



# Yik Wo International Holdings Limited

## 易和國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8659

### Interim Report

# 2023

# CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Director(s)**”) of Yik Wo International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Xu Youjiang *(Chairman)*  
Ms. Xu Liping  
Mr. Zhang Yuansheng

### Independent non-executive Directors

Mr. Chang Eric Jackson  
Mr. Liu Dajin  
Mr. Deng Zhihuang

## COMPLIANCE OFFICER

Mr. Xu Youjiang

## AUTHORISED REPRESENTATIVES (FOR THE PURPOSES OF THE GEM LISTING RULES)

Ms. Kwong Oi Man Patty  
Mr. Xu Youjiang

## COMPANY SECRETARY

Ms. Kwong Oi Man Patty

## AUDIT COMMITTEE

Mr. Chang Eric Jackson *(Chairman)*  
Mr. Liu Dajin  
Mr. Deng Zhihuang

## REMUNERATION COMMITTEE

Mr. Deng Zhihuang *(Chairman)*  
Mr. Chang Eric Jackson  
Mr. Liu Dajin  
Mr. Zhang Yuansheng

## NOMINATION COMMITTEE

Mr. Liu Dajin *(Chairman)*  
Mr. Deng Zhihuang  
Mr. Chang Eric Jackson  
Mr. Xu Youjiang

## RISK MANAGEMENT COMMITTEE

Mr. Xu Youjiang *(Chairman)*  
Ms. Xu Liping  
Mr. Zhang Yuansheng  
Mr. Liu Dajin

## AUDITOR

Grant Thornton Hong Kong Limited  
11th Floor  
Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong

**PRINCIPAL BANKER**

Agricultural Bank of China  
Jinjiang Longhu Branch  
Baikai Jingbianzhong Complex  
Fenglin Industrial Zone  
Longhu Town  
Jinjiang City  
Fujian Province  
China

**REGISTERED OFFICE IN CAYMAN ISLANDS**

Maples Corporate Services Limited  
P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

**HEAD OFFICE AND PRINCIPAL  
PLACE OF BUSINESS IN THE PRC**

Wukeng Industrial Zone  
Longhu Town  
Jinjiang City  
Fujian Province  
China

**HEAD OFFICE AND PRINCIPAL PLACE OF  
BUSINESS IN HONG KONG**

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72 Hoi Yuen Road  
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Kowloon  
Hong Kong

**CAYMAN ISLANDS PRINCIPAL SHARE  
REGISTRAR AND TRANSFER OFFICE**

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

**HONG KONG BRANCH SHARE  
REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

**WEBSITE ADDRESS**

[www.yikwo.cn](http://www.yikwo.cn)

**STOCK CODE**

8659



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the design and development, manufacturing and sales of disposable plastic food storage containers and to a lesser extent, the development and operation of mobile app and e-commerce platform in the People's Republic of China (the "PRC"). Mr. Xu Youjiang ("Mr. Xu"), the chairman and executive director of the Company, is responsible for the overall management, strategic development and major decision making of the Group.

The Group facilitates production of a comprehensive range of disposable plastic food storage containers, including the design and production of moulds, which are mainly sold to customers in the PRC.

For the six months ended 30 June 2023, the revenue of the Group recorded an increase primarily due to the demands for the Group's disposable plastic food storage containers having increased and remaining at a high level.

Looking forward, the Directors consider that the Group will continue to be affected by external opportunities and challenges such as the popularity of environmentally friendly disposable plastic food storage containers, advances in production technologies and competition from substitutes, such as disposable food storage containers in the market made of other materials. The Directors are of the view that maintaining product safety and focusing on environmental protection, brand promotion, expansion of sales channels and product customisation remain to be the key drivers for the growth of the disposable plastic storage container business. With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and the Group will continue to strengthen its market position in the industry and expand its market share by the implementation of the Group's business plans through utilisation of the Group's cash and cash equivalents and cash generated from operating activities.

In view of the rapidly growing trend over the past few years of the film industry and enhancement of regulatory environment and favourable policies in the PRC, the Directors believe that the investment in film projects will enable it to leverage the opportunities that the COVID-19 pandemic in the PRC has gradually eased and popular entertainment needs will rebound, and seize the opportunity in the emerging film industry. The Group entered into the equity sale and purchase agreements dated 10 September 2021 and supplemental agreements (the "Supplemental Agreements") dated 20 January 2022, to acquire 100% equity interest of June Pictures & Media Limited ("June Pictures") with total consideration RMB20,571,430. This acquisition was completed on 27 April 2022. The Directors believe that this investment will bring considerable income to the Group and is a suitable investment, which will also expand the business scope of the Group.

In addition, the e-commerce market in the PRC has continued to grow over the past few years. The Group acquired 100% interest in Beijing Youpinhui Trading Co., Ltd.\* (北京優拼匯商貿有限公司) ("Beijing Youpinhui") through acquisition of Youpinhui Enterprise Limited ("Youpinhui Enterprise"), which held Beijing Youpinhui, on 1 June 2022. Beijing Youpinhui is engaged in the development and operation of mobile app and e-commerce platform, enabling its users to purchase daily necessities and agricultural products via the mobile app. In July 2022, the Group launched a new e-commerce APP platform Yihe Tianxia\* (易和天下), which is an online shopping platform covering daily necessities, beauty and skin care products, household appliances, domestic special agricultural products and other products. For the six months ended 30 June 2023, the Group started to provide advertising spaces on our e-commerce APP platform Yihe Tianxia\* (易和天下) to and charge service fees against third party advertisers.

The Group will continue to develop commercial business, continuously optimise customer experience, broaden its revenue stream and ultimately maximise shareholder returns.

\* For identification purposes only

## **FINANCIAL REVIEW**

### **Revenue**

The revenue increased from approximately RMB129.0 million for the six months ended 30 June 2022 to approximately RMB147.3 million for the six months ended 30 June 2023, representing an increase of approximately RMB18.3 million or approximately 14.2%. Such increase was mainly due to the increase in sales orders for the Group's disposable plastic food storage containers and contribution of revenue from our new e-commerce segment for the six months ended 30 June 2023.

### **Cost of sales**

The cost of sales increased from approximately RMB91.8 million for the six months ended 30 June 2022 to approximately RMB104.3 million for the six months ended 30 June 2023, representing an increase of approximately RMB12.5 million or approximately 13.6%. Such increase was in line with the increase in revenue.

### **Gross profit**

Gross profit of the Group increased by approximately RMB5.7 million or approximately 15.4% from approximately RMB37.3 million for the six months ended 30 June 2022 to approximately RMB43.0 million for the six months ended 30 June 2023. The overall gross profit margin slightly increased from approximately 28.9% for the six months ended 30 June 2022 to approximately 29.2% for the six months ended 30 June 2023.

### **Selling expenses**

Selling expenses for the six months ended 30 June 2023 amounted to approximately RMB9.4 million (six months ended 30 June 2022: RMB6.6 million), representing an increase of approximately 42.4%. Such increase was attributable to (i) the increase of revenue from disposable plastic food storage containers which incurred more sales staff costs and transportation expenses; and (ii) the increase in selling expenses, including sales staff costs and promotional expenses incurred by the new e-commerce segment.

### **Administrative and other operating expenses**

Administrative and other operating expenses of the Group increased by approximately RMB7.5 million or approximately 83.3% from approximately RMB9.0 million for the six months ended 30 June 2022 to approximately RMB16.5 million for the six months ended 30 June 2023.

Administrative and other operating expenses primarily consist of staff costs, research and development cost, amortisation expense on intangible assets, legal and professional service fees and other costs incurred for the Group's daily operation. The increase was primarily attributable to the legal and professional expenses incurred arising from the Company's proposed transfer of listing from GEM to the Main Board of the Stock Exchange. The increase in administrative and other operating expenses was also contributed by the administrative and other operating expenses incurred by the new e-commerce segment.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Finance Costs

During the six months ended 30 June 2023, finance costs for the Group was approximately RMB99,000 (30 June 2022: RMB110,000). It was mainly due to the lease arrangement in respect of the machinery and equipment at the end of lease term.

### Income tax expense

Income tax expense for the Group decreased by approximately RMB0.3 million or 4.4% from approximately RMB6.2 million for the six months ended 30 June 2022 to approximately RMB6.0 million for the six months ended 30 June 2023. Income tax expense was solely arisen from provision for the PRC enterprise income tax at applicable tax rate of 25% on the assessable profits of the PRC subsidiaries.

### Profit for the period

Profit for the period decreased by approximately RMB4.6 million or approximately 29.6% from approximately RMB15.5 million for the six months ended 30 June 2022 to approximately RMB10.9 million for the six months ended 30 June 2023. The decrease was mainly due to the transfer of listing and related expenses incurred during the six months end 30 June 2023.

### Listing on GEM and proposed transfer of listing

The shares of the Company were listed on GEM of the Stock Exchange on 13 July 2020 with a total of 150,000,000 Shares issued at HK\$0.4 each by way of share offer, raising net proceeds of HK\$22.8 million (approximately RMB20.4 million) after deducting underwriting commissions and all related expenses.

On 23 February 2023, the Company has appointed professional parties to proceed with the preparation of the Company's proposed transfer of the listing of the Company's shares from GEM to the Main Board of the Stock Exchange. Formal application has been made to the Stock Exchange on 31 May 2023. For detail, please refer to the Company's announcement dated 31 May 2023.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's net current assets decreased from approximately RMB171.3 million as at 31 December 2022 to approximately RMB162.2 million as at 30 June 2023 primarily due to the combined effect of (i) the increase in inventories of approximately RMB2.3 million; (ii) the increase in trade and other receivables of approximately RMB9.2 million; (iii) the increase in cash and cash equivalents of approximately RMB6.2 million; and (iv) the decrease in financial assets at FVTPL of approximately RMB25.6 million due to reclassification as non-current assets (see note 16).

The current ratio declined from approximately 4.9 as at 31 December 2022 to approximately 4.6 as at 30 June 2023.

The gearing ratio is calculated based on debts (sum of trade and other payables, and lease liabilities) divided by total equity as at the respective dates and multiplied by 100%. The gearing ratio remained at a similar level at approximately 18.1% and 17.9% as at 31 December 2022 and 30 June 2023, respectively.



### Cash position

At 30 June 2023, the bank balances and cash of the Group were approximately RMB124.8 million (31 December 2022: approximately RMB118.6 million). The increase was mainly due to the net cash generated from operating activities.

### Borrowings

As at 30 June 2023 and 31 December 2022, the Group had no borrowings.

### Lease Liabilities

As at 30 June 2023, the Group had lease liabilities of approximately RMB4.0 million (31 December 2022: RMB3.0 million), which are to be repaid based on the agreed repayment schedule ranging from 3 to 20 years as set out in the agreements. For details of the lease liabilities, please refer to note 14 to the interim financial report. As at 30 June 2023 and 31 December 2022, all the trade and other payables were current liabilities and repayable on demand.

## CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 13 July 2020. There has been no material change in the capital structure of the Group since the listing of the shares of the Company on GEM of the Stock Exchange to 30 June 2023 and up to the date of this report. The share capital of the Group only comprises of ordinary shares.

As at 30 June 2023, the Group had consideration payable (included in trade and other payables) of approximately RMB6.2 million, which was interest-free, denominated in Renminbi and repayable on demand upon the date when the film is publicly released in the cinemas in the PRC. The consideration payable represented the promissory notes issued for acquisitions of 100% of equity interest of June pictures.

As at 30 June 2023, the Company's issued share capital was approximately HK\$7.5 million and the number of its issued ordinary shares was 748,482,760 of HK\$0.01 each.

Details of the movements during the year ended 31 December 2022 and six months ended 30 June 2023 in the Company's share capital are set out in note 21 to the interim financial report.

## SEGMENTAL INFORMATION

The Directors regard the Group had two operation segments, being (i) design and development, marketing and sales of disposable food storage container and (ii) operation of mobile app and e-commerce platform.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2023, the Group did not have plans for material investments and capital assets.

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

On 10 September 2021, the Company entered into the equity sale and purchase agreements with Mr. Xu, Yeewo Pictures & Media Limited ("**Yeewo Pictures**") and Mr. Gong Zongfan ("**Mr. Gong**"), pursuant to which, the Company has conditionally agreed to acquire, and Mr. Xu, Yeewo Pictures and Mr. Gong have conditionally agreed to collectively sell 100% of the issued share capital of June Pictures, at a consideration of RMB72,000,000 (equivalent to HK\$86,400,000). The Consideration shall be satisfied by the Company by way of: (i) issue and allotment of 336,000,000 new shares of the Company to Mr. Xu; (ii) issue and allotment of 72,000,000 new shares of the Company to Yeewo Pictures; and (iii) issue and allotment of 72,000,000 new shares of the Company to Mr. Gong, at an issue price of HK\$0.18 per new share, resulting in the total value of HK\$86,400,000 (equivalent to approximately RMB72,000,000).



## MANAGEMENT DISCUSSION AND ANALYSIS

On 20 January 2022, the Company, Mr. Xu, Yeewo Pictures and Mr. Gong entered into the Supplemental Agreements to adjust certain terms of the acquisition of June Pictures, given that the interest of film project held by June Pictures has been lowered from 35% to 10% by mutual agreements among the parties. Pursuant to the Supplemental Agreements, the total consideration of RMB20,571,430 shall be satisfied by the Company by way of: (i) issue and allotment of 74,482,760 new shares of the Company to Mr. Xu; (ii) issue of a debt instrument in the sum of RMB3,085,714 to Yeewo Pictures; and (iii) issue of a debt instrument in the sum of RMB3,085,714 to Mr. Gong. The completion of the transaction is conditional upon fulfilment or waiver (as the case may be) of certain conditions. Upon the completion, the Company will hold 100% equity interest in June Pictures and the financial statements of June Pictures will be consolidated into the consolidated financial statements of the Group. This acquisition was completed on 27 April 2022.

Details of the above transaction were set out in the announcements of the Company dated 10 September 2021, 20 January 2022 and 27 April 2022 and the circular of the Company dated 16 March 2022.

On 29 April 2022, the Company entered into the sale and purchase agreement with Youpinhui Investment Holdings Limited ("**Youpinhui Investment**"), pursuant to which, the Company has conditionally agreed to acquire, and Youpinhui Investment has conditionally agreed to sell the entire issued share capital of Youpinhui Enterprise, at a consideration of HK\$18,500,000. The consideration shall be satisfied by the allotment and issue of 74,000,000 ordinary shares of the Company to Youpinhui Investment. This acquisition was completed on 1 June 2022. Details of the transaction were set out in the announcement of the Company dated 29 April 2022 and supplemental announcement of the Company dated 19 May 2022.

Pursuant to the announcements of the Company dated 26 July 2022 and 31 March 2023, Beijing Youpinhui, an indirectly wholly owned subsidiary of the Company, has established a new joint venture, Beijing Yihe Tianxia Network Technology Co., Ltd.\* (北京易和天下網絡科技有限公司) ("**Beijing Yihe**") through a series of contractual arrangements and a "Variable interest entity" (the "**VIE**") structure was arranged to enable Beijing Youpinhui to control 100% beneficial interest of Beijing Yihe due to foreign ownership restrictions concerning an enterprise holding a value-added telecommunications business permit for internet information service in the PRC. In order to hold the maximum permitted interest in Beijing Yihe under the foreign ownership restrictions in the PRC, the shareholding structure of Beijing Yihe was changed to 50% being held by Beijing Youpinhui and 50% being held by Mr. Cheng Denan on 11 May 2023.

Save as disclosed above, during the six months ended 30 June 2023, the Group did not make any other significant investments, acquisitions or disposal during the period ended 30 June 2023 which would constitute a discloseable transaction under GEM Listing Rules.

### CHARGES ON GROUP ASSETS

As at 30 June 2023, the Group did not have any charges on its assets (31 December 2022: Nil).

### **CONTINGENT LIABILITIES**

The Group did not have any contingent liabilities as at 30 June 2023 (31 December 2022: Nil).

### **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

The Group operated mainly in the PRC with most of the Group's transactions settled in Renminbi. As such, the Group did not have significant exposure to foreign exchange risk during the year. The Group did not use any financial instruments for hedging purpose during the six months ended 30 June 2023.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2023, the Group employed a total of 180 employees (31 December 2022: 177 employees). The staff costs, including Directors' emoluments, of the Group were approximately RMB10.9 million for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately RMB8.3 million). Remuneration is determined with reference to a fixed salary and the Group utilises an appraisal system for the employees, which is based on conducting salary reviews and thereby making promotion decisions.

# MANAGEMENT DISCUSSION AND ANALYSIS

## DISCLOSURE OF INTERESTS

### A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2023, the interests or short positions of the Directors, chief executives 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 (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### Long/short Position in the Company's Shares

Name of Director	Capacity/Nature of interest	Number and class of securities	Long/short position	Approximate percentage of shareholding in the Company
Mr. Xu	Interest in a controlled corporation <sup>(Note 1)</sup> Beneficial Owner	301,500,000 ordinary shares	Long	40.28%
		74,482,760 ordinary shares	Long	9.95%
		375,982,760 ordinary shares		50.23%
Ms. Xu Liping (" <b>Ms. Xu</b> ")	Interest of spouse <sup>(Note 2)</sup>	375,982,760 ordinary shares	Long	50.23%

Notes:

- Mr. Xu holds the entire issued share capital of Prize Investment Limited. Accordingly, Mr. Xu is deemed to be interested in the Shares held by Prize Investment Limited under the SFO.
- Ms. Xu Liping is the spouse of Mr. Xu and is therefore deemed to be interested in the Shares in which Mr. Xu is interested under the SFO.

**B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures**

As at the 30 June 2023, the interests and short positions of the person (other than the Directors or chief executive of the Company) or company in the Shares, underlying Shares and debentures of the Company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number and class of securities	Long/short position	Approximate percentage of shareholding in the Company
Prize Investment Limited	Beneficial owner	301,500,000 ordinary shares	Long	40.28%
Mr. Xu	Beneficial owner	74,482,760 ordinary shares	Long	9.95%
		375,982,760 ordinary shares	Long	50.23%
Merit Winner Limited ("Merit Winner")	Beneficial owner	67,500,000 ordinary shares	Long	9.02%
Mr. Hui Man Kit ("Mr. Hui")	Interest of a controlled corporation <sup>(Note 1)</sup>	67,500,000 ordinary shares	Long	9.02%
Ms. Hui Mei Nga	Interest of spouse <sup>(Note 2)</sup>	67,500,000 ordinary shares	Long	9.02%
Youpinhui Investment	Beneficial owner	64,000,000 ordinary shares	Long	8.55%
Mr. Hu Kun	Interest of a controlled corporation <sup>(Note 3)</sup>	64,000,000 ordinary shares	Long	8.55%

Notes:

1. The entire issued share capital of Merit Winner was held by Mr. Hui. Accordingly, Mr. Hui is deemed to be interested in the Shares held by Merit Winner under the SFO.
2. Ms. Hui Mei Nga is the spouse of Mr. Hui and is therefore deemed to be interested in the Shares in which Mr. Hui is interested under the SFO.
3. The entire issued share capital of Youpinhui Investment was held by Mr. Hu Kun. Accordingly, Mr. Hu Kun is deemed to be interested in the Shares held by Youpinhui Investment under the SFO.



## MANAGEMENT DISCUSSION AND ANALYSIS

Same as disclosed above, as at the date of this report and so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the Shares or underlying shares and/or the debentures of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### COMPETING AND CONFLICTS OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 June 2023.

### PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

### CORPORATE GOVERNANCE CODE

Ms. Xu is the chief executive officer of the Group, while Mr. Xu is the chairman. The roles of the chairman and chief executive are separated and performed by different individuals.

During the six months ended 30 June 2023, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

### DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2023.

### DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (2022: RMB Nil).

### SHARE OPTION SCHEME

The Company did not have share option scheme as at 30 June 2023.

### IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2023 and up to the date of this report.

### CHANGE IN DIRECTORS' INFORMATION

Since the date of the annual report of the Company for the year ended 31 December 2022 and up to the date of this report, there were no substantial changes to the Directors' information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rule.

### AUDIT COMMITTEE

The Company established an audit committee ("**Audit Committee**") with its written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are mainly (i) to review and supervise the financial reporting process and to oversee the audit process of the Group; (ii) to oversee internal control procedures and corporate governance of the Group; (iii) to supervise internal control systems of the Group; and (iv) to monitor any continuing connected transactions. The Audit Committee consists of three members, namely Mr. Chang Eric Jackson, Mr. Liu Dajin and Mr. Deng Zhihuang, all being independent non-executive Directors of the Company. Mr. Chang Eric Jackson currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

By order of the Board  
**Yik Wo International Holdings Limited**  
**Xu Youjiang**  
*Chairman and Executive Director*

Hong Kong, 14 August 2023

*As at the date of this report, the executive Directors are Mr. Xu Youjiang, Ms. Xu Liping and Mr. Zhang Yuansheng, and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Liu Dajin, and Mr. Deng Zhihuang.*

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Revenue</b>	6	<b>87,748</b>	75,810	<b>147,339</b>	129,034
Costs of sales		<b>(61,563)</b>	(53,414)	<b>(104,331)</b>	(91,764)
<b>Gross profit</b>		<b>26,185</b>	22,396	<b>43,008</b>	37,270
Other income	7	<b>607</b>	91	<b>782</b>	176
Selling expenses		<b>(5,651)</b>	(3,922)	<b>(9,421)</b>	(6,608)
Administrative and other operating expenses		<b>(9,203)</b>	(4,833)	<b>(16,467)</b>	(9,027)
Change in fair value of financial assets at fair value through profit or loss		<b>(947)</b>	—	<b>(947)</b>	—
<b>Profit from operations</b>		<b>10,991</b>	13,732	<b>16,955</b>	21,811
Finance costs	8	<b>(52)</b>	(69)	<b>(99)</b>	(110)
<b>Profit before income tax</b>	9	<b>10,939</b>	13,663	<b>16,856</b>	21,701
Income tax expense	10	<b>(3,832)</b>	(3,913)	<b>(5,966)</b>	(6,240)
<b>Profit for the period</b>		<b>7,107</b>	9,750	<b>10,890</b>	15,461
<b>Other comprehensive expenses, net of tax:</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Exchange differences on translation of foreign operation recognised		<b>(108)</b>	(377)	<b>(123)</b>	(319)
<b>Total comprehensive income for the period</b>		<b>6,999</b>	9,373	<b>10,767</b>	15,142
<b>Earnings per share attributable to equity holders of the Company</b>					
Basic and diluted	12	<b>RMB0.95 cents</b>	RMB1.44 cents	<b>RMB1.45 cents</b>	RMB2.42 cents



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	48,251	50,603
Intangible assets	15	11,718	13,702
Financial assets at fair value through profit or loss ("FVTPL")	16	24,625	—
		<b>84,594</b>	64,305
<b>Current assets</b>			
Financial assets at fair value through profit or loss ("FVTPL")	16	—	25,572
Inventories	17	10,426	8,095
Trade and other receivables	18	72,474	63,303
Cash and cash equivalents	19	124,787	118,572
		<b>207,687</b>	215,542
<b>Current liabilities</b>			
Trade and other payables	20	39,746	39,354
Income tax payable		4,091	3,894
Lease liabilities	14	1,606	949
		<b>45,443</b>	44,197
<b>Net current assets</b>		<b>162,244</b>	171,345
<b>Total assets less current liabilities</b>		<b>246,838</b>	235,650
<b>Non-current liabilities</b>			
Lease liabilities	14	2,424	2,003
<b>Net assets</b>		<b>244,414</b>	233,647
<b>EQUITY</b>			
Share capital	21	6,667	6,667
Reserves		237,747	226,980
<b>Total Equity</b>		<b>244,414</b>	233,647

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital RMB'000 (unaudited)	Share premium* RMB'000 (unaudited)	Other reserve* RMB'000 (unaudited)	Translation reserve* RMB'000 (unaudited)	Retained profits* RMB'000 (unaudited)	Total RMB'000 (unaudited)
As at 1 January 2022	5,418	52,086	16,867	518	90,550	165,439
Profit for the period	—	—	—	—	15,461	15,461
Other comprehensive expenses:						
— Exchange differences on translation of foreign operation recognised	—	—	—	(319)	—	(319)
Total comprehensive income for the period	—	—	—	(319)	15,461	15,142
Transaction with owner						
Issuance of ordinary shares pursuant to the acquisition of June Pictures & Media Limited	621	14,920	—	—	—	15,541
Issuance of ordinary shares pursuant to the acquisition of Youpinhui Enterprise Limited	628	16,342	—	—	—	16,970
As at 30 June 2022 (unaudited)	6,667	83,348	16,867	199	106,011	213,092
As at 1 January 2023	<b>6,667</b>	<b>83,348</b>	<b>23,679</b>	<b>(362)</b>	<b>120,315</b>	<b>233,647</b>
Profit for the period	—	—	—	—	10,890	10,890
Other comprehensive expenses:						
— Exchange differences on translation of foreign operation recognised	—	—	—	(123)	—	(123)
Total comprehensive income for the period	—	—	—	(123)	10,890	10,767
<b>As at 30 June 2023 (unaudited)</b>	<b>6,667</b>	<b>83,348</b>	<b>23,679</b>	<b>(485)</b>	<b>131,205</b>	<b>244,414</b>

\* The reserves accounts comprise the Group's reserves of RMB237,747,000 in the condensed consolidated statement of financial position as at 30 June 2023 (as at 31 December 2022: RMB226,980,000).

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<i>Net cash generated from operating activities</i>	<b>9,423</b>	20,552
<b>Cash flows used in investing activities</b>		
Interest received	<b>170</b>	176
Purchase of property, plant and equipment	<b>(2,397)</b>	(14,882)
Purchase of intangible assets	—	(2,610)
Proceeds from disposal of property, plant and equipment	—	27
Acquisition of subsidiaries, net of cash acquired	—	29
<i>Net cash used in investing activities</i>	<b>(2,227)</b>	(17,260)
<b>Cash flows used in financing activities</b>		
Payment of lease liabilities	<b>(858)</b>	(590)
<i>Net cash used in financing activities</i>	<b>(858)</b>	(590)
<b>Net increase in cash and cash equivalents</b>	<b>6,338</b>	2,702
Cash and cash equivalents at the beginning of the period	<b>118,572</b>	107,638
Effect of foreign exchange rate changes	<b>(123)</b>	(319)
<b>Cash and cash equivalents at the end of the period</b>	<b>124,787</b>	110,021



# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

## 1. GENERAL INFORMATION

Yik Wo International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was incorporated as an exempted company in the Cayman Islands on 13 December 2018 with limited liability. The addresses of the Company’s registered office and principal place of business are PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and Wukeng Industrial Zone, Longhu Town, Jinjiang City, Fujian Province, People’s Republic of China (the “**PRC**”), respectively.

The Company is an investment holding company and its subsidiaries are principally engaged in the design and development, manufacturing and sales of disposable plastic food storage containers and the sales of daily necessities and other household goods on e-commerce platform in the PRC.

The ultimate controlling party of the Group is Mr. Xu Youjiang (“Mr. Xu” or the “Controlling Shareholder”).

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated interim financial information does not include all of the information required in annual consolidated financial statements and should be read in conjunction with the annual report of the Group for the year ended 31 December 2022.

The condensed consolidated interim financial information is unaudited.

The condensed consolidated interim financial information is presented in thousands of units of Renminbi (“**RMB’000**”), except when otherwise indicated, which was approved for issue by the Board of Directors on 14 August 2023.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the accounting policies adopted in the Group’s consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) which are effective as of 1 January 2023.

### Adoption of new and amended HKFRSs

The Group has adopted the following new and amended HKFRSs that have become effective for accounting period beginning on 1 January 2023 and are relevant to the Group:

HKFRS 17	Insurance Contracts with related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules



## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Adoption of new and amended HKFRSs *(continued)*

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not applied any new standards, interpretations or amendments to standards and interpretations that is not yet effective for the current accounting period.

### 4. ESTIMATES AND JUDGEMENTS

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2022.

### 5. SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision maker (the "CODM"), have identified the Group's two major product and service lines as operating segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

## 5. SEGMENT INFORMATION *(continued)*

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Six months ended 30 June 2023		
	Disposable plastic food storage containers RMB'000 (unaudited)	E-commerce RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue from external customers	135,486	11,853	147,339
Segment results	23,560	(558)	23,002
Unallocated expenses			(6,146)
Profit before income tax			16,856
Income tax expense			(5,966)
Profit for the period			10,890

	Six months ended 30 June 2022		
	Disposable plastic food storage containers RMB'000 (unaudited)	E-commerce RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue from external customers	129,034	—	129,034
Segment results	22,321	(620)	21,701
Profit before income tax			21,701
Income tax expense			(6,240)
Profit for the period			15,461

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

### 5. SEGMENT INFORMATION *(continued)*

	As at 30 June 2023			
	Disposable plastic food storage containers RMB'000 (unaudited)	E-commerce RMB'000 (unaudited)	Unallocated RMB'000 (unaudited)	Total RMB'000 (unaudited)
Reportable segment assets	248,636	17,727	25,918	292,281
Reportable segment liabilities	36,667	3,138	8,062	47,867

	As at 31 December 2022			
	Disposable plastic food storage containers RMB'000 (audited)	E-commerce RMB'000 (audited)	Unallocated RMB'000 (audited)	Total RMB'000 (audited)
Reportable segment assets	236,448	16,783	26,596	279,847
Reportable segment liabilities	36,330	1,587	8,283	46,200

### 6. REVENUE

The Group's principal activities are disclosed in note 1 to the condensed consolidated interim financial statements.

Revenue of the Group is the revenue from these activities and represents the net invoiced value of goods sold.

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

### 6. REVENUE *(continued)*

#### Disaggregation of revenue from contracts with customers

The Group's derives revenue from sales of products in the following brand and nature:

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Brand:</b>				
Products under "JAZZIT" brand	72,315	69,013	121,709	115,437
Non-branded products	6,811	6,797	13,777	13,597
Disposable plastic food storage containers	79,126	75,810	135,486	129,034
Non-branded e-commerce: daily necessities and other household goods	8,622	—	11,853	—
	87,748	75,810	147,339	129,034
<b>Nature:</b>				
Regular products	49,955	47,912	92,114	88,261
Customised products	28,337	27,098	41,713	38,999
Others	834	800	1,659	1,774
Disposable plastic food storage containers	79,126	75,810	135,486	129,034
Non-branded e-commerce: daily necessities and other household goods	8,622	—	11,853	—
	87,748	75,810	147,339	129,034

Regular products represent products with more simplistic design and features which are standardised and commonly used and available in the market. Customised products are of tailored design features in accordance with our customers' specific requirements.



## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

### 6. REVENUE *(continued)*

#### Geographical information

Information about the Group's revenue by geographical locations presented based on the area or country in which the external customer is operated is presented as below:

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
PRC (place of domicile)	87,748	75,569	147,339	128,793
Overseas	—	241	—	241
	<b>87,748</b>	<b>75,810</b>	<b>147,339</b>	<b>129,034</b>

The Group's non-current assets are all located in the PRC.

### 7. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Bank interest income	79	91	170	176
Gain on lease modification upon termination of leases	—	—	84	—
Interest income (Note 16)	514	—	514	—
Advertising income	14	—	14	—
	<b>607</b>	<b>91</b>	<b>782</b>	<b>176</b>

### 8. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Interest expense for lease arrangements	52	69	99	110

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

### 9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Depreciation				
— Owned used	3,098	2,526	6,159	4,923
— Held under leases	425	299	813	542
Amortisation of intangible assets included in administrative and other operating expenses	742	544	1,984	1,044
Short-term lease charges in respect of office	240	—	480	—
Cost of inventories recognised as an expense	48,248	46,395	81,928	78,662
Research and development cost (including staff costs)	2,161	1,760	3,852	2,995
Loss on disposals of property, plant and equipment	—	170	—	170
Change in fair value of financial assets at FVTPL	947	—	947	—
Transfer of listing and related expenses	3,595	—	5,324	—
Staff costs (including directors' emoluments)				
— Salaries, allowances and other benefits	5,053	4,296	10,175	7,974
— Contributions to defined contribution retirement plans	398	125	774	323
	<b>5,451</b>	<b>4,421</b>	<b>10,949</b>	<b>8,297</b>

### 10. INCOME TAX EXPENSE

No provision for profits tax has been provided by the Company as the Company had no assessable profits subject to taxation in any jurisdiction. No provision for Hong Kong profits tax has been provided as the Group had no assessable profits arising from Hong Kong during the six months ended 30 June 2023 and 2022.

The provision for the PRC enterprise income tax has been provided at the applicable tax rate of 25% (2022: 25%) on the assessable profits of the PRC subsidiaries.

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Current tax</b>				
Provision for PRC enterprise income tax	3,832	3,913	5,966	6,240

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

### 11. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: nil).

### 12. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit for the period attributable to equity holders of the Company and the weighted average number of ordinary shares.

	Three months ended 30 June		Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<b>Earnings:</b>				
Profit for the period attributable to equity holders of the Company for purpose of basic earnings per share (RMB'000)	<b>7,107</b>	9,750	<b>10,890</b>	15,461
<b>Number of shares:</b>				
Number of ordinary shares for the purpose of basic earnings per share (in thousand)	<b>748,483</b>	676,779	<b>748,483</b>	638,602

The diluted earnings per share equal to basic earnings per share. No adjustment has been made to the basic earnings per share amounts presented for the both periods as there was no potential ordinary share in issue.

### 13. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred approximately RMB2,397,000 (six months ended 30 June 2022: RMB15,217,000) on the acquisition of property, plant and equipment. In addition, the group disposed of certain plant and equipment with an aggregate carrying amount of RMB nil (six months ended 30 June 2022: RMB197,000) for proceeds of RMB nil (six months ended 30 June 2022: RMB27,000), resulting in a loss of disposal of RMB nil (six months ended 30 June 2022: RMB170,000).

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

### 14. LEASE LIABILITIES

Lease liabilities are presented in the condensed consolidated statement of financial position as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Current:		
- Third parties	1,276	484
- Jinjiang Hengsheng Toys Co., Ltd ("Hengsheng Toys") (note)	330	465
Non-current:		
- Third parties	1,067	679
- Hengsheng Toys	1,357	1,324
	<b>4,030</b>	2,952

Note: Hengsheng Toys is controlled by Mr. Hui Man Kit. Mr. Hui Man Kit is the brother of Mr. Xu, the controlling shareholder and executive director of the Company.

As at 30 June 2023 and 31 December 2022, the Group has leases for an office and factory premises. These leases are reflected on the condensed consolidated statement of financial position as property, plant and equipment (see Note 13) and lease liabilities.

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. Leases are only be cancelled with mutually agreement between the Group and lessor. There is no variable lease payment and termination option among the lease contracts.

Lease period of certain lease agreements with Hengsheng Toys were three years effective from 21 June 2020. The Group can elect to renew for another three years with same rentals upon the expiration of the three-year lease term. Thereafter the lease period and rentals are subject to negotiations but Hengsheng Toys agrees to lease to the Group for a maximum of 20 years from 21 June 2020.

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

### 14. LEASE LIABILITIES *(continued)*

The following table shows the future minimum lease payments:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within one year	1,777	1,070
One to two years	1,499	810
Two to five years	1,076	1,391
	<b>4,352</b>	3,271
Finance charges	<b>(322)</b>	(319)
	<b>4,030</b>	2,952

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Present value of minimum lease payments:		
Due within one year	1,606	949
Due in first to second years	1,408	724
Due in second to fifth years	1,016	1,279
	<b>4,030</b>	2,952
Less: Portion due within one year included under current liabilities	<b>(1,606)</b>	(949)
<b>Portion due after one year included under non-current liabilities</b>	<b>2,424</b>	2,003

# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

## 15. INTANGIBLE ASSETS

	Mobile app development costs RMB'000	Patent on technical know-how RMB'000	Trademark RMB'000	Total RMB'000
<b>Cost</b>				
As at 1 January 2023 and <b>30 June 2023 (unaudited)</b>	<b>10,444</b>	<b>4,400</b>	<b>9,500</b>	<b>24,344</b>
<b>Accumulated amortisation</b>				
As at 1 January 2023	1,218	424	9,000	10,642
Charge for the period	1,044	440	500	1,984
<b>As at 30 June 2023 (unaudited)</b>	<b>2,262</b>	<b>864</b>	<b>9,500</b>	<b>12,626</b>
<b>Net book amount</b>				
<b>As at 30 June 2023 (unaudited)</b>	<b>8,182</b>	<b>3,536</b>	<b>—</b>	<b>11,718</b>
As at 31 December 2022 (audited)	9,226	3,976	500	13,702

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Investment in film production (Note)	<b>24,625</b>	25,572

Note:

On 10 January 2022, the Company entered into the equity sales and purchase agreements with Mr. Xu and certain third parties to acquire 100% equity interest of June Pictures & Media Limited ("June Pictures"), a limited company established in the PRC, satisfied by the issuances of 74,482,760 ordinary shares of the Company to Mr. Xu and debt instruments of RMB6,171,000 to third parties. June Pictures held 10% interest of a film project.

The investment in the film production project entitles the Group, among others, the rights to share the income of the film project, in accordance with the terms of the investment agreement.

# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

Note: *(continued)*

The Group's investment in film production as at 30 June 2023 are classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

All the film production had been completed and the carrying amount at the end of the reporting period represented the fair value of the estimated net future cash flows from the film attributable to the Group.

June Pictures was originally wholly-owned by a third party, Yeewo Pictures & Media Limited ("Yeewo Pictures"). Yeewo Pictures transferred certain equity interests in June Pictures to Mr. Xu and another third party. Yeewo Pictures, Mr. Xu and another third party then transferred 100% equity interest in June Pictures to the Company.

In respect of the acquisition of June Pictures by the Company, Yeewo Pictures provides a profit guarantee of RMB25,572,000 for the 10% interest in the film project to the Company. Mr. Xu agrees to pay a penalty interest of 5% per annum to the Company based on the investment amount of RMB20,571,000 until the release date of the film project, starting from 1 January 2023. Relevant penalty interest of RMB514,000 for the six months ended 30 June 2023 has been accrued and recognised as other income (note 7) and other receivables (note 18).

At 30 June 2023, the directors re-assessed the estimated release date of the film in the cinemas in the PRC taken into account various factors including the progress of obtaining approval from relevant government authority, and estimated the film will be released in the year 2024. Therefore the financial assets at fair value through profit or loss is classified as non-current assets at 30 June 2023.

The movement of the financial assets at FVTPL during the period is set out below:

	RMB'000
As at 31 December 2022 (audited)	25,572
Fair value change	(947)
As at 30 June 2023 (unaudited)	<b>24,625</b>

## 17. INVENTORIES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Raw materials	4,755	1,597
Finished goods	5,671	6,498
	<b>10,426</b>	8,095

# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

## 18. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
<b>Trade receivables</b>		
— From third parties	62,381	55,901
<b>Prepayments and other receivables</b>	10,093	7,402
	<b>72,474</b>	63,303

The directors consider that the fair values of all of the trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts due to these balances having short maturity periods on their inception.

### Trade receivables

Before accepting any new customer, the Group applies an internal credit assessment policy to assess the potential customer's credit quality. The credit period is generally for a period of 60 days. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables, based on the invoice date and net of ECL allowance, is as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within 30 days	28,110	28,570
31 days to 60 days	34,271	25,363
61 days to 90 days	—	1,968
	<b>62,381</b>	55,901





## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

### 18. TRADE AND OTHER RECEIVABLES *(continued)*

#### Trade receivables *(continued)*

All trade receivables are denominated in RMB. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. As at 30 June 2023, all trade receivables were not past due (31 December 2022: RMB1,968,000 were past due and were subsequently settled). During the year ended 31 December 2022 and the period ended 30 June 2023, no written off was made against the trade receivables.

Generally, the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base. As at 31 December 2022 and 30 June 2023, there has not been any significant change in the gross amounts of trade receivables that has affected the estimation of the loss allowance during the year/period.

### 19. CASH AND CASH EQUIVALENTS

As at 30 June 2023, bank balances of RMB123,989,000 (31 December 2022: RMB117,358,000) were denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency respectively. The conversion of RMB denominated deposits placed in banks in the PRC in foreign currencies and remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government. Cash at banks earns interest at floating rates based on daily bank deposit rates.

# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

## 20. TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
<b>Trade payables</b>		
– To third parties	25,839	25,943
<b>Accrued charges and other payables</b>		
– Other tax payable	873	2,102
– Salaries payables	1,670	1,917
– Other payables and accruals	1,777	1,710
– Receipt in advance	2,319	414
– Consideration payable (Note (i))	6,171	6,171
– Deferred gain (Note (ii))	1,097	1,097
	<b>13,907</b>	13,411
	<b>39,746</b>	39,354

Note:

- (i) As at 30 June 2023, consideration payable represented the promissory notes issued for acquisition of 100% of equity interest of June Pictures (see note 16), amounted to RMB6,171,000 (31 December 2022: RMB6,171,000) which was interest-free and repayable on demand upon the date when the film is publicly released in cinemas in the PRC.
- (ii) Deferred gain represents the difference between the fair value of considerations given and the fair value of financial assets at FVTPL (note 16) at date of acquisition. The deferred gain will be recognised in the consolidated statement of profit or loss and other comprehensive income upon realisation of the investment in film production. Relevant portion of the difference attributable to shareholder's contribution is included in the consolidated statement of changes in equity.

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

### 20. TRADE AND OTHER PAYABLES *(continued)*

#### Trade payables

The Group is granted by its suppliers credit periods ranging from 30 to 50 days. An aged analysis of the trade payables, based on the invoice date, is as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within 30 days	18,909	13,226
31 days to 60 days	6,930	12,717
	<b>25,839</b>	25,943

All trade payables are denominated in RMB. All amounts are short term and hence the carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

### 21. SHARE CAPITAL

	No. of ordinary shares	RMB'000
<b>Authorised:</b> As at 31 December 2022 (audited) and 30 June 2023 (unaudited)	<b>5,000,000,000</b>	<b>45,147</b>

# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

## 21. SHARE CAPITAL *(continued)*

	No. of ordinary shares	RMB'000
<b>Issued and fully paid:</b>		
As at 31 December 2022 (audited) and 30 June 2023 (unaudited)	<b>748,482,760</b>	<b>6,667</b>

Note: The ordinary shares of the Company has a par value of HK\$0.01 each.

## 22. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the condensed consolidated interim financial information, the Group had the following transactions with related parties during the period:

### Compensation of key management personnel

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Salaries, allowances and benefits	227	213	447	423
Retirement scheme contributions	4	3	7	6
	<b>231</b>	216	<b>454</b>	429