

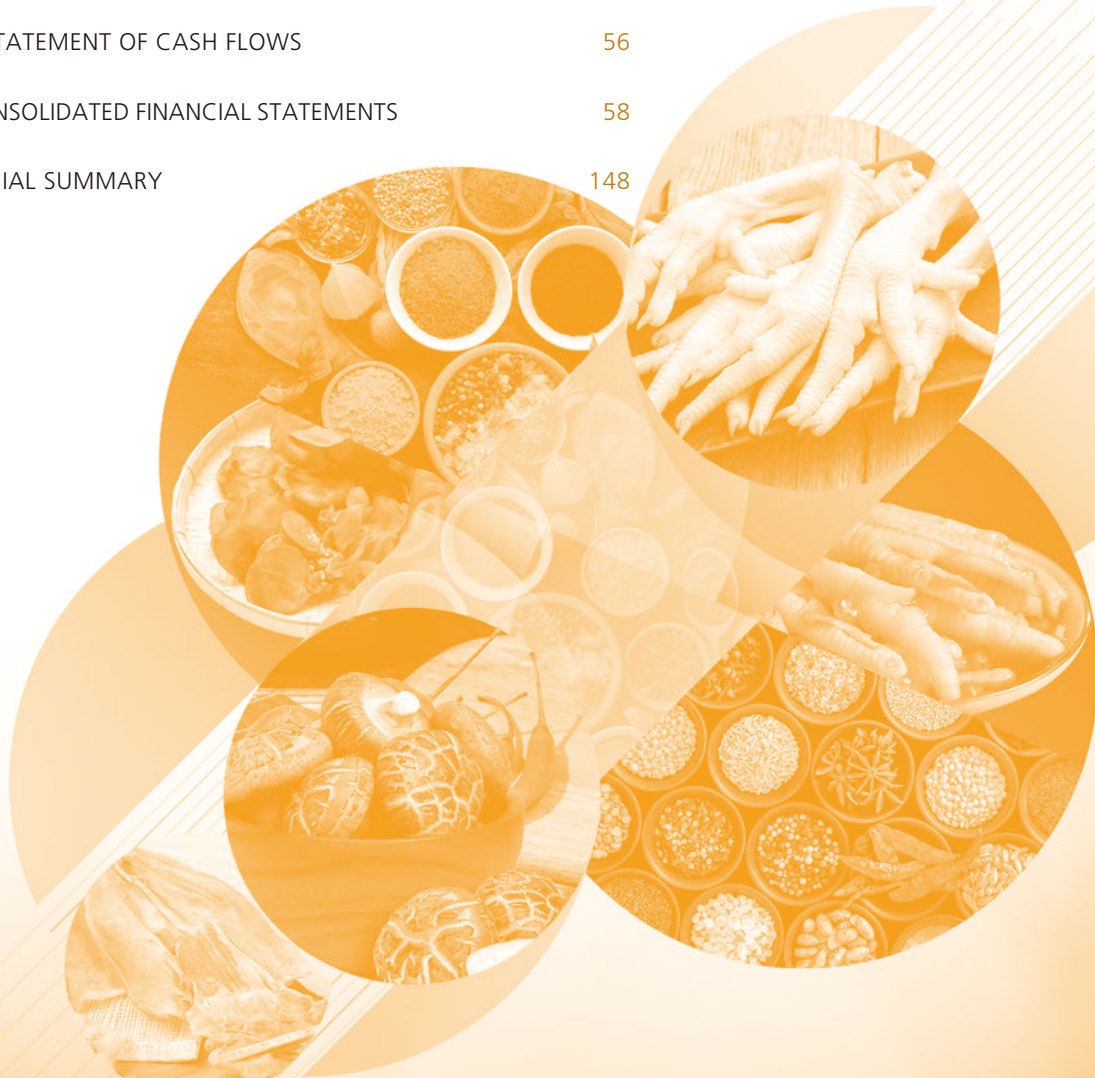


Stock Code: 2147



CONTENTS

CORPORATE INFORMATION	2
CHAIRMAN'S STATEMENT	4
MANAGEMENT DISCUSSION AND ANALYSIS	6
DIRECTORS' PROFILES	17
REPORT OF THE DIRECTORS	19
CORPORATE GOVERNANCE REPORT	30
INDEPENDENT AUDITOR'S REPORT	46
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	52
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	53
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	55
CONSOLIDATED STATEMENT OF CASH FLOWS	56
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	58
FIVE-YEAR FINANCIAL SUMMARY	148



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yang Shengyao (*Chairman and Chief Executive Officer*)
Ms. Lin Qiuyun
Mr. Li Hui (*resigned on 30 June 2024*)

Independent Non-Executive Directors

Mr. Li Taihong (*resigned on 29 February 2024*)
Mr. Lau Jing Yeung William (*resigned on 10 October 2024*)
Mr. Lee Kwok Tung Louis (*resigned on 29 February 2024*)
Mr. Hu Ruiwo (*appointed on 29 February 2024*)
Mr. Ye Sangzhi (*appointed on 29 February 2024*)
Mr. Yu Chi Kit (*appointed on 15 January 2025*)

AUTHORISED REPRESENTATIVES

Mr. Yang Shengyao
Mr. Chan Ngai Fan

COMPANY SECRETARY

Mr. Chan Ngai Fan

AUDIT COMMITTEE

Mr. Lau Jing Yeung William (*Chairman*)
(*resigned on 10 October 2024*)
Mr. Yu Chi Kit (*Chairman*) (*appointed on 15 January 2025*)
Mr. Li Taihong (*resigned on 29 February 2024*)
Mr. Lee Kwok Tung Louis (*resigned on 29 February 2024*)
Mr. Hu Ruiwo (*appointed on 29 February 2024*)
Mr. Ye Sangzhi (*appointed on 29 February 2024*)

REMUNERATION COMMITTEE

Mr. Li Taihong (*Chairman*) (*resigned on 29 February 2024*)
Mr. Hu Ruiwo (*Chairman*) (*appointed on 29 February 2024*)
Mr. Yang Shengyao (*ceased to be a member of the remuneration committee on 10 October 2024*)
Mr. Lau Jing Yeung William (*resigned on 10 October 2024*)
Mr. Ye Sangzhi (*appointed on 10 October 2024*)
Mr. Yu Chi Kit (*appointed on 15 January 2025*)

NOMINATION COMMITTEE

Mr. Li Taihong (*Chairman*) (*resigned on 29 February 2024*)
Mr. Hu Ruiwo (*Chairman*) (*appointed on 29 February 2024*)
Mr. Yang Shengyao (*ceased to be a member of the nomination committee on 10 October 2024*)
Mr. Lau Jing Yeung William (*resigned on 10 October 2024*)
Mr. Ye Sangzhi (*appointed on 10 October 2024*)
Mr. Yu Chi Kit (*appointed on 15 January 2025*)
Ms. Lin Qiuyun (*appointed on 1 July 2025*)

REGISTERED OFFICE

71 Fort Street
PO Box 500, George Town
Grand Cayman KY1-1106
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

487 Yuhu Road
Xiaolan Economic Development and Technology Zone
Nanchang
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 12, 12/F Tower A, New Mandarin Plaza
No. 14 Science Museum Road
Tsim Sha Tsui, Kowloon
Hong Kong

AUDITOR

SFAI (HK) CPA Limited
Certified Public Accountants
Room 2702, 27/F, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

CORPORATE INFORMATION

LEGAL ADVISOR AS TO HONG KONG LAW

Bird & Bird

6/F, The Annex, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

COMPLIANCE ADVISOR

Grand Moore Capital Limited

21/F, No. 88 Lockhart Road
Wanchai
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited

71 Fort Street
PO Box 500, George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

17M Floor
Hopewell Centre, 183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKER

Jiangxi Bank Co., Ltd. (Nanchang Tielu Branch)

96 Zhanqian Road, Xihu District
Nanchang City, Jiangxi Province
PRC

STOCK CODE

2147

COMPANY'S WEBSITE

www.zhengwei100.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Director(s)**”) of Zhengwei Group Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present to the shareholders the audited consolidated results of the Group for the eighteen months ended 30 June 2025 (the “**Reporting Period**”) together with comparative figures for the year ended 31 December 2023 (“**FY2023**”).

BUSINESS AND FINANCIAL REVIEW

For the Reporting Period, we recorded total revenue of approximately RMB938.1 million, representing an increase of 110.7% from RMB445.2 million for FY2023. The increase was mainly attributable to the increase in sales from trading of dried food products, seasonings and others of approximately RMB685.9 million. For the Reporting Period, the Group recorded gross loss of approximately RMB12.2 million, as compared to a gross profit of approximately RMB147.3 million for FY2023. It was mainly due to the significant increase in direct material costs resulting in the significant increase in cost of sales outweighing the corresponding increase in revenue and the write-off of inventories for the Reporting Period. Also, it was due to the significant inventory loss incurred caused by the extreme rainfall event on 28 March 2025, represents a material financial event for the Company. This incident has directly resulted in an estimated immediate financial loss of approximately RMB37 million, stemming from the complete write-off of water-damaged raw materials, including various types of dried seafood and mushrooms. The scale of this loss necessitates a thorough assessment of its impact on the Company's annual financial statements and determines that whether it is a primary contributor to a potential net loss for the fiscal year. Such a substantial and unexpected impairment of inventory losses has a direct and significant negative impact on the Company's financial results. The RMB37 million loss will be recorded as an expense, drastically reducing the gross profit margin and operating profit for the year. The Group's loss for the Reporting Period was approximately RMB108.8 million, as compared to a profit of approximately RMB67.5 million for FY2023.

PROSPECT AND OUTLOOK

To capture the business opportunities and achieve a sustainable competitive advantage, we will further strengthen and improve the Group's market position through the following strategies:

- continuously develop and introduce new snack products to keep up with consumer trends; and
- enhance marketing efforts and expand sales channels to maximise the exposure of our own brands and the accessibility of products to end consumers across the People's Republic of China (the “**PRC**”).

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the senior management team and our employees for their outstanding contribution for the Group. I would also like to thank all our shareholders, customers, suppliers, professional parties, business partners and the public community for their support to our business development and the successful Listing.

I strongly believe that the concerted effort of our staff and stakeholders will continue to propel the growth momentum of the Group going forward.

Yang Shengyao

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group mainly trades, and to a lesser extent produces, dried agricultural food products and bakery products in Jiangxi Province in the PRC, and to a lesser extent, Fujian Province and Hubei Province in the PRC.

Manufacturing business

For the manufacturing business, the Group produced and sold a variety of packaged dried food products, bakery products and frozen poultry products, such as fungi, dried aquatic products, lotus and chicken feet, etc. in the PRC. The Group generally (i) sourced raw materials from its suppliers; (ii) processed the raw materials and package products at its own production facilities; and (iii) sold the products under the Group's own "Shengyao (聲耀)" brand to customers including retailers such as supermarkets and grocery stores, corporate customers and other individual customers in the PRC. The Group's manufacturing business ceased production in 2025, resumption of which will depend on future business/product developments.

Trading business

For the trading business, the Group purchases dried candied fruit, nuts and other products in bulk from suppliers and sell to retailers and corporate customers without further processing in the PRC.

Sales channels and customer base

Having over 20 years of history and experience in dried food production and the continuous commitment and effort in maintaining high quality product and emphasis on food safety, the Group has established a solid customer base, including retailers such as supermarkets and grocery stores, corporate customers and other individual customers. Some of the Group's products sold in supermarkets, with the Company's long-standing brand benefits, drive end consumers' interests and needs, and enhance the Company's sales in other markets. During the Reporting Period, the Group's products were mainly sold and delivered to customers located in Jiangxi Province, Fujian Province, Zhejiang Province and Sichuan Province in the PRC.

Production facilities

As at the date of this annual report, the Group has one production facility in Nanchang, Jiangxi Province, the PRC. Nanchang plant is specialised in the processing and packaging of bakery products.

PROSPECT

As consumers are constantly evolving with their tastes and preferences, the Group will continuously develop and introduce new snack products to keep up with consumer trends. The Group will conduct internal research on popularity of different snacks products and obtain feedback from its retailer customers on acceptance of new flavours and purchase pattern of end consumers in the market. With the long-term and established relationship with the Group's retailer customers, the Directors consider that the Group already has stable sales channels to sell and market new snack products readily.

MANAGEMENT DISCUSSION AND ANALYSIS

In the future, the Group will continue to enhance marketing efforts and expand sales channels to maximise the exposure of its own brands and the accessibility of products to end consumers across the PRC in order to maximise returns for shareholders. In particular, the Group intends to (i) expand sales network and concessionary counter network in supermarkets in Southeast China, in particular, in Fujian Province, the PRC; (ii) strengthen marketing and promotional efforts in cooperation with supermarket chain customers; and (iii) expand marketing efforts by advertising snacks products through traditional media such as television and commercial broadcasts, at high-traffic locations and social media such as WeChat.

QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

SFAI (HK) CPA Limited, the independent auditor of the Company ("**Auditor**"), expressed a qualified opinion on the Group's consolidated financial statements for the eighteen months ended 30 June 2025 which relates to the disposal of Jiangxi Zhengwei Food Co., Limited (江西正味食品有限公司), further details of which are discussed in the "Material acquisitions and disposals of subsidiaries, associates and joint venture" section. The sections headed "Qualified Opinion" and "Basis for Qualified Opinion" set out below are views of the Auditor from the Independent Auditor's Report:

Qualified Opinion

In the Auditor's opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of the report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the eighteen months ended 30 June 2025 in accordance with HKFRS Accounting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Insufficient accounting records relating to Disposal of the Disposal Group during the eighteen months ended 30 June 2025

As described in Note 32 to the consolidated financial statements, upon the completion on the disposal (the "**Disposal**") of 江西正味食品有限公司 (Jiangxi Zhengwei Food Co., Limited, a former indirectly wholly-owned subsidiary of the Company and its subsidiaries, the "**Disposal Group**") to the Disposal Group purchaser (the "**Disposal Group Purchaser**") on the date of Disposal (the "**Date of Disposal**"), the Group had loss of control of the Disposal Group and the assets and liabilities of that Disposal Group are derecognised accordingly. A gain of approximately RMB2,451,000 on Disposal of the Disposal Group is recognised which was credited to the profit or loss of the Group for the eighteen months ended 30 June 2025. The Company then surrendered all the books and records of the Disposal Group, including but not limited to the management accounts, ledgers and sub-ledgers accounts, vouchers, bank statements, respective agreements and supporting documentations to the Disposal Group Purchaser and the financial statements of the Disposal Group were then derecognised from the consolidated financial statements of the Company with effective from the Date of Disposal.

MANAGEMENT DISCUSSION AND ANALYSIS

When the management preparing the consolidated financial statements of the Company for the eighteen months ended 30 June 2025, in view of the non-cooperation of the Disposal Group Purchaser, the management of the Company was unable to access sufficient books and records of the deconsolidated Disposal Group and the books and records which are available and were retained by the Company were not found to be of a sufficient level for the purposes of audit and thus, the management of the Company consider that they were unable to have sufficient appropriate books and record to ascertain whether the assets and liabilities of the Disposal Group as at 1 January 2023, 31 December 2023 and the Date of Disposal and the income and expenses of the Disposal Group during the period from 1 January 2023 up to the Date on Disposal of the Disposal Group as set out in Note 32 to the consolidated financial statements are fairly stated and properly reflected, despite the fact that the directors of the Company have taken all reasonable steps and have used their best endeavours to resolve the matter.

As a result, the Auditor was unable to carry out sufficient appropriate audit evidence and there were no alternative audit procedures to satisfy the Auditor as to whether the assets and liabilities of the Disposal Group as at 1 January 2023, 31 December 2023 and the Date of Disposal and the income and expenses of the Disposal Group during the period from 1 January 2023 up to the Date on Disposal of the Disposal Group are fairly stated and properly reflected, and the segment information and other related disclosure notes thereof, and also the gain on the Disposal of the Disposal Group was properly credited to the profit or loss for the eighteen months ended 30 June 2025 have been accurately recorded and properly accounted for which were included in the consolidated financial statements of the Company for the eighteen months ended 30 June 2025.

Any adjustments to the figures as described above might have a consequential effect on the Group's consolidated financial performance and its consolidated cash flows for the year ended 31 December 2023 and the eighteen months ended 30 June 2025, and the consolidated financial position of the Group as at 1 January 2023 and 31 December 2023 and the related disclosures thereof in the consolidated financial statements.

The Auditor conducted the audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. The Auditor's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of the audit report. The Auditor is independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and have fulfilled other ethical responsibilities in accordance with the Code. The Auditor believe that the audit evidence obtained is sufficient and appropriate to provide a basis for the qualified opinion.

DETAILS OF THE AUDIT MODIFICATIONS

During the course of the audit in relation to the Financial Results, the Auditor had requested the Company to provide the Disposal Group's management accounts, general ledgers and subledgers accounts, all accounting vouchers, bank statements, agreements and supporting documentations, the breakdown and details of each of the assets and liabilities, and income and expenses account balances, such as bank accounts, trade customers and suppliers and stock movements for the purpose of performing audit procedures.

MANAGEMENT DISCUSSION AND ANALYSIS

After completion of the Disposal of the Disposal Group, the Company has retained and made available to the Auditor certain basic records of the Disposal Group, including electronic copies of general ledger and monthly management accounts (“**Basic Records**”). The Company has only retained such Basic Records because all original documents and company seals of the Disposal Group has been handed over to the Disposal Group Purchaser upon completion of the Disposal.

However, the Auditor did not find the Basic Records to be of sufficient level for the purpose of the audit. Instead, the Auditor has requested for more specific and original business records and information (“**Specific Information**”) of the Disposal Group to perform audit procedures, including but not limited to (i) detailed accounting vouchers; (ii) supporting documents of business transactions such as invoices, receipts and agreements; and (iii) authorised confirmations to banks, customers and suppliers. However, the Company was not able to provide the Specific Information, as all original books and records of the Disposal Group had been handed over to the Disposal Group Purchaser upon completion of the Disposal, the Company had not retained another set of the original books and records of the Disposal Group due to sheer volume and the Disposal Group Purchaser was not willing to provide authorised signatories on the third party confirmations.

The Company had discussed with the Disposal Group Purchaser on a best effort basis to potentially open the books and records of the Disposal Group to the Auditor or engage a mutually agreed auditor to audit the books and records of the Disposal Group and provide an audited report for the purpose of the Group’s audit for the eighteen months ended 30 June 2025 (“**Potential Options**”). However, the Disposal Group Purchaser refused to cooperate with the Company and the Potential Options were rejected by the Disposal Group Purchaser.

In light of the inability to access the full books and records of the Disposal Group, the Auditor considered that the Retained Books and Records were not found to be of a sufficient level for the purpose of their audit. As such, the Auditor was unable to obtain sufficient appropriate audit evidence and there were no alternative audit procedures to satisfy the Auditor as to whether (i) the assets and liabilities of the Disposal Group as at 1 January 2023, 31 December 2023 and the Date of Disposal and the income and expenses of the Disposal Group during the period from 1 January 2023 up to the Date on Disposal of the Disposal Group; (ii) the segment information and other related disclosure notes thereof; and (iii) the gain on the Disposal of the Disposal Group, have been accurately recorded and properly accounted for in the consolidated financial statements of the Company for the eighteen months ended 30 June 2025.

VIEWS OF THE BOARD AND THE AUDIT COMMITTEE ON THE QUALIFIED OPINION

The Board and the audit committee of the Company (the “**Audit Committee**”) noted that the consolidated financial statements of the Company for the eighteen months ended 30 June 2025 were subject to the qualified opinion (the “**Qualified Opinion**”) of the auditors, on the basis as set out in the section headed “Basis for Qualified Opinion” in the independent auditor’s report.

The Board and the Audit Committee did not express different views from that of the auditors.

MANAGEMENT DISCUSSION AND ANALYSIS

The management of the Company and the Audit Committee had discussed and understood from the Auditor that the audit qualification relating to *"Insufficient accounting records relating to Disposal of the Disposal Group during the eighteen months ended 30 June 2025"* was mainly due to the Auditor not being able to obtain sufficient audit evidence from the Retained Books and Records available to ascertain the validity, accuracy and proper recording of the amounts of the assets and liabilities of the Disposal Group as at 1 January 2023, 31 December 2023 and the Date of Disposal and the income and expenses of the Disposal Group during the period from 1 January 2023 up to the Date on Disposal. The Company had only retained electronic copies of the general ledger and monthly management accounts of the Disposal Group which were fully disclosed to the Auditor. The Company had on a best effort basis passed all available information on hand to the Auditor, but such records were not able to satisfy the documentary requirements of the Auditor to perform appropriate audit procedures. Missing documents required for the purpose of the audit included, among others, sub-ledgers accounts, accounting vouchers, bank statements and agreements.

The Directors consider that the insufficient accounting records relating to the Disposal of the Disposal Group was a one-off, non-recurring incident and the Audit Committee concurs with such views of the Directors, which would only affect the amount and allocation of profit or loss on the gain on Disposal for the eighteen months ended 30 June 2025 and the respective comparative figure which will appear in the results for the year ending 30 June 2026, as the financial statements of the Disposal Group were derecognised from the Company's consolidated financial statements for the eighteen months ended 30 June 2025. The audit qualification will then be removed in the consolidated financial statements of the Company for the year ending 30 June 2027. Both the Audit Committee and the Board agree that the above incident is non-recurring and the Company's corporate governance has not been impaired.

ACTION PLAN TO ADDRESS THE QUALIFIED OPINION

The Board and Audit Committee had conducted an internal review in respect of the underlying issue leading to the Audit Qualification and consider that this matter is a non-recurring incident which has not impaired the Company's corporate governance. The Company will bear in mind to negotiate a clause in future sale and purchase agreements relating to the disposal of group companies to ensure that the potential purchaser will agree for the purpose of future audits of the Company (i) to open the books and records of relevant disposed companies to the Group's auditor(s); or (ii) the engagement of a mutually appointed auditor to audit the books and records of the relevant disposed companies.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group mainly represents the sales from trading of bakery products, snacks and dried food products. For the Reporting Period, the Group recorded total revenue of approximately RMB938.1 million, representing an increase of approximately 110.7% from approximately RMB445.2 million for FY2023. The increase was mainly attributable to the increase in sales from trading of dried food products, seasonings and others of approximately RMB685.9 million.

Cost of sales

The cost of sales of the Group mainly comprised of (i) direct materials costs; (ii) production costs; (iii) direct labour costs; and (iv) others.

For the Reporting Period, the Group's cost of sales was approximately RMB950.3 million, representing an increase of approximately 218.9% from approximately RMB298.0 million for FY2023. The above increase was mainly due to the increase in direct material costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross (loss) profit

For the Reporting Period, the Group recorded gross loss of approximately RMB12.2 million, as compared to a gross profit of approximately RMB147.3 million for FY2023. It was mainly due to the significant increase in direct material costs resulting in the significant increase in cost of sales outweighing the corresponding increase in revenue and the write-off of inventories for the Reporting Period. Also, it was due to the significant inventory loss incurred caused by the extreme rainfall event on 28 March 2025, represents a material financial event for the Company. This incident has directly resulted in an estimated immediate financial loss of approximately RMB37 million, stemming from the complete write-off of water-damaged raw materials, including various types of dried seafood and mushrooms. The scale of this loss necessitates a thorough assessment of its impact on the Company's annual financial statements and determines that whether it is a primary contributor to a potential net loss for the fiscal year. Such a substantial and unexpected impairment of inventory losses has a direct and significant negative impact on the Company's financial results. The RMB37 million loss will be recorded as an expense, drastically reducing the gross profit margin and operating profit for the year.

Other income

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

Other income of the Group decreased from approximately RMB6.4 million for FY2023 to approximately RMB4.2 million for the Reporting Period, which was mainly attributable to the decrease in government grants of approximately RMB2.3 million and increase in interest income of RMB84,000.

Other gain and losses

Other gains and losses of the Group decreased from a loss of RMB164,000 for FY2023 to a loss of approximately RMB4.9 million for the Reporting Period. Such decrease was primarily due to the loss on disposal of property, plant and equipment of approximately RMB6.5 million (FY2023: loss of RMB2,000), net foreign exchange losses of RMB896,000 (FY2023: net losses of RMB162,000) and gain on Disposal of the Disposal Group of approximately RMB2.5 million which no such gain was recognized in FY2023.

Distribution and selling expenses

Distribution and selling expenses of the Group decreased from approximately RMB32.8 million for FY2023 to approximately RMB13.2 million for the Reporting Period, which was mainly due to the decrease in material consumption, staff salaries and advertising fee.

Administrative expenses

Administrative expenses of the Group mainly comprised of research and development, staff cost, legal and professional expenses, depreciation and amortization, other taxes, entertainment and transportation expenses, office expenses and others. The administrative expenses of the Group increased from approximately RMB36.6 million for FY2023 to approximately RMB39.8 million for the Reporting Period, which was mainly due to the combined effects of the decrease in staff salaries and listing fee and the increase of depreciation charges.

Finance costs

Finance costs of the Group mainly represented interest expenses on bank and other borrowings. The decrease in finance costs from approximately RMB2.9 million for FY2023 to RMB81,000 for the Reporting Period was mainly due to the decrease in interest expenses on bank and other borrowings as a result of the decrease in amount of bank and other borrowings for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

Income tax expense increased from approximately RMB9.2 million for FY2023 to approximately RMB38.3 million for the Reporting Period, which was mainly due to (i) tax paid for distributable profit of the Group's PRC subsidiaries of RMB21 million; and (ii) no subsidiaries entitled preferential tax rate of 15% due to High and New Technology Entities qualification under PRC Enterprise Income Tax.

Loss for the Reporting Period

As a result of the foregoing, the Group's loss for the Reporting Period was approximately RMB108.8 million, as compared to a profit of approximately RMB67.5 million for FY2023.

Net current assets

The net current assets of the Group remained relatively stable at approximately RMB311.8 million as at 31 December 2023 and approximately RMB310.3 million as at 30 June 2025.

Liquidity and capital resources

To manage liquidity risk, the Board closely monitors the Group's liquidity position and its compliance with lending covenants in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet its liquidity requirements in the short and long term.

	The Reporting Period RMB'000	FY2023 RMB'000
Net cash (used in) generated from operating activities	(157,197)	36,595
Net cash generated from (used in) investing activities	5,681	(79,909)
Net cash generated from financing activities	6,974	85,669
Net (decrease) increase in cash and cash equivalents	(144,542)	42,355

As at 30 June 2025, the Group's cash and cash equivalents amounted to approximately RMB54.6 million, representing a decrease of approximately 72.6% from approximately RMB199.2 million as at 31 December 2023.

Gearing ratio

The gearing ratio decreased from approximately 4.0% for FY2023 to nil for the Reporting Period. Such decrease was mainly attributable to the decrease in the Group's total borrowings of approximately RMB18.2 million as at 30 June 2025.

Significant investment held

The Group had no significant investment held for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Reference is made to the announcement of the Company dated 2 June 2025 in relation to the settlement of legal proceedings, enforcement of civil mediation and the disposal of Jiangxi Zhengwei Food Co., Limited* (江西正味食品有限公司), a former indirectly wholly-owned subsidiary of the Company.

On 8 October 2024, Pingnan County Anwang Trading Co., Ltd.* (屏南縣安旺貿易有限公司) (the “**Plaintiff**”) and Fujian Jiazhiwei Food Co., Ltd.* (福建佳之味食品有限公司) (the “**1st Defendant**”), an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase contract (the “**Contract**”), pursuant to which, the Plaintiff agreed to sell, and the 1st Defendant agreed to purchase, food supplies at a total sum of RMB38,190,000 (the “**Goods Payment Sum**”). The Plaintiff alleged that whilst it had discharged its obligations under the Contract, the 1st Defendant had failed to perform its obligations, primarily the payment of the food supplies procured from the Plaintiff (the “**Non-Performance**”). On 6 February 2025, in view of the Non-Performance of the Contract by the 1st Defendant, the Company (the “**2nd Defendant**”) agreed to pledge 100% equity interest (the “**Share Pledge**”) held by it in Jiangxi Zhengwei Food Co., Limited* (江西正味食品有限公司) (the “**3rd Defendant**”, together with the 1st Defendant and 2nd Defendant, collectively, the “**Defendants**”) to the Plaintiff. As the Plaintiff alleged that the Goods Payment Sum remained unpaid and the Share Pledge was not registered at the time of claim, the Plaintiff lodged a claim against the Defendants on 3 April 2025 (the “**Legal Proceedings**”).

On 7 May 2025, the Plaintiff and the Defendants have entered into a civil mediation agreement* (民事調解書) (the “**Civil Mediation Agreement**”) to reach settlement in respect of the Legal Proceedings through mediation conducted by Fujian Province Fuzhou Gulou People’s Court* (福建省福州市鼓樓區人民法院) (the “**Court**”). Pursuant to the Civil Mediation Agreement issued by the Court, it is agreed that (i) the Legal Proceedings shall be settled; (ii) the 1st Defendant shall pay the Goods Payment Sum to the Plaintiff in three instalments, out of which RMB10,000,000 shall be paid by 9 May 2025, RMB15,000,000 shall be paid by 9 June 2025, and RMB13,190,000 shall be paid by 9 July 2025 (the “**Repayment Obligation**”); (iii) the Company, as the 2nd Defendant, together with the 3rd Defendant shall be jointly and severally liable for the Repayment Obligation on the part of the 1st Defendant; and (iv) if the 1st Defendant fails to discharge its Repayment Obligation and the 2nd Defendant and 3rd Defendant fail to repay on behalf of the 1st Defendant, the 1st Defendant is subject to a default interest on the Goods Payment Sum and the Plaintiff is entitled to deal with the assets of the Defendants, including to dispose of the 100% equity interest of the 3rd Defendant by way of auction. As the Defendants failed to comply with the abovementioned Civil Mediation Agreement, *inter alia*, failure to discharge the Repayment Obligation due to the delay in fund transfer, thereby failing to meet the prescribed timeline of the Repayment Obligation as stated in the Civil Mediation Agreement, the Plaintiff has filed an application to deal with or otherwise dispose of the 100% equity interest of the 3rd Defendant by way of auction (the “**Disposal**”).

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the 執行調解書 (“**Execution of Mediation Agreement**”) entered into between the Plaintiff, the 1st Defendant, the 2nd Defendant and the 3rd Defendant dated 28 May 2025, the Company agreed to dispose of its entire equity interest in the 3rd Defendant to an independent third party, 屏南縣行天下科技有限公司 (Pingnan County Xuxing Tianxia Technology Co., Ltd., the “**Disposal Group Purchaser**”) and the considerations include: (i) settlement the balance of Repayment Obligation of RMB36,140,000; (ii) cash consideration of RMB5,860,000; and (iii) the right to use of the factory premises and the land use right owned by the 3rd Defendant for a term of two years without any charges (collectively referred to as the “**Settlement Amounts**”).

Upon the completion on the disposal of the 3rd Defendant to the Disposal Group Purchaser on 13 June 2025 (the “**Date of Disposal**”), the 3rd Defendant and its subsidiaries were no longer subsidiaries of the Company and the financial statements of the 3rd Defendant and its subsidiaries were then derecognised from the consolidated financial statements of the Company with effective from the Date of Disposal.

The 3rd Defendant and its subsidiaries are principally engaged in investment holding, processing and trading of snacks and performing research developing in the PRC, and, in the opinion of the Board, are not major subsidiaries of the Company. As such, the Company considers that the deconsolidation of the financial statements of the 3rd Defendant and its subsidiaries from that of the Group would not have any material adverse impact on the Group’s business operation and financial position.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Contingent liabilities

As at 30 June 2025, the Group had no contingent liabilities.

Foreign exchange risks

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

Placing of new shares under general mandate

On 14 May 2024, the Company entered into a placing agreement (the “**Matrix Placing Agreement**”) with Matrix Securities Limited (“**Matrix**”) pursuant to which the Company appointed Matrix as its agent to procure not less than six placees to subscribe up to 160,000,000 new ordinary shares (“**Share(s)**”) of the Company (the “**First Batch of Placing Share(s)**”) at an issue price of HK\$0.138 per Share on a best effort basis on the terms and subject to the condition of the Matrix Placing Agreement (the “**First Placing**”). The price of HK\$0.138 per First Batch of Placing Share was determined after arm’s length negotiations between the Company and Matrix with reference to the prevailing market price of the Shares on the Stock Exchange. The placing price represents: (a) a discount of approximately 4.83% to the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on 14 May 2024, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of the announcement dated 14 May 2024 (the “**Last Trading Day of the First Placing**”); and (b) a discount of approximately 4.83% to the average closing price of HK\$0.145 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day of the First Placing. The net price per First Batch of Placing Share is approximately HK\$0.1295.

The Directors consider that the First Placing offers a good opportunity to raise further capital of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

On 5 June 2024, the Company completed the First Placing to allot and issue the First Batch of Placing Shares at HK\$0.138 each in accordance with the terms and conditions of the Matrix Placing Agreement. The net proceeds from the First Placing (the **"First Placing Proceeds"**) were approximately HK\$20.72 million. As at 30 June 2025, the Company has fully utilised the First Placing Proceeds for general working capital in accordance with the use of proceeds as disclosed in the announcement of the Company dated 14 May 2024.

Details of the First Placing were disclosed in the announcements of the Company dated 14 May 2024 and 23 May 2024.

On 18 November 2024, the Company entered into a placing agreement (the **"CNI Placing Agreement"**) with CNI Securities Group Limited (**"CNI"**) pursuant to which the Company appointed CNI as its agent to procure not less than six places to subscribe up to 160,000,000 new Shares (the **"Second Batch of Placing Share(s)"**) at a price of HK\$0.038 per Share on a best effort basis on the terms and subject to the condition of the CNI Placing Agreement (the **"Second Placing"**).

The price of HK\$0.038 per Second Batch of Placing Share was determined after arm's length negotiations between the Company and CNI with reference to, among other things, the prevailing market price of the Shares and the liquidity of the Shares on the Stock Exchange. The placing price represents: (a) a discount of approximately 19.15% to the closing price of HK\$0.047 per Share as quoted on the Stock Exchange on 18 November 2024, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of the announcement dated 18 November 2024 (the **"Last Trading Day of the Second Placing"**); and (b) a discount of approximately 11.21% to the average closing price of HK\$0.0428 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day of the Second Placing. The net price per Second Batch of Placing Share is approximately HK\$0.036.

The Directors are of the view that the Second Placing can strengthen the financial position of the Group and provide additional working capital to the Group to meet any future development and obligations. The Second Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company.

On 6 January 2025, the Company completed the Second Placing to allot and issue the Second Batch of Placing Shares at HK\$0.038 each in accordance with the terms and conditions of the CNI Placing Agreement. The net proceeds from the Second Placing (the **"Second Placing Proceeds"**) were approximately HK\$5.76 million. As at 30 June 2025, the Company has fully utilised the Second Placing Proceeds for general working capital in accordance with the use of proceeds as disclosed in the announcement of the Company dated 18 November 2024.

Details of the Second Placing were disclosed in the announcements of the Company dated 18 November 2024 and 9 December 2024.

Employees and remuneration

As at 30 June 2025, the Group had a total of 32 employees, compared to 755 employees as at 31 December 2023. The decrease in the number of employees was primarily due to the lay off of production and sales staff. The Group's remuneration policies were determined with reference to the performance, qualification and experience of individual employee, as well as the results of the Group and the latest market condition. The Group contributed to the PRC social security funds including, pension insurance, medical insurance, unemployment insurance, occupational injury insurance, insurance for maternity leave and housing provident fund contributions as required under the applicable PRC laws and regulations for its employees.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER REPORTING PERIOD

There are no material subsequent events after the end of the Reporting Period and up to the date of this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have future plans for material investments or capital assets as at 30 June 2025.

DIRECTORS' PROFILES

EXECUTIVE DIRECTORS

Mr. Yang Shengyao (楊聲耀先生) ("Mr. Yang"), aged 53, was appointed as our Director on 31 March 2020 and is our executive Director, chairman and chief executive officer. He is primarily responsible for the overall operations, strategic management, business development, and formulating our Group's business operation plans. Mr. Yang is a member of our remuneration committee and nomination committee.

Mr. Yang has accumulated over 23 years of experience in the food and trading industry. Mr. Yang was a general manager of Changsha Zhengwei Trading Company Limited* (長沙市正味貿易有限公司) from March 2000 to May 2001. Mr. Yang established our Group as a co-founder in January 2002. Mr. Yang has been the chairman, legal representative and general manager of Jiangxi Zhengwei Food Co., Limited* (江西正味食品有限公司) since January 2002, a director of Zhengwei Group Limited (正味集團有限公司) since May 2020, and a director of Zhengwei International Limited since April 2020.

Mr. Yang graduated from Jiangxi Agricultural University (江西農業大學) in January 2016 with a bachelor degree in landscape architecture. He is also a member of Jiusan Society (九三學社) since December 2015.

Mr. Yang is the spouse of Ms. Lin Qiuyun, our executive Director.

Mr. Yang was the director or responsible person of the following companies which were incorporated in the PRC and were subsequently dissolved or had their business licence revoked during his tenure:

Name of Company	Position	Status	Reasons of revocation of business licence/ deregistration	Date of revocation of business licence/ deregistration
Changsha Zhengwei Trading Co., Ltd. Nanchang Branch Office* (長沙市正味貿易有限公司南昌分公司)	Responsible person (負責人)	Business licence revoked	Cessation of business	3 January 2005
Jiangxi Kailingda Investment Consulting Co Ltd.* (江西省凱靈達投資諮詢有限公司)	Director	Deregistered	Voluntarily dissolved	28 June 2016

Mr. Yang confirmed that the above companies were solvent at the time of their business licences being revoked or their deregistration. Mr. Yang further confirmed that there was no wrongful act on his part leading to the revocation of business licences or deregistration and he is not aware of any actual or potential claim that has been or will be initiated against him as a result of the revocation of business licence or deregistration, and that his involvements in the companies were part and parcel of his services and that no misconduct or misfeasance had been involved in the revocation of business licence or deregistration. As advised by our PRC Legal Advisers, the revocation of business licence or deregistration of the above companies would not render Mr. Yang unsuitable to act as a director of any companies in the PRC.

DIRECTORS' PROFILES

Ms. Lin Qiuyun (林秋雲女士) ("Ms. Lin"), aged 50, was appointed as our Director on 20 June 2022 and is our executive Director. She is a member of our nomination committee. She is primarily responsible for managing sales department, and product and development of our Group.

Ms. Lin has accumulated over 20 years of experience in the field of sales and marketing. Ms. Lin joined our Group in January 2002 as a sales manager when it was established. Ms. Lin has been a director of Jiangxi Zhengwei Food Co., Limited* (江西正味食品有限公司) since December 2016. Ms. Lin graduated from Fujian Province Yongtai County Vocational School (福建省永泰縣職業學校) in July 1990.

Ms. Lin is the spouse of Mr. Yang, our executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Hu Ruiwo (胡瑞我先生) ("Mr. Hu"), aged 39, was appointed as an independent non-executive Director on 29 February 2024. He is the chairman of our nomination committee and remuneration committee and a member of our audit committee. Mr. Hu has more than 17 years of experiences in business management. He is currently the general manager of Shenzhen Pinganlu Industrial Company Limited* (深圳市平安路實業有限公司). Mr. Hu obtained a bachelor's degree in Information Management and Information System from Beijing Institute of Technology in 2020.

Mr. Ye Sangzhi (葉桑志先生) ("Mr. Ye"), aged 47, was appointed as an independent non-executive Director on 29 February 2024. He is a member of each of our audit committee, nomination committee and remuneration committee. Mr. Ye has more than 17 years of experiences in finance, business development and business management. He is currently the general manager of Jiangxi Youju Industrial Company Limited* (江西優聚實業有限公司). Mr. Ye obtained a bachelor's degree in Accounting from Shanghai University of Finance and Economics in 2007.

Mr. Yu Chi Kit (余志傑先生) ("Mr. Yu"), aged 46, was appointed as an independent non-executive Director on 15 January 2025. He is the chairman of our audit committee and a member of each of our nomination committee and remuneration committee. He holds a bachelor's degree in business administration from The Chinese University of Hong Kong. He is also a member of the Hong Kong Institute of Certified Public Accountants, Institute of Chartered Accountants in England and Wales and The Hong Kong Chartered Governance Institute. He was appointed as an independent non-executive director of Jinchuan Group International Resources Co. Ltd (Stock Code: 2362) from 6 November 2021 and Ernest Borel Holdings Limited (Stock Code: 1856) from 11 June 2024. He was previously the financial controller and company secretary of Central China Real Estate Limited (Stock Code: 0832) from 3 May 2022 to 1 September 2023, the chief financial officer, company secretary and authorized representative of Xiwang Special Steel Company Limited (Stock Code: 1266) and Xiwang Property Holdings Company Limited (Stock Code: 2088), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), from 1 November 2019 to 1 April 2022. He was previously the company secretary and authorized representative of China Development Bank International Investment Limited (Stock Code: 1062) from 20 June 2016 to 25 April 2019 and South China Assets Holdings Limited (Stock Code: 8155) from 1 April 2010 to 10 January 2011, the shares of which are listed on the Main Board and GEM of the Stock Exchange, respectively. He also has over eight years auditing experience in international accounting firms. He has extensive experience in accounting, auditing, and company secretarial practice in Hong Kong.

REPORT OF THE DIRECTORS

The Board has pleasure in presenting the report of the Directors and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in trading and producing dried agricultural food products and bakery products in the PRC. Particulars of the subsidiaries are set out in note 38 to the audited consolidated financial statements.

BUSINESS REVIEW

A review on the Group's business for the Reporting Period is set out under the section headed "Management Discussion and Analysis" of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure our compliance to the prevailing environmental protection laws and regulations.

The Group has developed environmental protection measures and policies to prevent and control pollution levels and harm caused to the environment in the form of waste gas, waste water, solid waste, dust etc. in the course of production or other activities in accordance with the applicable environmental laws and regulations.

The Group understands that a better future depends on everyone's participation and contribution. It has encouraged all employees to participate in environmental activities which benefit the community.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognise that employees, customers and business partners are the keys to the sustainable development of the Group. The Group is committed to building a close and caring relationship with its employees and business partners, and improve the quality of services and products to the customers. Employees are regarded as the most important and valuable assets of the Group. The Group ensures all staff is reasonably remunerated and regular training courses are provided for its workers operation of different types of machinery, as well as work safety. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group also stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

COMPLIANCE WITH LAWS AND REGULATIONS

The operations of the Group are primarily carried out by the Company's subsidiaries in the PRC. The Group's establishment and operations accordingly shall comply with relevant laws and regulations in the above jurisdiction. During the Reporting Period and up to the date of this annual report, the Group's operations have complied with all the relevant laws and regulations in the above jurisdictions in all material respects.

REPORT OF THE DIRECTORS

RESULTS

The Group's result for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 52 of this annual report.

The Board did not recommend the payment of a final dividend for Reporting Period (FY2023: Nil).

DIVIDENDS POLICY AND DIVIDEND

The Directors acknowledge the importance of stakeholders' engagement and would contemplate at least two times a year (prior to the announcement of annual and interim results) on the distribution of a dividend. While the Directors endeavour to share the Group's results with shareholders by way of a dividend, the portion and actual amount of distribution out of profits will be determined by the Directors having regard to a variety of factors, including but not limited to the Group's actual and expecting operating results and conditions, gearing level, general financial condition, availability of cash, future plans and funding needs for expansion.

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

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 53 of this annual report. Such summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movement in the Company's share capital during the Reporting Period are set out in note 30 to the audited consolidated financial statements.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity set out on page 55 of this annual report.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to the Shareholders as at 30 June 2025 amounted to approximately RMB58.1 million, subject to the applicable statutory requirements under the laws of the Cayman Islands.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business, apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Reporting Period and up to and including the date of this annual report.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year, the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the five largest customers of the Group accounted for approximately 42% of the total revenue and sales to the largest customer accounted for approximately 12% of the total revenue. The five largest suppliers of the Group in aggregate accounted for approximately 18% of its operating costs for the Reporting Period. Purchases from the largest supplier accounted for approximately 4% of its operating costs for the Reporting Period.

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors own more than 5.0% of the issued share capital of the Company) had an interest in these major customers or suppliers.

CONNECTED TRANSACTION

During the Reporting Period, there was no connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules which were required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in normal course of business are set out in note 37 to the audited consolidated financial statements. The Board confirmed that none of these related party transactions constitutes a discloseable connected transaction as defined under chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

DEED OF NON-COMPETITION

Each of Mr. Yang, Ms. Lin, Shengyao Investment Group Limited (“**Sheng Yao Investment**”), Trendy Peak International Limited (“**Trendy Peak**”), Nanchang Tongli Enterprise Management Center (Limited Partnership)* (南昌市同利企業管理中心(有限合夥)) (“**Nanchang Tongli LP**”) and Prosperous Season Group Limited (“**Prosperous Season**”) (together the “**Controlling Shareholder(s)**”) have entered into the deed of non-competition dated 16 December 2022 in favour of the Company, in respect of certain non-competition undertakings given by the Controlling Shareholders in favour of the Company. The Controlling Shareholders have given an unconditional and irrevocable non-competition undertaking in favour of our Company and its subsidiaries to protect the Group from any potential competition with the Controlling Shareholders. The Controlling Shareholders have confirmed full compliance with the terms of the non-competition undertaking during the Reporting Period.

BORROWINGS

Particulars of borrowings of the Group as at 30 June 2025 are set out in note 28 to the audited consolidated financial statements.

DONATIONS

During the Reporting Period, the Group did not make any charitable and other donations.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant, equipment of the Group during the Reporting Period are set out in note 16 to the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company’s articles of association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company’s listed securities (including treasury shares (as defined in the Listing Rules, if any)) during the Reporting Period.

During the Reporting Period, the Company had not entered into or maintained any equity-linked agreements.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company’s securities.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the Reporting Period and up to the date of this annual report are as follow.

Appointed on

Executive Directors

Mr. Yang Shengyao (<i>Chairman and Chief Executive Officer</i>)	31 March 2020
Ms. Lin Qiuyun	20 June 2022
Mr. Li Hui (<i>resigned with effect from 30 June 2024</i>)	20 June 2022

Independent Non-executive Directors

Mr. Li Taihong (<i>resigned on 29 February 2024</i>)	16 December 2022
Mr. Lau Jing Yeung William (<i>resigned on 10 October 2024</i>)	16 December 2022
Mr. Lee Kwok Tung Louis (<i>resigned on 29 February 2024</i>)	16 December 2022
Mr. Hu Ruiwo	29 February 2024
Mr. Ye Sangzhi	29 February 2024
Mr. Yu Chi Kit	15 January 2025

In accordance with article 108 of the Company's articles of association, Mr. Yang Shengyao and Ms. Lin Qiuyun will retire and, being eligible, will offer themselves for re-election at the Company's forthcoming AGM. In accordance with article 112 of the Company's articles of association, Mr. Yu Chi Kit will hold office until the forthcoming AGM and, being eligible, will offer himself for re-election at the forthcoming AGM.

INDEPENDENT NON-EXECUTIVE DIRECTORS

To the best knowledge and information of the Board having made reasonable enquiries, the independence criteria under Rule 3.13 of the Listing Rules remain satisfied by each of the independent non-executive Directors. Therefore, the Company considers that the independent non-executive Directors remain to be independent.

DIRECTORS' SERVICE CONTRACT

Each of our executive Directors has entered into a service contract with our Company for an initial fixed term of three years commencing from 16 December 2022, which can be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other. The service contracts may be renewed in accordance with the Company's articles of association and the applicable Listing Rules.

Each of our independent non-executive Directors, Mr. Lau Jing Yeung William (resigned on 10 October 2024), Mr. Li Taihong (resigned on 29 February 2024) and Mr. Lee Kwok Tung Louis (resigned on 29 February 2024) has signed an appointment letter with our Company for an initial fixed term of three years commencing from 16 December 2022, which can be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other. Each of our independent non-executive Directors, Mr. Hu Ruiwo and Mr. Ye Sangzhi has signed an appointment letter with our Company for an initial fixed term of three years commencing from 29 February 2024, and our independent non-executive Director, Mr. Yu Chi Kit has signed an appointment letter with our Company for an initial fixed term of three years commencing from 15 January 2025, which can be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other. The appointments are subject to the provisions of the Company's articles of association of with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

REPORT OF THE DIRECTORS

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Company's articles of association.

Save as disclosed above, none of our Directors has entered into a service contract with any member of our Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

DIRECTORS' REMUNERATION

The remuneration committee of the Board (the "**Remuneration Committee**") is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group. The remunerations of the Directors are determined with reference to market terms, seniority, experiences, duties and responsibilities assumed by each Director as well as their individual performance. The Directors' remuneration including the Directors' fees is subject to the Shareholders' approval at general meeting. Other emoluments are recommended by the Remuneration Committee for the Board's approval, having regard to the operating results of the Group, individual performance and comparable market statistics. Details of emoluments of the Directors are set out in note 13 to the audited consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as disclosed elsewhere in this annual report, none of the Directors or controlling shareholders, nor a connected party of any Directors or controlling shareholders, had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS

DISCLOSURE OF INTERESTS

As at 30 June 2025, the interests and short positions of Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept under sections 336 and 352 of the SFO, or as notified the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules, are as follows:

(i) Director’s interest in the Company

Name of Director	Capacity/nature	Number of Shares held/ Interested in	Long/short position	Approximate percentage of shareholding as at 30 June 2025 ⁽¹⁾
Mr. Yang	Interest in a controlled corporation	190,207,478 ⁽²⁾	Long	16.98%
	Interest in a controlled corporation	93,080,255 ⁽³⁾	Long	8.31%
	Interest of spouse	1,174 ⁽⁵⁾	Long	0.01%
Ms. Lin	Interest in a controlled corporation	1,174 ⁽⁴⁾	Long	0.01%
	Interest of spouse	283,287,733 ⁽⁵⁾	Long	25.29%

Notes:

- (1) The percentage of shareholding is calculated on the basis of the Company’s issued share capital of 1,120,000,000 shares as at 30 June 2025.
- (2) The Company is held as to 16.98% by Shengyao Investment Group Limited (“**Shengyao Investment**”). The issued share capital of Shengyao Investment is ultimately wholly owned by Mr. Yang. Therefore, Mr. Yang is deemed, or taken to be, interested in all the Shares held by Shengyao Investment for the purpose of the SFO.
- (3) The Company is held as to 8.31% by Prosperous Season Group Limited (“**Prosperous Season**”). The issued share capital of Prosperous Season is wholly owned by Nanchang Tongli Enterprise Management Center (Limited Partnership) (“**Nanchang Tongli LP**”), which is a limited partnership established in the PRC managed and controlled by Mr. Yang as the general partner. Accordingly, Mr. Yang is deemed, or taken to be, interested in all the Shares held by Prosperous Season for the purpose of the SFO.
- (4) Trendy Peak International Limited (“**Trendy Peak**”) beneficially holds 1,174 shares of the Company. The issued share capital of Trendy Peak is ultimately wholly owned by Ms. Lin. Therefore, Ms. Lin is deemed, or taken to be, interested in all the Shares held by Trendy Peak for the purpose of the SFO.
- (5) Mr. Yang and Ms. Lin are spouses. Under the SFO, each of Mr. Yang and Ms. Lin is deemed to be interested in the Shares that the other person is interested in.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 30 June 2025, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

So far as the Directors are aware, as at 30 June 2025, the interest and short positions of the persons, other than a director or chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO are as follows:

Substantial shareholders' interest in the Company

Name of shareholder	Capacity/nature	Number of Shares/ underlying Shares held/ interested in	Long/short position	Approximate percentage of shareholding as at 30 June 2025 ⁽¹⁾
Shengyao Investment	Beneficial owner	190,207,478 ⁽²⁾	Long	16.98%
Prosperous Season	Beneficial owner	93,080,255 ⁽³⁾	Long	8.31%
Nanchang Tongli LP	Interest in a controlled corporation	93,080,255 ⁽³⁾	Long	8.31%
Nanchang County Cultural Tourism Investment Co., Ltd.* (南昌縣文化旅遊投資有限公司) ("Nanchang Tourism")	Beneficial owner	283,287,733 ⁽⁴⁾	Long	25.29%
Nanchang Science Industry and Information Technology Bureau* (南昌縣科技和工業信息化局) ("Nanchang Science Bureau")	Interest in a controlled corporation	333,504,331 ^(4, 6)	Long	29.78%
Best Talent Venture Holdings Limited ("Best Talent")	Beneficial owner	54,320,565 ⁽⁵⁾	Long	4.85%
Mr. Li Hui	Interest in a controlled corporation	54,320,565 ⁽⁵⁾	Long	4.85%
Chang Nan Financial Control Limited ("Chang Nan Financial")	Beneficial owner	50,216,598 ⁽⁶⁾	Long	4.48%
Nanchang County Changnan Financial Control Fund Management Co., Ltd.* (南昌縣昌南金控基金管理有限公 司) ("Changnan Fund")	Interest in a controlled corporation	50,216,598 ⁽⁶⁾	Long	4.48%

REPORT OF THE DIRECTORS

Notes:

- (1) The percentage of shareholding is calculated on the basis of the Company's issued share capital of 1,120,000,000 shares as at 30 June 2025.
- (2) Shengyao Investment is wholly owned by Mr. Yang. Accordingly, Mr. Yang is deemed, or taken to be, interested in all the Shares held by Shengyao Investment for the purpose of the SFO.
- (3) Prosperous Season is wholly owned by Nanchang Tongli LP, which is a limited partnership established in the PRC managed and controlled by Mr. Yang as the general partner. Accordingly, Mr. Yang is deemed, or taken to be, interested in all the Shares held by Prosperous Season for the purpose of the SFO.
- (4) On 28 July 2023, Shengyao Investment pledged 146,000,000 Shares in favour of Nanchang Tourism as security for a financial assistance ("**Financial Assistance**") in the limit of up to RMB60,000,000 provided by Nanchang Tourism to Jiangxi Zhengwei Food Co., Limited* (江西正味食品有限公司) ("**Jiangxi Zhengwei**") and Jiangxi Leweijia Food Co., Ltd.* (江西樂味佳食品有限公司) ("**Jiangxi Leweijia**"), each an indirect wholly-owned subsidiary of the Company. On 8 February 2024, Shengyao Investment agreed to pledge 190,207,478 Shares, instead of 146,000,000 Shares in favour of Nanchang Tourism as security for the Financial Assistance provided by Nanchang Tourism to Jiangxi Zhengwei and Jiangxi Leweijia. On 8 February 2024, Prosperous Season pledged 93,080,255 Shares in favour of Nanchang Tourism as a further security for the Financial Assistance provided by Nanchang Tourism to Jiangxi Zhengwei and Jiangxi Leweijia. Nanchang Tourism is wholly owned by Nanchang Science Bureau. Accordingly, Nanchang Science Bureau is deemed, or taken to be, interested in all the Shares held by Nanchang Tourism for the purpose of the SFO.
- (5) Best Talent is owned as to 57.14%, 23.81% and 19.05% by Mr. Li, Mr. Wu Bangjun and Mr. Luo Zikang, respectively. Accordingly, Mr. Li is deemed, or taken to be, interested in all the Shares held by Best Talent for the purpose of the SFO.
- (6) Chang Nan Financial is wholly owned by Changnan Fund, a limited liability company established under the laws of the PRC and is ultimately wholly owned by Nanchang Science Bureau.

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or Chief Executive of the Company) in the Shares or underlying Shares which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

SHARE SCHEME

The Company has not adopted any share scheme or long-term incentive scheme prior to and upon listing on the Main Board of the Stock Exchange on 13 January 2023, as well as during the Reporting Period.

CORPORATE GOVERNANCE

Save as disclosed in this annual report, the Company has complied with the code provisions as set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules (the "**CG Code**") for the Reporting Period. Details of the corporate governance of the Group are set out in the section headed "Corporate Governance Report" in this annual report.

The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the CG Code and align with the latest developments.

REPORT OF THE DIRECTORS

SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's articles of association and subject to the applicable laws and regulations, the Directors are indemnified and secured harmless out of the assets of the Company against all losses and liabilities which may incur or sustain in execution of their duty, except such which they shall incur or sustain through their own fraud or dishonesty.

The Company has taken out directors' liability insurance during the Reporting Period that provides the appropriate coverage for the Directors.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Directors confirm that the Company had maintained the prescribed public float under the Listing Rules.

PRINCIPAL RISK AND UNCERTAINTY

The Group is subject to different risks in the operations of its business and the Group strives to ensure effective risk management system is in place. Major operational risks faced by the Group include: (i) any failure to maintain an effective quality control system or to adhere to our quality standards could have a material adverse effect on our business, financial condition and operating results, as well as our brand and reputation; (ii) we may face product liability claims related to our raw materials and our products, but we do not maintain any product liability insurance; (iii) we may not be able to maintain a stable supply of raw materials and the availability of our raw materials could be subject to weather conditions and global climate changes; (iv) we are susceptible to fluctuations in raw materials prices; (v) if our customers fail to receive their products as scheduled, our sales and reputation may be materially and adversely affected; and (vi) dried food and snack production in the PRC are highly competitive, and our efforts in developing, launching and promoting new products may not be successful.

In addition, the Group is also exposed to market risks, including interest rate, credit and liquidity risks that are associated with our ordinary course of business.

REPORT OF THE DIRECTORS

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events after the end of the Reporting Period and up to the date of this annual report.

AUDITOR

Following the resignation of CCTH CPA Limited as auditor of the Company on 24 February 2025, SFAI (HK) CPA Limited was appointed as new auditor of the Company with effect from 24 February 2025 to fill the casual vacancy, and to hold office until the conclusion of the next AGM.

The consolidated financial statements of the Company for the Reporting Period have been audited by SFAI (HK) CPA Limited while the consolidated financial statements for FY2023 were audited by CCTH CPA Limited. SFAI (HK) CPA Limited will retire, and being eligible, offer themselves for appointment at the forthcoming AGM.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, Mr. Yu Chi Kit, Mr. Hu Ruiwo and Mr. Ye Sangzhi. Mr. Yu Chi Kit 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 the Reporting Period 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.

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

Hong Kong, 30 September 2025

CORPORATE GOVERNANCE REPORT

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 the Shareholders 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 CG Code. During the Reporting Period, 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 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 C3 to 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 during the Reporting Period.

BOARD OF DIRECTORS

The Board is responsible for leading and directing the Group's business through establishment of a healthy corporate culture, formulation of overall strategies and policies, evaluation of performance and overseeing the management function. The Group has established a corporate culture which embraces innovation, creativity and receptiveness to change. The Board plays a leading role in defining the purpose, values and strategic direction of the Group which are aligned with the corporate culture. The corporate culture is reflected consistently in the business development of the Group, daily business operating practices as well as relation with stakeholders.

The principal objective of the Company is to strive for long-term return for all its stakeholders. The Group explores opportunities to enhance shareholders' returns, which includes but not limits to expanding our sales network and concessionary counter network in Southwestern China and implementing promotional activities with supermarket chain customers.

CORPORATE GOVERNANCE REPORT

In discharging its duties, the Board acts in good faith with due diligence and care, and makes decisions objectively in the best interests of the Company. The execution of strategies and implementation of policies in the Group's daily operations are delegated to the management team.

The Board has established mechanisms to ensure independent views and input are available to the Board. In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the nomination committee of the Board (the "**Nomination Committee**") and the Board are committed to assessing the Directors' independence annually with regards to all relevant factors related to the independent non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles and firm commitment to their independency;
- time commitment and attention to the Company's affairs;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement;
- further re-appointment of an independent non-executive Director (including the long-serving Independent Non-executive Director) is subject to a separate resolution to be approved by the shareholders; and an assessment on whether the independent non-executive Director is still independent and should be re-elected;
- Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors; and
- Independent non-executive Director as the chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee.

CORPORATE GOVERNANCE REPORT

The current composition of the Board has a strong independence element and provides sufficient balance of skills, experience and diversity of perspectives in leading the Company to achieve its goal. The independent non-executive Directors also provide independent judgment in the Board's overall decision making process. The Board will seek advice from external advisors including legal and other professional advisors, if necessary, to facilitate formulating important and independent decisions. The Board reviews the implementation and effectiveness of the board independence mechanism on an annual basis. The Board has reviewed the implementation and effectiveness of the board independence mechanism for the Reporting Period and considers it to be effective.

The composition of the Board and the attendance record of each Director at board meetings and general meeting during the Reporting Period are as below:

	Appointed on	Length of Tenure	Attendance/Meeting held Board meeting	Annual general meeting
Executive Directors				
Mr. Yang Shengyao (Chairman and Chief Executive Officer)	31 March 2020	>5 years	9/9	1/1
Ms. Lin Qiuyun	20 June 2022	>3 years	9/9	1/1
Mr. Li Hui (resigned on 30 June 2024)	20 June 2022	>3 years	4/4	0/1
Independent Non-executive Directors				
Mr. Li Taihong (resigned on 29 February 2024)	16 December 2022	>1 year	2/2	N/A
Mr. Lau Jing Yeung William (resigned on 10 October 2024)	16 December 2022	>1.5 year	6/6	1/1
Mr. Lee Kwok Tung Louis (resigned on 29 February 2024)	16 December 2022	>1 year	2/2	N/A
Mr. Hu Ruiwo	29 February 2024	>1.5 year	7/7	1/1
Mr. Ye Sangzhi	29 February 2024	>1.5 year	7/7	1/1
Mr. Yu Chi Kit	15 January 2025	>0.5 year	2/2	N/A

Biographical details of and the relationship amongst the Directors are presented in the section headed "Directors' Profiles" in this annual report. A list of the Directors identifying their roles and functions is available on the Stock Exchange's and the Company's websites.

CORPORATE GOVERNANCE REPORT

CONTINUING PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

Each of the Directors (being Mr. Yang Shengyao, Ms. Lin Qiuyun, Mr. Li Hui, Mr. Li Taihong, Mr. Lau Jing Yeung William, Mr. Lee Kwok Tung Louis, Mr. Hu Ruiwo, Mr. Ye Sangzhi and Mr. Yu Chi Kit) has complied with code provision C.1.4 of the CG Code and has participated in continuous professional development to develop and refresh their knowledge and skills for the Reporting Period as detailed in the following table. Each of the Directors has attended seminars organized by the Company or external institutions to update the knowledge of Listing rules and directors' duties and has read materials relevant to the Group's business. Each of the Directors has provided his or her training records to the Company on a yearly basis.

Directors' training hours by topic during the Reporting Period:

Directors	The roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness	Issuers' obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments	Corporate governance and ESG matters	Risk management and internal controls	Updates on industry-specific developments, business trends and strategies relevant to the issuer	Total no. of hours
Mr. Yang Shengyao	1 (Note 1)	1 (Note 1)	2 (Note 1)	1 (Note 1)	1 (Note 1)	5
Ms. Lin Qiuyun	1 (Note 1)	1 (Note 1)	2 (Note 1)	1 (Note 1)	1 (Note 1)	5
Mr. Li Hui (resigned on 30 June 2024)	1 (Note 1)	1 (Note 1)	–	–	–	2
Mr. Li Taihong (resigned on 29 February 2024)	1 (Note 1)	1 (Note 1)	–	–	–	2
Mr. Lau Jing Yeung William (resigned on 10 October 2024)	1 (Note 1)	1 (Note 1)	–	–	–	2
Mr. Lee Kwok Tung Louis (resigned on 29 February 2024)	1 (Note 1)	1 (Note 1)	–	–	–	2
Mr. Hu Ruiwo (appointed on 29 February 2024)	1 (Note 1)	1 (Note 2)	2 (Note 1)	1 (Note 1)	1 (Note 1)	5
Mr. Ye Sangzhi (appointed on 29 February 2024)	1 (Note 1)	1 (Note 2)	2 (Note 1)	1 (Note 1)	1 (Note 1)	5
Mr. Yu Chi Kit (appointed on 15 January 2025)	1 (Note 1)	1 (Note 2)	2 (Note 1)	1 (Note 1)	1 (Note 1)	5

Notes:

- (1) by self-study
- (2) trainings by external provider

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, all independent non-executive Directors will continue to make various contributions to the Company.

During the Reporting Period, upon the resignation of Mr. Lau Jing Yeung William on 10 October 2024, the Board did not meet the requirements of Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules. Upon the appointment of Mr. Yu Chi Kit on 15 January 2025, the Board has re-complied the requirements of the Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules pursuant to which the Board comprises at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise ("**Qualifications**"), and the Audit Committee comprises three members with an independent non-executive Director processing Qualifications.

FUNCTIONS, ROLES AND RESPONSIBILITIES OF THE BOARD

The Board, headed by the chairman of the Board, is responsible for the leadership and control of the Company and oversees of the Group's business, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. This should have been delegated to the board committees. Also, the Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as specified in code provision A.2.1 of the CG code.

The functions and duties of the Board include, but are not limited to, convening the general meetings, reporting on the performance of the Board's work at the general meetings, implementing the resolutions passed at the general meetings, determining business and investment plans, formulating annual financial budget and final accounts, formulating the Company's proposals for profit distributions, and formulating proposals for increase or reduction of capital as well as exercising other powers, functions and duties as conformed by the articles of association of the Company.

The executive Directors are responsible for day-to-day management of the Company's operations, financial management and conducting meetings with senior management of the Group, at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential, and the Board plays an important role in implementing and monitoring internal control system and risk management function.

The Board has assigned the powers and responsibilities of the Group's daily operations, management and administration to the senior management of the Company. The Board regularly reviews the functions and powers delegated to ensure that the assignments are still appropriate. To oversee specific aspects of the Company's affairs, the Board has established three board committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has assigned responsibilities to the Board committees in accordance with their respective scopes of powers and functions.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration, operation of the Company and so forth, are reviewed by the Board on a periodic basis. The management shall report back to the Board.

In addition, the Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

CORPORATE GOVERNANCE REPORT

Board Meetings and Board Committee Meetings

The Company's articles of association sets out the responsibilities and proceedings of the Board. The Board meets regularly, at least four times a year at approximately quarterly intervals, to consider, among others, operational reports and policies of the Company. Significant operational policies are discussed and passed by the Board. Not less than 14 days' notices are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. During the Reporting Period, four regular Board meetings were held.

For other Board and Board committee meetings, reasonable notice is generally given in the circumstances. The company secretary of the Company is responsible for taking and keeping minutes of all Board meetings and committee meetings. Minutes of the Board meetings and committee meetings are recorded in sufficient details in respect of matters considered by the Board and committees and the decisions reached, with copies circulated to all Directors or Board committee members for information and records within a reasonable time after the date of the meeting. Final version of these minutes are available for inspection by Directors. Directors who have conflicts of interest in a resolution are required to abstain from voting.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

On 29 February 2024, each of Mr. Li Taihong and Mr. Lee Kwok Tung Louis resigned as an independent non-executive Director. Following their resignations, Mr. Li Taihong has ceased to be the chairman of the Remuneration Committee, the chairman of the Nomination Committee and a member of the Audit Committee and Mr. Lee Kwok Tung Louis has ceased to be a member of the Audit Committee with effect from 29 February 2024.

Mr. Hu Ruiwo and Mr. Ye Sangzhi have been appointed as independent non-executive Directors with effect from 29 February 2024. Following their appointments, Mr. Hu Ruiwo has also been appointed as the chairman of the Remuneration Committee, the chairman of the Nomination Committee and a member of the Audit Committee and Mr. Ye Sangzhi has also been appointed as a member of the Audit Committee. Each of Mr. Hu Ruiwo and Mr. Ye Sangzhi has obtained legal advice referred to in Rule 3.09D of the Listing Rules on 28 February 2024, and has confirmed that he understood his obligations as a director of the Company.

On 10 October 2024, Mr. Lau Jing Yeung William resigned as an independent non-executive Director. Following his resignation, Mr. Lau Jing Yeung William has ceased to be chairman of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee. Mr. Yeung Shengyao has ceased to be a member of each of the Nomination Committee and the Remuneration Committee since 10 October 2024 and Mr. Ye Sangzhi has been appointed as a member of each of the Nomination Committee and the Remuneration Committee since 10 October 2024.

Mr. Yu Chi Kit has been appointed as an independent non-executive Director with effect from 15 January 2025. Following his appointment, Mr. Yu Chi Kit has also been appointed as the chairman of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee. Mr. Yu Chi Kit has obtained legal advice referred to in Rule 3.09D of the Listing Rules on 15 January 2025, and has confirmed that he understood his obligations as a director of the Company.

Ms. Lin Qiuyun has been appointed a member of the Nomination Committee with effect from 1 July 2025.

CORPORATE GOVERNANCE REPORT

BOARD AND WORKFORCE DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, age, culture, education background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Board comprises five Directors, including two executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of knowledge and skills, including knowledge and skills in the business of food industry, finance and accounting. They obtained degrees in various majors including software engineering, economics, accounting and audit and administration. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board comprises Directors of a wide range of age, ranging from 39 years old to 53 years old.

The Board recognises the importance and benefits of gender diversity at the Board level and shall continue to take initiatives to identify female candidate(s) to enhance the gender diversity among the Board members. As at the date of this annual report, we had one female Director on the Board and the Board targets to maintain at least one female Director. Therefore, the Board considers that gender diversity of the Board has been achieved for the Reporting Period. When selecting and making recommendations on suitable candidates as Directors in the future, the Nomination Committee will continue to consider the appointments of such candidates as Directors with reference to the diversity policy of the Company and take opportunities to increase the proportion of female Directors on the Board.

The Nomination Committee is responsible for ensuring the diversity of the Board. The Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation and effectiveness of the board diversity policy on an annual basis.

The Group has adopted the workforce diversity policy since 1 July 2025, which focuses on valuing the diversity of its employees and is committed to establishing a diverse and inclusive workplace.

The workforce diversity policy is summarized as below:

- (i) the Company is committed to fostering gender empowerment, gender equality and gender diversity across its workforce, and providing equal opportunities in relation to recruitment, training and development, performance and compensation, evaluation and career and promotion opportunities;
- (ii) the Group recognises that diversity encompasses a broad range of attributes, including race, ethnicity, gender, nationality or religion, age, disability, sexual orientation, marital status, pregnancy, family status and cultural background, as well as experience, skills and views. The Group strictly adheres to non-discriminatory employment practices and procedures. It is committed to providing a positive work environment that values the wide-ranging perspectives inherent in its diverse workforce, free from all forms of discrimination or harassment and treat employees with respect; and
- (iii) the policy applies to all facets of employment, including recruitment and selection, professional development and training, compensation and benefits, performance evaluation, and career advancement.

CORPORATE GOVERNANCE REPORT

As at 30 June 2025, 20% of the Group's senior management and approximately 23.8% of the Group's total workforce are female. Therefore, the Group considers that diversity of the workforce has been achieved. In the future, the Group will continue its endeavor to increase female representation in its workforce.

The Board has reviewed the implementation and effectiveness of the board diversity policy of the Company and the workforce diversity of the Group for the Reporting Period and considers them to be effective.

DIVIDEND POLICY

The declaration of future dividend will be subject to the recommendation of the Board and approval of the Shareholders in general meetings or, in the case of interim dividends, subject to the approval of the Board in accordance with the Company's articles of association. The amount of any dividends to be declared by our Company in any given year in the future will depend on, among others, our Group's results of operations, available cashflows and financial conditions, operating capital and regulations and any other factors that our Directors deem relevant. The payment of dividend may also be limited by legal restrictions and agreements that our Group may enter into in the future. The Company does not currently have a fixed dividend policy nor any predetermined dividend payout ratio.

At the meeting of the Board held on 30 September 2025, the Board did not recommend any payment of a final dividend for the Reporting Period.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established three committees for overseeing the performance of specific functions which are set out in written terms of reference for each committee of the Board and in accordance with the relevant laws and regulations and the applicable corporate governance practices under the Listing Rules. The composition of each committee of the Board and attendance of members at committee meeting held during the Reporting Period are as follow.

Composition of Board committees	Audit Committee	Nomination Committee	Remuneration Committee
	Attendance/Number of meetings held (C=Chairman; M=Member of the Committee)		
Independent Non-executive Directors			
Mr. Li Taihong (<i>resigned on 29 February 2024</i>) (Note 1)	2/2	1/1	1/1
Mr. Lau Jing Yeung William (<i>resigned on 10 October 2024</i>) (Note 3)	4/4	2/2	2/2
Mr. Lee Kwok Tung Louis (<i>resigned on 29 February 2024</i>) (Note 2)	2/2	N/A	N/A
Mr. Hu Rui Wo (<i>appointed on 29 February 2024</i>) (Note 1)	3/3	1/1	1/1
Mr. Ye Sangzhi (<i>appointed on 29 February 2024</i>) (Notes 2 and 3)	3/3	N/A	N/A
Mr. Yu Chi Kit (<i>appointed on 15 January 2025</i>) (Note 4)	1/1	N/A	N/A
Executive Directors			
Mr. Yang Shengyao (<i>Chairman and Chief Executive Officer</i>) (Note 3)	N/A	2/2	2/2
Ms. Lin Qiuyun	N/A	N/A	N/A
Mr. Li Hui (<i>resigned on 30 June 2024</i>)	N/A	N/A	N/A

Notes:

- (1) Following the resignation of Mr. Li Taihong as an independent non-executive Director on 29 February 2024, he ceased to be the chairman of the Remuneration Committee, the chairman of Nomination Committee and a member of the Audit Committee with effect from 29 February 2024. Following the appointment of Mr. Hu Ruiwo as an independent non-executive Director on 29 February 2024, he has been appointed as the chairman of the Remuneration Committee, the chairman of Nomination Committee and a member of the Audit Committee with effect from 29 February 2024.
- (2) Following the resignation of Mr. Lee Kwok Tung Louis as an independent non-executive Director on 29 February 2024, he ceased to be a member of the Audit Committee with effect from 29 February 2024. Following the appointment of Mr. Ye Sangzhi as an independent non-executive Director on 29 February 2024, he has been appointed as a member of the Audit Committee with effect from 29 February 2024.
- (3) Following the resignation of Mr. Lau Jing Yueng William as an independent non-executive Director on 10 October 2024, he ceased to be the chairman of Audit Committee and a member of each of the Nomination Committee and Remuneration Committee with effect from 10 October 2024. Mr. Yeung Shengyao has ceased to be a member of the Nomination Committee and a member of the Remuneration Committee with effect from 10 October 2024 and Mr. Ye Sangzhi has been appointed as a member of each of the Nomination Committee and the Remuneration Committee with effect from 10 October 2024.
- (4) Following the appointment of Mr. Yu Chi Kit as an independent non-executive Director on 15 January 2025, he has been appointed as the chairman of the Audit Committee and a member of each of Nomination Committee and the Remuneration Committee with effect from 15 January 2025.

CORPORATE GOVERNANCE REPORT

Audit committee

As at 30 June 2025, the Audit Committee comprised three members, namely Mr. Yu Chi Kit, Mr. Hu Ruiwo and Mr. Ye Sangzhi. Mr. Yu Chi Kit is the chairman of the Audit Committee, and he possesses the appropriate professional qualifications as required under Rule 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee was established on 16 December 2022 in compliance with Rule 3.21 of the Listing Rules. Written terms of reference in compliance with paragraph D.3.3 of the CG Code have been adopted. The primary roles of the Audit Committee include, but not limited to (a) making recommendations to our Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring integrity of our financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and (c) reviewing our financial controls, internal control and risk management systems.

The Audit Committee has discussed with the external auditors of the Company, CCTH CPA Limited and SFAI (HK) CPA Limited, and reviewed the annual and interim financial results and report, respectively, and discussed with SFAI (HK) CPA Limited the major internal audit issues and the effectiveness of the risk management (including ESG risk management) and internal control systems of the Group.

The Audit Committee has reviewed, among others, the proposed audit fees of CCTH CPA Limited and SFAI (HK) CPA Limited for the financial period ended 30 June 2025. Having taken into account of various factors, the Audit Committee recommended the Board to appoint SFAI (HK) CPA Limited as the auditor of the Company for the financial period ended 30 June 2025. For further details of the change of auditor of the Company, please refer to the announcement of the Company dated 24 February 2025. Having reviewed the remuneration of SFAI (HK) CPA Limited as the auditor of the Company for the financial period ended 30 June 2025, the Audit Committee has also recommended the Board to re-appoint SFAI (HK) CPA Limited as the auditor of the Company for the year ending 30 June 2026, subject to approval by the Shareholders at the upcoming annual general meeting of the Company.

Remuneration committee

As at 30 June 2025, the Remuneration Committee comprised three members, namely Mr. Hu Ruiwo, Mr. Ye Sangzhi and Mr. Yu Chi Kit, and is chaired by Mr. Hu Ruiwo.

The Remuneration Committee was established on 16 December 2022 in compliance with Rule 3.25 of the Listing Rules. Written terms of reference in compliance with paragraph E.1.2 of the CG Code have been adopted. The primary roles of the Remuneration Committee include, among other things, making recommendations to the Board on our Company's policy for human resource management as well as establishing, reviewing policies and structure in relation to remuneration for our Directors and senior management and review/approve matters relating to the share schemes under Chapter 17 of the Listing Rules. During the Reporting Period, the Remuneration Committee held three meeting in which it reviewed the existing Company's policy and structure for all Directors' and senior management remuneration by reference with the market research and current market circumstance and make recommendations to the Board on the remuneration of non-executive directors and the appointment and remuneration package of the independent non-executive Directors. No Director took part in any discussion about his/her own remuneration.

The Remuneration Committee has reviewed and made recommendations to the Board on the overall remuneration policy and structure for Directors and senior management and reviewed the remuneration of Directors and senior management and other matters for the Reporting Period.

CORPORATE GOVERNANCE REPORT

Remuneration Policy

The remuneration of Directors and senior management is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions.

Details of the Directors' remuneration are set out in note 13 to the audited consolidated financial statements. The annual remuneration of the senior management by bands for the Reporting Period is set out below:

Remuneration to the senior management by bands	Number of individuals
Nil to HK\$500,000	8
HK\$500,001 to HK\$1,000,000	1

Nomination committee

As at 30 June 2025, the Nomination Committee comprised three members, namely Mr. Hu Ruiwo, Mr. Ye Sangzhi and Mr. Yu Chi Kit, and is chaired by Mr. Hu Ruiwo. Mr. Lin Qiuyun has also been appointed as a member of the Nomination Committee with effect from 1 July 2025.

The Nomination Committee was established on 16 December 2022 in compliance with Rule 3.27A of the Listing Rules. Written terms of reference in compliance with paragraph B.3.1 of the CG Code have been adopted. The primary roles of the Nomination Committee include, but are not limited to, (a) reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of our Board at least annually and making recommendations on any proposed changes to our Board to complement our corporate strategy; (b) identifying individuals suitably qualified to become our Board members and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; and (c) assessing the independence of our independent non-executive Directors; and (d) assisting the Board in maintaining a board skills matrix and to support the Company's regular evaluation of the Board.

Nomination Policy

The nomination policy sets out the selection criteria and procedures for the Nomination Committee to select and recommend suitable candidates for directorship. These criteria and procedures are designed to assist and enable the Board to have all the relevant information and necessary recommendations for determining the suitability of a candidate for appointment so that the Board shall continue to have a balance of skills, experience and diversity of perspectives appropriate to the requirements and ongoing and future development of the Company's business.

The Nomination Committee shall consider a variety of factors in assessing the suitability of a proposed candidate for directorship, including but not limited to the following selection criteria:

- Board diversity policy that takes into consideration a number of factors including gender, age, cultural and educational background, skills, knowledge, industry and professional experience, business perspectives and the legitimate interests of the Company's principal shareholders;
- the candidate's commitment in respect of available time and relevant interest, in particular, whether the candidate would be able to devote sufficient time to effectively carry out his/her duties;

CORPORATE GOVERNANCE REPORT

- reputation for integrity of the candidate;
- independence of the candidate; and
- accomplishment and experience of the candidate which is relevant to the Company's industry and business.

Candidates for appointment as Directors may also be sourced internally or externally through various channels such as using the services of specialist executive search firms. The aim is to appoint individuals of the highest calibre in their area of expertise and experience.

Nomination Procedures

The nomination procedures adopted by the Nomination Committee are set forth below:

- a meeting of the Nomination Committee shall be called, nominations of candidate(s) from Board members shall be invited, if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidate(s) who are not nominated by Board members;
- for filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval;
- for proposing candidate(s) to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation; and
- the Board shall have the final decision on all matters relating to the proposed appointment of candidate(s) and recommendation of candidate(s) to stand for election at any general meeting.

EXTERNAL AUDITOR

As at 30 June 2025, the auditor was SFAI (HK) CPA Limited who provided services in respect of the audit of Company's consolidated financial statements which were prepared in accordance with HKFRS Accounting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Accounting Standards Board ("HKASB") and the disclosure requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

For the Reporting Period, the remuneration paid to our independent auditor, SFAI (HK) CPA Limited, for audit services is set out below:

Service category	RMB'000
Audit services	915
Non audit services	–
	915

CORPORATE GOVERNANCE REPORT

CCTH CPA Limited resigned as auditor of the Company on 24 February 2025 and SFAI (HK) CPA Limited was appointed as new auditor of the Company with effect from 24 February 2025. The consolidated financial statements of the Company for the Reporting Period have been audited by SFAI (HK) CPA Limited.

The statement of the auditor, SFAI (HK) CPA Limited, regarding their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 46 to 51 of this annual report.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of financial statements which give a true and fair view of the financial position of the Group. The responsibilities of the Company's auditor on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 46 to 51 of this annual report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for formulating and overseeing the on-going implementation of the internal control measures and effectiveness of risk management system, which is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

The management is primarily in charge of designing, implementing and monitoring the risk management and internal control systems. Management identifies and prioritizes the key potential risks of the Group through detailed assessment process. With the regular reports to the Board, the Board, through the Audit Committee, reviews the potential risks and risk appetite of the Group and provide recommendation on appropriate risk responses to ensure risk management effectiveness. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

During the Reporting Period, the Group has established the internal audit and compliance department to conducts regular internal audit review across principal divisions of the Group and reported their findings with improvements directly to the Audit Committee on a regular basis to ensure the internal controls are in place and adopted properly. The department has also carried out the analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Group annually. Based on the analysis provided by the internal audit and compliance department, the Board, through the Audit Committee, would review the risk management and internal control systems of the Group annually which covered the period of a whole financial year.

With the discussion among management, the internal audit and compliance department and the Audit Committee, the Board considers that the risk management and internal control systems of the Group were effective and adequate during the Reporting Period. The review of the risk management and internal control systems of the Group is an ongoing process which the Board will review them annually and the Board maintains a continuing commitment to strengthen the Group's control environment and processes.

CORPORATE GOVERNANCE REPORT

The Board would also like to draw the attention of the Shareholders that the consolidated financial statements of the Company for the eighteen months ended 30 June 2025 were subject to the Qualified Opinion of the auditor, on the basis as set out in the section headed “Basis for Qualified Opinion” in the Independent Auditor’s Report.

The Qualified Opinion relating to “*Insufficient accounting records relating to Disposal of the Disposal Group during the eighteen months ended 30 June 2025*” was mainly due to the Auditor not being able to obtain sufficient audit evidence from the Retained Books and Records available to ascertain the validity, accuracy and proper recording of the amounts of the assets and liabilities of the Disposal Group as at 1 January 2023, 31 December 2023 and the Date of Disposal and the income and expenses of the Disposal Group during the period from 1 January 2023 up to the Date on Disposal. The Board would like to address that the insufficient accounting records relating to the Disposal of the Disposal Group was a one-off, non-recurring incident, which did not impair the Company’s corporate governance and would only affect the amount and allocation of profit or loss on the gain on Disposal for the eighteen months ended 30 June 2025 and the respective comparative figure which will appear in the results for the year ending 30 June 2026, as the financial statements of the Disposal Group were derecognised from the Company’s consolidated financial statements for the eighteen months ended 30 June 2025. The audit qualification will then be removed in the consolidated financial statements of the Company for the year ending 30 June 2027.

With an aim of avoiding similar issue in the future, the Company reviewed its internal control currently in place and plans to implement the following future additional internal control measures. The Company will bear in mind to negotiate a clause in future sale and purchase agreements relating to the disposal of group companies to ensure that the potential purchaser will agree for the purpose of future audits of the Company (i) to open the books and records of relevant disposed companies to the Group’s auditor(s); or (ii) the engagement of a mutually appointed auditor to audit the books and records of the relevant disposed companies.

WHISTLEBLOWING POLICY

The Board adopted a whistleblowing policy (the “**Whistleblowing Policy**”) which provides channels and guidance to facilitate the raising of matters of concern by employees of the Group and those who deal with the Group, in confidence, without fear of reprisals. No incident of fraud or misconduct that have material effect on the Group’s financial statements or overall operations for the Reporting Period has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee and the Board to ensure its effectiveness

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

The Board adopted an anti-fraud and anti-corruption policy (the “**Anti-fraud and Anti-Corruption Policy**”) which sets out the guidelines and responsibilities of the employees, the third parties or fiduciary capacity on behalf of the Group. The Group is committed to maintaining a high standard of integrity, openness and discipline in its business operations. The Anti-Fraud and Anti-Corruption Policy forms an integral part of the framework, including the code of conduct of the Company, the Anti-Fraud and Anti-Corruption Policy and the Whistleblowing Policy, outline the Group’s expectations and requirement of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices. The Anti-Fraud and Anti-Corruption Policy is reviewed annually by the Audit Committee and the Board to ensure its effectiveness.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The company secretary of the Company, Mr. Chan Ngai Fan, is an external service provider. The Company's primary contact with the company secretary of the Company is our chairman, Mr. Yang.

During the Reporting Period, Mr. Chan Ngai Fan has undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT ("ESG")

A separate ESG report will be published by the Company on the same date with the publication of this annual report in accordance with Appendix C2 to the Listing Rules.

CONSTITUTIONAL DOCUMENTS

There were no changes to the memorandum and articles of association of the Company during the Reporting Period.

A copy of the memorandum and articles of association of the Company is posted on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

Under the articles of association of the Company, an extraordinary general meeting ("**EGM**") may be convened by the Board upon requisition by any one or more Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at any general meetings. The Shareholder(s) shall make a written requisition to the Board or the company secretary of the Company at the head office of the Company in Hong Kong, specifying the shareholding information of the Shareholder(s), his/her/their contact details and the proposal regarding any specifying transaction/business and its supporting documents.

If within 21 days of deposit of such written requisition, the Board does not proceed to convene such EGM, the requisitionist(s) himself/herself/themselves may convene an EGM in the same manner as that in which such meeting may be convened by the Board, provided that such meeting so convened shall not be held after the expiration of two months from the date of deposit of such requisition.

To propose a candidate for election as a Director at a general meeting, a shareholder should deposit a written proposal, together with a written notice by the candidate indicating his willingness to be elected, to the Company either at its principal place of business in Hong Kong (at Unit 12, 12/F., Tower A, New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong) or its branch share registrar and transfer office in Hong Kong (Computershare Hong Kong Investor Services Limited, at 17M Floor Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong) at least seven clear days before the date of the general meeting.

CORPORATE GOVERNANCE REPORT

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with its shareholders is essential for enhancing investors' understanding of the Group's business and performance. The Company endeavours to maintain an on-going dialogue with shareholders. To ensure that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company has established several channels to communicate with the shareholders as follows:

- (i) corporate communications such as annual reports, interim reports, announcements and circulars are issued in printed form and are available on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.zhengwei100.com;
- (ii) the Company's constitution document and terms of reference of board committees are also available for download at the website of the Stock Exchange and at the Company's website; and
- (iii) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Board. The chairman of the Board will attend, and endeavour to ensure the chairmen of various board committees to attend, annual and extraordinary general meetings to answer questions from shareholders.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong (at Unit 12, 12/F., Tower A, New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong).

Having considered and reviewed the various existing channels of communication, the Company considers that the Shareholders' communication policy has been properly implemented and effective during the Reporting Period.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZHENGWEI GROUP HOLDINGS COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Zhengwei Group Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 52 to 147, which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the eighteen months ended 30 June 2025, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the eighteen months ended 30 June 2025 in accordance with HKFRS Accounting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Insufficient accounting records relating to Disposal of the Disposal Group during the eighteen months ended 30 June 2025

As described in Note 32 to the consolidated financial statements, upon the completion on the disposal (the “**Disposal**”) of 江西正味食品有限公司 (Jiangxi Zhengwei Food Co., Limited, a former indirectly wholly-owned subsidiary of the Company and its subsidiaries, the “**Disposal Group**”) to the Disposal Group purchaser (the “**Disposal Group Purchaser**”) on the date of Disposal (the “**Date of Disposal**”), the Group had loss of control of the Disposal Group and the assets and liabilities of that Disposal Group are derecognised accordingly. A gain of approximately RMB2,451,000 on Disposal of the Disposal Group is recognised which was credited to the profit or loss for the eighteen months ended 30 June 2025. The Company then surrendered all the books and records of the Disposal Group, including but not limited to the management accounts, ledgers and sub-ledgers accounts, vouchers, bank statements, respective agreements and supporting documentations to the Disposal Group Purchaser and the financial statements of the Disposal Group were then derecognised from the consolidated financial statements of the Company with effective from the Date of Disposal.

INDEPENDENT AUDITOR'S REPORT

BASIS FOR QUALIFIED OPINION (Continued)

When the management preparing the consolidated financial statements of the Company for the eighteen months ended 30 June 2025, in view of the non-cooperation of the Disposal Group Purchaser, the management of the Company was unable to access sufficient books and records of the deconsolidated Disposal Group and the books and records which are available and were retained by the Company were not found to be of a sufficient level for the purposes of audit and thus, the management of the Company consider that they were unable to have sufficient appropriate books and record to ascertain whether the assets and liabilities of the Disposal Group as at 1 January 2023, 31 December 2023 and the Date of Disposal and the income and expenses of the Disposal Group during the period from 1 January 2023 up to the Date on Disposal of the Disposal Group as set out in Note 32 to the consolidated financial statements are fairly stated and properly reflected, despite the fact that the directors of the Company have taken all reasonable steps and have used their best endeavours to resolve the matter.

As a result, we were unable to carry out sufficient appropriate audit evidence and there were no alternative audit procedures to satisfy ourselves as to whether the assets and liabilities of the Disposal Group as at 1 January 2023, 31 December 2023 and the Date of Disposal and the income and expenses of the Disposal Group during the period from 1 January 2023 up to the Date on Disposal of the Disposal Group are fairly stated and properly reflected, and the segment information and other related disclosure notes thereof, and also the gain on the Disposal of the Disposal Group was properly credited to the profit or loss for the eighteen months ended 30 June 2025 have been accurately recorded and properly accounted for which were included in the consolidated financial statements of the Company for the eighteen months ended 30 June 2025.

Any adjustments to the figures as described above might have a consequential effect on the Group's consolidated financial performance and its consolidated cash flows for the year ended 31 December 2023 and the eighteen months ended 30 June 2025, and the consolidated financial position of the Group as at 1 January 2023 and 31 December 2023 and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss ("ECL") allowances for trade receivables	
As described in Note 24 to the consolidated financial statement, as at 30 June 2025, the Group has trade receivables, net of ECL allowances amounted to approximately RMB228,153,000. The Group calculates the ECL allowances for trade receivables which are determined based on historical observed default rates over the expected life of the debtors and are adjusted for supportable forward-looking information that is reasonable and supportable available without due costs or effort. We identified the assessment of ECL allowances for trade receivables as a key audit matter due to their significance to the consolidated financial statements as a whole and the estimation of ECL allowances for trade receivables involves exercise of significant judgement by management and high degree of estimation uncertainty.	Our audit procedures in relation to the assessment of the ECL allowances for trade receivables included, amongst others, the following: – To evaluate the Group's processes and controls relating to the monitoring of trade receivables and credit risks of customers; – To obtain confirmations for selected debtors and to check the settlements from customers during the year and also subsequent to the period end; – To evaluate management's assumptions and estimates used to determine the ECLs through analyses of the ageing of receivables, assessment of material overdue individual trade receivables, customers' payment history, credit report and correspondences between the Group and the customers, if any and appropriate; – To evaluate management's assumptions and inputs used in the computation of historical loss rates and also to assess the management's assumptions used in considering the forward-looking factors; and – To assess the adequacy of the relevant disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who issued an unmodified opinion on these statements on 28 March 2024.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the Independent Auditor's Report is Liao Yik Lam.

SFAI (HK) CPA Limited

Certified Public Accountants

Liao Yik Lam

Practising Certificate Number: P06630

Hong Kong, 30 September 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Eighteen Months ended 30 June 2025

	Notes	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Revenue	6	938,123	445,214
Cost of sales		(950,338)	(297,954)
Gross (loss) profit		(12,215)	147,260
Other income	7	4,185	6,355
Other gains and losses, net	8	(4,948)	(164)
Distribution and selling expenses		(13,188)	(32,821)
Administrative expenses		(39,839)	(36,632)
Impairment losses recognised, net of reversal	9	(4,386)	120
Listing expenses		–	(4,515)
Finance costs	10	(81)	(2,904)
(Loss) profit before tax	11	(70,472)	76,699
Income tax expense	12	(38,280)	(9,182)
(Loss) profit for the period/year		(108,752)	67,517
Other comprehensive income for the period/year, net of tax <i>Items that will not be reclassified to profit or loss:</i>			
– Changes in fair value of financial asset at fair value through other comprehensive income ("FVOCI")		–	121
Other comprehensive income for the period/year		–	121
Total comprehensive (expense) income for the period/year		(108,752)	67,638
(Loss) earnings per share			
– Basic and diluted (RMB)	15	(0.11)	0.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000	31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment	16	29,294	107,149
Right-of-use assets	17	3,142	6,032
Goodwill	18	–	269
Intangible assets	19	–	–
Financial asset at FVOCI	20	–	1,354
Prepayment for acquisition of land use rights	25	9,525	9,525
Deferred tax assets, net	21	356	797
		42,317	125,126
Current assets			
Inventories	22	71,970	98,272
Right of return assets	23	266	156
Trade receivables	24	228,153	92,300
Prepayments, deposits and other receivables	25	7,694	7,736
Income tax recoverable		3,160	–
Cash and cash equivalents	26	54,644	199,186
		365,887	397,650
Current liabilities			
Trade payables	27	46,722	48,360
Other payables and accruals	27	8,871	16,774
Income tax payable		–	2,415
Borrowings	28	–	18,199
Lease liabilities	17	–	84
Contract liabilities	29	–	9
		55,593	85,841
Net current assets		310,294	311,809
Total assets less current liabilities		352,611	436,935
Net assets		352,611	436,935

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000	31 December 2023 RMB'000
Equity attributable to owners of the Company			
Share capital	30	78,398	55,580
Reserves		274,213	381,355
Total equity		352,611	436,935

The consolidated financial statements on pages 52 to 147 were approved and authorised for issue by the Board of Directors on 30 September 2025 and are signed on its behalf by:

Yang Shengyao
Executive director

Lin Qiuyun
Executive director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Eighteen Months ended 30 June 2025

	Share capital RMB'000 (Note 30)	Share premium RMB'000 (Note (i) below)	Statutory reserve RMB'000 (Note (ii) below)	Merger reserve RMB'000 (Note (iii) below)	Property revaluation reserve RMB'000 (Note (iv) below)	FVOCI reserve (non-recycling) RMB'000 (Note (v) below)	Retained profits RMB'000 (Note (vi) below)	Total equity RMB'000
As at 1 January 2023	372	-	16,405	50,603	826	(267)	190,506	258,445
Profit for the year	-	-	-	-	-	-	67,517	67,517
Other comprehensive income - Fair value changes in financial assets at FVOCI	-	-	-	-	-	121	-	121
Total comprehensive income	-	-	-	-	-	121	67,517	67,638
Issuance of new shares	13,895	107,596	-	-	-	-	-	121,491
Expenses attributed to issuance of new shares	-	(10,639)	-	-	-	-	-	(10,639)
Capitalisation Issue	41,313	(41,313)	-	-	-	-	-	-
Transfer (from) to	-	-	4,596	-	-	-	(4,596)	-
As at 31 December 2023 and 1 January 2024	55,580	55,644	21,001	50,603	826	(146)	253,427	436,935
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(108,752)	(108,752)
Disposal of the Disposal Group (Note (vii) below and Note 32)	-	-	(21,001)	(50,603)	(826)	146	71,458	(826)
Issuance of new shares	22,818	2,845	-	-	-	-	-	25,663
Expenses attributed to issuance of new shares	-	(409)	-	-	-	-	-	(409)
Transfer (from) to	-	-	3,687	-	-	-	(3,687)	-
As at 30 June 2025	78,398	58,080	3,687	-	-	-	212,446	352,611

Notes:

- (i) Share premium: The amount represents capital injection in excess of registered capital.
- (ii) Statutory reserve: In accordance with the relevant PRC laws and regulations and the articles of association, the PRC subsidiaries are required to transfer 10% of its net profit as determined in accordance with accounting rules and regulations of the PRC to the statutory PRC reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before distributions to equity shareholders. This reserve can be utilised in setting off accumulated losses or increase capital and is non-distributable other than in liquidation.
- (iii) Merger reserve: The amount represents the difference between the nominal value of shares issued by the Company and the aggregate fully paid registered capital of PRC subsidiaries acquired pursuant to the group reorganisation.
- (iv) Property revaluation reserve: The amount represents gains/losses arising on revaluation of property on transfer to investment property.
- (v) FVOCI reserve (non-recycling): The amount represents cumulative net change in the fair value of equity investment designated at FVOCI under HKFRS 9 that are held at the end of each reporting period.
- (vi) Retained profits: The amount represents cumulative net profit and loss recognised in the statement of profit and loss.
- (vii) During the eighteen months ended 30 June 2025, statutory reserve, merger reserve and the debit balance of FVOCI reserve amounted to approximately RMB21,001,000, RMB50,603,000 and RMB146,000, respectively were transferred to retained profits upon the Disposal of the Disposal Group.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Eighteen Months ended 30 June 2025

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Cash flows from operating activities		
(Loss) profit before tax	(70,472)	76,699
Adjustments for:		
Finance costs	81	2,904
Interest income	(730)	(646)
Depreciation of property, plant and equipment	15,541	6,010
Depreciation of right-of-use assets	332	223
Amortisation of intangible assets	–	330
Impairment loss on trade receivables	104	–
Impairment loss on property, plant and equipment	4,282	–
Reversal of impairment loss on deposits and other receivables, net	–	(120)
Gain on Disposal of the Disposal Group	(2,451)	–
(Reversal of) provision of impairment on inventories	(334)	334
Losses on disposals of property, plant and equipment	6,503	2
Operating cash flows before movements in working capital	(47,144)	85,736
Changes in inventories	26,636	(7,935)
Changes in trade receivables	(135,957)	(28,284)
Changes in prepayments, deposits and other receivables	(9,873)	(602)
Changes in right of return assets	(266)	996
Changes in trade payables	34,502	597
Changes in other payables and accruals	18,974	(5,117)
Changes in contract liabilities	(9)	(497)
Changes in amounts due from shareholders	–	343
Cash (used in) generated from operations	(113,137)	45,237
Income tax paid	(44,060)	(8,642)
Net cash (used in) generated from operating activities	(157,197)	36,595

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Eighteen Months ended 30 June 2025

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Cash flows from investing activities		
Purchases of property, plant and equipment	(40)	(71,030)
Prepayment for acquisition of land use rights	–	(9,525)
Proceeds from disposals of property, plant and equipment	500	–
Net cash inflow in respect of Disposal of the Disposal Group	4,491	–
Interest received	730	646
Net cash generated from (used in) investing activities	5,681	(79,909)
Cash flows from financing activities		
Repayment of principal portion of the lease liabilities	–	(84)
Proceeds from new borrowings	–	16,600
Repayment of borrowings	(18,199)	(44,477)
Interest paid	(81)	(2,904)
Issue of new shares, net of expenses	25,254	–
Proceeds from the Listing	–	121,491
Payment of deferred listing expenses	–	(4,957)
Net cash generated from financing activities	6,974	85,669
Net (decrease) increase in cash and cash equivalents	(144,542)	42,355
Cash and cash equivalents at beginning of the period/year	199,186	156,831
Cash and cash equivalents at end of the period/year	54,644	199,186
Analysis of the balances of cash and cash equivalents:		
Represented by cash and bank balances	54,644	199,186

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

1. GENERAL INFORMATION

Zhengwei Group Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 30 June 2020, as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) since 13 January 2023. The addresses of the registered office and principal place of business of the Company are disclosed in the *Corporate Information* section to the annual report.

The directors consider that the ultimate parent of the Company is Shengyao Investment Group Limited, a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling parties of the Company are Mr. Yang Shengyao (“**Mr. Yang**”) and Ms. Lin Qiuyun (“**Ms. Lin**”), the spouse of Mr. Yang, who are the executive director/ the chairman/Chief Executive Officer and the executive director of the Company (collectively, the “**Controlling Shareholders**”), respectively.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) is principally engaged in sourcing, processing and trading of dried delicacies, snacks, dried aquatic products, grains, bakery products and seasonings and others in the PRC.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

The English names of all the companies established in the Mainland China presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current period

In the current period, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Noncurrent 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

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements (“**HKFRS 18**”), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements (“**HKAS 1**”). This new HKFRS Accounting Standards, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 Financial instruments: Disclosures (“**HKFRS 7**”). Minor amendments to HKAS 7 Statement of Cash Flows (“**HKAS 7**”) and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements but has no impact on the Group’s financial positions and performance. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

Pursuant to the Company’s announcement dated 15 November 2024, the Company resolved to change the financial year date of the Company from 31 December to 30 June. Accordingly, the consolidated financial statements for the current period covers a period of eighteen months from 1 January 2024 to 30 June 2025. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and related notes cover a twelve months period from 1 January 2023 to 31 December 2023 and therefore may not be comparable with amounts shown for the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation techniques. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “**Conceptual Framework**”) except for transactions and events within the scope of HKAS 37 *Provision, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 *Provision, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Inventories* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, and adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 *Financial Instruments* would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Merger accounting for the Group Reorganisation

The consolidated financial statements incorporate the financial statements of the consolidating entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the consolidating entities or businesses first came under the control of the controlling party.

The net assets of the consolidating entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the consolidating entities from the earliest date presented or since the date when the consolidating entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on combination.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Goodwill (Continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Investments in subsidiaries

Investment in a subsidiary is accounted for in the Company's financial statements at cost less any identified impairment loss. Cost includes directly attributable costs of investment. The results of the subsidiary are accounted for by the Company on the basis of dividend received and receivable.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Revenue from contracts with customers (Continued)

Contract asset and contract liability

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 *Financial Instruments*. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group as a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group as an agent).

The Group is a principal if it controls the specified good before that good is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Revenue from contracts with customers (Continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Further information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 6 to the consolidated financial statements.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 *Leases* at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of property, plant and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the exchange rates prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

The employees of the Group's subsidiaries that operated in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute pension, based on a certain percentage of their payroll costs, to the pension schemes. The contributions are charged to consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the pension schemes.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest and dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(b) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments and is transferred to retained profits. Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade receivables, other receivables and bank balances) which are subject to impairment assessment under HKFRS 9 *Financial Instruments*. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including borrowings, trade payables and other payable are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

A party is considered to be related to the Group if:

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (1) has control or joint control over the Group;
 - (2) has significant influence over the Group;
 - (3) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (1) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i) above.
 - (7) A person identified in (i)(1) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a Group of which it is a part, provides key management personnel services to the group or to the Group's parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material Accounting Policy Information (Continued)

Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (1) that person's children and spouse or domestic partner;
- (2) children of that person's spouse or domestic partner; and
- (3) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3.2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Determination the method to estimate variable consideration and assessing the constraint for sale of food products

Certain contracts for the sale of food products include a right of return that gives rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group has determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of food products with rights of return, given the large number of customer contracts that have similar characteristics.

Before including any amount of revenue in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group estimates the amount of variable consideration based on historical experience, business forecast, the current economic environment, as well as the uncertainty about the amount of consideration is not expected to be resolved for a long period of time.

Key sources of estimation uncertainty

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on current economic conditions.

As at 30 June 2025 and 31 December 2023, details of the Group's property, plant and equipment and right-of-use assets are set out in Notes 16 and 17, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Net realisable value of inventories

The Group's management reviews the inventory aging analysis periodically, and makes allowance for obsolete and slow-moving inventory items identified.

The Group carries out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow-moving items through management's estimation of the net realisable value for such obsolete and slow-moving items based primarily on the latest invoice prices and current market conditions. Additional write down of inventories might be necessary when the actual movement in inventories and selling prices is lower than anticipated.

As at 30 June 2025 and 31 December 2023, details of the Group's inventories are set out in Note 22.

Impairment of trade receivables, deposits and other receivables

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk since initial recognition. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's loss allowance for trade receivables, deposits and other receivables applies the simplified and lifetime approach to calculate expected credit losses ("ECLs"), which is measured at an amount equal to lifetime expected credit losses. This approach is based on management's estimated loss rates for trade receivables, deposits and other receivables. The estimated loss rates take into account the ageing of the trade receivables, deposits and other receivables, overdue balances and information regarding the ability and intent of the debtors to pay and historical data on default rates and forward-looking information.

Management is required to apply judgement in assessing the loss allowance for trade receivables, deposits and other receivables under the ECLs model. The ability of the debtors to repay the Group depends on shared credit risk characteristics of trade receivables, deposits and other receivables groups and market conditions which involves inherent uncertainty.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

As at 30 June 2025 and 31 December 2023, details of the Group's trade receivables, deposits and other receivables are set out in Notes 24 and 25, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

5. SEGMENT INFORMATION

The following segment information is 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’s 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:

- Manufacturing business: The Group produces and sells a variety of (i) snacks (including vegetable snacks and meat snacks) such as bamboo shoots crisps and roasted duck necks; (ii) packaged dried food products such as fungi, dried aquatic products, algae, grains and seasonings in the PRC; and (iii) bakery products, such as bread and tarts*.
- Trading business: The Group purchases dried candied fruit, nuts and other products in bulk from suppliers and sell to retailers and corporate customers without further processing in the PRC.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

The accounting policies of the operating segments are the same as the Group’s accounting policies described in Note 3.2.

Other income and head office 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 CODM for assessment of segment performance.

Other than the information disclosed below, no other information is reported to the CODM, for the purposes of resources allocation and performance assessment.

- * *During the eighteen months ended 30 June 2025, the Company extended its Manufacturing business and commenced to produce and sell bakery products, such as bread and tarts.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

5. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results

Information regarding the reportable segment revenue and results and other information for the eighteen months ended 30 June 2025 and the year ended 31 December 2023 is set out below:

	Eighteen months ended 30 June 2025		
	Manufacturing RMB'000	Trading RMB'000	Total RMB'000
Segment revenue:			
External sales	32,040	906,083	938,123
Inter-segment sales	4,387	5,500	9,887
	36,427	911,583	948,010
Reportable segment (loss) profit	(80,219)	12,998	(67,221)
Other information:			
Depreciation and amortisation	(15,396)	(145)	(15,541)
Interest revenue	67	659	726
Interest expenses	(81)	–	(81)
Impairment loss recognised for:			
– Trade receivables	–	(104)	(104)
– Property, plant and equipment	(4,282)	–	(4,282)
	(4,282)	(104)	(4,386)
Reversal of impairment of inventories	334	–	334
Write-off of inventories	–	(36,880)	(36,880)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

5. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

	Year ended 31 December 2023		
	Manufacturing RMB'000	Trading RMB'000	Total RMB'000
Segment revenue:			
External sales	406,199	39,015	445,214
Inter-segment sales	47,771	–	47,771
	453,970	39,015	492,985
Reportable segment profit	73,199	13,372	86,571
Other information:			
Depreciation and amortisation	(6,437)	(126)	(6,563)
Interest revenue	577	38	615
Interest expenses	(2,852)	(52)	(2,904)
Reversal of impairment loss recognised for:			
– Deposits and other receivables	62	58	120
Impairment of inventories	(334)	–	(334)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

5. SEGMENT INFORMATION (Continued)

(b) Reconciliations of reportable segment revenue and results

Information regarding the reconciliations of reportable segment revenue and results to the consolidated revenue and results for the eighteen months ended 30 June 2025 and the year ended 31 December 2023, respectively is set out below:

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Revenue		
Reportable segment revenue	948,010	492,985
Elimination of inter-segment revenue	(9,887)	(47,771)
Consolidated revenue	938,123	445,214
Profit before income tax expense		
Reportable segment (loss) profit	(67,221)	86,571
Unallocated corporate income	4	31
Unallocated gain on Disposal of the Disposal Group	2,451	–
Listing expenses	–	(4,515)
Unallocated corporate expenses	(5,706)	(5,388)
Consolidated (loss) profit before tax	(70,472)	76,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

5. SEGMENT INFORMATION (Continued)

(c) 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 sales 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 30 June 2025 and 31 December 2023, all of the Group's non-current assets are located in the PRC.

(d) Information about major customers

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

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Customer A [#]	108,185	N/A
Customer B ^{##}	N/A	184,803
Customer C ^{##}	—*	70,028
Customer D ^{##}	—*	59,310

* The corresponding revenue did not contribute 10% of the total revenue of the Group for the period/year.

Revenue from Trading business.

Revenue from both Manufacturing and Trading business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

6. REVENUE

The Group is principally engaged in sourcing, processing and trading of dried delicacies, snacks, dried aquatic products, grains, bakery products and seasonings and others in the PRC.

Revenue represents the net invoiced value of goods supplied and earned by the Group.

(a) Disaggregation of revenue from contracts with customers

- (i) The Group derives revenue from the transfer of goods and services by categorisation of major product lines and business

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sale of following types of goods:		
Dried delicacies	547,028	112,060
Snacks	24,091	232,984
Dried aquatic products	167,151	72,888
Grains	9,831	22,955
Bakery products	30,064	991
Seasonings and others	159,958	3,336
	938,123	445,214

- (ii) The Group derives revenue from the transfer of goods and services by timing of revenue recognition

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition:		
At a point in time	938,123	445,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

6. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

(iii) The Group derives revenue from the transfer of goods and services by geographical markets

Information about the Group derives revenue from the transfer of goods and services by geographical markets is set out in Note 5.

(b) Contract balances

	Notes	30 June 2025 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Trade receivables	24	228,257	92,300	64,016
Less: Impairments		(104)	–	–
		228,153	92,300	64,016
Contract liabilities	29	–	9	506

Details of the Group's trade receivables and contract liabilities are set out in respective notes.

(c) Performance obligations for contracts with customers and revenue recognition policies

The Group is principally engaged in sourcing, processing and trading of dried delicacies, snacks, dried aquatic products, grains, bakery products and seasonings and others in the PRC.

Revenue represents the net invoiced value of goods supplied and earned by the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

6. REVENUE (Continued)

(c) Performance obligations for contracts with customers and revenue recognition policies (Continued)

The Group's performance obligations for contracts with customers and revenue and other income recognition policies are as follows:

Revenue from contracts with customers

Sales of dried delicacies, snacks, dried aquatic products, grains, bakery products and seasonings and others

The Group sells goods and products directly to the customers. Sales are recognised when control of the goods and products has transferred, being when the goods and products are delivered (i.e. at a point of time), the customer has the ability to direct the usage of the goods and product, obtain substantially all of the remaining benefits from it, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods and products. Delivery occurs when the goods and products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods and products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract. No element of financing is deemed present as the invoices are generally 30 to 90 days, which is consistent with the market.

Some contracts for the sales of food products provide customers with rights of return and discounts. The rights of return give rise to variable consideration and the revenue are recorded at the price specified in the sales contracts/invoices, net of the estimated discounts. For contracts which provided a customer with a right of return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirement of HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer and details of the provision of the right of return assets are set out in Note 23.

Other income

- (i) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.
- (ii) Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same period in which the expenses are incurred.

Further information about the Group's accounting policies relating to revenue from contract with customers is provided in Note 3.2 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

6. REVENUE (Continued)

(d) Transaction price allocated to remaining performance obligation

The Group has applied the practical expedient to its contracts with customers of both manufacturing and trading and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

7. OTHER INCOME

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Interest income	730	646
Government grants (<i>Note below</i>)	3,455	5,709
	4,185	6,355

Note:

Government grants mainly represent grants received from the PRC local government authority relating to:

- (a) incentive for being successfully listed on the Main Board of the Stock Exchange received during the eighteen months ended 30 June 2025 and the year ended 31 December 2023;
- (b) incentive of agricultural development for the year ended 31 December 2023 which does not have other unfulfilled obligations;
- (c) incentive for revenue growth and new technology industrial enterprise for the year ended 31 December 2023 which does not have other unfulfilled obligations; and
- (d) incentive for agricultural brand development for the eighteen months ended 30 June 2025 which does not have other unfulfilled obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

8. OTHER GAINS AND LOSSES, NET

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Gain on Disposal of the Disposal Group	2,451	–
Loss on disposal of property, plant and equipment	(6,503)	(2)
Foreign exchange losses, net	(896)	(162)
	(4,948)	(164)

9. IMPAIRMENT LOSSES RECOGNISED, NET OF REVERSAL

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Impairment losses recognised, net of reversal on:		
– Trade receivables	104	–
– Property, plant and equipment	4,282	–
– Deposits and other receivable	–	(120)
	4,386	(120)

10. FINANCE COSTS

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Interest expenses on bank and other borrowings	81	2,902
Interest expenses on leases	–	2
	81	2,904

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

11. (LOSS) PROFIT BEFORE TAX

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

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Employee costs (including directors' emoluments) comprise:		
Wages and salaries	13,574	40,017
Contributions to retirement benefits scheme	2,044	7,376
Other employee benefits	7,971	1,548
	23,589	48,941
Depreciation charge:		
– Property, plant and equipment	15,541	6,010
– Right-of-use-assets	332	223
	15,873	6,233
Amortisation of intangible assets included in:		
– Research and development costs	–	330
Cost of sales	950,338	297,954
<i>Including:</i>		
– Write-off of inventories	36,880	–
– Impairment loss recognised, net of reversal	(334)	334
<i>Others:</i>		
Auditor's remuneration	915	660
Research and development costs recognised as an expense	8,070	18,319
Listing expenses	–	4,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

12. INCOME TAX EXPENSE

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

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
PRC Enterprise Income Tax (the "PRC EIT")		
– Current year	38,746	8,926
– (Over) under provision in prior periods/years	(433)	107
	38,313	9,033
Deferred tax charge		
– Current year (Note 21)	(33)	149
Income tax expense	38,280	9,182

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.

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

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC EIT of the subsidiaries of the Group is calculated based on the statutory tax rate of 25%, except for the following two subsidiaries. Jiangxi Zhengwei Food Co., Limited and Guangchang County Zhenglian Biotechnology Co., Limited were approved for the High and New Technology Entities ("HNTe") qualification under the PRC EIT Law and its relevant regulations and are entitled to a preferential tax rate of 15%.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

12. INCOME TAX EXPENSE (Continued)

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

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
(Loss) profit before income tax	(70,472)	76,699
Tax calculated at the PRC statutory tax rate of 25% (2023: 25%)	(17,618)	19,175
Tax effect of revenue not taxable for tax purposes	206	(5,548)
Tax effect of expenses not deductible for tax purposes	1,430	3,019
Effect of tax preferential rates granted to the eligible PRC subsidiaries	–	(4,298)
Tax incentives for research and development expenses available for subsidiaries incorporated in the PRC	(1,904)	(4,543)
Tax losses/temporary difference not recognised	36,872	1,270
Utilisation of unrecognised tax losses	(1,273)	–
(Over) under provision in prior periods/years	(433)	107
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	21,000	–
Income tax expense	38,280	9,182

The weighted average applicable tax rate was 54.3% (year ended 31 December 2023: 12.0%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

(a) Directors' and the Chief Executive Officer's emoluments

Directors' emoluments disclosed pursuant to the Listing Rules and section 78(1) of Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622 as follows:

Eighteen months ended 30 June 2025						
		Salaries, allowances and benefits in kind	Contributions to retirement benefits scheme	Discretionary bonuses	Total emoluments	
Notes	Fee RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Executive directors						
Yang Shengyao		802	322	18	–	1,142
Lin Qiuyun		412	194	14	–	620
Li Hui	(i)	136	91	7	–	234
		1,350	607	39	–	1,996
Independent non-executive directors						
Li Taihong	(ii)	27	–	–	–	27
Lau Jing Yeung William	(iii)	136	–	–	–	136
Lee Kwok Tung Louis	(ii)	27	–	–	–	27
Hu Ruiwo	(iv)	145	–	–	–	145
Ye Sangzhi	(iv)	145	–	–	–	145
Yu Chi Kit	(v)	77	–	–	–	77
		557	–	–	–	557
		1,907	607	39	–	2,553

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and the Chief Executive Officer's emoluments (Continued)

Year ended 31 December 2023						
	Notes	Fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Contributions to retirement benefits scheme RMB'000	Discretionary bonuses RMB'000	Total emoluments RMB'000
Executive directors						
Yang Shengyao		540	241	200	13	994
Lin Qiuyun		270	145	50	13	478
Li Hui	(i)	270	182	100	13	565
		1,080	568	350	39	2,037
Independent non-executive directors						
Li Taihong	(ii)	162	–	–	–	162
Lau Jing Yeung William	(iii)	162	–	–	–	162
Lee Kwok Tung Louis	(ii)	162	–	–	–	162
		486	–	–	–	486
		1,566	568	350	39	2,523

Notes:

- (i) Mr. Li Hui was resigned as an executive director on 30 June 2024.
- (ii) Mr. Li Taihong and Mr. Lee Kwok Tung Louis were resigned as independent non-executive directors on 29 February 2024.
- (iii) Mr. Lau Jing Yeung William was resigned as independent non-executive directors on 10 October 2024.
- (iv) Mr. Hu Ruiwo and Mr. Ye Sangzhi were appointed as independent non-executive directors on 29 February 2024.
- (v) Mr. Yu Chi Kit was appointed as independent non-executive directors on 15 January 2025.
- (vi) Salaries, allowances and benefits in kind include basic salaries, housing allowance, other allowances and benefits in kind.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and the Chief Executive Officer's emoluments (Continued)

The executive directors' or Chief Executive Officer's emoluments shown above were for their services in connection with the management of the affairs of the Company and its subsidiaries, if applicable.

The Independent non-executive directors' emoluments shown above were for their services as directors of the Company.

For the eighteen months ended 30 June 2025 and the year ended 31 December 2023, none of the directors of the Company or Chief Executive Officer's waived any emoluments paid or payable by the Group companies and no emoluments were paid by the Group to the directors or Chief Executive Officer's as an inducement to join or upon joining the Group or as compensation for loss of office.

No payment was made to directors or Chief Executive Officer's as compensation for the early termination of the appointment for the eighteen months ended 30 June 2025 and the year ended 31 December 2023.

(b) Five highest paid employees' emoluments

The five highest paid individuals of the Group included two directors (year ended 31 December 2023: two) whose emoluments are reflected in Note 13(a).

The analysis of the emolument of the remaining three highest paid individuals (year ended 31 December 2023: three) are set out below:

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Salaries and other benefits	644	973
Contributions to retirement benefits scheme	57	39
	701	1,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid employees' emoluments (Continued)

The number of non-director highest paid individuals whose remuneration fell within the following band is as follows:

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Nil to HK\$1,000,000	3	3

There was no arrangement under which five highest paid individuals waived or agreed to waive any remuneration during the eighteen months ended 30 June 2025 and the year ended 31 December 2023.

In addition, there was no inducement paid for any directors, Chief Executive Officer or the five highest paid individuals to join the Group and no compensation for the loss of office in connection with the management of the affairs of any member of the Group for both years.

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the eighteen months ended 30 June 2025 and the year ended 31 December 2023 and, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

15. (LOSS) 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:

	Eighteen months ended 30 June 2025	Year ended 31 December 2023
(Loss) profit for the period/year attributable to owners of the Company for the purpose of computation of basic and diluted (loss) earnings per share (RMB'000)	(108,752)	67,517
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share ('000)	965,850	793,425
Basic and diluted (loss) earnings per share (RMB)	(0.11)	0.09

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2023 has been determined on the assumption that the Capitalisation Issue (as detailed in Note 30) of 594,736,800 ordinary shares have been effective on 1 January 2023 and the weighted average number of approximately 193,425,000 ordinary shares of the Company issued upon the listing on the Main Board of the Stock Exchange on 13 January 2023.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the eighteen months ended 30 June 2025 has been adjusted for the new issue of shares during the period.

Diluted earnings per share amount for the eighteen months ended 30 June 2025 and for the year ended 31 December 2023 were the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding during the period/year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvement RMB'000	Plant and machineries RMB'000	Furniture, electronic and other equipment RMB'000	Motor Vehicles RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
Cost							
As at 1 January 2023	28,298	6,555	19,689	2,923	708	–	58,173
Additions	3,285	–	15,154	156	–	52,435	71,030
Disposals	–	–	–	(30)	–	–	(30)
Transfer (from) to	12,715	–	39,720	–	–	(52,435)	–
As at 31 December 2023 and 1 January 2024	44,298	6,555	74,563	3,049	708	–	129,173
Additions	–	–	–	40	–	–	40
Disposals	–	–	(10,369)	–	–	–	(10,369)
Disposal of the Disposal Group	(44,298)	(6,555)	(23,982)	(3,018)	(708)	–	(78,561)
As at 30 June 2025	–	–	40,212	71	–	–	40,283
Accumulated depreciation							
As at 1 January 2023	3,500	4,860	5,159	1,963	560	–	16,042
Charge for the year	1,828	418	3,323	402	39	–	6,010
Eliminated on disposals	–	–	–	(28)	–	–	(28)
As at 31 December 2023 and 1 January 2024	5,328	5,278	8,482	2,337	599	–	22,024
Charge for the period	5,758	–	9,407	323	53	–	15,541
Eliminated on disposals	–	–	(3,366)	–	–	–	(3,366)
Eliminated on Disposal of the Disposal Group	(11,086)	(5,278)	(7,837)	(2,639)	(652)	–	(27,492)
Impairment loss recognised	–	–	4,282	–	–	–	4,282
As at 30 June 2025	–	–	10,968	21	–	–	10,989
Net book value							
As at 30 June 2025	–	–	29,244	50	–	–	29,294
As at 31 December 2023	38,970	1,277	66,081	712	109	–	107,149

At 31 December 2023, the Group's buildings with an aggregate carrying amount of approximately RMB24,016,000 were pledged to secure banking facilities granted to the Group (Note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis on the following bases:

Buildings	Shorter of 2% – 3% or period of the lease term
Leasehold improvement	Shorter of 3% – 20% or period of the lease term
Plant and machineries	10% – 20%
Furniture, electronic and other equipment	20%
Motor vehicles	20%

Impairment assessment for plant and machineries under property, plant and equipment

As described in Note 5, during the eighteen months ended 30 June 2025, the Company extended its Manufacturing business and commenced to produce and sell bakery products, such as bread and tarts. However, the financial performance relating to the production and selling of the bakery products was not satisfactory and thus, the management considers that there has an impairment indicator relating to the Group's plant and machineries attributable to the production and selling of bakery products.

Management considers the production and selling of the bakery products as a separately identifiable cash-generating unit and monitors their financial performance for the existence of an impairment indicator, such as the conditions of the plant and machineries and the operating income generated from the respective production line.

The recoverable amount of the cash-generating unit ("CGU") has been determined based on the higher of value in use and fair value less costs of disposal using the depreciated replacement cost method as described below. If the carrying amount of the plant and machineries is higher than its recoverable amount, the carrying amount of the plant and machineries shall be impaired down to its recoverable amount, if appropriate.

The Group engages an independent professional qualified valuer to perform the valuation in arriving the fair value less costs of disposal.

In determining the fair value less costs of disposal of the plant and machineries, the management of the Company is responsible to determine the appropriateness of valuation techniques and inputs for fair value measurements. The management works closely with the independent professional qualified valuer to establish the appropriate valuation techniques and inputs to the model. The valuation is based on a depreciated replacement cost method due to absence of a known second hand market. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the plant and machineries, with allowance for accrued depreciation as evidenced by an observed condition or obsolescence percent, whether arising from physical, functional or economic causes which is within Level 3 of the fair value hierarchy.

Based on the impairment assessments, as at 30 June 2025, the aggregate carrying amounts of those identified plant and machineries amounted to approximately RMB33,526,000 which was higher than its estimated recoverable amount of approximately RMB29,244,000 and accordingly, impairment losses of approximately RMB4,282,000 were recognised and charged to profit or loss for the eighteen months ended 30 June 2025 to reduce the carrying amounts of the plant and machineries to their recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as a lessee

The Group leases factory premises, land use right and low-temperature warehouses in the PRC.

(a) Right-of-use assets

	Factory premises RMB'000	Land use right RMB'000	Low temperature warehouses RMB'000	Total RMB'000
At 1 January 2023	–	6,087	84	6,171
Effect of lease modification	–	–	84	84
Depreciation for the year	–	(139)	(84)	(223)
At 31 December 2023 and 1 January 2024	–	5,948	84	6,032
Addition	3,279	–	–	3,279
Depreciation for the period	(137)	(195)	–	(332)
Disposal of the Disposal Group (Note 32)	–	(5,753)	(84)	(5,837)
At 30 June 2025	3,142	–	–	3,142

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

The Group as a lessee (Continued)

(a) Right-of-use assets (Continued)

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Total cash outflow for leases	–	(84)
Additions to right-of-use assets	3,279	84

All right-of-use assets were carried at cost less depreciation.

The interest of land use right in the PRC are prepaid upon acquisition with initial lease term of 50 years. The leases for low-temperature warehouses are with fixed payments only; and the lease contracts signed by the Group did not contain any extension options. The rental agreements are made for a fixed period from 14 months to 24 months which do not impose any restriction or covenant.

At 31 December 2023, the Group's land use right with an aggregate carrying amount of approximately RMB5,948,000 were pledged to secure banking facilities granted to the Group (Note 28).

During the eighteen months ended 30 June 2025, additions to the right-of-use assets amounted to approximately RMB3,279,000, represented the right-of-use of the factory premises arising from the Disposal of the Disposal Group and details of which are set out in Note 32(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The reconciliation of movements in the lease liabilities is presented below:

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Carrying amount at beginning of the period/year	84	84
Interest expense	—	2
Disposal of the Disposal Group (Note 32)	(84)	—
Lease payments	—	(86)
Effect of lease modification	—	84
Carrying amount at end of the period/year	—	84

The total future lease payments and the reconciliation to the lease liabilities recognised in the consolidated statement of financial position are as follows:

Future lease payments are due as follows:

	Future lease payments RMB'000	Interest RMB'000	Present value RMB'000
At 30 June 2025			
Not later than one year	—	—	—
At 31 December 2023			
Not later than one year	86	(2)	84

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

18. GOODWILL

	RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	269
Disposal of the Disposal Group (Note 32)	(269)
At 30 June 2025	–

The total balance of goodwill is allocated to a CGU relating to the Trading business – trading of food product. During the eighteen months ended 30 June 2025, the amount was disposed relating to the Disposal of the Disposal Group.

Impairment assessment during the year ended 31 December 2023

As at 31 December 2023, the recoverable amounts of the CGU have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.0%.

	31 December 2023 RMB'000
Pre-tax discount rate	15.4%
Revenue growth rate within the five years	1.7% to 2.2%
Terminal growth rate	2.2%

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU.

The operating margin and growth rate within the five-year period have been based on past experience.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

19. INTANGIBLE ASSETS

	Software RMB'000	Patent RMB'000	Total RMB'000
Cost			
As at 1 January 2023, 31 December 2023 and 1 January 2024	149	1,800	1,949
Disposal of the Disposal Group (<i>Note 32</i>)	(149)	(1,800)	(1,949)
As at 30 June 2025	–	–	–
Accumulated amortisation			
As at 1 January 2023	149	1,470	1,619
Amortisation	–	330	330
As at 31 December 2023 and 1 January 2024	149	1,800	1,949
Disposal of the Disposal Group (<i>Note 32</i>)	(149)	(1,800)	(1,949)
As at 30 June 2025	–	–	–
Carrying amount			
As at 30 June 2025	–	–	–
As at 31 December 2023	–	–	–

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Software	5 years
Patent	5 years

During the eighteen months ended 30 June 2025, the amount was disposed relating to the Disposal of Disposal Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

20. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	30 June 2025 RMB'000	31 December 2023 RMB'000
Investment in 0.5% equity interest in an unlisted company measured at FVOCI (<i>Note</i>)		
– Jiangxi Gannong Financing Guarantee Co., Ltd* ("Jiangxi Gannong") (江西省贛農融資擔保有限責任公司)	–	1,354

The following table presents the changes in carrying amount of investment in Jiangxi Gannong for the eighteen months ended 30 June 2025 and for the year ended 31 December 2023.

	RMB'000
Carrying amount at 1 January 2023	1,233
Change in fair value	121
Carrying amount at 31 December 2023 and 1 January 2024	1,354
Disposal of the Disposal Group (<i>Note 32</i>)	(1,354)
Carrying amount at 30 June 2025	–

As at 31 December 2023, the equity investment of 0.5% in a state-owned enterprise located in the PRC was irrevocably designated at FVOCI as the Group considers this investment to be strategic in nature.

During the eighteen months ended 30 June 2025, the amount was disposed relating to the Disposal of the Disposal Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

20. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (Continued)

Fair value measurement during the year ended 31 December 2023

Financial asset at FVTOCI, which was in Level 3 of fair value hierarchy. Level 3 hierarchy represents inputs for the asset or liability that are not based on observable market data (unobservable inputs). There were no transfers between levels.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

The fair value of the unlisted equity investment in Jiangxi Gannong is estimated using a market approach, hence, the valuations rely on the trading multiples of publicly traded guideline companies of similar industry in the PRC and uses data generated by actual market transaction.

Significant unobservable inputs used in the fair value measurement are as follows:

	Year ended 31 December 2023 RMB'000
Median of Price-To-Book Ratio	1.0
Discount for lack of marketability	20.5%

If the median of price-to-book ratio increased/decreased by 5% for the year ended 31 December 2023, the fair value of investment in Jiangxi Gannong would be increased/decreased by approximately RMB68,000.

There were no changes in valuation techniques.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

21. DEFERRED TAX ASSETS

	Accrued expenses* RMB'000	Allowance for expected credit loss RMB'000	Allowance for sales returns provision RMB'000	Allowance for inventory provision RMB'000	Temporary difference on right of use assets RMB'000	Temporary difference on property, plant and equipment RMB'000	Unrealised internal sales profit RMB'000	Total RMB'000
At 1 January 2023	730	75	120	–	194	(510)	337	946
Credited (charged) to profit or loss for the year (Note 12)	–	(24)	(100)	50	18	22	(115)	(149)
At 31 December 2023 and 1 January 2024	730	51	20	50	212	(488)	222	797
Disposal of the Disposal Group	(730)	–	(20)	–	(212)	488	–	(474)
Credited (charged) to profit or loss for the period (Note 12)	–	(25)	44	(50)	(785)	1,071	(222)	33
At 30 June 2025	–	26	44	–	(785)	1,071	–	356

* The accrued expenses amount represents deferred tax assets arising from accrual of social insurance expense and housing provident fund expenses.

Certain deductible temporary differences and unused tax losses were not recognised in the consolidated financial statements due to unpredictability of future profit streams.

The PRC tax losses can only be carried forward for a maximum period of five years. The expiry of unused tax losses as at 30 June 2025 of RMB38,444,320 (31 December 2023: RMB5,088,000) would be expired in 2029 (31 December 2023: 2028).

Pursuant to the Detailed Implementation Regulations for implementation of the Enterprise Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the directors of the Group have decided not to distribute the undistributed earnings of its PRC subsidiaries in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

22. INVENTORIES

	30 June 2025 RMB'000	31 December 2023 RMB'000
Raw materials	–	50,340
Finished goods	–	43,536
Finished goods – purchased merchandise	71,970	4,730
	71,970	98,606
Less: Impairments	–	(334)
	71,970	98,272

23. RIGHT OF RETURN ASSETS

	30 June 2025 RMB'000	31 December 2023 RMB'000
Right of return assets	266	156

The right of return assets represents goods sold but expected to be returned from customers when customers exercise their right of return within the return period (depending on the terms stated in contract). The Group uses its accumulated historical experience to estimate the amount of goods to be returned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

24. TRADE RECEIVABLES

	30 June 2025 RMB'000	31 December 2023 RMB'000
Trade receivables contract with customers	228,257	92,300
Less: Impairments	(104)	–
	228,153	92,300

As at 1 January 2023, trade receivable from contracts with customers amounted to RMB64,016,000.

The Group's trading term with customers are mainly recognised 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:

	30 June 2025 RMB'000	31 December 2023 RMB'000
Within 1 month	109,028	62,392
1 to 2 months	56,963	29,908
2 to 3 months	41,784	–
3 to 6 months	20,482	–
	228,257	92,300

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

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
At beginning of the period/year	–	–
Impairment losses recognised	104	–
At end of the period/year	104	–

Details of impairment assessment of trade receivables are set out in Note 34(b)(i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	30 June 2025 RMB'000	31 December 2023 RMB'000
Prepayment for acquisition of land use rights	(a)	9,525	9,525
Prepayments		12	451
Value added tax recoverable		7,682	7,061
Deposits	(b)	–	224
		17,219	17,261
Analysed as:			
Current		7,694	7,736
Non-current		9,525	9,525
		17,219	17,261

Notes:

- (a) The prepayment for acquisition of land use rights represents the consideration paid to Nanchang Municipal Bureau of Natural Resources and Planning* (南昌市自然資源和規劃局) for acquisition of the land use rights of a parcel of land (the "Land") located in Xiaolan Economy and Technology Development Zone, Nanchang County, Jiangxi Province. The Land is designated for industrial usage with term of use of 50 years. As at 30 June 2025, the Group has not yet obtained the state-owned land use rights certificate of the Land.
- (b) The carrying amounts of deposits and other receivables were primarily denominated in RMB and approximated their fair values due to their short maturity at the reporting date.

During the year, there was a reversal of impairment loss of RMB120,000 relating to the Company's deposits and other receivables and the amount was credited to profit or loss for the year ended 31 December 2023.

Details of impairment assessment of the Company's deposits and other receivables are set out in Note 34(b)(i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

26. CASH AND CASH EQUIVALENTS

	30 June 2025 RMB'000	31 December 2023 RMB'000
Cash and bank balances	54,644	199,186

Cash and cash equivalents amounted to RMB54,587,000 (31 December 2023: RMB199,121,000) are denominated in RMB and placed in the banks located in the PRC. RMB is not freely convertible to other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies only through banks that are authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

27. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	30 June 2025 RMB'000	31 December 2023 RMB'000
Trade payables	46,722	48,360
Other payables and accruals:		
– Amount due to shareholder	3,092	–
– Other tax payables	4,026	2,462
– Accrued salaries	285	8,266
– Accrued expenses	1,468	6,046
	8,871	16,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

27. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (Continued)

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

	30 June 2025 RMB'000	31 December 2023 RMB'000
0 – 60 days	46,722	48,360
61 – 90 days	–	–
	46,722	48,360

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

28. BORROWINGS

	30 June 2025 RMB'000	31 December 2023 RMB'000
Bank loans due within one year – secured	–	18,199

Notes:

- (a) As at 31 December 2023, the bank loans are secured by:
- (i) the Group's certain buildings included in property, plant and equipment (Note 16) with the carrying amount of RMB24,016,000;
 - (ii) land use right under right-of-use assets (Note 17) with the carrying amount of RMB5,948,000;
 - (iii) corporate guarantee given by the Group's shareholders, related companies controlled by shareholders and other non-related third parties; and
 - (iv) personal guarantee given by the Group's director, Mr. Yang, a director of a subsidiary – Zhenglian, Mr. Lin Deqian and his wife, Ms. Xia Liangping, shareholders of the Company and their close family members and other non-related third parties.
- (b) Interests are charged at fixed interest rates ranging from 5.65% to 5.79% per annum.

The bank loans were fully settled during the eighteen months ended 30 June 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

29. CONTRACT LIABILITIES

	30 June 2025 RMB'000	31 December 2023 RMB'000
Contract liabilities arising from sale of dried delicacies, snacks, dried aquatic products, grains and seasonings and others	—	9

Since the performance obligation is part of a contract that has an original expected duration of one year or less so the Group applied the practical expedient not to make further disclosure on the remaining performance obligation.

30. SHARE CAPITAL

	Number	Par value per share US\$	Amount US\$'000	Amount RMB'000
Ordinary shares				
Authorised				
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2025	8,000,000,000	0.01	80,000	1,272
Issued and fully paid				
As at 1 January 2023	5,263,200	0.01	53	372
Issuance of shares for Capitalisation Issue (Note (a)(i) below)	594,736,800	0.01	5,947	41,313
Issuance of new shares upon listing (Note (a)(ii) below)	200,000,000	0.01	2,000	13,895
As at 31 December 2023 and 1 January 2024 (Ordinary shares of HK\$0.1 each)	800,000,000	0.01	8,000	55,580
First placing of shares (Note (b)(i) below)	160,000,000	0.01	1,600	11,364
Second placing of shares (Note (b)(ii) below)	160,000,000	0.01	1,600	11,454
As at 30 June 2025	1,120,000,000	0.01	11,200	78,398

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

30. SHARE CAPITAL (Continued)

The movements of the authorised and issued share capital of the Company during the year ended 31 December 2023 and the eighteen months ended 30 June 2025 are as following:

(a) During the year ended 31 December 2023

(i) Issuance of shares of Capitalisation Issue

Pursuant to a resolutions of the shareholders passed on 16 December 2022, subject to the share premium account of the Company being credited as a result of the share offer, the directors were authorised to allot and issue a total of 594,736,800 shares credited as fully paid at par to the holders of the shares on the register of members of the Company at the close of business on 15 December 2022 in proportion to their shareholdings by way of capitalisation of the sum of HK\$5,947,368 standing to the credit of the share premium account of the Company (the “**Capitalisation Issue**”). The Capitalisation Issue is effective upon listing on 13 January 2023, pursuant to the written resolutions of the shareholders passed on 16 December 2022. The shares allotted and issued rank pari passu in all respects with the existing issued shares.

(ii) Issuance of new shares upon listing

On 13 January 2023, the Company issued 200,000,000 new shares at a price of HK\$0.68 per share, which gave rise to gross proceeds of HK\$136,000,000 (equivalent to approximately RMB121,491,000) (before share issue expenses).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

30. SHARE CAPITAL (Continued)

(b) During the eighteen months ended 30 June 2025

(i) First placing of shares

Pursuant to the Company's announcement on 14 May 2024, at the same date, the Company entered into an agreement (the "**First Placing Agreement**") with a placing agent (the "**First Placing Agent**"), pursuant to which the First Placing Agent has conditionally agreed, as placing agent of the Company, to procure, on a best effort basis, the placing of a maximum of 160,000,000 placing shares (the "**First Placing Shares**") to certain placees (the "**First Placing Placees**") at the placing price of HK\$0.138 (the "**First Placing Price**") per First Placing Share (the "**First Placing**").

The First Placing Shares represented: (i) 20.00% of the total existing issued shares as at 23 December 2023; and (ii) approximately 16.67% of the total issued shares as enlarged by the allotment and issue of the First Placing Shares.

The First Placing Price of HK\$0.138 per First Placing Share represented: (i) a discount of approximately 4.83% to the closing price of HK\$0.145 per share as quoted on the Stock Exchange on 14 May 2024; and (ii) a discount of approximately 4.83% to the average of the closing prices of approximately HK\$0.145 per share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding 14 May 2024.

The First Placing Shares were allotted and issued under the general mandate granted to the directors of the Company by resolution of the shareholders passed at the annual general meeting held on 31 May 2023.

Pursuant to the Company's announcement dated 5 June 2024, the Company announced that all the conditions set out in the First Placing Agreement have been fulfilled and completion of the First Placing took place on 5 June 2024.

The directors consider that the First Placing Placees and their respective ultimate beneficial owners are Independent Third Parties of its connected persons.

The net proceeds from the First Placing amounted to approximately HK\$20.72 million, representing a net issue price of approximately HK\$0.138 per First Placing Share. The Company intends to apply the net proceeds of the First Placing as general working capital of the Group.

Further details of the above are set out in the Company's announcements dated 14 May 2024, 23 May 2024 and 5 June 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

30. SHARE CAPITAL (Continued)

(b) During the eighteen months ended 30 June 2025 (Continued)

(ii) Second placing of shares

Pursuant to the Company's announcement on 18 November 2024, at the same date, the Company entered into an agreement (the "**Second Placing Agreement**") with a placing agent (the "**Second Placing Agent**"), pursuant to which the Second Placing Agent has conditionally agreed, as placing agent of the Company, to procure, on a best effort basis, the placing of a maximum of 160,000,000 placing shares (the "**Second Placing Shares**") to certain placees (the "**Second Placing Placees**") at the placing price of HK\$0.038 (the "**Second Placing Price**") per Second Placing Share (the "**Second Placing**").

The Second Placing Shares represented: (i) 16.67% of the total existing issued shares as at 18 November 2024; and (ii) approximately 14.29% of the total issued shares as enlarged by the allotment and issue of the Second Placing Shares.

The Second Placing Price of HK\$0.038 per Second Placing Share represented: (i) a discount of approximately 19.15% to the closing price of HK\$0.047 per share as quoted on the Stock Exchange on 18 November 2024; and (ii) a discount of approximately 11.21% to the average of the closing prices of approximately HK\$0.0428 per share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding 18 November 2024.

The Second Placing Shares were allotted and issued under the general mandate granted to the directors of the Company by resolution of the shareholders passed at the annual general meeting held on 31 May 2024.

Pursuant to the Company's announcement dated 6 January 2025, all the conditions set out in the Second Placing Agreement have been fulfilled and completion of the Second Placing took place on 6 January 2025.

The directors consider that the Second Placing Placees and their respective ultimate beneficial owners are Independent Third Parties of its connected persons.

The net proceeds from the Second Placing amounted to approximately HK\$5.76 million, representing a net issue price of approximately HK\$0.038 per Second Placing Share. The Company intends to apply the net proceeds of the Second Placing for the general working capital of the Group.

Further details of the above are set out in the Company's announcements dated 18 November 2024, 9 December 2024 and 6 January 2025.

The above new issued shares during the year ended 31 December 2023 and the eighteen months ended 30 June 2025 rank *pari passu* in all respects with each other in the share capital of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

31. RETIREMENT BENEFITS SCHEME

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss of RMB1,779,000 (year ended 31 December 2023: RMB7,376,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 30 June 2025, contributions of nil (year ended 31 December 2023: RMB1,108,000) due in respect of the eighteen months ended 30 June 2025 had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

32. DISPOSAL OF THE DISPOSAL GROUP

Pursuant to the announcement of the Company dated 2 June 2025, the Company announced that on 8 October 2024, 屏南縣安旺貿易有限公司 (Pingnan County Anwang Trading Co., Ltd., "**Pingnan County Anwang Trading**", a food supplier of the Group) and 福建佳之味食品有限公司 (Fujian Jiazhiwei Food Co., Ltd., "**Fujian Jiazhiwei Food**", an indirectly wholly-owned subsidiary of the Company), entered into a sale and purchase contract (the "**Contract**"), pursuant to which, Pingnan County Anwang Trading agreed to sell, and Fujian Jiazhiwei Food agreed to purchase, food supplies at a total sum of RMB38,190,000 (the "**Goods Payment Sum**"). Pingnan County Anwang Trading alleged that whilst it had discharged its obligations under the Contract, Fujian Jiazhiwei Food had failed to perform its obligations, primarily the payment of the food supplies procured from Pingnan County Anwang Trading (the "**Non-Performance**").

On 6 February 2025, in view of the Non-Performance of the Contract by Fujian Jiazhiwei Food, the Company agreed to pledge 100% equity interest (the "**Share Pledge**") held by it in 江西正味食品有限公司 (Jiangxi Zhengwei Food Co., Limited, "**Jiangxi Zhengwei Food**", an indirectly wholly-owned subsidiary of the Company, together with Fujian Jiazhiwei Food and the Company, collectively referred to as the "**Defendants**") to Pingnan County Anwang Trading. However, as Pingnan County Anwang Trading alleged that the Goods Payment Sum remained unpaid and the Share Pledge was not registered at the time of claim, Pingnan County Anwang Trading lodged a claim against the Defendants on 3 April 2025 (the "**Legal Proceedings**").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

32. DISPOSAL OF THE DISPOSAL GROUP (Continued)

On 7 May 2025, Pingnan County Anwang Trading and the Defendants have entered into a civil mediation agreement (the “**Civil Mediation Agreement**”) to reach settlement in respect of the Legal Proceedings through mediation conducted by 福建省福州市鼓樓區人民法院 (Fujian Province Fuzhou Gulou People’s Court, the “**Court**”). Pursuant to the Civil Mediation Agreement issued by the Court, it is agreed that (i) the Legal Proceedings shall be settled; (ii) Fujian Jiazhiwei Food shall pay the Goods Payment Sum to Pingnan County Anwang Trading in three instalments: out of which RMB10,000,000 shall be paid by 9 May 2025; RMB15,000,000 shall be paid by 9 June 2025; and RMB13,190,000 shall be paid by 9 July 2025 (collectively referred to as the “**Repayment Obligation**”); (iii) the Company, together with Jiangxi Zhengwei Food shall be jointly and severally liable for the Repayment Obligation on the part of Fujian Jiazhiwei Food; and (iv) if Fujian Jiazhiwei Food fails to discharge its Repayment Obligation and the Company and Jiangxi Zhengwei Food fail to repay on behalf of Fujian Jiazhiwei Food, Fujian Jiazhiwei Food is subject to a default interest on the Goods Payment Sum and Pingnan County Anwang Trading is entitled to deal with the assets of the Defendants, including to dispose of the 100% equity interest of Jiangxi Zhengwei Food by way of auction. However, up to 2 June 2025, as the Defendants failed to comply with the abovementioned Civil Mediation Agreement, inter alia, failure to discharge the Repayment Obligation due to the delay in fund transfer, thereby failing to meet the prescribed timeline of the Repayment Obligation as stated in the Civil Mediation Agreement, Pingnan County Anwang Trading has filed an application to deal with or otherwise to sell of the 100% equity interest of Jiangxi Zhengwei Food by way of auction.

Jiangxi Zhengwei Food and its subsidiaries (collectively referred to as the “**Disposal Group**”) is principally engaged in investment holding, processing and trading of snacks and performing research developing in the PRC.

Pursuant to the 執行調解書 (“**Execution of Mediation Agreement**”) entered into between Pingnan County Anwang Trading, Fujian Jiazhiwei Food, the Company and Jiangxi Zhengwei Food dated 28 May 2025, the Company agreed to dispose (the “**Disposal**”) of its entire equity interest in Jiangxi Zhengwei Food to an independent third party, 屏南鼎行天下科技有限公司 (“Pingnan County Xuxing Tianxia Technology Co., Ltd., the “**Disposal Group Purchaser**”) and the considerations include: (i) settlement the balance of Repayment Obligation of RMB36,140,000; (ii) cash consideration of RMB5,860,000; and (iii) the right to use of the factory premises and the land use right owned by Jiangxi Zhengwei Food for a term of two years without any charges (collectively referred to as the “**Settlement Amounts**”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

32. DISPOSAL OF THE DISPOSAL GROUP (Continued)

Upon the completion on the Disposal of Jiangxi Zhengwei Food to the Disposal Group Purchaser on 13 June 2025 (the “**Date of Disposal**”), the Group had loss of control of the Disposal Group and the assets and liabilities of that the Disposal Group are derecognised accordingly. A gain of approximately RMB2,451,000 is recognised which was credited to profit or loss of the Group for the eighteen months ended 30 June 2025 and is calculated as the difference between (i) the aggregate of the fair value of the Settlement Amounts and (ii) the carrying amount of the assets, and liabilities of the Disposal Group attributable to the owners of the Company at the Date of Disposal. The Company then surrendered all the books and records of the Disposal Group, including but not limited to the management accounts, ledgers and sub-ledgers accounts, vouchers, bank statements, agreements and other documentations to the Disposal Group Purchaser and the financial statements of the Disposal Group were then derecognised from the consolidated financial statements of the Company with effective from the Date of Disposal.

When the Company preparing the consolidated financial statements of the Company for the eighteen months ended 30 June 2025, in view of the non-cooperation of the Disposal Group Purchaser, the management of the Company was unable to access sufficient books and records of the deconsolidated Disposal Group and the books and records which are available and were retained by the Company were not found to be of a sufficient level for the purposes of audit and thus, the management of the Company consider that they were unable to have sufficient appropriate books and record to ascertain whether the assets and liabilities of the Disposal Group as at 1 January 2023, 31 December 2023 and the Date of Disposal and the income and expenses of the Disposal Group during the period from 1 January 2023 up to the Date of the Disposal of the Disposal Group as set out below are fairly stated and properly reflected, despite the fact that the directors of the Company have taken all reasonable steps and have used their best endeavours to resolve the matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

32. DISPOSAL OF THE DISPOSAL GROUP (Continued)

Financial information of the Disposal Group

Set out below is the financial information relating to the assets and liabilities of the Disposal Group as at 31 December 2023 and the Date of Disposal and the income and expenses of the Disposal Group during the period from 1 January 2023 up to the Date of Disposal as included in the consolidated financial statements of the Group, which is based on the best information available and retained books and records of the Company:

(a) Gain on Disposal of the Disposal Group

An analysis of the gain on Disposal of the Disposal Group and the net assets of the Disposal Group at the Date of Disposal is as following:

	RMB'000
Settlement Amounts comprise:	
– Settlement of Repayment Obligation (included in the trade payables)	36,140
– Cash consideration	5,860
– Right-of-use of factory premises (<i>note below</i>)	3,279
	45,279
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	51,069
Right-of-use assets	5,837
Goodwill	269
Financial asset at fair value through other comprehensive income	1,354
Deferred tax assets	474
Right of return assets	156
Income tax payable	172
Prepayments, deposits and other receivables	9,915
Cash and cash equivalents	1,369
Other payables and accruals	(26,877)
Lease liabilities	(84)
Net assets disposed of	43,654
Gain on Disposal of the Disposal Group	
Settlement Amounts received and receivables	45,279
Net assets disposed of	(43,654)
Reclassification of property valuation reserve upon Disposal of the Disposal Group	826
Gain on Disposal of the Disposal Group	2,451
An analysis on net inflows of bank balances and cash in respect of the Disposal of the Disposal Group is as follows:	
Cash consideration	5,860
Less: Bank balances and cash disposed of	(1,369)
Net cash inflows	4,491

Note:

The amount represents the fair value of the right-of-use of the factory premises and the land owned by Jiangxi Zhengwei Food for a term of two years without any charges which was based on a valuation conducted by an independent professional valuer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

32. DISPOSAL OF THE DISPOSAL GROUP (Continued)

Financial information of the Disposal Group (Continued)

(b) Unaudited income and expenses of the Disposal Group

An analysis of the income and expenses of the Disposal Group during the year ended 31 December 2023 and the period from 1 January 2024 up to Date of Disposal of the Disposal Group is as following:

	Period from 1 January 2024 to the Date of Disposal RMB'000	Year ended 31 December 2023 RMB'000
Revenue	12,531	444,223
Cost of sales and service	(100,744)	(297,251)
Gross (loss) profit	(88,213)	146,972
Other income, gains and losses, net	(2,969)	6,312
Selling and distribution expenses	(1,965)	(32,677)
Administrative and operating expenses	(22,231)	(28,838)
Finance costs	(81)	(2,903)
(Loss) profit before taxation	(115,459)	88,866
Income tax expenses	(20,668)	(9,183)
(Loss) profit for the period/year	(136,127)	79,683

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

32. DISPOSAL OF THE DISPOSAL GROUP (Continued)

Financial information of the Disposal Group (Continued)

(c) Unaudited assets and liabilities of the Disposal Group

An analysis of the assets and liabilities of the Disposal Group as at 31 December 2023 is as following:

	RMB'000
Property, plant and equipment	52,869
Right-of-use assets	6,032
Goodwill	269
Financial asset at fair value through other comprehensive income	1,354
Deferred tax assets	797
Right of return assets	156
Inventories	97,856
Trade receivables	91,635
Prepayments, deposits and other receivables	4,743
Cash and cash equivalents	199,099
Trade payables	(47,859)
Other payables and accruals	(38,623)
Income tax payable	(2,415)
Lease liabilities	(84)
Bank borrowing	(18,199)
Contract liabilities	(9)
Net assets of the Disposal Group	347,621

In view of the lack of sufficient financial information of the Disposal Group as described above, no other financial information, including the cash inflows and outflows of the Disposal Group during the period from 1 January 2023 up to the Date of the Disposal of the Disposal Group was presented.

The management of the Company considers that the above information represents the best information available to the management of the Company, if appropriate.

The directors also consider that, in view of the Disposal of the Disposal Group was completed and the financial statements of the Disposal Group were derecognised during the eighteen months ended 30 June 2025 and thus, the Disposal of the Disposal Group will not have any significant financial impacts to the consolidated financial position of the Company as at 30 June 2025 and the consolidated financial performance of the Company subsequent to 30 June 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

33. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital. The Group's objective remained unchanged with that for the prior year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the reporting period.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. Total debt is calculated as the aggregate of borrowings, lease liabilities, and amount due to a shareholder. Capital includes equity attributable to owners of the Company.

	30 June 2025 RMB'000	31 December 2023 RMB'000
Total debts		
– Lease liabilities	–	84
– Borrowings	–	18,199
Less: Cash and cash equivalents	(54,644)	(199,186)
Net cash balance	(54,644)	(180,903)
Equity attributable to the owners of the Company	352,611	436,935
Net debts to equity ratio	N/A	N/A

The Group maintained a net cash position as at 31 December 2023 and 30 June 2025, hence the gearing ratio is not applicable.

There was no change in the Group's approach to capital management during the period/year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Financial assets:		
Financial assets at FVOCI – non current		
Financial assets at FVOCI	–	1,354
Financial assets at amortised cost – current		
Trade receivables	228,153	92,300
Deposits and other receivables	–	224
Cash and cash equivalents	54,644	199,186
	282,797	291,710
	282,797	293,064
Financial liabilities:		
Financial liabilities at amortised cost – current		
Trade payables	46,722	48,360
Other payables and accruals	4,845	16,774
Borrowings	–	18,199
Lease liabilities	–	84
	51,567	83,417

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments included financial assets at trade receivables, cash and cash equivalents, trade payables, other payables and accruals. Details of the financial instruments are disclosed in respective notes. The risk associated with these financial instruments included credit risk, liquidity risk, interest rate risk and foreign currency risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade and other receivables) and deposits with banks.

The Group's customers are mainly reputable corporations and thus credit risk is considered to be low. Credit risk on other receivables is minimal as the Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivable balances. Follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually and collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the reporting period and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

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 all trade receivables. Management is of the opinion that the risk of default by counterparties is not significant and Note 24 detailed the loss allowance recognised. Expected loss rate are based on the actual loss experience over the past 5 years. These rates are adjusted to reflect the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of these receivables. The adjustment factors are based on the historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(i) Credit risk (Continued)

Measurement of expected credit loss on collective basis

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 30 June 2025 and 31 December 2023:

	Not yet past due RMB'000	3 months past due RMB'000	3 to 6 months past due RMB'000	6 to 12 months past due RMB'000	Over 12 months past due RMB'000	Total RMB'000
As at 30 June 2025						
Expected loss rate	0.00%	0.51%	3.34%	19.18%	100%	
Gross carrying amount	207,775	20,482	–	–	–	228,257
Loss allowance provision	–	104	–	–	–	104
As at 31 December 2023						
Expected loss rate	0.00%*	0.04%	0.25%	10.25%	100.00%	
Gross carrying amount	92,300	–	–	–	–	92,300
Loss allowance provision	–*	–	–	–	–	–

* The amount is less than 0.01% and RMB1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(i) Credit risk (Continued)

Measurement of expected credit loss on collective basis (Continued)

For deposits and other receivables, the directors make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Management is of the opinion that the risk of default by counterparties is insignificant and no loss allowance recognised.

As at 30 June 2025 and 31 December 2023, the fair value of trade receivables approximated their carrying amounts. The maximum exposure to credit risk at the reporting date was the carrying value of each class of receivable mentioned above. The Group does not hold any collateral or other credit enhancement over these balances.

The Group had a concentration of credit risk as certain of the Group's trade receivables were due from the Group's five largest customers as detailed below.

	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Five largest customers	77,388	84,979

The Group's major bank balances are deposited with banks with good reputation and with high credit-ratings assigned by international credit-rating agencies and hence management does not expect any losses from non-performance by these banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group during the reporting period and are considered to have been effective in managing liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of each reporting period.

	Interest rate	Carrying amount	Total undiscounted cash flows	Within 1 year or on demand
	%	RMB'000	RMB'000	RMB'000
As at 30 June 2025				
Trade payables	N/A	46,722	46,722	46,722
Other payables and accruals	N/A	4,845	4,845	4,845
		51,567	51,567	51,567
As at 31 December 2023				
Trade payables	N/A	48,360	48,360	48,360
Other payables and accruals	N/A	16,774	16,774	16,774
Borrowings	5.65% – 5.79%	18,199	18,556	18,556
Lease liabilities	4.35%	84	86	86
		83,417	83,776	83,776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Interest rate risk

Interest rate risk means the risk on fluctuation of fair value or future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing cash flow interest rate risk, and fixed interest rate instruments will result in the Group facing fair value interest rate risk.

Other than cash at bank in Note 26, the Group does not have significant interest-bearing assets. Since all the cash at bank held by the Company are deposited in PRC banks, in which the interest rate is determined by the People's Bank of China, based on past experience, the fluctuation of the rate is minimal, and the management considered that the interest rate promulgated by banks in PRC from time to time is not significantly impact to the Group.

The Group's interest rate risk arises primarily from the floating rate borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk.

At 30 June 2025, the Group has no borrowings.

At 31 December 2023, the Group has no borrowings at floating rate.

The policy to manage interest rate risk has been followed by the Group for years and is considered to be effective.

(iv) Foreign currency risk

The Group mainly operated in the PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings (Note 28) RMB'000	Lease liabilities (Note 17) RMB'000	Total RMB'000
As at 1 January 2023	46,076	84	46,160
Changes from cash flow:			
Proceeds from new borrowings	16,600	–	16,600
Repayment of borrowings	(44,477)	–	(44,477)
Repayment of principal portion of lease liabilities	–	(84)	(84)
Interest paid	(2,902)	(2)	(2,904)
Total financing cash flow	(30,779)	(86)	(30,865)
Other changes:			
Effect of lease modification	–	84	84
Interest expenses (Note 10)	2,902	2	2,904
Total other changes	2,902	86	2,988
As at 31 December 2023	18,199	84	18,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Borrowings (Note 28) RMB'000	Lease liabilities (Note 17) RMB'000	Total RMB'000
As at 1 January 2024	18,199	84	18,283
Changes from cash flow:			
Repayment of borrowings	(18,199)	–	(18,199)
Repayment of principal portion of lease liabilities	–	–	–
Interest paid	(81)	–	(81)
Total financing cash flow	(18,280)	–	(18,280)
Other changes:			
Disposal of the Disposal Group (Note 32)	–	(84)	(84)
Interest expenses (Note 10)	81	–	81
Total other changes	81	(84)	(3)
As at 30 June 2025	–	–	–

36. MAJOR NON-CASH TRANSACTIONS

Saved as disclosed in elsewhere in the consolidated financial statement, the Group did not have material non-cash transaction during the period/year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

37. RELATED PARTY DISCLOSURES

Saved as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with related parties:

(a) Significant transactions with related parties

The Group had the following significant transactions with related parties during the eighteen months ended 30 June 2025 and for the year ended 31 December 2023:

Name of related parties	Nature of transactions	Eighteen months ended 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
南昌市雷式學校 (Nanchang Leishi School) ("Leishi School")	Sales of finished goods	—	110

Note: Leishi School is controlled by Mr. Lei Junfeng, who is a director of Jiangxi Zhengwei.

(b) Compensation of key management personnel

The key management personnel of the Group represent directors and other senior management of the Group. Details of the remuneration paid to them during the eighteen months ended 30 June 2025 and for the year ended 31 December 2023 are set out in Note 13 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment and form of business structure	Percentage of equity attributable to the Company		Issued and fully paid share capital	Principal activities and principal place of business
		30 June 2025	31 December 2023		
<i>Directly held by the Company</i>					
Zhengwei International Limited ("Zhengwei International")	British Virgin Islands ("BVI"), limited liability company	100%	–	Issued and fully paid capital US\$50,000	Investment holding, BVI
<i>Indirectly held by the Company</i>					
Zhengwei Group Limited ("Zhengwei Group") (正味集团 有限公司)	Hong Kong ("HK"), limited liability company	100%	100%	Issued and fully paid capital HK\$10,000	Investment holding, HK
Jiangxi Zhengwei Food Co., Limited ("Jiangxi Zhengwei") (江西正味食品有限公司)	PRC, limited liability company	(Note below)	100%	Registered and fully paid capital RMB154,084,000	Investment holding, sourcing, processing and trading of dried delicacies, snacks, dried aquatic products, grains and seasonings and others and performing research and development, PRC
Nanchang Kaixing Industrial Co., Limited. ("Nanchang Kaixing") (南昌市凱興實業有限公司)	PRC, limited liability company	(Note below)	100%	Registered and fully paid capital RMB5,000,000	Trading of dried delicacies, snacks, dried aquatic products, grain and seasonings and others, PRC
Guangchang County Zhenglian Biotechnology Co., Limited ("Guangchang Zhenglian") (廣昌縣正蓮生物科技有限公司)	PRC, limited liability company	(Note below)	100%	Registered and fully paid capital RMB30,000,000	Sourcing, processing and trading of dried delicacies, snacks, dried aquatic products, grains and seasonings and others and performing research and development, PRC
Jiangxi Lewejia Food Co., Limited (江西樂味佳食品有限公司)	PRC, limited liability company	100%	100%	Registered and fully paid RMB79,476,591	Investment holding, sourcing, processing and trading of snacks and performing research and development, PRC
Fujian Jiazhiwei Food Co., Ltd. ("Jiazhiwei") (福建佳之味食品有限公司)	PRC, limited liability company	100%	–	Issued RMB1,000,000	Trading of dried delicacies, snacks, dried aquatic products, grain and seasonings and others, PRC

Note: These entities consist of the Disposal Group

None of the subsidiaries had issued any debt securities at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	30 June 2025 RMB'000	31 December 2023 RMB'000
Non-current assets		
Interest in subsidiaries	354	354
	354	354
Current assets		
Amounts due from subsidiaries	118,734	100,024
Cash and cash equivalents	32	9
	118,766	100,033
Current liabilities		
Amount due to a director	3,092	–
Amounts due to subsidiaries	4,617	4,369
Other payables and accruals	968	860
	8,677	5,229
Net current assets	110,089	94,804
NET ASSETS	110,443	95,158
Equity attributable to owners of the Company		
Share capital	78,398	55,580
Reserves	32,045	39,578
TOTAL EQUITY	110,443	95,158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Eighteen Months ended 30 June 2025

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

Movements in the Company's reserves are as followings:

	Share premium RMB'000	Accumulated losses RMB'000	Amount RMB'000
As at 1 January 2023	–	(9,646)	(9,646)
Loss for the year	–	(6,420)	(6,420)
Issue of new shares	107,596	–	107,596
Expenses attributed to issuance of new shares	(10,639)	–	(10,639)
Capitalisation Issue	(41,313)	–	(41,313)
<i>Expenses at:</i>			
As at 31 December 2023 and 1 January 2024	55,644	(16,066)	39,578
Issue of new shares	2,845	–	2,845
Expenses attributed to issuance of new shares	(409)	–	(409)
Loss for the period	–	(9,969)	(9,969)
As at 30 June 2025	58,080	(26,035)	32,045

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial period/years, as extracted from this annual report and the accountant's report as contained in the Prospectus, is set out below.

RESULTS

	Year ended 31 December				Eighteen months ended 30 June 2025
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	RMB'000
Revenue	282,889	341,998	356,847	445,214	938,123
Profit (loss) before income tax expense	47,313	57,844	52,923	76,699	(70,472)
Income tax expense	(6,374)	(9,552)	(6,226)	(9,182)	(38,280)
Profit (loss) for the year/period	40,939	48,292	46,697	67,517	(108,752)
Profit (loss) attributable to owners of the Company	40,939	48,292	46,697	67,517	(108,752)

ASSETS AND LIABILITIES

	As at 31 December				As at 30 June 2025
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	RMB'000
Total Assets	356,399	365,362	376,789	522,776	408,204
Total Liabilities	(193,267)	(153,726)	(118,344)	(85,841)	(55,593)
Total Equity	163,132	211,264	258,073	436,935	352,611