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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Yang Shengyao (*Chairman and Chief Executive Officer*)

Ms. Lin Qiuyun

Mr. Li Hui (*resigned with effect from 30 June 2024*)

### Independent Non-Executive Directors

Mr. Li Taihong (*resigned on 29 February 2024*)

Mr. Lau Jing Yeung William

Mr. Lee Kwok Tung Louis (*resigned on 29 February 2024*)

Mr. Hu Ruiwo (*appointed on 29 February 2024*)

Mr. Ye Sangzhi (*appointed on 29 February 2024*)

## AUTHORISED REPRESENTATIVES

Mr. Yang Shengyao

Mr. Chan Ngai Fan

## COMPANY SECRETARY

Mr. Chan Ngai Fan

## AUDIT COMMITTEE

Mr. Lau Jing Yeung William (*Chairman*)

Mr. Li Taihong (*resigned on 29 February 2024*)

Mr. Lee Kwok Tung Louis (*resigned on 29 February 2024*)

Mr. Hu Ruiwo (*appointed on 29 February 2024*)

Mr. Ye Sangzhi (*appointed on 29 February 2024*)

## REMUNERATION COMMITTEE

Mr. Li Taihong (*Chairman*) (*resigned on 29 February 2024*)

Mr. Hu Ruiwo (*Chairman*) (*appointed on 29 February 2024*)

Mr. Yang Shengyao

Mr. Lau Jing Yeung William

## NOMINATION COMMITTEE

Mr. Li Taihong (*Chairman*) (*resigned on 29 February 2024*)

Mr. Hu Ruiwo (*Chairman*) (*appointed on 29 February 2024*)

Mr. Yang Shengyao

Mr. Lau Jing Yeung William

## REGISTERED OFFICE

71 Fort Street

PO Box 500, George Town

Grand Cayman KY1-1106

Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

487 Yuhu Road

Xiaolan Economic Development and Technology Zone

Nanchang

PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 12, 12/F Tower A, New Mandarin Plaza

No. 14 Science Museum Road

Tsim Sha Tsui, Kowloon

Hong Kong

## AUDITOR

### CCTH CPA Limited

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

Unit 1510-1517

15/F, Tower 2

Kowloon Commerce Centre

No. 51 Kwai Cheong Road

Kwai Chung, New Territories

Hong Kong

## LEGAL ADVISORS AS TO HONG KONG LAW

### Bird & Bird

6/F, The Annex, Central Plaza

18 Harbour Road

Hong Kong

## COMPLIANCE ADVISOR

### Grand Moore Capital Limited

Unit 1401, 14/F

Lippo Sun Plaza

28 Canton Road

Tsim Sha Tsui, Kowloon

Hong Kong

## CORPORATE INFORMATION

### CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

**Appleby Global Services (Cayman) Limited**

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

**Computershare Hong Kong Investor Services Limited**

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

### PRINCIPAL BANKER

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

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

### STOCK CODE

2147

### COMPANY'S WEBSITE

[www.zhengwei100.com](http://www.zhengwei100.com)

# MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhengwei Group Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**” or “**6MFY2024**”), together with comparative figures for the corresponding period in 2023 (“**6MFY2023**”) as set out below:

## BUSINESS REVIEW

The Group mainly produces, and to a lesser extent trade, dried food products and snacks in Jiangxi Province in the PRC, and to a lesser extent, Sichuan Province and Hubei Province in the PRC.

### Manufacturing business

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

### Trading business

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

### Sales channels and customer base

Having over 20 years of history and experience in dried food production and the continuous commitment and effort in maintaining high quality product and emphasis on food safety, the Group has established a solid customer base, including retailers such as supermarkets and grocery stores, corporate customers and other individual customers. Some of the Group’s products are sold at concessionary counters in supermarkets where the promoters will promote and interact face-to-face with end consumers to provide useful product information tailored to the interests and needs of individual consumers. During 6MFY2024, the Group’s products were mainly sold and delivered to customers located in Jiangxi Province, Hubei Province, Zhejiang Province and Sichuan Province in the PRC.

### Production facilities

As at the date of this interim report, the Group has two production facilities in Nanchang and Guangchang, namely the Nanchang plant (the “**Nanchang Plant**”) and the Guangchang plant (the “**Guangchang Plant**”), in Jiangxi Province, the PRC. The Nanchang Plant is specialised in the processing and packaging of dried food products and the Guangchang Plant is equipped with cooking equipment which is dedicated for the production of snacks.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECT

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

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

### FINANCIAL REVIEW

#### Revenue

During 6MFY2024, the revenue of the Group mainly represented (i) the sales from manufacturing of snacks and dried food products; and (ii) the sales from trading of snacks and dried food products.

During 6MFY2024, the Group recorded a total revenue of approximately RMB298.1 million, representing an increase of approximately 55.5% from approximately RMB191.7 million for 6MFY2023. Such increase was mainly attributable to the increase of sales in dried delicacies and seasonings and others.

#### Cost of sales

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

For 6MFY2024, the Group's cost of sales was approximately RMB297.0 million, representing an increase of approximately 133.5% from approximately RMB127.2 million for 6MFY2023. Such increase was mainly due to the increase in direct material costs.

#### Gross profit and gross profit margin

For 6MFY2024, the Group recorded (i) gross profit of approximately RMB1.1 million, representing a decrease of approximately 98.3% from approximately RMB64.6 million for 6MFY2023; and (ii) gross profit margin of approximately 0.36%, representing a decrease of 33.34% from 33.7% for 6MFY2023. The decrease in gross profit and gross profit margin was mainly due to the increase in direct material costs resulting in the increase in cost of sales outweighing the increase in revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other revenue

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

Other revenue of the Group increased from approximately RMB329,000 for 6MFY2023 to approximately RMB3.7 million for 6MFY2024, which was mainly attributable to the increase in interest income as a result of the increase in bank deposits.

### Other gains and losses

Other gains and losses of the Group changed from a gain of approximately RMB1.2 million for 6MFY2023 to nil for 6MFY2024. Such change was primarily due to the decrease in foreign exchange gains and losses.

### Distribution and selling expenses

The distribution and selling expenses of the Group decreased from approximately RMB14.5 million for 6MFY2023 to approximately RMB6.8 million for 6MFY2024.

### Administrative expenses

Administrative expenses mainly comprised research and development, staff cost, legal and professional expenses, depreciation and amortization, other taxes, entertainment and transportation expenses, office expenses and others. The administrative expenses of the Group increased from approximately RMB14.8 million for 6MFY2023 to approximately RMB18.8 million for 6MFY2024.

### Income tax expense

The income tax expenses of the Group increased from approximately RMB5.9 million for 6MFY2023 to approximately RMB19.7 million for 6MFY2024. The increase was due to the increase in taxable income of a subsidiary of the Company.

### Net loss for 6MFY2024

The Group's net loss for 6MFY2024 was approximately RMB40.6 million, as compared to net profit of approximately RMB29.7 million in 6MFY2023. The turnaround of profitability for 6MFY2024 was mainly due to the increase in direct material costs resulting in the increase in cost of sales outweighing the increase in revenue.

### Net current assets

The net current assets of the Group decreased from approximately RMB311.8 million as at 31 December 2023 to approximately RMB296.9 million as at 30 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and capital resources

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

	<b>6MFY2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	6MFY2023 RMB'000 (Unaudited)
Net cash (used in)/generated from operating activities	<b>(11,922)</b>	37,250
Net cash generated from investing activities	<b>214</b>	402
Net cash generated from financing activities	<b>1,648</b>	102,331
Net (decrease)/increase in cash and cash equivalents	<b>(10,060)</b>	139,983

As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately RMB189.1 million, representing a decrease of approximately 5.1% from approximately RMB199.2 million as at 31 December 2023, which were mainly denominated in Renminbi.

As at 30 June 2024, the Group's interest-bearing bank and other borrowings amounted to approximately RMB541,000, representing a decrease of approximately 97.0% as compared to approximately RMB18.2 million as at 31 December 2023.

As at 30 June 2024, the short-term loans and borrowings of the Group amounted to approximately RMB541,000 (as at 31 December 2023: approximately RMB18.2 million), and long-term loans and borrowings of the Group amounted to nil (as at 31 December 2023: nil).

The Group's interest-bearing bank and other borrowings as at 30 June 2024 were all denominated in Renminbi. Interests were charged at fixed interest rates at 5.79% per annum.

### Pledge of assets

As at 30 June 2024, the Group's borrowings amounting to approximately RMB541,000 (as at 31 December 2023: RMB18.2 million), which were secured by:

- (i) the Group's certain buildings included in property, plant and equipment with the carrying amount of approximately RMB13.2 million (31 December 2023: approximately RMB24.0 million);
- (ii) land use right under right-of-use assets with the carrying amount of approximately RMB4.9 million (31 December 2023: approximately RMB5.9 million);
- (iii) corporate guarantee given by the Group's shareholders, related companies controlled by shareholders and other non-related third parties; and
- (iv) personal guarantee given by the Group's director, Mr. Yang, a director of a subsidiary – Zhenglian, Mr. Lin Deqian and his wife, Ms. Xia Liangping, shareholders of the Company and their close family members and other non-related third parties.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Gearing ratio

The gearing ratio, which is total debt divided by total equity, as at 30 June 2024 was approximately 0.2% (as at 31 December 2023: approximately 4.0%). Such decrease was mainly attributable to the decrease in borrowings of approximately RMB17.7 million.

### Significant investment held

As at 30 June 2024, the Group had no significant investment with the fair value accounted for more than 5% of the Group's total assets.

### Future plans for significant investments or capital assets

As at 30 June 2024, the Group had no future plans for significant investments or acquisitions of capital assets.

### Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group had no material acquisition or disposal of subsidiaries, associates and joint ventures for 6MFY2024.

### Capital commitments and contingent liabilities

As at 30 June 2024, the Group had no significant capital commitments or contingent liabilities.

### Foreign exchange risks, funding and treasury policies and objectives

The Group adopts a prudent funding and treasury policy. As the Group mainly operated in the PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates, the Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

### Placing of new shares under general mandate

On 14 May 2024, the Company entered into a placing agreement (the "Placing Agreement") with Matrix Securities Limited (the "Placing Agent") pursuant to which the Company appointed the Placing Agent as its agent to procure not less than six placees to subscribe for up to 160,000,000 new shares (the "Placing Share(s)") at a price of HK\$0.138 per placing share on a best effort basis on the terms and subject to the condition of the Placing Agreement (the "Placing").

On 5 June 2024, the Company completed the Placing to allot and issue the Placing Shares at HK\$0.138 each in accordance with the terms and conditions of the Placing Agreement. The net proceeds from the Placing were approximately HK\$20.8 million. As at 30 June 2024, the Group has not utilised any proceeds from the Placing. As at the date of this interim report, the Company has fully utilised the following amount according to the use of proceeds as disclosed in the announcement of the Company dated 14 May 2024:

	<b>30 June 2024 HK\$'000</b>	30 August 2024 HK\$'000
Net proceeds from the Placing	<b>20,800</b>	20,800
Less: Utilised for the general working capital of the Group	–	20,800
Unutilised proceeds	<b>20,800</b>	–

All the proceeds have been utilised as general working capital as at the date of this interim report.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The total issued shares of the Company as at 30 June 2024 were 960,000,000 shares.

### EMPLOYEES AND REMUNERATION

As of 30 June 2024, the Group had a total of 831 employees, compared to 716 employees as of 30 June 2023. The increase in the number of employees of the Group was due to the corresponding increase in sales and the need for more production staff in the Group's factories. The Group's remuneration policies were determined with reference to the performance, qualification and experience of individual employee, as well as the results of the Group and the market condition. The Group contributed in respect of our employees in the PRC social security funds including, pension insurance, medical insurance, unemployment insurance, occupational injury insurance, insurance for maternity leave and housing provident fund contributions as required under the PRC laws and regulations.

### USE OF PROCEEDS FROM GLOBAL OFFERING

The shares of the Company have been listed on the Stock Exchange since 13 January 2023. Based on the offer price of HK\$0.68 per Share, the net proceeds (the "Net Proceeds") from the global offering, after deducting listing related expenses such as the underwriting fees, commissions and related expenses, amounted to approximately HK\$97.3 million. Nevertheless, the Directors will constantly evaluate the Group's business objectives and may change or modify the plan according to the changing market conditions to ascertain the business growth of the Group.

The intended application of the Net Proceeds as stated in the prospectus of the Company dated 20 December 2022 in connection with the Global Offering (the "Prospectus") and the actual utilisation of the Net Proceeds up to 30 June 2024 are set out below:

Intended application of the Net Proceeds	Percentage of total net proceeds	Unutilised Net	Utilised Net	Unutilised
		Proceeds as at 31 December 2023	Proceeds amount up to 30 June 2024	amount as at 30 June 2024
		HK\$ million	HK\$ million	HK\$ million
Building a new factory and acquiring new production lines in the Group's Guangchang Plant	74.1%	2.0	2.0	–
Enhancing the Group's marketing efforts and expanding the Group's sales channels	15.9%	8.3	8.3	–
Working capital and other general corporate purposes	10.0%	5.4	5.4	–
Total	100%	15.7	15.7	–

All the remaining Net Proceeds had been utilised during the Reporting Period and applied in the manner set out in the Prospectus.

## OTHER INFORMATION

### DISCLOSURE OF INTERESTS

As at 30 June 2024, the interests and short positions of Directors and the chief executive of the Company in the Shares, underlying Shares, equity derivatives and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept under section 336 and 352 of the SFO, or as notified the Company and the Stock Exchange pursuant to the Model Code, are as follows:

#### Director’s interest in the Company

Name of Director	Capacity/nature	Number of Shares held/interested in	Long/short position	Approximate percentage of shareholding as at 30 June 2024 <sup>(1)</sup>
Mr. Yang Shengyao (“Mr. Yang”)	Interest in a controlled corporation	190,207,478 <sup>(2)</sup>	Long	19.81%
	Interest in a controlled corporation	93,080,255 <sup>(3)</sup>	Long	9.70%
Ms. Lin Qiuyun (“Ms. Lin”)	Interest of spouse	1,174 <sup>(5)</sup>	Long	0.00%
	Interest in a controlled corporation	1,174 <sup>(4)</sup>	Long	0.00%
	Interest of spouse	283,287,733 <sup>(5)</sup>	Long	29.51%

Notes:

- (1) The percentage of shareholding is calculated on the basis of the Company’s issued share capital of 960,000,000 shares as at 30 June 2024.
- (2) The Company is held as to 19.81% by Shengyao Investment Group Limited (“**Shengyao Investment**”). The issued share capital of Shengyao Investment is ultimately wholly owned by Mr. Yang. Therefore, Mr. Yang is deemed, or taken to be, interested in all the Shares held by Shengyao Investment for the purpose of the SFO.
- (3) The Company is held as to 9.70% by Prosperous Season Group Limited (“**Prosperous Season**”). The issued share capital of Prosperous Season is wholly owned by Nanchang Tongli Enterprise Management Center (Limited Partnership) (“**Nanchang Tongli LP**”), which is a limited partnership established in the PRC managed and controlled by Mr. Yang as the general partner. Accordingly, Mr. Yang is deemed, or taken to be, interested in all the Shares held by Prosperous Season for the purpose of the SFO.
- (4) Trendy Peak International Limited (“**Trendy Peak**”) beneficially holds 1,174 shares of the Company. The issued share capital of Trendy Peak is ultimately wholly owned by Ms. Lin. Therefore, Ms. Lin is deemed, or taken to be, interested in all the Shares held by Trendy Peak for the purpose of the SFO.
- (5) Mr. Yang and Ms. Lin are spouses. Under the SFO, each of Mr. Yang and Ms. Lin is deemed to be interested in the Shares that the other person is interested in.

## OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

So far as the Directors are aware, as at 30 June 2024, the interest and short positions of the persons, other than a director or chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO are as follows:

### Substantial shareholders' interest in the Company

Name of shareholder	Capacity/nature	Number of Shares/ underlying Shares held/ interested in	Long/short position	Approximate percentage of shareholding as at 30 June 2024 <sup>(1)</sup>
Shengyao Investment	Beneficial owner	190,207,478 <sup>(2)</sup>	Long	19.81%
Prosperous Season	Beneficial owner	93,080,255 <sup>(3)</sup>	Long	9.70%
Nanchang Tongli LP	Interest in a controlled corporation	93,080,255 <sup>(3)</sup>	Long	9.70%
Nanchang County Cultural Tourism Investment Co., Ltd.* (南昌縣文化旅遊投資有限公司) ("Nanchang Tourism")	Beneficial owner	283,287,733 <sup>(4)</sup>	Long	29.51%
Nanchang Science Industry and Information Technology Bureau* (南昌縣科技和工業信息化局) ("Nanchang Science Bureau")	Interest in a controlled corporation	333,504,331 <sup>(4, 6)</sup>	Long	29.51%
Best Talent Venture Holdings Limited ("Best Talent")	Beneficial owner	54,320,565 <sup>(5)</sup>	Long	5.66%
Mr. Li Hui	Interest in a controlled corporation	54,320,565 <sup>(5)</sup>	Long	5.66%
Chang Nan Financial Control Limited ("Chang Nan Financial")	Beneficial owner	50,216,598 <sup>(6)</sup>	Long	5.23%
Nanchang County Changnan Financial Control Fund Management Co., Ltd.* (南昌縣昌南金控基金管理有限公司) ("Changnan Fund")	Interest in a controlled corporation	50,216,598 <sup>(6)</sup>	Long	5.23%

## OTHER INFORMATION

### Notes:

- (1) The percentage of shareholding is calculated on the basis of the Company's issued share capital of 960,000,000 shares as at 30 June 2024.
- (2) Shengyao Investment is wholly owned by Mr. Yang. Accordingly, Mr. Yang is deemed, or taken to be, interested in all the Shares held by Shengyao Investment for the purpose of the SFO.
- (3) Prosperous Season is wholly owned by Nanchang Tongli LP, which is a limited partnership established in the PRC managed and controlled by Mr. Yang as the general partner. Accordingly, Mr. Yang is deemed, or taken to be, interested in all the Shares held by Prosperous Season for the purpose of the SFO.
- (4) On 28 July 2023, Shengyao Investment pledged 146,000,000 Shares in favour of Nanchang Tourism as security for a financial assistance ("**Financial Assistance**") in the limit of up to RMB60,000,000 provided by Nanchang Tourism to Jiangxi Zhengwei Food Co., Limited\* (江西正味食品有限公司) ("**Jiangxi Zhengwei**") and Jiangxi Leweijia Food Co., Ltd.\* (江西樂味佳食品有限公司) ("**Jiangxi Leweijia**"), each an indirect wholly-owned subsidiary of the Company. On 8 February 2024, Shengyao Investment agreed to pledge 190,207,478 Shares, instead of 146,000,000 Shares in favour of Nanchang Tourism as security for the Financial Assistance provided by Nanchang Tourism to Jiangxi Zhengwei and Jiangxi Leweijia. On 8 February 2024, Prosperous Season pledged 93,080,255 Shares in favour of Nanchang Tourism as a further security for the Financial Assistance provided by Nanchang Tourism to Jiangxi Zhengwei and Jiangxi Leweijia. Nanchang Tourism is wholly owned by Nanchang Science Bureau. Accordingly, Nanchang Science Bureau is deemed, or taken to be, interested in all the Shares held by Nanchang Tourism for the purpose of the SFO.
- (5) Best Talent is owned as to 57.14%, 23.81% and 19.05% by Mr. Li, Mr. Wu Bangjun and Mr. Luo Zikang, respectively. Accordingly, Mr. Li is deemed, or taken to be, interested in all the Shares held by Best Talent for the purpose of the SFO.
- (6) Chang Nan Financial is wholly owned by Changnan Fund, a limited liability company established under the laws of the PRC and is ultimately wholly owned by Nanchang Science Bureau.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or Chief Executive of the Company) in the Shares or underlying Shares which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## EVENT AFTER THE REPORTING PERIOD

Save for disclosed in this interim report, there was no material event which could have material impact to the Group's operating and financial performance after the Reporting Period and up to the date of this interim report.

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES

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

The Company’s corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules (the “**CG Code**”). During the Reporting Period, save for the deviation from code provision C.2.1 of the CG Code as disclosed in the paragraph headed “Chairman and Chief Executive Officer” below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code.

#### Chairman and Chief Executive Officer

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

### UPDATE ON DIRECTORS’ INFORMATION

There is no other changes in the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the 2023 annual report of the Company and up to the date of this interim report.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors and supervisors’ securities transactions during the Reporting Period.

### INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil). There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

## OTHER INFORMATION

### AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2024 and discussed with the management of the Company and is of the view that such financial information has been prepared in compliance with the applicable accounting treatment and standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the Audit Committee.

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this interim report, there is sufficient public float of not less than 25% of the Shares in issue as required under the Listing Rules.

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

Hong Kong, 30 August 2024

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

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	<b>298,106</b>	191,722
Cost of sales		<b>(297,019)</b>	(127,160)
Gross profit		<b>1,087</b>	64,562
Other revenue		<b>3,677</b>	329
Other gains and losses		–	1,205
Distribution and selling expenses		<b>(6,751)</b>	(14,513)
Administrative expenses		<b>(18,785)</b>	(14,753)
Finance costs	6	<b>(145)</b>	(1,268)
(Loss)/profit before income tax credit/(expense)		<b>(20,917)</b>	35,562
Income tax expense	7	<b>(19,653)</b>	(5,900)
(Loss)/profit for the period		<b>(40,570)</b>	29,662
Total comprehensive (expense)/income for the period attributable to:			
Owner of the Company		<b>(40,570)</b>	29,662
(Loss)/earnings per share – Basic and diluted (RMB)	9	<b>(0.05)</b>	0.04



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>101,452</b>	107,149
Right-of-use assets		<b>5,863</b>	6,032
Prepayment for acquisition of land use rights	14	<b>9,525</b>	9,525
Goodwill		<b>269</b>	269
Financial asset at fair value through other comprehensive income	11	<b>1,354</b>	1,354
Deferred tax assets, net		<b>837</b>	797
<b>Total non-current assets</b>		<b>119,300</b>	125,126
<b>Current assets</b>			
Inventories	12	<b>79,080</b>	98,272
Trade receivables	13	<b>59,083</b>	92,300
Prepayments, deposits and other receivables	14	<b>27,630</b>	7,736
Right of return assets		<b>156</b>	156
Cash and cash equivalents		<b>189,126</b>	199,186
<b>Total current assets</b>		<b>355,075</b>	397,650
<b>Total assets</b>		<b>474,375</b>	522,776
<b>Current liabilities</b>			
Trade payables	15	<b>42,750</b>	48,360
Contract liabilities		<b>–</b>	9
Other payables and accruals		<b>7,198</b>	16,774
Borrowings	16	<b>541</b>	18,199
Lease liabilities		<b>84</b>	84
Income tax payable		<b>7,624</b>	2,415
<b>Total current liabilities</b>		<b>58,197</b>	85,841

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>Net current assets</b>		<b>296,878</b>	311,809
<b>Total assets less current liabilities</b>		<b>416,178</b>	436,935
<b>NET ASSETS</b>		<b>416,178</b>	436,935
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	17	<b>66,944</b>	55,580
Reserves		<b>349,234</b>	381,355
<b>TOTAL EQUITY</b>		<b>416,178</b>	436,935

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Property revaluation reserve RMB'000	FVOCI reserve (non-recycling) RMB'000	Retained earnings RMB'000	
Balance as at 1 January 2023 (audited)	372	-	16,405	50,603	826	(267)	190,506	258,445
Profit for the period	-	-	-	-	-	-	29,662	29,662
Transfer from retained earnings to statutory reserve								
Total comprehensive income	372	-	16,405	50,603	826	(267)	220,168	288,107
Issue of new shares under share offer	13,895	107,596	-	-	-	-	-	121,491
Expenses attributed to issuance of new shares upon listing	-	(15,984)	-	-	-	-	-	(15,984)
Capitalisation issue	41,313	(41,313)	-	-	-	-	-	-
As at 30 June 2023 (audited)	55,580	50,299	16,405	50,603	826	(267)	220,168	393,614
Balance as at 1 January 2024 (audited)	55,580	55,644	20,823	50,603	826	(146)	253,605	436,935
Loss for the period	-	-	-	-	-	-	(40,570)	(40,570)
Placement of new shares	11,364	8,449	-	-	-	-	-	19,813
As at 30 June 2024 (unaudited)	66,944	64,093	20,823	50,603	826	(146)	213,035	416,178

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>		
(Loss)/profit before income tax expense	(40,610)	35,562
Adjustments for:		
Depreciation of property, plant and equipment	5,690	1,613
Depreciation of right-of-use assets	253	265
Finance costs	423	1,268
Reversal of impairment loss on trade receivables, net	-	(1)
Provision of impairment loss on deposits and other receivables, net	-	2
Amortisation of intangible assets	-	68
Interest income	(207)	(329)
(Reversal of write-down)/write-down of inventories	-	(171)
Reversal for the provision of social insurance and housing provident fund	-	(481)
<b>Operating (loss)/profit before working capital changes</b>	<b>(34,451)</b>	<b>37,797</b>
Decrease in inventories	19,192	12,766
Decrease in trade receivables	33,217	1,706
(Increase)/decrease in prepayments, deposits and other receivables	(19,894)	6,557
Decrease in trade payables	(5,610)	(5,649)
Decrease in the other payables and accruals	(9,576)	(14,258)
Decrease/(increase) in right of return assets	-	1,152
(Decrease)/increase in contract liabilities	(9)	78
<b>Cash (used in)/generated from operations</b>	<b>(17,131)</b>	<b>40,149</b>
Income tax paid	5,209	(2,899)
<b>Net cash (used in)/generated from operating activities</b>	<b>(11,922)</b>	<b>37,250</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	7	74
Interest received	207	329
<b>Net cash generated from investing activities</b>	<b>214</b>	<b>402</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Cash flows from financing activities</b>		
Repayment of principal portion of the lease liabilities	(84)	(84)
Proceeds from new borrowings	–	16,600
Repayment of borrowings	(17,658)	(24,449)
Interest paid	(423)	(1,268)
Proceeds from placement of shares	19,813	–
Payment of deferred listing expenses	–	(10,302)
Proceeds from issue of ordinary shares	–	121,834
<b>Net cash generated from financing activities</b>	<b>1,648</b>	102,331
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(10,060)</b>	139,983
<b>Cash and cash equivalents at the beginning of period</b>	<b>199,186</b>	156,831
<b>Cash and cash equivalents at the end of period</b>	<b>189,126</b>	296,814
<b>Analysis of the balances of cash and cash equivalents:</b>		
Cash and bank balances	189,126	296,814

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Zhengwei Group Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 30 June 2020, as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**HKEx**”) on 13 January 2023.

The registered office of the Company is located at 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands. Its principal place of business is 487 Yuhu Road, Xiaolan Economic and Technological Development Zone, Nanchang County, Nanchang City, Jiangxi Province, the People’s Republic of China (the “**PRC**”).

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

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

## 2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the Group’s consolidated financial statements for the year ended 31 December 2023 (the “**2023 Annual Financial Statements**”), except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2024.

The preparation of these condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods. The details are disclosed in Note 4.

These condensed consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated. These condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group for the six months ended 30 June 2024. These condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS**”) and should be read in conjunction with the 2023 Annual Financial Statements.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis. These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2023 Annual Financial Statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2024.

### 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2023 Annual Financial Statements.

### 5. REVENUE

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

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Dried delicacies	177,396	48,518
Snacks	46,071	90,735
Dried aquatic products	21,259	40,700
Grains	6,931	10,141
Seasonings and others	46,449	1,628
	<b>298,106</b>	191,722
<b>Timing of revenue recognition</b>		
At a point in time	<b>298,106</b>	191,722

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest expenses on borrowings	145	1,268

### 7. INCOME TAX EXPENSE

The amount of income tax expense in the condensed consolidated statements of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Current tax – PRC Enterprise Income Tax (the “PRC EIT”) – for the period	19,693	5,443
Deferred tax – for the period	(40)	457
Income tax expenses	19,653	5,900

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (“BVI”), the Company incorporated in the Cayman Islands and the Company’s subsidiary incorporated in the BVI are not subject to any income tax.

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

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC EIT of the subsidiaries of the Group is calculated based on the statutory tax rate of 25%, except for the following two subsidiaries. Jiangxi Zhengwei Food Co., Limited\* (江西正味食品有限公司) and Guangchang County Zhenglian Biotechnology Co., Limited\* (廣昌縣正蓮生物科技有限公司) were approved for the High and New Technology Entities (“HNTE”) qualification under the PRC EIT Law and its relevant regulations and are entitled to a preferential tax rate of 15%.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. DIVIDENDS

No interim dividend in respect of the six months ended 30 June 2024 has been proposed by the Directors (Six months ended 30 June 2023: Nil).

### 9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to ordinary equity holders of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)
(Loss)/profit for the period attributable to owners of the Company for the purpose of computation of basic and diluted (loss)/earnings per share (RMB'000)	<b>(40,570)</b>	29,662
Weighted average number of ordinary shares for the purpose of computation of basic and diluted (loss)/earnings per share ('000)	<b>841,976</b>	786,667
Basic and diluted (loss)/earnings per share (RMB)	<b>(0.05)</b>	0.04

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the six-month period ended 30 June 2023 included the weighted average number of shares pursuant to issuance of shares of 200,000,000 shares and 600,000,000 shares assumed to be in issue throughout the for the six-month period ended 30 June 2023.

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the six-month period ended 30 June 2024 and 2023.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, additions to the Group's property, plant and equipment were approximately RMB7,000 (30 June 2023: approximately RMB74,000).

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Equity instrument in an unlisted company measured at FVOCI ( <i>Note</i> )		
– Jiangxi Gannong Financing Guarantee Co., Ltd* (江西省贛農融資擔保有限責任公司) (“ <b>Jiangxi Gannong</b> ”)	<b>1,354</b>	1,354

The following table presents the changes in investment in Jiangxi Gannong for the year ended 31 December 2023 and for the six months ended 30 June 2024.

	RMB'000
At 1 January 2023	1,233
Change in fair value	121
At 31 December 2023 and 1 January 2024	1,354
Change in fair value	–
At 30 June 2024	<b>1,354</b>

*Note:* The equity investment of 0.5% in a state-owned enterprise located in the PRC was irrevocably designated at FVOCI as the Group considers this investment to be strategic in nature.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. INVENTORIES

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Raw materials	2,336	50,340
Finished goods	68,383	43,536
Finished goods – purchased merchandise	8,361	4,730
	<b>79,080</b>	98,606
Less: Provision for write down	–	(334)
	<b>79,080</b>	98,272

### 13. TRADE RECEIVABLES

The Group's trading term with customers is mainly on credit. The credit terms are generally 30 to 90 days.

An ageing analysis, based on the invoice dates, as of 30 June 2024 and 31 December 2023 is as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Within 1 month	56,795	62,392
1 to 2 months	–	29,908
Over 2 months	2,288	–
	<b>59,083</b>	92,300

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

<i>Note</i>	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>Non-current</b>		
	<b>9,525</b>	9,525
<b>Current</b>		
	<b>423</b>	451
	<b>6,054</b>	7,061
	<b>21,006</b>	–
	<b>147</b>	224
	<b>27,630</b>	7,736
<i>(a)</i>	<b>37,155</b>	17,261

*Note:*

- (a) The carrying amounts of prepayments and deposits and other receivables were primarily denominated in RMB and approximated their fair values due to their short maturity at the reporting date.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. TRADE PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables	42,750	48,360

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 6 months	42,750	48,360

### 16. BORROWINGS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Current</b>		
Bank loans – secured	541	18,199
Total borrowings	541	18,199

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. SHARE CAPITAL

	Number	Par value per share US\$	Amount US\$'000	Amount RMB'000
Ordinary shares				
<b>As at 1 January 2023 (audited), 31 December 2023 (audited), and 30 June 2024 (unaudited)</b>	8,000,000,000	0.01	80,000	1,272
<b>1 January 2023 (audited)</b>	5,263,200	0.01	53	372
Issuance of shares for capitalisation issue (Note (i))	594,736,800	0.01	5,947	41,313
Issuance of new shares upon listing (Note (ii))	200,000,000	0.01	2,000	13,895
<b>As at 31 December 2023 (audited)</b>	800,000,000	0.01	8,000	55,580
Placement of new shares (Note (iii))	160,000,000	0.01	1,600	11,364
<b>As at 30 June 2024 (unaudited)</b>	960,000,000	–	9,600	66,944

*Notes:*

- (i) Pursuant to another resolutions of the shareholders passed on 16 December 2022, subject to the share premium account of the Company being credited as a result of the share offer, the directors were authorised to allot and issue a total of 594,736,800 shares credited as fully paid at par to the holders of the shares on the register of members of the Company at the close of business on 15 December 2022 in proportion to their shareholdings by way of capitalisation of the sum of HK\$5,947,368 standing to the credit of the share premium account of the Company (the “**Capitalisation Issue**”). The Capitalisation Issue is effective upon listing on 13 January 2023, pursuant to the written resolutions of the shareholders passed on 16 December 2022. The shares allotted and issued rank pari passu in all respects with the existing issued shares.
- (ii) On 13 January 2023, the Company issued 200,000,000 new shares at a price of HK\$0.68 per share, which gave rise to gross proceeds of HK\$136,000,000 (equivalent to approximately RMB121,491,000) (before share issue expenses).
- (iii) On 14 May 2024, the Company issued 160,000,000 new shares by way of placement at a price of HK\$0.138 per share, which gave rise to gross proceeds of approximately HK\$22,080,000 (equivalent to approximately RMB20,068,000) (before share placement expenses).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 18. FINANCIAL INSTRUMENTS

### Fair value

#### Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, other receivables, trade payables, lease liabilities, other payables and accruals and borrowings.

Due to their short term nature, the carrying value of cash and cash equivalents, trade receivables, other receivables, trade payables and other payables approximates fair value.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2024 and 31 December 2023.

## 19. RELATED PARTY DISCLOSURES

### Compensation of key management personnel

The remuneration of the Directors and other members of key management during the periods was as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Fees		
Salaries and other benefits	817	1,051
Contributions to retirement benefits scheme	10	18
	827	1,069