Employee costs	<u>48,941</u>	<u>40,794</u>

*Note:*

- (i) These reversals arose due to increases in the estimated net realisable value of certain inventories as a result of a change in consumer preferences.

## 9. INCOME TAX EXPENSE

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
PRC Enterprise Income Tax (the “ <b>PRC EIT</b> ”)		
Current tax	8,926	6,555
Adjustment in respect of prior years	<u>107</u>	<u>–</u>
	<u>9,033</u>	<u>6,555</u>
Deferred tax charge/(credit)	<u>149</u>	<u>(329)</u>
Income tax expense	<u><u>9,182</u></u>	<u><u>6,226</u></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 Islands (the “**BVI**”), the Company incorporated in the Cayman Islands and the Company’s subsidiary incorporated in the BVI are not subject to any income tax.

No provision for Hong Kong Profits Tax has been made in the financial statements as the entities in the Group had no assessable profits for both of the years presented.

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 and Guangchang County Zhenglian Biotechnology Co., Limited 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%.

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, enterprises engaging in research and development activities are entitled to claim 100% (2022: 100%) of the research and development expenses for the year ended 31 December 2023 as tax deductible expense.

The income tax expense can be reconciled to the profit before income tax expense per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit before income tax expense	<u>76,699</u>	<u>52,923</u>
Tax calculated at the PRC statutory tax rate of 25% (2022: 25%)	<b>19,175</b>	13,231
Tax effect of revenue not taxable for tax purposes	<b>(5,548)</b>	(4,961)
Tax effect of expenses not deductible for tax purposes	<b>3,019</b>	2,542
Effect of tax preferential rates granted to the eligible PRC subsidiaries	<b>(4,298)</b>	(2,470)
Tax incentives for research and development expenses available for subsidiaries incorporated in the PRC	<b>(4,543)</b>	(2,250)
Tax losses/temporary difference not recognised	<b>1,270</b>	134
Underprovision in prior year	<u>107</u>	–
Income tax expense	<u><b>9,182</b></u>	<u>6,226</u>

The weighted average applicable tax rate was 12.0% (2022: 11.8%).

#### **10. DIVIDENDS**

No dividend was paid or declared by the Company for the year ended 31 December 2023 (2022:nil).

## 11. 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:

	2023	2022
Profit for the year attributable to owners of the Company for the purpose of computation of basic earnings and diluted earnings per share ( <i>RMB'000</i> )	<u>67,517</u>	<u>46,697</u>
Number of ordinary shares for the purpose of calculating basic earnings per share ( <i>'000</i> )	<u>793,425</u>	<u>600,000</u>
Basic and diluted earnings per share ( <i>RMB</i> )	<u>0.09</u>	<u>0.08</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the years ended 31 December 2023 has been determined on the assumption that the Group Reorganisation and the Capitalisation Issue (as defined in Note 16) of 594,736,800 ordinary shares have been effective on 1 January 2022, and the weighted average number of approximately 193,425,000 ordinary shares of the Company issued upon the Listing on the Main Board of the Stock Exchange on 13 January 2023.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2022 has been determined on the assumption that the Reorganisation and the Capitalisation Issue of 594,736,800 ordinary shares have been effective on 1 January 2022.

Diluted earnings per share amount for the years ended 31 December 2022 and 2023 were the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding during these years.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvement	Plant and machineries	Furniture, electronic and other equipment	Motor vehicles	CIP	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cost</b>							
At 1 January 2022	28,298	6,555	16,911	2,992	708	-	55,464
Additions	-	-	1,494	32	-	1,330	2,856
Disposal	-	-	(46)	(101)	-	-	(147)
Transfer from CIP	-	-	1,330	-	-	(1,330)	-
<b>At 31 December 2022 and 1 January 2023</b>	<b>28,298</b>	<b>6,555</b>	<b>19,689</b>	<b>2,923</b>	<b>708</b>	<b>-</b>	<b>58,173</b>
Additions	3,285	-	15,154	156	-	52,435	71,030
Disposal	-	-	-	(30)	-	-	(30)
Transfer from CIP	12,715	-	39,720	-	-	(52,435)	-
<b>At 31 December 2023</b>	<b>44,298</b>	<b>6,555</b>	<b>74,563</b>	<b>3,049</b>	<b>708</b>	<b>-</b>	<b>129,173</b>
<b>Accumulated depreciation</b>							
At 1 January 2022	2,718	4,303	3,439	1,548	503	-	12,511
Provided for the year	782	557	1,731	493	57	-	3,620
Eliminated on disposals	-	-	(11)	(78)	-	-	(89)
<b>At 31 December 2022 and 1 January 2023</b>	<b>3,500</b>	<b>4,860</b>	<b>5,159</b>	<b>1,963</b>	<b>560</b>	<b>-</b>	<b>16,042</b>
Provided for the year	1,828	418	3,323	402	39	-	6,010
Eliminated on disposals	-	-	-	(28)	-	-	(28)
<b>At 31 December 2023</b>	<b>5,328</b>	<b>5,278</b>	<b>8,482</b>	<b>2,337</b>	<b>599</b>	<b>-</b>	<b>22,024</b>
<b>Net book value</b>							
<b>At 31 December 2023</b>	<b>38,970</b>	<b>1,277</b>	<b>66,081</b>	<b>712</b>	<b>109</b>	<b>-</b>	<b>107,149</b>
At 31 December 2022	24,798	1,695	14,530	960	148	-	42,131

At 31 December 2022 and 2023, the Group's buildings with an aggregate carrying amount of approximately RMB24,016,000 and RMB24,798,000 respectively were pledged to secure banking facilities granted to the Group.

### 13. INVENTORIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Raw materials	50,340	52,154
Finished goods	43,536	37,554
Finished goods – purchased merchandise	<u>4,730</u>	<u>963</u>
	98,606	90,671
Less: Provision for write-down	<u>(334)</u>	<u>–</u>
	<u><u>98,272</u></u>	<u><u>90,671</u></u>

### 14. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	92,300	64,016
Less: Provision for impairment loss recognised	<u>–</u>	<u>–</u>
	<u><u>92,300</u></u>	<u><u>64,016</u></u>

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 date of invoice, which approximates the respective revenue recognition dates (before impairment), as of the end of each reporting period is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	62,392	48,074
1 to 2 months	<u>29,908</u>	<u>15,942</u>
	<u><u>92,300</u></u>	<u><u>64,016</u></u>

Movement on the Group's provision for impairment on trade receivables are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
At the beginning of the year	–	344
Receivables written off during the year as uncollectible	–	(340)
Reversal of impairment loss, net	–	(4)
	<u>–</u>	<u>–</u>
At the end of the year	<u>–</u>	<u>–</u>

## 15. TRADE PAYABLES

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Trade payables ( <i>Note (a)</i> )	<u><b>48,360</b></u>	<u>47,763</u>

*Note:*

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

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Within six months	<u><b>48,360</b></u>	<u>47,763</u>

The Group's trade payables are non-interest bearing and generally have payment terms of up to 30 days.

## 16. SHARE CAPITAL

	Number	Par value per share US\$	Amount US\$'000	Amount RMB'000
Ordinary shares				
<b>Authorised</b>				
As at 1 January 2022	100,000	1.00	100	715
Share subdivision ( <i>Note (i)</i> )	9,900,000	0.01	–	–
Increase in authorised share capital ( <i>Note (ii)</i> )	<u>7,990,000,000</u>	0.01	<u>79,900</u>	<u>557</u>
<b>As at 31 December 2022, 1 January 2023 and 31 December 2023</b>	<b><u>8,000,000,000</u></b>	<b>0.01</b>	<b><u>80,000</u></b>	<b><u>1,272</u></b>
<b>Issued and fully paid</b>				
As at 1 January 2022	52,632	1.00	53	372
Share subdivision ( <i>Note (i)</i> )	<u>5,210,568</u>	0.01	<u>–</u>	<u>–</u>
As at 31 December 2022 and 1 January 2023	5,263,200	0.01	53	372
Issuance of shares for Capitalisation issue ( <i>Note (iii)</i> )	<b>594,736,800</b>	<b>0.01</b>	<b>5,947</b>	<b>41,313</b>
Issuance of new shares upon listing ( <i>Note (iv)</i> )	<u>200,000,000</u>	<b>0.01</b>	<u>2,000</u>	<u>13,895</u>
<b>As at 31 December 2023</b>	<b><u>800,000,000</u></b>	<b>0.01</b>	<b><u>8,000</u></b>	<b><u>55,580</u></b>

### Notes:

- (i) On 20 June 2022, pursuant to the written resolutions passed by the Shareholders of the Company, 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) Pursuant to another resolutions of the shareholders passed on 16 December 2022, subject to the share premium account of the Company being credited as a result of the share offer, the directors were authorised to allot and issue a total of 594,736,800 shares credited as fully paid at par to the holders of the shares on the register of members of the Company at the close of business on 15 December 2022 in proportion to their shareholdings by way of capitalisation of the sum of HK\$5,947,368 standing to the credit of the share premium account of the Company (the "Capitalisation Issue"). The Capitalisation Issue is effective upon listing on 13 January 2023, pursuant to the written resolutions of the shareholders passed on 16 December 2022. The shares allotted and issued rank pari passu in all respects with the existing issued shares.
- (iv) On 13 January 2023, the Company's issued 200,000,000 new shares at a price of HK\$0.68 per share, which gave rise to gross proceeds of HK\$136,000,000 (equivalent to approximately RMB121,491,000) (before share issue expenses).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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

#### **Manufacturing business**

For the manufacturing business, the Group produces and sells 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. The Group generally (i) sources raw materials from its suppliers; (ii) processes the raw materials and package products at its own production facilities; and (iii) sells the products under the Group's own "Shengyao (聲耀)" and "Ganweifang (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, the Group purchases 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 the Group's products are sold at concessionary counters in supermarkets where the 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 FY2023, the Group's products were mainly sold and delivered to customers located in Jiangxi Province, Hubei Province, Zhejiang Province and Sichuan Province in the PRC.

## **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 its 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 the Group's retailer customers, the Directors consider that the Group already has stable sales channels to sell and market new snack products readily.

In the future, 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, in Sichuan Province, the PRC; (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, at high-traffic locations and social media such as WeChat.

## **FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, 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. For FY2023, the Group recorded total revenue of approximately RMB445.2 million, representing an increase of approximately 24.8% from approximately RMB356.8 million for FY2022. The increase was mainly attributable to the increase in sales from manufacturing of snacks and dried food products of approximately RMB85.9 million, and the increase in sales from trading of snacks and dried food products of approximately RMB2.4 million.

### **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 FY2023, the Group's cost of sales was approximately RMB298.0 million, representing an increase of approximately 25.4% from approximately RMB237.6 million for FY2022. The above increase was mainly due to the increase in direct material costs which was generally in line with the increase in the revenue of the Group.

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

For FY2023, the Group recorded (i) gross profit of approximately RMB147.3 million, representing an increase of approximately 23.5% from approximately RMB119.3 million for FY2022; and (ii) gross profit margin of approximately 33.1%, which remained relatively stable as compared to approximately 33.4% for FY2022. The increase in gross profit was mainly due to (i) the growth of the Group's sales of approximately RMB88.4 million; and (ii) the increase in the average selling price of the Group's products in general.

### **Other income**

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

Other income of the Group increased from approximately RMB775,000 for FY2022 to approximately RMB6.4 million for FY2023, which was mainly attributable to the increase in government grants of approximately RMB5.3 million and increase in interest income of RMB260,000 as a result of the increase in bank deposits.

## **Other gain and losses**

Other gains and losses of the Group decreased from a gain of RMB423,000 for FY2022 to a loss of RMB164,000 for FY2023. Such decrease was primarily due to the absence of reversal for the provision of social insurance and housing provident fund of RMB481,000 in FY2023, which such amount was recognized in FY2022, and the net foreign exchange losses of RMB162,000 which no such losses was recognized in FY2022.

## **Distribution and selling expenses**

Distribution and selling expenses of the Group remained relatively stable at approximately RMB27.8 million and RMB32.8 million for FY2022 and FY2023, respectively.

## **Administrative expenses**

Administrative expenses of the Group 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 increased from approximately RMB27.7 million for FY2022 to approximately RMB36.6 million for FY2023.

## **Finance costs**

Finance costs of the Group mainly represented interest expenses on bank and other borrowings. The decrease in finance costs from approximately RMB3.3 million for FY2022 to approximately RMB2.9 million for FY2023 was mainly due to the decrease in interest expenses on bank and other borrowings as a result of the decrease in average amount of bank and other borrowings for FY2023.

## **Taxation**

Taxation of the Group comprised of (i) profit tax expenses of EIT; and (ii) deferred tax expenses. Taxation of the Group increased from approximately RMB6.2 million for FY2022 to approximately RMB9.2 million for FY2023, which was generally in line with the increase of profit before taxation during the year.

## **Profit for FY2023**

The Group's profit for FY2023 was approximately RMB67.5 million, representing an increase of approximately 44.6% as compared to approximately RMB46.7 million for FY2022.

## Net current assets

The net current assets of the Group increased from approximately RMB209.0 million for FY2022 to approximately RMB311.8 million for FY2023. The increase was primarily due to (i) the increase in trade receivables of approximately RMB28.3 million; (ii) the increase in cash and cash equivalents of approximately RMB42.4 million; and (iii) the decrease of borrowings of approximately RMB26.3 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>FY2023</b>	FY2022
	<b>RMB'000</b>	RMB'000
Net cash generated from operating activities	<b>36,595</b>	82,412
Net cash used in investing activities	<b>(79,909)</b>	(2,470)
Net cash generated from/(used in) financing activities	<b>85,669</b>	(50,432)
Net increase in cash and cash equivalents	<b>42,355</b>	29,510

As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately RMB199.2 million, representing an increase of approximately 27.0% from approximately RMB156.8 million as at 31 December 2022.

## Gearing ratio

The gearing ratio decreased from approximately 15.2% for FY2022 to approximately 4.0% for FY2023. Such decrease was mainly attributable to the decrease in the Group's total borrowings of approximately RMB27.9 million as at 31 December 2023.

## Significant investment held

The Group had no significant investment held for FY2023.

## 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 FY2023.

## **Contingent liabilities**

As at 31 December 2023, the Group had no contingent liabilities.

## **Foreign exchange risks**

The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

## **Employees and remuneration**

As at 31 December 2023, the Group had a total of 755 employees, compared to 640 employees as at 31 December 2022. The increase in the number of employees was primarily due to the corresponding increase in sales and the need for more production staffs 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 latest market condition. The Group contributed to 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 applicable PRC laws and regulations for its employees.

## **EVENTS AFTER REPORTING PERIOD**

### **Change of auditor of the Company**

BDO Limited (“**BDO**”) resigned as the auditor of the Company with effect from 17 January 2024, as the Company and BDO were unable to reach a consensus on the revised audit fee for FY2023. With the recommendation from the Audit Committee, it has resolved to appoint CCTH CPA Limited as the new auditor of the Company with effect from 17 January 2024 to fill the casual vacancy following the resignation of BDO and to hold office until the conclusion of the next AGM. For more details regarding the change of auditor of the Company, please refer to the announcement of the Company dated 17 January 2024.

### **Rule 13.17 of the Rules Governing the Listing of Securities on the Stock Exchange (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 (the “**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 the Supply Chain Service Agreement, 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 (the “**Consideration**”) provided by Nanchang Tourism to Jiangxi Zhengwei and Jiangxi Leweijia.

In view of the recent downward trend of the trading price of the shares of the Company (the “**Shares**”) which affects the value of the Pledged Shares, on 8 February 2024, Jiangxi Zhengwei and Jiangxi Leweijia and Shengyao Investment entered into a supplemental agreement (the “**Supplemental Agreement**”) with Nanchang Tourism, for the purpose of supplementing the terms of the Supply Chain Service Agreement. Pursuant to the Supplemental Agreement, when the closing market price of the Pledged Shares on a trading day becomes lower than two times of the Consideration, Jiangxi Zhengwei, Jiangxi Leweijia and Shengyao Investment shall provide additional security to Nanchang Tourism, ensuring the value of the assets being pledged is at least two times higher than the Consideration. Pursuant to the Supplemental Agreement, Shengyao Investment has also agreed to pledge 190,207,478 Shares, instead of 146,000,000 Shares as stipulated in the Supply Chain Service Agreement, held by Shengyao Investment in favour of Nanchang Tourism as security for the Financial Assistance provided by Nanchang Tourism to Jiangxi Zhengwei and Jiangxi Leweijia.

On 8 February 2024, Prosperous Season Group Limited (“**Prosperous Season**”) (one of the controlling shareholders (as defined in the Listing Rules) of the Company and a company wholly-owned by Nanchang Tongli Enterprise Management Center (Limited Partnership)\* (南昌市同利企業管理中心(有限合夥)) which is a limited partnership established in the People’s Republic of China managed and controlled by Mr. Yang as the general partner) entered into a share charge agreement (the “**Share Charge Agreement**”) with Nanchang Tourism, pursuant to which Prosperous Season has agreed to pledge 93,080,255 Shares held by Prosperous Season as a further security for the Financial Assistance 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 the 190,207,478 pledged Shares under the Supplemental Agreement represent approximately 23.78% of the issued share capital of the Company; and (ii) Prosperous Season holds 93,080,255 Shares, representing approximately 11.64% of the issued share capital of the Company and the 93,080,255 pledged Shares under the Share Charge Agreement represent approximately 11.64% of the issued share capital of the Company.

Please refer to the announcement and the supplemental announcement of the Company dated 28 July 2023 and 8 February 2024, respectively, for further details of the above arrangements. Save as disclosed above, there are no other material events affecting the Group since 31 December 2023 and up to the date of this announcement.

### **Change of independent non-executive Directors**

Each of Mr. Li Taihong and Mr. Lee Kwok Tung Louis has resigned as an independent non-executive Director with effect from 29 February 2024 due to their other business engagements requiring more of time. Following their resignations, Mr. Li Taihong has ceased to be the chairman of the remuneration committee of the Company (the “**Remuneration Committee**”), the chairman of the nomination committee of the Company (the “**Nomination Committee**”) and a member of the audit committee of the Company (the “**Audit Committee**”) and Mr. Lee Kwok Tung Louis has ceased to be a member of the Audit Committee with effect from 29 February 2024.

Mr. Hu Ruiwo and Mr. Ye Sangzhi have been appointed as independent non-executive Directors with effect from 29 February 2024. Following their appointments, Mr. Hu Ruiwo has also been appointed as the chairman of the Remuneration Committee, the chairman of the Nomination Committee and a member of the Audit Committee and Mr. Ye Sangzhi has also been appointed as a member of the Audit Committee. For more details, please refer to the announcement and the supplemental announcement of the Company dated 29 February 2024 and 6 March 2024, respectively.

## USE OF PROCEEDS FROM GLOBAL OFFERING

The Shares have been 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 (the “**Net Proceeds**”) from the global offering, after deducting listing related expenses such as the underwriting fees, commissions and related expenses, amounted to approximately HK\$97.3 million. Nevertheless, the Directors will constantly evaluate the Group business objectives and may change or modify the plan according to the changing market conditions to ascertain the business growth of the Group.

The intended application of the Net Proceeds as stated in the Prospectus and the actual utilisation of the Net Proceeds up to 31 December 2023 is set out below:

Intended application of the Net Proceeds	Percentage of total amount of the Net Proceeds	Unutilised Net Proceeds as at the Listing Date <i>HK\$ million</i>	Utilised Net Proceeds since the Listing Date to 31 December 2023 <i>HK\$ million</i>		Expected timetable for utilising the Net Proceeds
			Unutilised Net Proceeds as at 31 December 2023 <i>HK\$ million</i>	Utilised Net Proceeds as at 31 December 2023 <i>HK\$ million</i>	
Building a new factory and acquiring new production lines in the Group’s Guangchang Plant	74.1%	72.1	70.1	2.0	On or before 30 June 2024
Enhancing the Group’s marketing efforts and expanding the Group’s sales channels	15.9%	15.5	7.2	8.3	On or before 31 December 2024
Working capital and other general corporate purposes	10.0%	9.7	4.3	5.4	On or before 31 December 2024
<b>Total</b>	<b>100%</b>	<b>97.3</b>	<b>81.6</b>	<b>15.7</b>	

During the Reporting Period, the Net Proceeds had been used according to the purposes as stated in the Prospectus, and there were no material change or delay in the use of the Net Proceeds. The Company intends to continue to apply the Net Proceeds in the manner as stated in the Prospectus.

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 the Net Proceeds in a manner different from that stated in the Prospectus, the Company will issue further announcement in compliance with the Listing Rules.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group did not have future plans for material investments or capital assets as at 31 December 2023.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2023.

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

Neither the Company nor its subsidiary purchased, redeemed or sold any of the Company's listed securities since the Listing Date to 31 December 2023.

## **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 C1 (formerly Appendix 14) to the Listing Rules (the “**CG Code**”). Since the Listing Date to 31 December 2023, 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 with all the applicable 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 OF LISTED ISSUERS**

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 (formerly Appendix 10) to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all Directors of the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code since the Listing Date to 31 December 2023.

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for FY2023 (FY2022: nil). There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “**AGM**”) will be held on 31 May 2024 and a notice convening the AGM will be published in due course.

## **CLOSURE OF THE REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 28 May 2024 to 31 May 2024, both dates inclusive, during which no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration by no later than 4:30 p.m. on 27 May 2024.

## **AUDIT COMMITTEE**

The Company established the Audit Committee with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, Mr. Lau Jing Yeung William, Mr. Hu Ruiwo and Mr. Ye Sangzhi. 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 the Group's 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 Group's audited annual results for FY2023 have been reviewed by the Audit Committee. The Audit Committee considered that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company, and selection and appointment of the external auditors.

## **SCOPE OF WORK OF THE COMPANY'S AUDITOR**

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive income for FY2023 and the related notes thereto as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor, CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards in 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 assurance has been expressed by CCTH CPA Limited on this announcement.

## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this announcement, the Company has maintained a sufficient public float as required by the Listing Rules as at the date of this announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.zhengwei100.com](http://www.zhengwei100.com)). The annual report for FY2023 containing all the information required by Appendix D2 (formerly Appendix 16) to the Listing Rules will be available on the same websites in due course.

## **APPRECIATION**

The Group would like to express its sincere gratitude to its loyal shareholders, partners and customers for their continuous support and to its staff for their dedication.

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

Hong Kong, 28 March 2024

*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. Lau Jing Yeung William, Mr. Hu Ruiwo and Mr. Ye Sangzhi.*