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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 2022

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 2022 (“**FY2022**” or “**Reporting Period**”) together with comparative figures for the year ended 31 December in 2021 (“**FY2021**”) as set out below:

HIGHLIGHTS

	Year ended 31 December		Percentage change
	2022 RMB'000	2021 RMB'000	
Revenue	356,847	341,998	+4.3%
Gross profit	119,256	108,480	+9.9%
Profit for the year	46,697	48,292	-3.3%

RESULTS

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 2022 (“**FY2022**” or “**Reporting Period**”) together with comparative figures for the year ended 31 December in 2021 (“**FY2021**”) as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	356,847	341,998
Cost of sales		<u>(237,591)</u>	<u>(233,518)</u>
Gross profit		119,256	108,480
Other revenue	5	775	4,181
Other gains and losses	6	423	3,797
Distribution and selling expenses		(27,799)	(28,224)
Administrative expenses		(27,724)	(23,130)
(Provision for impairment loss)/reversal of impairment loss on trade, deposits and other receivables, net		(60)	893
Finance costs	7	(3,258)	(6,150)
Listing expenses		<u>(8,690)</u>	<u>(2,003)</u>
Profit before income tax expense	8	52,923	57,844
Income tax expense	9	<u>(6,226)</u>	<u>(9,552)</u>
Profit for the year		<u>46,697</u>	<u>48,292</u>
Profit for the year attributable to:			
Owners of the Company		<u>46,697</u>	<u>48,292</u>

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Profit for the year		<u>46,697</u>	<u>48,292</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>112</u>	<u>212</u>
Other comprehensive income for the year		<u>112</u>	<u>212</u>
Total comprehensive income for the year		<u>46,809</u>	<u>48,504</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		<u>46,809</u>	<u>48,504</u>
Earnings per share attributable to the ordinary shareholder of the Company (RMB)			
– Basic and diluted	<i>11</i>	<u>0.080</u>	<u>0.080</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment	<i>12</i>	42,131	42,953
Right-of-use assets		6,171	6,310
Investment property		–	–
Goodwill		269	269
Intangible assets		330	688
Financial asset at fair value through other comprehensive income		1,233	1,121
Deferred tax assets		946	617
		<hr/>	<hr/>
Total non-current assets		51,080	51,958
Current assets			
Inventories	<i>13</i>	90,671	106,459
Trade receivables	<i>14</i>	64,016	63,163
Prepayments, deposits and other receivables		12,696	15,300
Right of return assets		1,152	818
Amounts due from related parties		–	–
Amounts due from shareholders		343	343
Cash and cash equivalents		156,831	127,321
		<hr/>	<hr/>
Total current assets		325,709	313,404
		<hr/>	<hr/>
Total assets		376,789	365,362
Current liabilities			
Trade payables	<i>15</i>	47,763	42,511
Other payables and accruals		21,891	14,380
Contract liabilities		506	593
Borrowings		44,477	87,033
Amount due to a shareholder		–	9
Lease liabilities		84	84
Income tax payable		2,024	5,490
		<hr/>	<hr/>
Total current liabilities		116,745	150,100
		<hr/>	<hr/>

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Net current assets		<u>208,964</u>	<u>163,304</u>
Total assets less current liabilities		<u>260,044</u>	<u>215,262</u>
Non-current liabilities			
Borrowings		<u>1,599</u>	<u>3,626</u>
Total non-current liabilities		<u>1,599</u>	<u>3,626</u>
NET ASSETS		<u><u>258,445</u></u>	<u><u>211,636</u></u>
Equity attributable to owners of the Company			
Share capital	<i>16</i>	372	372
Reserves		<u>258,073</u>	<u>211,264</u>
TOTAL EQUITY		<u><u>258,445</u></u>	<u><u>211,636</u></u>

NOTES

1. GENERAL INFORMATION

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

(b) Reorganisation

Pursuant to a group reorganisation (the “**Group Reorganisation**”) as detailed in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 30 December 2022 (the “**Prospectus**”), the Company become the holding company of the subsidiaries comprising the Group on 8 June 2022.

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

(a) Adoption of new or amended HKFRSs – effective 1 January 2022

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Amendments to HKFRS 3	Conceptual Framework for Financial Reporting

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 ²
HKFRS 17	Insurance Contracts ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ 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.

HKFRS 17 – Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a ‘General Model’, which is modified for insurance contracts with direct participation features, described as the ‘Variable Fee Approach’. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The directors of the Company do not anticipate that the application of this standard 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 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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 8, Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

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 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify whether the initial recognition exemption applies to certain transactions that often result in both an asset and a liability being recognised simultaneously. Such instances might include the initial recognition of leases from the perspective of a lessee or asset retirement obligations (AROs)/decommissioning liabilities.

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 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.

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 and investment property, which are measured at fair value.

(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.

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Dried delicacies	88,079	87,410
Snacks	186,862	171,059
Dried aquatic products	58,817	59,002
Grains	20,220	21,358
Seasonings and others	2,869	3,169
	<u>356,847</u>	<u>341,998</u>
Timing of revenue recognition		
At a point in time	<u>356,847</u>	<u>341,998</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:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Manufacturing	320,267	250,352
Trading	36,580	91,646
	<u>356,847</u>	<u>341,998</u>

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.

	Year ended 31 December 2022		
	Manufacturing	Trading	Total
	RMB'000	RMB'000	RMB'000
Segment revenue from external customers	320,267	36,580	356,847
Inter-segment revenue	<u>42,178</u>	<u>–</u>	<u>42,178</u>
Reportable segment revenue	<u><u>362,445</u></u>	<u><u>36,580</u></u>	<u><u>399,025</u></u>
Reportable segment profit	<u><u>49,601</u></u>	<u><u>12,878</u></u>	<u><u>62,479</u></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><u>(29)</u></u>	<u><u>(31)</u></u>	<u><u>(60)</u></u>
Reversal of write-down of inventories	171	–	171
Income tax expense	<u><u>(3,838)</u></u>	<u><u>(2,388)</u></u>	<u><u>(6,226)</u></u>

	Year ended 31 December 2021		
	Manufacturing <i>RMB'000</i>	Trading <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue from external customers	250,352	91,646	341,998
Inter-segment revenue	<u>20,846</u>	<u>–</u>	<u>20,846</u>
Reportable segment revenue	<u><u>271,198</u></u>	<u><u>91,646</u></u>	<u><u>362,844</u></u>
Reportable segment profit	<u><u>28,763</u></u>	<u><u>31,175</u></u>	<u><u>59,938</u></u>
Depreciation and amortisation	(4,286)	(106)	(4,392)
Interest revenue	288	19	307
Interest expense	(5,786)	(342)	(6,128)
(Impairment loss)/reversal of impairment loss:			
– Trade receivables	820	81	901
– Deposits and other receivables	<u>(4)</u>	<u>(4)</u>	<u>(8)</u>
	<u><u>816</u></u>	<u><u>77</u></u>	<u><u>893</u></u>
Write down of inventories	(171)	–	(171)
Income tax expense	<u><u>(2,182)</u></u>	<u><u>(7,370)</u></u>	<u><u>(9,552)</u></u>
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue			
Reportable segment revenue		399,025	362,844
Elimination of inter-segment revenue		<u>(42,178)</u>	<u>(20,846)</u>
Consolidated revenue		<u>356,847</u>	<u>341,998</u>
Profit before income tax expense			
Reportable segment profit		62,479	59,938
Listing expense		(8,690)	(2,004)
Unallocated corporate expenses		<u>(866)</u>	<u>(90)</u>
Consolidated profit before income tax expense		<u>52,923</u>	<u>57,844</u>
Other material items			
Reportable depreciation and amortisation		<u>4,201</u>	<u>4,392</u>

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 2021, 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A	155,176	124,916
Customer B	59,700	54,348
Customer C	49,320	30,853
	<u>264,196</u>	<u>210,117</u>

5. OTHER REVENUE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income from bank deposits	386	307
Government grants (<i>Note</i>)	389	3,690
Rental income	–	184
	<u>775</u>	<u>4,181</u>

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

- (a) incentive of agricultural development for the year ended 31 December 2021 which the Group was required to lease over 40 acres of land for agricultural use for ten years; and
- (b) incentive for revenue growth and new technology industrial enterprise for the years ended 31 December 2022 and 2021 which does not have other unfulfilled obligations.

6. OTHER GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Gain on early termination of subleases	–	1,782
Gain on changes in fair value of investment property	–	1,100
Reversal for the provision of social insurance and housing provident fund	481	1,179
Loss on disposal of property, plant and equipment	(58)	(264)
	<u>423</u>	<u>3,797</u>

7. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest expenses on bank and other borrowings	3,256	5,966
Guarantee fee	–	22
Interest expenses on lease liabilities	2	162
	<u>3,258</u>	<u>6,150</u>

8. PROFIT BEFORE INCOME TAX EXPENSE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(Reversal of write-down)/write-down of inventories (<i>Note i</i>)	<u>(171)</u>	<u>171</u>
Depreciation charge:		
– Owned property, plant and equipment	3,620	3,793
– Right-of-use-assets	<u>223</u>	<u>214</u>
	<u>3,843</u>	<u>4,007</u>
Amortisation on intangible assets included in:		
– Administrative expenses	9	25
– Research and development costs	<u>349</u>	<u>360</u>
	<u>358</u>	<u>385</u>
Auditors' remuneration	741	–
Cost of inventories recognised as expenses, including reversal of write-down and write-down of inventories	237,591	233,518
Listing expenses	8,690	2,003
Research and development costs	13,363	10,386
Employee costs	<u>40,794</u>	<u>38,955</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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax – PRC Enterprise Income Tax (the “ PRC EIT ”) – for the year	6,555	9,223
Deferred tax – for the year	<u>(329)</u>	<u>329</u>
Income tax expense	<u><u>6,226</u></u>	<u><u>9,552</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 BVI, the Company incorporated in the Cayman Islands and the Company’s subsidiary incorporated in the BVI are not subject to any income tax.

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

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC EIT of the subsidiaries of the Group is calculated based on the statutory tax rate of 25%, except for the following two subsidiaries. Zhengwei Food and Zhenglian 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%.

10. DIVIDENDS

No dividend was paid or declared by the Company since its incorporation.

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:

	2022	2021
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><u>46,697</u></u>	<u><u>48,292</u></u>
Number of ordinary shares for the purpose of calculating basic earnings per share	<u><u>600,000,000</u></u>	<u><u>600,000,000</u></u>
Basic and diluted earnings per share (<i>RMB</i>)	<u><u>0.08</u></u>	<u><u>0.08</u></u>

As at 31 December 2022 and 2021, the total shares of the Company in issue were 600,000,000 and 5,263,200 ordinary shares respectively. The number of ordinary shares for the purpose of calculating basic earnings per share for the year end 31 December 2022 and 2021 has been determined on the assumption that the Reorganisation and the Capitalisation Issue (*Note 16(c)*) of 594,736,800 ordinary shares have been effective on 1 January 2021.

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the years ended 31 December 2022 and 2021.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvement	Plant and machineries	Furniture, electronic and other equipment	Motor vehicles	Construction in progress ("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>
Cost							
At 1 January 2021	22,188	5,678	8,989	2,521	588	236	40,200
Additions	-	-	6,962	477	120	1,929	9,488
Disposals	-	-	(92)	(6)	-	(236)	(334)
Transfer from investment property	6,110	-	-	-	-	-	6,110
Transfer from CIP	-	877	1,052	-	-	(1,929)	-
At 31 December 2021 and 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)	-
At 31 December 2022	28,298	6,555	19,689	2,923	708	-	58,173
Accumulated depreciation							
At 1 January 2021	2,112	3,770	1,457	1,049	397	-	8,785
Provided for the year	606	533	2,045	503	106	-	3,793
Eliminated on disposals	-	-	(63)	(4)	-	-	(67)
At 31 December 2021 and 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)
At 31 December 2022	3,500	4,860	5,159	1,963	560	-	16,042
Net book value							
At 31 December 2022	24,798	1,695	14,530	960	148	-	42,131
At 31 December 2021	25,580	2,252	13,472	1,444	205	-	42,953

13. INVENTORIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Raw materials	52,154	59,598
Finished goods	37,554	44,632
Finished goods – purchased merchandise	<u>963</u>	<u>2,400</u>
	90,671	106,630
Less: Provision for write-down	<u>–</u>	<u>(171)</u>
	<u>90,671</u>	<u>106,459</u>

14. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	64,016	63,507
Less: Provision for impairment loss recognised	<u>–</u>	<u>(344)</u>
	<u>64,016</u>	<u>63,163</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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	48,074	37,657
1 to 2 months	15,942	25,510
2 to 3 months	–	–
3 months to 1 year	–	–
Over 1 year	<u>–</u>	<u>340</u>
Less: Provision for impairment loss recognised	<u>–</u>	<u>(344)</u>
	<u>64,016</u>	<u>63,163</u>

15. TRADE PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables (<i>Note (a)</i>)	<u>47,763</u>	<u>42,511</u>

Note:

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within six months	47,763	42,511
Six months to 1 year	-	-
Over 1 year	<u>-</u>	<u>-</u>
	<u>47,763</u>	<u>42,511</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				
Authorised				
As at 1 January 2021, 31 December				
2021, 1 January 2022	100,000	1.00	100	715
Share subdivision (<i>Note a</i>)	9,900,000	0.01	–	–
Increase in authorised share capital (<i>Note (b)</i>)	<u>7,990,000,000</u>	0.01	<u>79,900</u>	<u>557</u>
As at 31 December 2022	<u>8,000,000,000</u>	0.01	<u>80,000</u>	<u>1,272</u>
Issued and fully paid				
As at 1 January 2021, 31 December				
2021, 1 January 2022	52,632	1.00	53	372
Share subdivision (<i>Note (a)</i>)	<u>5,210,568</u>	0.01	<u>–</u>	<u>–</u>
As at 31 December 2022	<u>5,263,200</u>	0.01	<u>53</u>	<u>372</u>

Notes:

- (a) On 20 June 2022, pursuant to the written resolutions passed by the Shareholders, each of the issued and unissued shares with a par value of US\$1.0 in the share capital of the Company was subdivided into 100 Shares of a par value of US\$0.01 each, such that the Company's authorised share capital is US\$100,000 divided into 10,000,000 Shares with a par value of US\$0.01 each.
- (b) 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.
- (c) 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 global offering, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Manufacturing business

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

Trading business

For our trading business, we purchase dried candied fruit, nuts and other products in bulk from suppliers and sell to retailers and corporate customers without further processing in the PRC. We offer a large and evolving range of diverse product portfolio covering five types of products including (i) snacks; (ii) dried delicacies; (iii) dried aquatic products; (iv) grains; and (v) seasonings and others.

Production facilities

As at the date of this announcement, we have 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.

Sales channels and customer base

We primarily sell our products to retailers such as supermarkets and grocery stores, corporate customers, e-commerce channel on Tmall.com, and other individual customers. We also sell our products such as snacks, dried aquatic products, nuts, cereals and mushrooms at concessionary counters in supermarkets, where our promoters will promote and interact face-to-face with end consumers to provide useful product information tailored to the interests and needs of individual consumers. The products sold at concessionary counters are generally not pre-packaged but sold according to weight.

We believe our customers choose our products mainly based on (i) our high quality of products; (ii) our stable product supply, and (iii) our large and evolving range of diverse product offerings. During the Reporting Period, our products were mainly sold and delivered to our customers in Jiangxi Province, Hubei Province, Zhejiang Province and Sichuan Province. As at 31 December 2022, we had 26 sales representatives and over 160 promoters in the PRC. Our sales representatives are responsible to manage our relationships with customers and follow up with customer orders, whereas our promoters are stationed at concessionary counters in supermarkets to promote our products to end consumers. We believe our strong and diversified customer base and track record serve as a solid foundation for our future growth and development.

Raw materials

We generally source raw materials such as cuttlefish, lotus seeds, black fungi, pistachios, bamboo shoots, chicken feet and duck necks from farmers and agricultural cooperatives and corporate suppliers. We secure raw materials in advance to maintain the stability of our supplies and control our procurement cost. We maintain a selected list of suppliers for raw materials. We evaluate materials, quality of the products and timeliness of product delivery of our suppliers. We have also established strong relationships with our five largest suppliers which help to reduce our exposure to price and supply fluctuations.

FINANCIAL REVIEW

Overview

The following discussion is based on and should be read in conjunction with the financial information and accompanying notes included elsewhere in this announcement.

Revenue

During the Reporting Period, our revenue 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 FY2022, we recorded total revenue of approximately RMB356.8 million, representing an increase of 4.3% from RMB342.0 million for FY2021. The slight increase was mainly attributable to the increase in sales from manufacturing of snacks and dried food products of approximately RMB69.92 million, and partially offset by the decrease in sales from trading of snacks and dried food products of approximately RMB55.07 million.

Cost of sales

Our cost of sales mainly comprised of (i) direct materials costs, (ii) production costs; (iii) direct labour costs; and (iv) others. The following table sets out a breakdown of our cost of sales for the years indicated:

	FY2022	FY2021
	RMB'000	RMB'000
Direct materials costs	213,120	209,577
Production costs	13,507	12,001
Direct labour costs	11,468	11,820
(Reversal of)/provision for sales return, net	(333)	(51)
(Reversal of)/provision for inventories	(171)	171
	<u>237,591</u>	<u>233,518</u>

For FY2022, the Group's cost of sales was approximately RMB237.6 million, representing an increase of 1.8% from approximately RMB233.5 million for FY2021. The above increase was mainly due to the increase in direct material costs which was generally in line with the increase in our revenue.

Gross profit and gross profit margin

For FY2022, we recorded (i) gross profit of approximately RMB119.3 million, representing an increase of 10.0% from RMB108.5 million for FY2021; and (ii) gross profit margin of approximately 33.4%, representing an increase of 1.7% from 31.7% for FY2021. The increase was mainly due to (i) the growth of our sales of approximately RMB14.85 million; and (ii) the increase in sales price of our products in general.

Other revenue

Other revenue mainly comprised government grants, interest income from bank deposits and rental income. Government grants were one-off in nature and mainly represented grants received from the PRC local government authority as subsidies to our Group, including (i) incentive of agricultural development for the year ended 31 December 2021 which the Group was required to lease over 40 acres of land for agricultural use for ten years; and (ii) incentive for revenue growth and new technology industrial enterprise for the years ended 31 December 2022 and 2021 which does not have other unfulfilled obligations.

Other revenue decreased from approximately RMB4.2 million for FY2021 to approximately RMB0.8 million for FY2022, which was mainly attributable to the decrease in government grants received by approximately RMB3.4 million.

Other gain and losses

Other gains and losses decreased from approximately RMB3.8 million for FY2021 to approximately RMB0.4 million for FY2022. Such decrease was primarily due to there was no investment property since October 2021 and therefore no gain on changes in fair value of investment property recognised for FY2022.

Distribution and selling expenses

Our distribution and selling expenses remained relatively stable at approximately RMB28.2 million and RMB27.8 million for FY2021 and FY2022, respectively.

Administrative expenses

Administrative expenses mainly comprised of research and development, staff cost, legal and professional expenses, depreciation and amortization, other taxes, entertainment and transportation expenses, office expenses and others.

Our administrative expenses increased from approximately RMB23.1 million for FY2021 to approximately RMB27.7 million for FY2022, which was mainly due to (i) the increase in staff costs of approximately RMB0.8 million as a result of the increase in number of administrative staff from 49 in FY2021 to 65 in FY2022; and (ii) the increase in maintenance expenses of approximately RMB0.5 million in respect of machineries in Guangchang Plant; and (iii) increase in research and development cost of approximately RMB3.0 million.

Finance costs

Our finance costs mainly represented interest expenses on bank and other borrowings. The decrease in finance costs of approximately RMB2.9 million for FY2022 as compared to approximately RMB6.2 million FY2021 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 FY2022.

Taxation

Our taxation comprised of (i) profit tax expenses of EIT; and (ii) deferred tax expenses. Our taxation decreased from approximately RMB9.6 million for FY2021 to approximately RMB6.2 million for FY2022, which was mainly due to the increase in revenue not taxable for tax purpose of approximately RMB2.6 million.

Profit for FY2022

Our net profit was approximately RMB46.7 million in FY2022 compared to approximately RMB48.3 million in FY2021. Our net profit margin remained relatively stable at approximately 13.1% in FY2022 compared to 14.1% in FY2021.

Net current assets

Our net current assets increased from approximately RMB163.3 million for FY2021 to approximately RMB209.0 million for FY2022. The increase was primarily due to (i) the increase in trade receivables of approximately RMB0.8 million; (ii) the increase in trade payables of approximately RMB5.3 million; (iii) the increase in other payables and accruals of approximately RMB7.5 million; and (iv) the decrease in current borrowings of approximately RMB42.5 million.

Gearing ratio

Our gearing ratio decreased from approximately 30.0% for FY2021 to approximately 15.2% FY2022. Such decrease was mainly attributable to the decrease in our total borrowings of approximately RMB44.6 million as at 31 December 2022.

Significant investment held

The Group had no significant investment held for FY2022.

Material acquisitions and disposals of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisition or disposal of subsidiaries, associates and joint venture for FY2022.

Contingent liabilities

As at 31 December 2022, we had no contingent liabilities.

Foreign exchange risks

We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Employees and remuneration

We had 640 employees as of 31 December 2022, compared to 659 employees as of 31 December 2021, primarily due to a slight increase in overall headcount.

In order to promote overall efficiency, employee loyalty and retention, we provide our employees with on-the-job training and education. Our staff receive training on a regular basis to familiarise themselves with the requirements of their job and to enhance their knowledge in the latest trends and techniques. A specialised training programme is provided to all our new recruits for cultural integration and to promote our quality standards. A probation period may be imposed on our new recruits depending on their relevant industry experience. At the end of their probation period, they will be confirmed as full-time employees if their respective supervisors are satisfied with their performance during the probation period.

We offer attractive remuneration packages to our employees. We pay in respect of our employees in the PRC social security funds including, pension insurance, medical insurance, unemployment insurance, occupational injury insurance, insurance for maternity leave and housing provident fund contributions as required under the PRC laws and regulations.

PROSPECT AND OUTLOOK

Expansion of our production capacity and enriching our product offerings

Introducing new products

We believe consumers are constantly evolving with their tastes and preferences change with them. We will continuously develop new snack products to ensure we stay current on consumer trends. We intend 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. We have conducted our internal research on popularity of different snack products. We will also obtain feedback from our retailer customers on acceptance of new flavours and purchase pattern of end consumers in the market. Being front line sales channels reaching end consumers day-to-day, we believe our retailer customers such as supermarkets and grocery stores have sufficient expertise and direct knowledge of the preference of the end consumers. With the long-term and established relationship with our retailer customers, our Directors consider that we already have stable sales channels to sell and market our new snack products readily, which is also supported by our growth in revenue generated from sales of our own-branded vegetable snacks and own-branded meat snacks in FY2022 as compared to FY2021.

New production lines and expansion of our production capacity

We plan to build a new factory building for housing the new production lines, which will be located within the same land parcel of the existing Guangchang Plant. It is expected that upon completion of the construction of new factory building and installation of the new production lines as mentioned above, our Group will have two production lines for vegetable snacks with designed annual production capacity of approximately 3,000 tonnes and two production lines for meat snacks with designed annual production capacity of approximately 3,700 tonnes.

Increase our sales through enhancement of marketing efforts and expansion of sales channels

We intend to continue to enhance our marketing efforts and expand our sales channels to maximise the exposure of our brand and the accessibility of our products to end consumers across the PRC. In particular, our planned initiatives include the following:

Expand our sales network and concessionary counter network in Southwestern China

We plan to consolidate our relationship with existing customers in provinces where we have established presence while continue to identify and look for new customers in provinces where we currently have limited presence. Our Directors believe that we successfully introduced our products and raised awareness to our “Shengyao (聲耀)” and “Gangweifang (贛味坊)” brands to end consumers in Sichuan Province and Chongqing, which provided us opportunities to further market and promote our products to other retailer customers and corporate customers in Southwestern China. Going forward, we intend to further increase our marketing resources to promote our products and establish business relationship with retailers and corporate customers in Southwestern China. To this end, we plan to recruit additional five sales representatives in the next two years to visit operators of local supermarket chains and grocery stores and develop relationships with local corporate companies to look for potential business opportunities.

Leveraging our experience in face-to-face product and brand promotion at concessionary counters in Jiangxi Province and Hubei Province, we intend to strategically replicate our successful concessionary counter model into Southwestern China, particularly Sichuan Province, by expanding our concessionary counter network in supermarkets. In general, we will particularly focus on leading or well-known supermarket chains with physical stores in cities or counties with high population densities and strategic locations that can provide a potential customer base for our dried food products and snacks products. We believe “experience-based” retail model across our concessionary counters in supermarkets allow our promoters to highlight our product features and promote our brand directly to end consumers, which leading up to purchase and enhancement of our brand from enjoyable shopping experiences. We intend to open concessionary counters in 14 supermarket stores in the next two years, and station one promoter in each concessionary counter.

Promotional activities with supermarket chain customers

Supermarket chains had been, and will continue to be, our key sales channels. For FY2022, revenue generated from supermarkets amounted to approximately RMB221.7 million (FY2021: RMB230.8 million), accounting for approximately 62.1% (FY2021: 67.5%) of our revenue. Considering our long term relationship with these supermarket chains and their familiarity and receptiveness to our products, we believe there is still room for our sales to them to grow further. In order to attract end consumers to purchase our products, we plan to strengthen our marketing and promotional efforts in cooperation with our supermarket chain customers. In particular, we plan to organise promotional activities together with supermarket stores outside or at their store entrance by setting up promotional booths which our promoters as well as supermarket staff will display our products, offer our products for pedestrians to try and taste, offer free gifts to or organise lucky draws for end consumers who purchase over a minimum amount. We believe such promotional activities can attract customer traffic to the supermarket stores while boosting the sales of our products and raising our brand awareness, creating a win-win situation for both our supermarket chain customers and us. We have entered into framework purchase agreements with certain supermarket chains to expand our promotional and marketing activities in the next two years.

Expand our marketing and advertising efforts

We plan to advertise our snack products through traditional media such as television commercials and radio broadcasts, as well as advertisement at high-traffic locations such as train stations, airports and bus stations. Moreover, we also intend to promote our snack products on social media such as WeChat, which is the most popular Chinese instant messaging platform, to reach a wide consumer group across China. As young generation is one of our key targeted consumer groups, we will organise promotion and sales events in high schools or tertiary education institutions to promote our snack products. We also plan to open short-term pop-up stores or organise short-term sales events in shopping malls to promote our brands and snack products with an aim to offer fun experience, as compared to traditional shopping in supermarkets and grocery stores, to vitalise our brands and build brand loyalty to our snack products. We will also explore opportunities of business cooperation with popular shops among young generation such as tea shops, coffee shops, karaoke stores and movie theatres to cross-sell our snack products.

EVENT AFTER REPORTING PERIOD

On 13 January 2023 (the “**Listing Date**”), the shares of the Company (the “**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Save as disclosed herein, no events that had a significant impact on the Group have occurred since the end of the reporting period.

USE OF PROCEEDS FROM GLOBAL OFFERING

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

The below table sets out the planned application of the net proceeds:

Intended application of the net proceeds	Percentage of total net proceeds	Estimated planned allocation <i>HK\$ million</i>	Adjusted planned allocation <i>HK\$ million</i>	Expected timetable for utilising the planned allocation
Building a new factory and acquiring new production lines in the Group’s Guangchang Plant	74.1%	82.0	72.1	30 June 2024
Enhancing the Group’s marketing efforts and expand the Group’s sales channels	15.9%	17.6	15.5	31 December 2024
Working capital and other general corporate purposes	10.0%	11.1	9.7	31 December 2024
Total	100.0%	110.7	97.3	

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments or capital assets as of 31 December 2022.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the Prospectus, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2022.

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 up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

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

The Company’s corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**CG Code**”). Since the Shares were listed on the Main Board of the Stock Exchange on 13 January 2023, the CG Code were not applicable to the Company during the year ended 31 December 2022. Throughout the period from the Listing Date to the date of this announcement, save for the deviation from code provision C.2.1 of the CG Code as disclosed in the paragraph headed “Chairman and Chief Executive Officer” below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code.

Chairman and Chief Executive Officer

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

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

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

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for FY2022. 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 2023 and a notice convening the AGM will be published and despatched to the Shareholders 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 25 May 2023 to 31 May 2023, both dates inclusive, during which period 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 24 May 2023.

AUDIT COMMITTEE

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

The Group’s audited annual results for FY2022 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. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group, 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 2022, consolidated statement of profit or loss and other comprehensive income for FY2022 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, BDO 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 BDO Limited on this announcement.

PUBLIC FLOAT

As at the date of this announcement, based on the information that is publicly available to the Group and to the best knowledge of the Directors, the Group maintained sufficient public float as the public Shareholders held not less than 25% of the issued share capital of the Group as required by the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (zhengwei100.com). The annual report for FY2022 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to Shareholders of the Company and available on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our loyal shareholders, partners and customers for their continuous support and to our staff for their dedication.

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

Hong Kong, 31 March 2023

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