

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

2024



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.*

CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Condensed Consolidated Statement of Financial Position	14
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	16
Notes to the Interim Financial Report	17



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. Lui Mei Ka
Mr. Xu Youjiang

COMPANY SECRETARY

Ms. Lui Mei Ka [appointed on 12 April 2024]
Ms. Kwong Oi Man Patty [resigned on 12 April 2024]

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

CORPORATE INFORMATION

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
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KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Longhu Town
Jinjiang City
Fujian Province
China

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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Wan Chai
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WEBSITE ADDRESS

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 sold to customers in the PRC.

For the six months ended 30 June 2024, 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.

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue increased from approximately RMB147.3 million for the six months ended 30 June 2023 to approximately RMB155.8 million for the six months ended 30 June 2024, representing an increase of approximately RMB8.5 million or approximately 5.8%. Such increase was mainly due to the increase in sales orders for the Group's disposable plastic food storage containers and the increase in revenue from our e-commerce segment for the six months ended 30 June 2024.

Cost of sales

The cost of sales increased from approximately RMB104.3 million for the six months ended 30 June 2023 to approximately RMB109.6 million for the six months ended 30 June 2024, representing an increase of approximately RMB5.3 million or approximately 5.1%. Such increase was in line with the increase in revenue.

Gross profit

Gross profit of the Group increased by approximately RMB3.2 million or approximately 7.4% from approximately RMB43.0 million for the six months ended 30 June 2023 to approximately RMB46.2 million for the six months ended 30 June 2024. The overall gross profit margin slightly increased from approximately 29.2% for the six months ended 30 June 2023 to approximately 29.6% for the six months ended 30 June 2024.

Selling expenses

Selling expenses for the six months ended 30 June 2024 amounted to approximately RMB8.9 million (six months ended 30 June 2023: RMB9.4 million), representing a decrease of approximately 6.1%. During the six months ended 30 June 2023, more selling and promotional expenses incurred in order to get more new users after new e-commerce segment APP platform Yihe Tianxia was newly launched in late 2022. During the six months ended 30 June 2024, the Strength of promotion was reduced and less selling and distribution expenses were incurred.

Administrative and other operating expenses

Administrative and other operating expenses of the Group decreased by approximately RMB3.7 million or approximately 22.7% from approximately RMB16.5 million for the six months ended 30 June 2023 to approximately RMB12.7 million for the six months ended 30 June 2024.

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 decrease 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 of approximately RMB5.3 million during the six months ended 30 June 2023, while relevant legal and professional expenses of only approximately RMB 1.0 million was incurred during the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

During the six months ended 30 June 2024, finance costs for the Group was approximately RMB140,000 (30 June 2023: RMB99,000). 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 increased by approximately RMB1.0 million or 17.2% from approximately RMB6.0 million for the six months ended 30 June 2023 to approximately RMB7.0 million for the six months ended 30 June 2024. 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 increased by approximately RMB7.9 million or approximately 72.3% from approximately RMB10.9 million for the six months ended 30 June 2023 to approximately RMB18.8 million for the six months ended 30 June 2024. The increase in net profit was mainly due to (i) decrease in legal and professional fee related to the Company's proposed transfer of listing from GEM to the Main Board of approximately RMB4.3 million compared to the six months ended 30 June 2023; and (ii) increase in gross profit of approximately RMB3.2 million compared to the six months ended 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 (the "Application"). For detail, please refer to the Company's announcement dated 31 May 2023. As six months had passed since the submission of the Application, the Application has automatically lapsed.

Following the introduction of a streamlined transfer mechanism to enable eligible GEM issuers to transfer to the Main Board under Chapter 9B of the Main Board Listing Rules by the Stock Exchange, on 9 May 2024, a formal application was made by the Company to the Stock Exchange for the listing of and permission to deal in the Shares on the Main Board by way of the Transfer of Listing pursuant to Chapter 9B of the Main Board Listing Rules. For details, please refer to the Company's announcement dated 9 May 2024.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's net current assets increased from approximately RMB210.2 million as at 31 December 2023 to approximately RMB233.7 million as at 30 June 2024 primarily due to the increase in trade and other receivables and decrease in trade and other payables as at 30 June 2024.

The current ratio increased from approximately 5.3 as at 31 December 2023 to approximately 6.1 as at 30 June 2024.

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 improved with approximately 18.5% and 15.3% as at 31 December 2023 and 30 June 2024, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash position

At 30 June 2024, the bank balances and cash of the Group were approximately RMB168.8 million (31 December 2023: approximately RMB165.3 million). The increase was mainly due to the net cash generated from operating activities.

Borrowings

As at 30 June 2024 and 31 December 2023, the Group had no borrowings.

Lease liabilities

As at 30 June 2024, the Group had lease liabilities of approximately RMB4.8 million (31 December 2023: RMB6.4 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.

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 2024 and up to the date of this report. The share capital of the Group only comprises of ordinary shares.

As at 30 June 2024, 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 2024, 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 2023 and six months ended 30 June 2024 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, development, manufacturing and sales of disposable food storage containers and (ii) operation of mobile app and e-commerce platform.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group did not have plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2024, the Group did not make any other significant investments, acquisitions or disposal during the period ended 30 June 2024 which would constitute a discloseable transaction under GEM Listing Rules.

CHARGES ON GROUP ASSETS

As at 30 June 2024, the Group did not have any charges on its assets (31 December 2023: Nil).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2024 (31 December 2023: 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 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed a total of 202 employees (31 December 2023: 201 employees). The staff costs, including Directors’ emoluments, of the Group were approximately RMB9.7 million for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately RMB10.9 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 2024, 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 ^(Note 1) 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 (" Ms. Xu ")	Interest of spouse ^(Note 2)	375,982,760 ordinary shares	Long	50.23%

Notes:

1. 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.
2. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As at the 30 June 2024, 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 ^(Note 1)	67,500,000 ordinary shares	Long	9.02%
Ms. Hui Mei Nga	Interest of spouse ^(Note 2)	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 ^(Note 3)	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 2024.

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 2024 (including sale of treasury shares, if any).

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 2024, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 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 2024.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (2023: RMB Nil).

SHARE OPTION SCHEME

The Company did not have share option scheme as at 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2024 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 2023 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 both 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 2024.

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

Hong Kong, 30 August 2024

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 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	6	155,828	147,339
Costs of sales		(109,627)	(104,331)
Gross profit		46,201	43,008
Other income	7	1,280	782
Selling expenses		(8,850)	(9,421)
Administrative and other operating expenses		(12,734)	(16,467)
Change in fair value of financial assets at fair value through profit or loss		—	(947)
Profit from operations		25,897	16,955
Finance costs	8	(140)	(99)
Profit before income tax	9	25,757	16,856
Income tax expense	10	(6,992)	(5,966)
Profit for the period		18,765	10,890
Other comprehensive expenses, net of tax:			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operation recognised		37	(123)
Total comprehensive income for the period		18,802	10,767
Earnings per share attributable to equity holders of the Company			
Basic and diluted	12	RMB2.51 cents	RMB1.45 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	41,565	46,088
Intangible assets	15	7,576	9,109
		49,141	55,197
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")	16	24,625	24,625
Inventories	17	11,805	8,649
Trade and other receivables	18	74,124	60,088
Cash and cash equivalents	19	168,790	165,252
		279,344	258,614
Current liabilities			
Trade and other payables	20	38,134	41,790
Income tax payable		5,562	4,430
Lease liabilities	14	1,977	2,182
		45,673	48,402
Net current assets		233,671	210,212
Total assets less current liabilities		282,812	265,409
Non-current liabilities			
Lease liabilities	14	2,831	4,230
Net assets		279,981	261,179
EQUITY			
Share capital	21	6,667	6,667
Reserves		273,314	254,512
Total Equity		279,981	261,179

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	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 2023	6,667	83,348	23,679	(362)	120,315	233,647
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
As at 30 June 2023 (unaudited)	6,667	83,348	23,679	(485)	131,205	244,414
As at 1 January 2024	6,667	83,348	26,091	(408)	145,481	261,179
Profit for the period	—	—	—	—	18,765	18,765
Other comprehensive income						
— Exchange differences on translation of foreign operation recognised	—	—	—	37	—	37
Total comprehensive income for the period	—	—	—	37	18,765	18,802
As at 30 June 2024 (unaudited)	6,667	83,348	26,091	(371)	164,246	279,981

* The reserves accounts comprise the Group's reserves of RMB273,314,000 in the condensed consolidated statement of financial position as at 30 June 2024 (as at 31 December 2023: RMB254,512,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<i>Net cash generated from operating activities</i>	7,617	9,423
Cash flows used in investing activities		
Interest received	155	170
Purchase of property, plant and equipment	(2,555)	(2,397)
<i>Net cash used in investing activities</i>	(2,400)	(2,227)
Cash flows used in financing activities		
Payment of lease liabilities	(1,697)	(858)
<i>Net cash used in financing activities</i>	(1,697)	(858)
Net increase in cash and cash equivalents	3,520	6,338
Cash and cash equivalents at the beginning of the period	165,252	118,572
Effect of foreign exchange rate changes	18	(123)
Cash and cash equivalents at the end of the period	168,790	124,787

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

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 2024 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 2023.

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 30 August 2024.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the accounting policies adopted in the Group’s consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new and amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) which are effective as of 1 January 2024.

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 2024 and are relevant to the Group:

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

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

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 2023.

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 2024

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 2024		
	Disposable plastic food storage containers RMB'000 (unaudited)	E-commerce RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue from external customers	143,720	12,108	155,828
Segment results	27,236	1,123	28,359
Unallocated expenses			(2,602)
Profit before income tax			25,757
Income tax expense			(6,992)
Profit for the period			18,765

	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

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

5. SEGMENT INFORMATION *(continued)*

	As at 30 June 2024			
	Disposable plastic food storage containers RMB'000 (unaudited)	E-commerce RMB'000 (unaudited)	Unallocated RMB'000 (unaudited)	Total RMB'000 (unaudited)
Reportable segment assets	304,711	9,987	13,787	328,485
Reportable segment liabilities	39,531	4,761	4,212	48,504

	As at 31 December 2023			
	Disposable plastic food storage containers RMB'000 (audited)	E-commerce RMB'000 (audited)	Unallocated RMB'000 (audited)	Total RMB'000 (audited)
Reportable segment assets	273,870	14,643	25,298	313,811
Reportable segment liabilities	39,854	5,205	7,573	52,632

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 2024

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:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Brand:		
Products under "JAZZIT" brand	133,038	121,709
Non-branded products	10,682	13,777
Disposable plastic food storage containers	143,720	135,486
Non-branded e-commerce: daily necessities and other household goods	12,108	11,853
	155,828	147,339
Nature:		
Regular products	123,119	92,114
Customised products	18,904	41,713
Others	1,697	1,659
Disposable plastic food storage containers	143,720	135,486
Non-branded e-commerce: daily necessities and other household goods	12,108	11,853
	155,828	147,339

Regular products represent products with more simplistic design and features which are standardised and commonly used and available in the market. Customised products are the ones with enhanced design features and higher degree of functionality, which generally allow customers to store various kinds of food and beverage with multi-compartment disposable plastic food storage containers.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

6. REVENUE *(continued)*

Geographical information

The Group's revenue was entirely derived in the PRC for the six month's ended 30 June 2024 and 2023.

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

7. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Bank interest income	155	170
Gain on lease modification upon termination of leases	—	84
Interest income (Note 16)	514	514
Advertising income	—	14
Others	611	—
	1,280	782

8. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest expense for lease arrangements	140	99

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Depreciation		
– Owned used	5,934	6,159
– Held under leases	1,113	813
Amortisation of intangible assets included in administrative and other operating expenses	1,533	1,984
Short-term lease charges in respect of office	—	480
Cost of inventories recognised as an expense	86,711	81,928
Research and development cost (including staff costs)	4,960	3,852
Loss on disposals of property, plant and equipment	31	—
Change in fair value of financial assets at FVTPL	—	947
Transfer of listing and related expenses	983	5,324
Staff costs (including directors' emoluments)		
– Salaries, allowances and other benefits	8,809	10,175
– Contributions to defined contribution retirement plans	860	774
	9,669	10,949

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 2024 and 2023.

The provision for the PRC enterprise income tax has been provided at the applicable tax rate of 25% (2023: 25%) on the assessable profits of the PRC subsidiaries.

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current tax		
Provision for PRC enterprise income tax	6,992	5,966

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

11. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: 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.

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Earnings:		
Profit for the period attributable to equity holders of the Company for purpose of basic earnings per share (RMB'000)	18,765	10,890
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share (in thousand)	748,483	748,483

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 RMB2,555,000 (six months ended 30 June 2023: RMB2,397,000) on the acquisition of property, plant and equipment. In addition, the group disposed of certain plant and equipment with an aggregate carrying amount of RMB31,000 (six months ended 30 June 2023: nil) for proceeds of nil (six months ended 30 June 2023: nil), resulting in a loss of disposal of RMB31,000 (six months ended 30 June 2023: nil).

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

14. LEASE LIABILITIES

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

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Current:		
– Third parties	1,564	1,779
– Jinjiang Hengsheng Toys Co., Ltd (“Hengsheng Toys”) (note)	413	403
Non-current:		
– Third parties	1,815	3,164
– Hengsheng Toys	1,016	1,066
	4,808	6,412

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 2024 and 31 December 2023, 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. 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 2024

14. LEASE LIABILITIES *(continued)*

The following table shows the future minimum lease payments:

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Within one year	2,178	2,437
One to two years	1,584	2,765
Two to five years	1,473	1,777
	5,235	6,979
Finance charges	(427)	(567)
	4,808	6,412

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Present value of minimum lease payments:		
Due within one year	1,977	2,182
Due in first to second years	1,410	2,545
Due in second to fifth years	1,421	1,685
	4,808	6,412
Less: Portion due within one year included under current liabilities	(1,977)	(2,182)
Portion due after one year included under non-current liabilities	2,831	9,230

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

15. INTANGIBLE ASSETS

	Mobile app development costs RMB'000	Patent on technical know-how RMB'000	Trademark RMB'000	Total RMB'000
Cost				
As at 1 January 2024 and 30 June 2024 (unaudited)	10,444	4,880	9,500	24,824
Accumulated amortisation				
As at 1 January 2024	4,863	1,352	9,500	15,715
Charge for the period	1,045	488	—	1,533
As at 30 June 2024 (unaudited)	5,908	1,840	9,500	17,248
Net book amount				
As at 30 June 2024 (unaudited)	4,536	3,040	—	7,576
As at 31 December 2023 (audited)	5,581	3,528	—	9,109

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Investment in film production (Note)	24,625	24,625

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 2024

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

Note: *(continued)*

The Group's investment in film production as at 30 June 2024 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 2024 (30 June 2023, RMB514,000) has been accrued and recognised as other income (note 7) and other receivables (note 18).

At 30 June 2024, 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.

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

	RMB'000
As at 30 June 2024 (unaudited) and 31 December 2023 (audited)	24,625

17. INVENTORIES

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Raw materials	9,047	5,838
Finished goods	2,758	2,811
	11,805	8,649

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

18. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Trade receivables		
— From third parties	70,659	59,160
Prepayments and other receivables	3,465	928
	74,124	60,088

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 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Within 30 days	27,887	36,135
31 days to 60 days	27,425	23,025
61 days to 90 days	15,347	—
	70,659	59,160

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 2024, trade receivables of RMB65,347,000 were past due (31 December 2023: nil were past due). During the year ended 31 December 2023 and the period ended 30 June 2024, no written off was made against the trade receivables.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

18. TRADE AND OTHER RECEIVABLES *(continued)*

Trade receivables *(continued)*

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 2023 and 30 June 2024, 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 2024, bank balances of RMB168,018,000 (31 December 2023: RMB165,252,000) 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.

20. TRADE AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Trade payables		
— To third parties	27,147	26,046
Accrued charges and other payables		
— Salaries payables	1,479	2,497
— Receipt in advance	420	836
— Consideration payable (Note (i))	6,171	6,171
— Deferred gain (Note (ii))	1,097	1,097
— Other payables and accruals	1,820	5,143
	10,987	15,744
	38,134	41,790

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

20. TRADE AND OTHER PAYABLES *(continued)*

Notes:

- (i) As at 30 June 2024, 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 2023: 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.

Trade payables

The Group is granted by its suppliers credit periods ranging from 30 to 60 days. An aged analysis of the trade payables, based on the invoice date, is as follows:

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Within 30 days	21,960	16,711
31 days to 60 days	5,187	9,335
	27,147	26,046

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.

