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CHINA WANTIAN HOLDINGS LIMITED

中國萬天控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1854)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of China Wantian Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024, together with the comparative figures for the six months ended 30 September 2023 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *For the six months ended 30 June 2024*

		Unaudited	
		Six months ended 30 June 2024	Six months ended 30 September 2023
	Notes	HK\$'000	HK\$'000
Revenue	5	251,763	128,734
Cost of sales		(217,945)	(108,025)
Gross profit		33,818	20,709
Other income and gains	6	3,127	117
Selling expenses		(13,625)	(1,160)
Administrative expenses		(36,669)	(31,602)
Impairment losses under expected credit loss model	7	(2,784)	(3,386)
Operating loss		(16,133)	(15,322)

		Unaudited	
		Six months ended 30 June 2024 HK\$'000	Six months ended 30 September 2023 HK\$'000
Finance income	8	409	134
Finance costs	8	<u>(670)</u>	<u>(854)</u>
Finance costs – net	8	<u>(261)</u>	<u>(720)</u>
Loss before income tax		(16,394)	(16,042)
Income tax expense	9	<u>(822)</u>	<u>(211)</u>
Loss for the period		<u>(17,216)</u>	<u>(16,253)</u>
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<u>97</u>	<u>96</u>
Total comprehensive income for the period		<u>(17,119)</u>	<u>(16,157)</u>
Basic and diluted loss per share attributable to equity holders of the Company (expressed in HK cents per share)	10	<u>(0.88)</u>	<u>(0.93)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	12	34,328	34,951
Right-of-use assets		51,659	50,618
Goodwill		12,821	12,821
Deposits, prepayments and other receivables	13	5	31
		98,813	98,421
Current assets			
Inventories		2,759	4,278
Trade receivables	13	68,841	30,315
Deposits, prepayments and other receivables	13	41,077	22,930
Amounts due from related parties		3,542	2,590
Financial assets at fair value through profit or loss		1,056	1,015
Bank deposits		5,121	16,605
Cash and cash equivalents		33,826	61,627
		156,222	139,360
Current liabilities			
Trade payables	16	30,782	2,163
Accruals and other payables	16	9,117	9,435
Bank borrowings	15	9,007	10,777
Amounts due to related parties		798	1,190
Tax payable		588	1,879
Lease liabilities		8,265	8,987
		58,557	34,431

		Unaudited	Audited
		As at	As at
		30 June	31 December
	Notes	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		1,925	1,938
Lease liabilities		1,355	4,703
		<u>3,280</u>	<u>6,641</u>
		-----	-----
Net Current Assets		97,665	104,929
		<u>97,665</u>	<u>104,929</u>
NET ASSETS		193,198	196,709
		<u>193,198</u>	<u>196,709</u>
Capital and reserves			
Share capital	14	19,390	19,122
Reserves	14	173,808	177,587
		<u>173,808</u>	<u>177,587</u>
TOTAL EQUITY		193,198	196,709
		<u>193,198</u>	<u>196,709</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
As at 1 April 2023 (Audited)	15,475	97,860	100	3,211	116	(5,075)	111,687
Loss for the period	-	-	-	-	-	(16,253)	(16,253)
Other comprehensive income:							
Exchange differences arising from translation of foreign operations	-	-	-	-	96	-	96
Total comprehensive income	-	-	-	-	96	(16,253)	(16,157)
Recognition of equity-settled share-based payments	-	-	-	1,320	-	-	1,320
Issue of new shares upon exercise of share options	277	10,885	-	(2,732)	-	-	8,430
Issue of new shares upon rights issue	3,095	99,217	-	-	-	-	102,312
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary	275	15,386	-	-	-	-	15,661
As at 30 September 2023 (Unaudited)	<u>19,122</u>	<u>223,348</u>	<u>100</u>	<u>1,799</u>	<u>212</u>	<u>(21,328)</u>	<u>223,253</u>
As at 1 January 2024 (Audited)	19,122	223,348	100	4,436	400	(50,697)	196,709
Loss for the period	-	-	-	-	-	(17,216)	(17,216)
Other comprehensive income:							
Exchange differences arising from translation of foreign operations	-	-	-	-	97	-	97
Total comprehensive income	-	-	-	-	97	(17,216)	(17,119)
Recognition of equity-settled share-based payments	-	-	-	5,452	-	-	5,452
Issue of new shares upon exercise of share options	268	10,614	-	(2,726)	-	-	8,156
As at 30 June 2024 (Unaudited)	<u>19,390</u>	<u>233,962</u>	<u>100</u>	<u>7,162</u>	<u>497</u>	<u>(67,913)</u>	<u>193,198</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Suite 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, 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 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the disclosure requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Hong Kong Companies Ordinance (Cap. 622). The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the nine months ended 31 December 2023.

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

During the nine months ended 31 December 2023, the financial year end date of the Company was changed from 31 March to 31 December. This change was 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 unaudited condensed consolidated financial statements for the current financial period covers a six-month period from 1 January 2024 to 30 June 2024 and the comparative financial period covers a six-month period from 1 April 2023 to 30 September 2023, which may not be fully comparable.

The accounting policies used in preparing the interim financial statements are consistent with those used in the Group’s audited financial statements for the nine months ended 31 December 2023, except for the adoption of the standards, amendments and interpretation issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) mandatory for the annual periods beginning 1 January 2024.

The adoption of the following amendments to HKFRSs issued by the HKICPA to these unaudited condensed consolidated financial statements for the current accounting period does not have material impact on the results and the financial position of the Group.

Standard	Subject of amendment
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

3 ESTIMATES

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

In preparing the unaudited condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the nine months ended 31 December 2023.

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. There have been no changes in the risk management policies since the nine months ended 31 December 2023.

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.

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 six months ended 30 June 2024 and 30 September 2023, respectively:

	Food supply		Catering services		Environmental protection and technology services		Unallocated		Total	
	Six months ended 30 June 2024	Six months ended 30 September 2023	Six months ended 30 June 2024	Six months ended 30 September 2023	Six months ended 30 June 2024	Six months ended 30 September 2023	Six months ended 30 June 2024	Six months ended 30 September 2023	Six months ended 30 June 2024	Six months ended 30 September 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	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	<u>239,451</u>	<u>119,917</u>	<u>11,916</u>	<u>8,127</u>	<u>396</u>	<u>690</u>	<u>-</u>	<u>-</u>	<u>251,763</u>	<u>128,734</u>
Profit/(loss) for the period before the following items:	13,798	4,570	(8,127)	(6,385)	(1,134)	(499)	(20,891)	(13,008)	(16,354)	(15,322)
Gains on disposal of property, plant and equipment	221	-	-	-	-	-	-	-	221	-
Interest income	404	131	4	2	-	-	1	1	409	134
Finance costs	<u>(308)</u>	<u>(330)</u>	<u>(169)</u>	<u>(197)</u>	<u>-</u>	<u>-</u>	<u>(193)</u>	<u>(327)</u>	<u>(670)</u>	<u>(854)</u>
Profit/(loss) before taxation	14,115	4,371	(8,292)	(6,580)	(1,134)	(499)	(21,083)	(13,334)	(16,394)	(16,042)
Income tax expense	<u>(822)</u>	<u>(211)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(822)</u>	<u>(211)</u>
Segment results	<u>13,293</u>	<u>4,160</u>	<u>(8,292)</u>	<u>(6,580)</u>	<u>(1,134)</u>	<u>(499)</u>	<u>(21,083)</u>	<u>(13,334)</u>	<u>(17,216)</u>	<u>(16,253)</u>

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results represent the profit earned or loss incurred by each segment without allocation of central administrative expenses and income, and finance costs – net. 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 30 June 2024 and 31 December 2023, respectively:

	Food supply		Catering services		Environmental protection and technology services		Total	
	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Assets before following items:	193,692	165,712	18,422	16,530	238	202	212,352	182,444
Goodwill	12,821	12,821	-	-	-	-	12,821	12,821
Segment assets	206,513	178,533	18,422	16,530	238	202	225,173	195,265
Unallocated assets							29,862	42,516
Consolidated assets							255,035	237,781
Segment liabilities	45,997	17,441	9,826	14,398	58	101	55,881	31,940
Unallocated liabilities							5,956	9,132
Consolidated liabilities							61,837	41,072

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.
- All liabilities are allocated to reportable segments except for certain financial liabilities which are managed on a group basis.

(c) Information about major customers

Revenue from customer contributing over 10% of the total revenue of the Group for the six months ended 30 June 2024 and 30 September 2023 is as follows:

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 September 2023 HK\$'000
Customer A from food supply segment	62,714	-
Customer B from food supply segment	28,849	-
Customer C from food supply segment	-	33,215

(d) **Geographical information**

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

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

	Revenue from external customers		Non-current assets (Note)	
	Six months ended 30 June 2024 (Unaudited) HK\$'000	Six months ended 30 September 2023 (Unaudited) HK\$'000	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Hong Kong	84,115	68,261	74,136	74,902
The PRC	167,648	60,473	24,672	23,488
	<u>251,763</u>	<u>128,734</u>	<u>98,808</u>	<u>98,390</u>

Note: Non-current assets excluded financial instruments.

6 **OTHER INCOME AND GAINS**

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 September 2023 HK\$'000
Sundry income	157	117
Service income from the intermediate holding company	1,254	–
Service income from a related party	856	–
Handling income	639	–
Gains on disposal of property, plant and equipment	221	–
	<u>3,127</u>	<u>117</u>

7 LOSS BEFORE INCOME TAX

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

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 September 2023 HK\$'000
Cost of inventories	207,138	93,492
Employee benefit expenses	33,914	19,267
Employee benefit expenses – including Directors' emoluments	28,462	17,947
Share-based payment expenses	5,452	1,320
Commission	–	198
Auditor's remuneration	–	68
Depreciation of property, plant and equipment (Note 12)	3,280	3,591
Depreciation on right-of-use assets	3,559	3,861
Operating leases (short-term leases)	695	226
Transportation expenses	6,904	7,296
Impairment losses under expected credit loss model	2,784	3,386
Reversal of impairment loss on property, plant and equipment (Note 12)	(351)	–
Reversal of impairment loss on right-of-use assets	(3,311)	–
Fair value change on financial assets at fair value through profit or loss	617	–
Professional and consulting fees	2,442	855
	<u>2,442</u>	<u>855</u>

8 FINANCE COSTS – NET

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 September 2023 HK\$'000
Interest expenses on bank borrowings	306	330
Interest expenses on loan from the intermediate holding company	–	171
Interest expenses on lease liabilities	364	353
Finance costs	670	854
Interest income	(409)	(134)
Finance costs – net	<u>261</u>	<u>720</u>

9 INCOME TAX EXPENSE

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

Hong Kong Profits Tax

The Hong Kong Profits Tax is calculated at the rate of 16.5% (six months ended 30 September 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 six months ended 30 June 2024 (six months ended 30 September 2023: 25%).

Certain subsidiaries have been approved as small low-profit enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 5% for the six months ended 30 June 2024 (six months ended 30 September 2023: 5%).

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

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 September 2023 HK\$'000
Current income tax – Current period	835	338
Deferred income tax	(13)	(127)
Income tax expense	<u>822</u>	<u>211</u>

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

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

	Unaudited	
	Six months ended 30 June 2024	Six months ended 30 September 2023
Loss for the period attributable to equity holders of the Company (HK\$'000)	<u>(17,216)</u>	<u>(16,253)</u>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,946,549,595</u>	<u>1,746,455,308</u>
Basic and diluted loss per share (HK cents)	<u>(0.88)</u>	<u>(0.93)</u>

The Group did not have any dilutive potential ordinary shares in issue during the six months ended 30 June 2024 and 30 September 2023. Accordingly, the diluted loss per share was the same as the basic loss per share in both periods.

The diluted loss per share is the same as the basic loss per share for the six months ended 30 June 2024 and 30 September 2023 as the impact of the dilution of the share options and the contingent consideration shares payable are anti-dilutive.

11 DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2024 (six months ended 30 September 2023: HK\$nil).

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Unaudited					
Six months ended 30 June 2024					
Net book value as at 1 January 2024	16,318	11,965	5,087	1,581	34,951
Additions	–	1,151	275	1,067	2,493
Depreciation (Note 7)	(318)	(1,644)	(747)	(571)	(3,280)
Reversal of impairment loss (Note 7)	–	180	171	–	351
Disposal	–	–	–	(129)	(129)
Exchange realignment	–	(23)	(32)	(3)	(58)
	<u>16,000</u>	<u>11,629</u>	<u>4,754</u>	<u>1,945</u>	<u>34,328</u>
Net book value as at 30 June 2024	<u>16,000</u>	<u>11,629</u>	<u>4,754</u>	<u>1,945</u>	<u>34,328</u>
Audited					
Nine months ended 31 December 2023					
Net book value as at 1 April 2023	16,794	15,871	4,126	1,263	38,054
Additions	–	4,726	2,699	1,169	8,594
Depreciation	(476)	(3,645)	(1,447)	(851)	(6,419)
Impairment loss	–	(4,740)	(197)	–	(4,937)
Exchange realignment	–	(247)	(94)	–	(341)
	<u>16,318</u>	<u>11,965</u>	<u>5,087</u>	<u>1,581</u>	<u>34,951</u>
Net book value as at 31 December 2023	<u>16,318</u>	<u>11,965</u>	<u>5,087</u>	<u>1,581</u>	<u>34,951</u>

13 TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
Trade receivables (Note)		
– Related parties	150	173
– Third parties	<u>68,691</u>	<u>30,142</u>
	<u>68,841</u>	<u>30,315</u>
Trade deposits paid	23,931	17,655
Prepayments	13,041	1,628
Other receivables	1,028	1,772
Deposits	<u>3,082</u>	<u>1,906</u>
	41,082	22,961
Less: non-current portion: deposits, prepayments and other receivables	<u>(5)</u>	<u>(31)</u>
Deposits, prepayments and other receivables included in current assets	<u>41,077</u>	<u>22,930</u>
Note:		
	Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
Trade receivables	82,918	41,608
Less: loss allowance	<u>(14,077)</u>	<u>(11,293)</u>
	<u>68,841</u>	<u>30,315</u>

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

The Group normally grants credit terms to its customers ranging from 0 to 120 days (for the nine months ended 31 December 2023: 0 to 120 days). The ageing analysis of the trade receivables based on invoice dates is as follows:

	Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
1 to 30 days	63,557	13,169
31 to 60 days	977	6,821
61 to 90 days	799	3,176
91 to 120 days	656	2,765
Over 120 days	16,929	15,677
	<hr/>	<hr/>
Total	82,918	41,608
	<hr/> <hr/>	<hr/> <hr/>

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

(a) Share Capital

	Number of ordinary shares <i>(in thousands)</i>	Nominal value of ordinary shares <i>HK\$'000</i>
Authorised share capital		
Ordinary shares of HK\$0.01 each		
As at 1 April 2023 and 30 September 2023, 1 January 2024 and 30 June 2024	2,000,000	20,000
	<hr/>	<hr/>
Issued and fully paid		
Ordinary shares of HK\$0.01 each		
At 1 April 2023	1,547,520	15,475
Issue of new shares upon rights issue	309,504	3,095
Issue of new shares upon exercise of share options	27,700	277
Issue of new shares in consideration for the acquisition of the issued share capital of a subsidiary	27,490	275
	<hr/>	<hr/>
As at 30 September 2023	1,912,214	19,122
At 1 January 2024	1,912,214	19,122
Issue of new shares upon exercise of share options	26,806	268
	<hr/>	<hr/>
As at 30 June 2024	1,939,020	19,390
	<hr/> <hr/>	<hr/> <hr/>

(b) Reserves

Details of movements on the Group's reserves are set out in the unaudited condensed 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.

15 BANK BORROWINGS

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Secured		
Bank borrowings due for repayment within 1 year which contain a repayment on demand clause (Note)	3,707	3,586
Bank borrowings due for repayment after 1 year which contain a repayment on demand clause (Note)	5,300	7,191
Total borrowings	9,007	10,777

Note: As at 30 June 2024, bank borrowings of approximately HK\$9,007,000 (as at 31 December 2023: approximately HK\$10,777,000) are secured by buildings in property, plant and equipment and leasehold land in right-of-use assets for the carrying amounts of approximately HK\$5,762,000 and approximately HK\$35,177,000 respectively (as at 31 December 2023: approximately HK\$5,887,000 and approximately HK\$35,941,000 respectively) and corporate guarantee provided by the Company.

All bank borrowings contain a repayment on demand clause and are carried at amortised cost.

16 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
Trade payables (Note)	<u>30,782</u>	<u>2,163</u>
Other payables and accruals		
– Accruals for staff costs	4,521	3,629
– Renovation payables	355	3,130
– Other accruals and other payables	<u>4,241</u>	<u>2,676</u>
	<u>9,117</u>	<u>9,435</u>
	<u>39,899</u>	<u>11,598</u>

Note:

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

	Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
0 to 30 days	30,518	1,815
31 to 60 days	70	163
61 to 90 days	3	123
91 to 120 days	<u>191</u>	<u>62</u>
	<u>30,782</u>	<u>2,163</u>

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

17 RELATED PARTY TRANSACTIONS

For the purposes of these unaudited condensed 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 six months ended 30 June 2024 and 30 September 2023:

Name of the related party	Relationship with the Group
Macy Catering Limited	Mr. Liu Chi Ching, 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 (“ Dr. Hooy ”) and Mr. Zhong Xueyong (“ Mr. Zhong ”), 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 executive director and 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 corresponding periods, and the balances arising from related party transactions as at period end.

(a) **Transactions with related parties**

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 September 2023 HK\$'000
Related parties' transactions		
Sales of goods to a related party		
– Macy Catering Limited	466	–
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)	(281)	(527)
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)	–	(112)
– Zhongshan Wangu Business Management Co., Ltd.* (中山 萬谷商業管理有限公司)	(1,134)	(2,036)
– 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)	(303)	(785)
– 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)	(1,840)	(2,400)
Service fee received from the intermediate holding company		
– China Wantian International Group Limited	1,254	557
Service fee received from a related party		
– Greater Bay Area Association of Listed Companies Limited	856	–
Interest expenses on loan from the intermediate holding company		
– China Wantian International Group Limited	–	(171)
Service fee paid to a related party		
– WG International Group Limited	(280)	–

(b) **Key management compensation**

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

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 September 2023 HK\$'000
Salaries and allowances	1,588	1,428
Retirement benefit costs – defined contribution plans	9	9
Share-based payments	4,242	1,213
	<u>5,839</u>	<u>2,650</u>

18. EVENT AFTER THE REPORTING PERIOD

On 15 July 2024, the Company announced the following transactions which constituted (i) discloseable and connected transactions of the Company under Chapters 14 and 14A of the Listing Rules; and (ii) continuing connected transactions of the Company under Chapter 14A of the Listing Rules (collectively, the “**Transactions**”), respectively:

(i) **Discloseable and Connected Transactions: Entering into Renewed Catering Tenancy Agreement and Renewed Office Tenancy Agreement**

- a. The Group entered into the new catering tenancy agreement (the “**Renewed Catering Tenancy Agreement**”) with Zhongshan Wangu Basket Plaza Investment and Management Co., Ltd. (“**Wangu Basket**”) to renew the existing catering tenancy agreement regarding the lease of existing catering premises for catering operation in the Greater Bay Area, pursuant to which the Group agreed to lease enlarged catering premises for a term of three (3) years commencing on 1 October 2024 and expiring on 30 September 2027 (both days inclusive).
- b. The Group entered into the new office tenancy agreement (the “**Renewed Office Tenancy Agreement**”) with Zhongshan Wangu Business Management Co., Ltd. (“**Wangu Business Management**”) to renew the existing office tenancy agreement regarding the lease of existing office premises as the principal place of business in the PRC, pursuant to which the Group agreed to lease enlarged office premises for a term of three (3) years commencing on 1 October 2024 and expiring on 30 September 2027 (both days inclusive).

Given that (i) Mr. Zhong is a director of Wangu Basket, which is ultimately beneficially owned as to approximately 59.6% and approximately 39.8% by Dr. Hooy and Mr. Zhong, respectively; and (ii) Wangu Business Management is ultimately beneficially owned as to 59.4% and 39.6% by Dr. Hooy and Mr. Zhong, respectively, each of Wangu Basket and Wangu Business Management is an associate of each of Dr. Hooy and Mr. Zhong. Therefore, each of Wangu Basket and Wangu Business Management is a connected person of the Company. The Renewed Catering Tenancy Agreement and the Renewed Office Tenancy Agreement and the transactions contemplated thereunder are subject to, among other conditions precedent, the approval of the independent shareholders of the Company at the Company’s extraordinary general meeting to be convened and held on 27 September 2024.

(ii) Continuing Connected Transactions: Entering into Renewed Management Service Agreements

In view of the entering into of the Renewed Catering Tenancy Agreement and the Renewed Office Tenancy Agreement, the Group also entered into the new catering management service agreement and the new office management service agreement with Wangu Business Management, pursuant to which Wangu Business Management agreed to provide management services in relation to enlarged catering premises and enlarged office premises for a term of three (3) years commencing on 1 October 2024 and expiring on 30 September 2027 (both days inclusive).

Details of the Transactions were set out in the announcement and the circular of the Company dated 15 July 2024 and 27 August 2024, respectively.

Save as disclosed herein, there was no significant event after the six months ended 30 June 2024 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2024, despite a challenging and complex external environment, China had steadily navigated the turbulent global economic landscape and achieved a gross domestic product of RMB61.7 trillion, representing a year-on-year growth of 5%. The endogenous momentum of China's economy had strengthened, with both supply and demand improving and high-quality development continuing to advance. During the period, the market for food consumption in China continued to expand and the total retail sales of consumer goods in the first half of 2024 amounted to RMB23.6 trillion, representing a year-on-year growth of 3.7%, with the recovery in the catering sector being particularly remarkable. The market anticipates that the scale of the catering supply chain market in China will exceed RMB2.65 trillion in 2024, indicating promising prospects for future growth.

BUSINESS REVIEW

During the period, the Group implemented national strategies related to the comprehensive promotion of food development and rural revitalisation, with a broad vision of “letting every household eat well every day (讓千家萬戶吃好每一天)”. The Group focussed on the development of the three principal segments of food supply, catering and environmental protection and technology, further consolidating its leading position in the food supply and services within the Guangdong-Hong Kong-Macao Greater Bay Area (“**GBA**”) and achieving significant progress during the period.

During the period under review, the food supply segment remained a pillar for the Group's business and was a major area of development. From source to table, through the introduction of diverse categories of food ingredients, the Group participated in all key stages of the food supply chain and actively expanded into the “9+2” city cluster within the GBA, with a view to providing high-quality segment food products to residents in the area and thereby enhancing the Group's revenue and profitability. This effort has solidified the Group's position as a leading food supplier, brand and service provider in the GBA. 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 critical foundation for the well-being of the public. The Group is actively collaborating with several well-known state-owned enterprises to develop multi-dimensional food supply services for Hong Kong, which is expected to become a new growth driver for its business.

As for catering, seizing the significant opportunity presented by the recovery and rebound of the catering industry, the Group integrated the local culinary culture of the residents in the GBA and developed several “blockbuster” catering brands so as to expand its catering business segment both in quality and scale. During the period, the Group further enriched its existing delicatessen regime, forming a portfolio of catering brands with diverse types and echelons ranging from western fine dining, authentic Cantonese cuisine and seafood stall dining. These brands have gained widespread recognition, establishing themselves as reputable names in the GBA.

As for environmental protection and technology, the Group has already established a presence in the core cities in the GBA such as Shenzhen, Guangzhou, Zhuhai, Foshan and Zhongshan. In the future, the Group plans to extend its operations in this regard to over 1,000 primary and secondary school campuses, implementing a strategy of “outreach of the sky farm (向天空要地)” and contributing to the national goals of carbon peaking and carbon neutrality.

Through making countless efforts and overcoming numerous challenges, the Group is committed to ensuring the well-being of the households in China. Starting from the concept of “three meals a day (三頓飯)”, the Group is actively implementing the national policy of adopting an “all-encompassing approach to food (大食物觀)”, striving to position itself as a leading food supplier and service provider for a better life in China.

FUTURE OUTLOOK

As a major strategic initiative in China’s development blueprint, the GBA is poised to become a strategic pivot in the new development paradigm, a demonstration zone for high-quality development and a leading region for Chinese-style modernisation. Currently, the GBA’s economic output has surpassed RMB14 trillion, with a population of 86 million. Despite covering less than 0.6% of China’s land area, the GBA contributed to one-ninth of the national economic output. This robust industrial base and large population provide a solid foundation and vast growth potential for the food industry.

The Group is targeting the historic opportunities presented by the expansion of the GBA, particularly the official opening of the Shenzhen-Zhongshan Link in the first half of 2024, which marks a new milestone in the integration of the eastern and western parts of the GBA. The Shenzhen-Zhongshan Link, together with the Hong Kong-Zhuhai-Macao Bridge, links the key hubs including Zhongshan, Zhuhai, Shenzhen, Hong Kong and Macao, creating a “golden inner bay”. This enhanced transportation connectivity provides favourable conditions for food supply and distribution within the GBA. The Group is confident that by leveraging government-enterprise collaboration and industry partnerships, it can further develop the businesses of food supply to Hong Kong, logistics transshipment and product distribution. Such development will ensure that the residents in the GBA and even across China have access to healthy and high-quality food ingredients, driving sustainable and steady growth for the Group.

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 considered that such change would better facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the accompanying condensed consolidated financial statements for the current financial period covers a six-month period from 1 January 2024 to 30 June 2024 (the “**Period**”) and the comparative financial period covers a six-month period from 1 April 2023 to 30 September 2023, which may not be fully comparable.

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\$251.8 million (for the six months ended 30 September 2023: HK\$128.7 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\$239.5 million for the Period, accounting for approximately 95.1% of the total revenue (for the six months ended 30 September 2023: HK\$119.9 million, 93.2%). During the Period, the revenue derived from the GBA market (excluded Hong Kong) was approximately HK\$155.4 million, accounting for approximately 64.9% of the revenue from the food supply segment (for the six months ended 30 September 2023: HK\$51.6 million, 43.1%). Revenue derived from the Hong Kong market, which mainly comprised the provision of food ingredients, frozen food and vegetables and fruits, amounted to approximately HK\$84.1 million, representing approximately 35.1% of the segment revenue (for the six months ended 30 September 2023: HK\$68.3 million, 56.9%). The increase in the Group's revenue from the food supply segment was mainly attributable to the revenue derived from (i) the supply of more fresh food items in the PRC market, including eggs and beef; and (ii) an increase in the categories of frozen food sold in the Hong Kong market.

The catering services business, comprising the operation of various restaurants in the city of Zhongshan, contributed a revenue of approximately HK\$11.9 million for the Period, representing approximately 4.7% of the Group's total revenue (for the six months ended 30 September 2023: HK\$8.1 million, 6.3%). The environmental protection and technology services business, comprising the provision of services for building comprehensive practice bases to promote the ideas of green, environmental protection and low-carbon concepts, recorded a revenue of approximately HK\$0.4 million during the Period, accounting for approximately 0.2% of the Group's total revenue (for the six months ended 30 September 2023: HK\$0.7 million, 0.5%).

Gross profit and gross profit margin

The Group's gross profit for the Period was approximately HK\$33.8 million, representing a gross profit margin of approximately 13.4% (for the six months ended 30 September 2023: HK\$20.7 million, representing a gross profit margin of approximately 16.1%).

The gross profit derived from the Group's food supply business for the Period was approximately HK\$28.9 million, representing a gross profit margin of approximately 12.1% (for the six months ended 30 September 2023: HK\$17.7 million, representing a gross profit margin of approximately 14.8%). With the change in the product mix of the food supply business in the PRC, the gross profit margin decreased by 2.7 percentage points, which was due to the fact that the Group had to spend time securing new customers and new sales orders when faced with a different and competitive environment, 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\$4.9 million and HK\$44,000 respectively, representing a respective gross profit margin of approximately 41.2% and 11.1%.

Other income and gains

The Group's other income and gains for the Period was approximately HK\$3.1 million (for the six months ended 30 September 2023: HK\$0.1 million). The increase was primarily due to the recognition of the service income from the intermediate holding company and a related party.

Finance costs – net

The Group's finance costs – net for the Period were approximately HK\$0.3 million (for the six months ended 30 September 2023: HK\$0.7 million). The slight decrease was mainly due to the increase in interest income from bank deposit during the Period.

Selling expenses

The Group's selling expenses for the Period were approximately HK\$13.6 million (for the six months ended 30 September 2023: HK\$1.2 million). The increase was mainly due to the additional payroll expenses and the depreciation on right-of-use assets incurred for the purpose of expanding the Group's catering business.

Administrative expenses

The Group's administrative expenses for the Period were approximately HK\$36.7 million (for the six months ended 30 September 2023: HK\$31.6 million). The increase was mainly attributable to (i) increase in share-based payment expenses and (ii) increase in staff cost for expanding business.

Impairment losses under expected credit loss model

The Group recorded impairment losses under expected credit loss model of approximately HK\$2.8 million for the Period (for the six months ended 30 September 2023: HK\$3.4 million). The decrease was due to recovery of overdue payments from certain customers.

Loss for the Period

Taking into consideration the above-mentioned factors, loss for the Period was approximately HK\$17.2 million (for the six months ended 30 September 2023: approximately HK\$16.3 million).

USE OF NET PROCEEDS FROM RIGHTS ISSUE

On 13 June 2023, the Company allotted and issued 309,504,000 shares by way of rights issue on the basis of one rights share for every five existing shares then held on the record date on 18 May 2023 and raised net proceeds of approximately HK\$102.31 million. Details of the rights issue were set out in the prospectus of the Company dated 19 May 2023 (the “**Prospectus**”) and the announcement of the Company dated 12 June 2023.

As stated in the announcement of the Company dated 27 March 2024, the Board resolved to change the use of the unutilised net proceeds from the aforesaid rights issue, which amounted to approximately HK\$30.69 million, from launching a live cattle breeding site project to 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.

As disclosed in the Prospectus, 30% of the net proceeds from the rights issue 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 considered 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 was 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, the Board resolved to reallocate the unutilised net proceeds initially deployed for the launching of a live cattle breeding site project for financing the expansion of the Group’s fresh food supply business.

As at 30 June 2024, approximately HK\$6.39 million out of the net proceeds from the rights issue had not been utilised. The remaining net proceeds are expected to be utilised on or before 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) and the amount utilised during the Period and unutilised as at 30 June 2024:

	Original allocation of the net proceeds as shown in the Prospectus		Unutilised net proceeds as at 1 January 2024	Revised allocation of the unutilised net proceeds	Actual use of net proceeds during the Period	Unutilised net proceeds as at 30 June 2024
	%	HK\$ million (approx.)	HK\$ million (approx.)	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	–	–	–	–
Expansion of fresh food supply business	10	10.23	–	30.69	30.69	–
Development of catering business	10	10.23	–	–	–	–
Repayment of outstanding borrowing	10	10.23	8.16	8.16	1.77	6.39
Enhancement and upgrading of offices in the GBA	5	5.12	–	–	–	–
General working capital of the Group	10	10.23	–	–	–	–
Total	100	102.31	38.85	38.85	32.46	6.39

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 proceeds from the rights issue.

As at 30 June 2024, the Group had bank borrowings of approximately HK\$9.0 million (31 December 2023: approximately HK\$10.8 million), which were 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 30 June 2024, the Group had approximately HK\$33.8 million in cash and cash equivalents and HK\$5.1 million in bank deposits (31 December 2023: approximately HK\$61.6 million and HK\$16.6 million, respectively). The Group had no bank overdraft as at 30 June 2024 (31 December 2023: HK\$nil). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

As at 30 June 2024, total assets, which comprised current assets of approximately HK\$156.2 million (31 December 2023: approximately HK\$139.4 million) and non-current assets of approximately HK\$98.8 million (31 December 2023: approximately HK\$98.4 million), increased by approximately 7.2% to approximately HK\$255.0 million (31 December 2023: approximately HK\$237.8 million), which was mainly due to the increase in trade receivables resulting from an increase in revenue in the second quarter of the Period compared to that in the previous period.

As at 30 June 2024, total liabilities, which comprised current liabilities of approximately HK\$58.6 million (31 December 2023: approximately HK\$34.4 million) and non-current liabilities of approximately HK\$3.3 million (31 December 2023: approximately HK\$6.6 million), increased by approximately 50.6% to approximately HK\$61.9 million (31 December 2023: approximately HK\$41.1 million), which was mainly due to the increase in trade payables resulting from higher purchases in the second quarter of the Period compared to that in the previous period.

As at 30 June 2024, the current ratio of the Group, being current assets divided by current liabilities, decreased to approximately 2.7 (31 December 2023: approximately 4.0), which was mainly due to the utilisation of the proceeds from the rights issue raised during the nine months ended 31 December 2023.

GEARING RATIO

As at 30 June 2024, the gearing ratio of the Group, being total borrowings (including total lease liabilities) divided by total equity, decreased to approximately 9.6% (31 December 2023: approximately 12.4%), which was primarily due to the partial settlement of bank borrowings.

CHARGE ON GROUP ASSETS

As at 30 June 2024, the Group had pledged its leasehold lands under right-of-use assets and buildings under property, plant and equipment with a net book value amounting to approximately HK\$40.9 million (31 December 2023: approximately HK\$41.8 million) for certain banking facilities granted to the Group.

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 30 June 2024. There was no material acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the Period. There were no other plans for material investment or capital asset as at 30 June 2024.

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICY

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

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2024 (31 December 2023: HK\$nil).

CAPITAL COMMITMENTS

As at 30 June 2024, the Group did not have capital commitments in respect of acquisition of property, plant and equipment (31 December 2023: HK\$nil).

SEGMENT INFORMATION

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

INFORMATION ON EMPLOYEES

As at 30 June 2024, the Group had 393 employees working in Hong Kong and the PRC (31 December 2023: 281). 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 costs (including remuneration of Directors and mandatory provident fund contributions) for the Period amounted to approximately HK\$28.5 million (for the six months ended 30 September 2023: approximately HK\$17.9 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (30 September 2023: HK\$nil).

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 as set out in Appendix C3 to the Listing Rules as the code of conduct regarding Directors' securities transactions in the securities of the Company. Based on specific enquiries with the Directors, all Directors confirmed that they had complied with the required standard of dealings set out in the Model Code and there was no event of non-compliance during the Period.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders and other stakeholders of the Company, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to promote the interests of the shareholders of the Company. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

The Company's corporate governance practices are based on the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules and amended from time to time. To the best knowledge and belief of the Directors, the Company has complied with the applicable code provisions of the CG Code throughout the Period.

AUDIT COMMITTEE

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

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

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

Hong Kong, 28 August 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.

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