

# 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

# 2022



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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

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

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

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Independent non-executive Directors

Mr. Chang Eric Jackson (appointed on 30 June 2022)  
Mr. Liu Dajin  
Mr. Deng Zhihuang  
Mr. Chung Chi Kit (resigned on 30 June 2022)

## COMPLIANCE OFFICER

Mr. Xu Youjiang

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

Ms. Kwong Oi Man Patty  
Mr. Xu Youjiang

## COMPANY SECRETARY

Ms. Kwong Oi Man Patty

## AUDIT COMMITTEE

Mr. Chang Eric Jackson (*Chairman*)  
(appointed on 30 June 2022)  
Mr. Liu Dajin  
Mr. Deng Zhihuang  
Mr. Chung Chi Kit (resigned on 30 June 2022)

## REMUNERATION COMMITTEE

Mr. Deng Zhihuang (*Chairman*)  
Mr. Chang Eric Jackson (appointed on 30 June 2022)  
Mr. Liu Dajin  
Mr. Zhang Yuansheng  
Mr. Chung Chi Kit (resigned on 30 June 2022)

## NOMINATION COMMITTEE

Mr. Liu Dajin (*Chairman*)  
Mr. Deng Zhihuang  
Mr. Chang Eric Jackson (appointed on 30 June 2022)  
Mr. Xu Youjiang  
Mr. Chung Chi Kit (resigned on 30 June 2022)

## 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

## COMPLIANCE ADVISER

Grand Moore Capital Limited  
Unit 1607, 16/F  
Silvercord Tower 1  
30 Canton Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

## LEGAL ADVISER AS TO HONG KONG LAW

P. C. Woo & Co.  
12th Floor, Prince's Building  
No. 10 Chater Road  
Central  
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  
P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

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

Wukeng Industrial Zone  
Longhu Town  
Jinjiang City  
Fujian Province  
China

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

Room 6, 3/F., Lladro Centre  
72 Hoi Yuen Road  
Kwun Tong  
Kowloon  
Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### WEBSITE ADDRESS

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

### STOCK CODE

8659

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

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

The Group facilitates production of a comprehensive range of disposable plastic food storage containers, including the design and production of moulds, which are mainly sold to customers in the PRC, with a small portion of the sales to customers in overseas countries, including the United States, Australia, Saudi Arabia and the Republic of Trinidad and Tobago.

For the six months ended 30 June 2022, 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 net proceeds from the listing of the Company's shares (the "Shares") on GEM of the Stock Exchange on 13 July 2020 (the "Listing").

In view of the rapidly growing trend over the past few years of the film industry and enhancement of regulatory environment and favorable policies in the PRC, the Directors believe that the investment in film projects at this moment will enable it to leverage the opportunities that the pandemic in the PRC has gradually eased and popular entertainment needs will rebound, and seize the opportunity in the emerging film industry. For which, 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 namely Youpinhui\* (優拼匯), enabling its users to purchase daily necessities and agricultural products via the mobile app with around 40,000 daily active users. In July 2022, the Group further 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, household appliances, domestic special agricultural products and others, and provides innovative and interesting group purchase methods to meet customers' consumption needs.

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 RMB119.5 million for the six months ended 30 June 2021 to approximately RMB129.0 million for the six months ended 30 June 2022, representing an increase of approximately RMB9.5 million or approximately 8.0%. Such increase was mainly due to the increase in demands for take-away food by the general public due to the outbreak of COVID-19 and the increase in production capacity in line with increased orders.

### Cost of sales

The cost of sales increased from approximately RMB85.1 million for the six months ended 30 June 2021 to approximately RMB91.8 million for the six months ended 30 June 2022, representing an increase of approximately RMB6.7 million or approximately 7.8%. Such increase was in line with the increase in revenue.

### Gross Profit

Gross profit of the Group increased by approximately RMB2.9 million or approximately 8.4% from approximately RMB34.4 million for the six months ended 30 June 2021 to approximately RMB37.3 million for the six months ended 30 June 2022. The overall gross profit margin slightly increased from approximately 28.8% for the six months ended 30 June 2021 to approximately 28.9% for the six months ended 30 June 2022.

### Administrative and other operating Expenses

Administrative and other operating expenses of the Group increased by approximately RMB1.8 million or approximately 25.2% from approximately RMB7.2 million for the six months ended 30 June 2021 to approximately RMB9.0 million for the six months ended 30 June 2022.

Administrative and other operating expenses primarily consist of staff costs, research and development cost, amortisation expense in intangible assets, travelling and accommodation expenses, utilisation expenses, depreciation, transportation and motor vehicle expenses, legal and professional service fees and other costs incurred for the Group's daily operation. The increase in administrative and other operating expense was primarily due to the increase in (i) staff costs, (ii) research and development cost; and (iii) legal and professional expenses due to acquisitions during the period.

### Finance Costs

During the six months ended 30 June 2022, finance costs for the Group was approximately RMB110,000 (30 June 2021: RMB103,000). 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 RMB0.7 million or 13.0% from approximately RMB5.5 million for the six months ended 30 June 2021 to approximately RMB6.2 million for the six months ended 30 June 2022. 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. The increase in taxation was mainly attributable to the increase in profit before taxation from approximately RMB21.1 million for the six months ended 30 June 2021 to approximately RMB21.7 million for the six months ended 30 June 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Profit for the Period

Profit for the period decreased by approximately RMB0.1 million or approximately 0.9% from approximately RMB15.6 million for the six months ended 30 June 2021 to approximately RMB15.5 million for the six months ended 30 June 2022. Such decrease was primarily attributable to the net effect of the increase in (i) gross profit, (ii) other income, (iii) selling expenses, (iv) administrative and other operating expenses, (v) finance costs; and (vi) income tax expense.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group's net current assets decreased from approximately RMB120.6 million as at 31 December 2021 to approximately RMB120.3 million as at 30 June 2022 primarily due to the combined effect of (i) the increase in inventories of approximately RMB3.1 million; (ii) the increase in trade and other receivables of approximately RMB6.4 million; (iii) the increase in cash and cash equivalents of approximately RMB2.4 million; and (iv) the increase in trade and other payables of approximately RMB11.6 million.

The current ratio declined from approximately 4.7 as at 31 December 2021 to approximately 3.7 as at 30 June 2022.

The gearing ratio is calculated based on debts (excluding lease liabilities) divided by total equity as at the respective dates and multiplied by 100%. The gearing ratio remained at a similar level at approximately 19.3% and 20.5% as at 31 December 2021 and 30 June 2022, respectively.

### Cash position

At 30 June 2022, the bank balances and cash of the Group were approximately RMB110.0 million (31 December 2021: approximately RMB107.6 million). The increase was mainly due to the net cash generated from operating activities.

### Borrowings

As at 30 June 2022 and 31 December 2021, the Group had no borrowings.

### Lease Liabilities

As at 30 June 2022, the Group had lease liabilities of approximately RMB3.7 million (31 December 2021: RMB3.4 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. As at 30 June 2022 and 31 December 2021, all the trade and other payables were current liabilities and repayable on demand.

### CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 13 July 2020. There has been no material change in the capital structure of the Group since the listing of the shares of the Company on GEM of the Stock Exchange to 30 June 2022 and up to the date of this report. The share capital of the Group only comprises of ordinary shares.

As at 30 June 2022, 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 2022, 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 2021 and six months ended 30 June 2022 in the Company's share capital are set out in note 21 to the interim financial report.



## MANAGEMENT DISCUSSION AND ANALYSIS

### SEGMENTAL INFORMATION

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

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group did not have plans for material investments and capital assets.

### SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

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

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

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

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

Save as disclosed above, during the six months ended 30 June 2022, the Group did not make any other significant investments, acquisitions or disposal during the period ended 30 June 2022 which would constitute a discloseable transaction under GEM Listing Rules.

### CHARGES ON GROUP ASSETS

As at 30 June 2022, the Group did not have any charges on its assets (31 December 2021: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2022 (31 December 2021: 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 2022.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed a total of 168 employees (31 December 2021: 168 employees). The staff costs, including Directors' emoluments, of the Group were approximately RMB8.3 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately RMB7.8 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.

### USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As the actual amount of the listing expenses was lower than estimated amount of the listing expenses set out in the prospectus of the Company dated 30 June 2020 (the "**Prospectus**"), the actual net proceeds from the Share Offer (as defined in the Prospectus) of approximately RMB22.8 million as stated in the allotment result announcement dated 10 July 2020 (after deduction of the underwriting commission and listing-related expenses), was less than the estimated net proceeds of approximately RMB32.8 million as set out in the Prospectus. The table below sets forth the information in relation to the use of proceeds from the share offer.

Set out below is the actual utilisation of the net proceeds as at 30 June 2022:

Use of Net Proceeds	Planned use of total Net Proceeds (RMB million)	Approximate percentage of total Net Proceeds %	Actual use of Net Proceeds as at 30 June 2022 (RMB million)	Unused total Net Proceeds as at 30 June 2022 (RMB million)
To expand production capacity and enhance production efficiency <sup>(Note 1)</sup>	18.1	79.3%	18.1	—
To set up a second production facility <sup>(Note 2)</sup>	1.9	8.2%	1.9	—
To strengthen research and development capabilities <sup>(Note 3)</sup>	2.5	11.0%	2.5	—
To expand Group's sales and marketing team	0.3	1.5%	0.3	—
Total	22.8	100%	22.8	—

## MANAGEMENT DISCUSSION AND ANALYSIS

### Notes:

1. The Group utilised the net proceeds for the acquisition of new machines for expanding production capacity of approximately RMB18.1 million.
2. The Group commenced the rental arrangement of new plant and warehouse of approximately RMB0.8 million and the respective renovation of approximately RMB1.1 million.
3. The Group commenced to hire research and development team as of approximately RMB0.1 million and acquire mould tools for research and development use of approximately RMB2.4 million.
4. The Group commenced to expand its sales and marketing team of approximately RMB0.3 million.

The estimated net proceeds raised from the Share Offer was approximately RMB32.8 million as set out in the Prospectus. Set out below are the details of the intended use of proceeds since Listing up to 30 June 2022 as per the Prospectus:

- Approximately RMB15.5 million for expanding production capacity and enhance production efficiency;
- Approximately RMB1.2 million for setting up a second production facility;
- Approximately RMB1.7 million for strengthening research and development capabilities; and
- Approximately RMB0.1 million for expanding the Group's sales and marketing team.

The actual net proceeds raised from the Company's initial public offering ("**Share Offer**") was approximately RMB22.8 million, which was lower than the estimated net proceeds as set out in the Prospectus. The Group's actual use of proceeds since listing up to 30 June 2022 was approximately RMB22.8 million. The Group conducted its business in accordance with the business plan and business objectives and even faster than it planned as stated in the Prospectus, which indicated that the Group can expand more rapidly than it planned. Set out below are the details of the actual use of proceeds since Listing up to 30 June 2022:

- Approximately RMB18.1 million for expanding production capacity and enhance production efficiency;
- Approximately RMB1.9 million for setting up a second production facility;
- Approximately RMB2.5 million for strengthening research and development capabilities; and
- Approximately RMB0.3 million for expanding the Group's sales and marketing team.

## 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 2022, the interests or short positions of the Directors, chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

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

Notes:

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 2022, the interests and short positions of the person (other than the Directors or chief executive of the Company) or company in the Shares, underlying Shares and debentures of the Company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number and class of securities	Long/short position	Approximate percentage of shareholding in the Company
Prize Investment Limited	Beneficial owner	301,500,000 ordinary shares	Long	40.28%
Mr. Xu	Beneficial owner	74,482,760 ordinary shares	Long	9.95%
		375,982,760 ordinary shares	Long	50.23%
Merit Winner Limited ("Merit Winner")	Beneficial owner	67,500,000 ordinary shares	Long	9.02%
Mr. Hui Man Kit ("Mr. Hui")	Interest of a controlled corporation <sup>(Note 1)</sup>	67,500,000 ordinary shares	Long	9.02%
Ms. Hui Mei Nga	Interest of spouse <sup>(Note 2)</sup>	67,500,000 ordinary shares	Long	9.02%
Youpinhui Investment	Beneficial owner	74,000,000 ordinary shares	Long	9.89%
Mr. Hu Kun	Interest of a controlled corporation <sup>(Note 3)</sup>	74,000,000 ordinary shares	Long	9.89%
Sun Kong Investments (BVI) Limited ("Sun Kong")	Beneficial owner	54,000,000 ordinary shares	Long	7.21%
Mr. Wong Hing Nam ("Mr. Wong")	Interest of a controlled corporation <sup>(Note 4)</sup>	54,000,000 ordinary shares	Long	7.21%
Ms. Chan Lai Yin	Interest of spouse <sup>(Note 5)</sup>	54,000,000 ordinary shares	Long	7.21%

Notes:

- 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.
- 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.
- 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.
- The entire issued share capital of Sun Kong was held by Mr. Wong. Accordingly, Mr. Wong is deemed to be interested in the Shares held by Sun Kong under the SFO.
- Ms. Chan Lai Yin is the spouse of Mr. Wong and is therefore deemed to be interested in the Shares in which Mr. Wong is interested 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 2022.

## INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Grand Moore Capital Limited ("**Grand Moore**"), as at 30 June 2022, save for the compliance adviser agreement dated 12 June 2019 entered into between the Company and Grand Moore, neither Grand Moore, its directors, employees and close associates (as defined under the GEM Listing Rules) had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## 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 2022.

## 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 2022, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of 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 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (2021: RMB Nil).

### SHARE OPTION SCHEME

The Company did not have share option scheme as at 30 June 2022.

### 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 2022 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 2021 and up to the date of this report, were no substantial changes to the Directors' information required to be disclosed pursuant to GEM Listing Rule 17.50A(1).

### AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022.

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

Hong Kong, 12 August 2022

*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 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Revenue</b>	6	<b>75,810</b>	67,596	<b>129,034</b>	119,518
Costs of sales		<b>(53,414)</b>	(47,916)	<b>(91,764)</b>	(85,147)
<b>Gross profit</b>		<b>22,396</b>	19,680	<b>37,270</b>	34,371
Other income	7	<b>91</b>	41	<b>176</b>	122
Selling expenses		<b>(3,922)</b>	(3,408)	<b>(6,608)</b>	(6,052)
Administrative and other operating expenses		<b>(4,833)</b>	(3,912)	<b>(9,027)</b>	(7,210)
<b>Profit from operations</b>		<b>13,732</b>	12,401	<b>21,811</b>	21,231
Finance costs	8	<b>(69)</b>	(14)	<b>(110)</b>	(103)
<b>Profit before income tax</b>	9	<b>13,663</b>	12,387	<b>21,701</b>	21,128
Income tax expense	10	<b>(3,913)</b>	(3,188)	<b>(6,240)</b>	(5,520)
<b>Profit for the period</b>		<b>9,750</b>	9,199	<b>15,461</b>	15,608
<b>Other comprehensive (expenses)/ income, net of tax:</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Exchange differences on translation of foreign operation recognised		<b>(377)</b>	(318)	<b>(319)</b>	8
<b>Total comprehensive income for the period</b>		<b>9,373</b>	8,881	<b>15,142</b>	15,616
<b>Earnings per share attributable to equity holders of the Company</b>					
Basic and diluted	12	<b>RMB1.44 cents</b>	RMB1.53 cents	<b>RMB2.42 cents</b>	RMB2.60 cents



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	55,128	44,797
Intangible assets	15	4,066	2,500
Financial assets at fair value through profit or loss ("FVTPL")	16	25,572	—
Goodwill	22	10,445	—
		<b>95,211</b>	<b>47,297</b>
<b>Current assets</b>			
Inventories	17	10,358	7,266
Trade and other receivables	18	44,929	38,552
Cash and cash equivalents	19	110,021	107,638
		<b>165,308</b>	<b>153,456</b>
<b>Current liabilities</b>			
Trade and other payables	20	39,908	28,349
Income tax payable		3,797	3,539
Lease liabilities	14	1,269	996
		<b>44,974</b>	<b>32,884</b>
<b>Net current assets</b>		<b>120,334</b>	<b>120,572</b>
<b>Total assets less current liabilities</b>		<b>215,545</b>	<b>167,869</b>
<b>Non-current liabilities</b>			
Lease liabilities	14	2,453	2,430
<b>Net assets</b>		<b>213,092</b>	<b>165,439</b>
<b>EQUITY</b>			
Share capital	21	6,667	5,418
Reserves		206,425	160,021
<b>Total Equity</b>		<b>213,092</b>	<b>165,439</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital RMB'000 (unaudited)	Share premium* RMB'000 (unaudited)	Statutory reserve* RMB'000 (unaudited)	Translation reserve* RMB'000 (unaudited)	Retained profits* RMB'000 (unaudited)	Total RMB'000 (unaudited)
As at 1 January 2021	5,418	52,086	13,076	388	59,110	130,078
Profit for the period	—	—	—	—	15,608	15,608
Other comprehensive income:						
— Exchange differences on translation of foreign operation recognised	—	—	—	8	—	8
Total comprehensive income for the period	—	—	—	8	15,608	15,616
As at 30 June 2021 (unaudited)	5,418	52,086	13,076	396	74,718	145,694
As at 1 January 2022	<b>5,418</b>	<b>52,086</b>	<b>16,867</b>	<b>518</b>	<b>90,550</b>	<b>165,439</b>
Profit for the period	—	—	—	—	15,461	15,461
Other comprehensive income:						
— Exchange differences on translation of foreign operation recognised	—	—	—	(319)	—	(319)
Total comprehensive income for the period	—	—	—	(319)	15,461	15,142
Transaction with owner						
Issuance of ordinary shares pursuant to the acquisition of June Pictures (note 21(ii))	621	14,920	—	—	—	15,541
Issuance of ordinary shares pursuant to the acquisition of Youpinhui Enterprise (note 21(iii))	628	16,342	—	—	—	16,970
<b>As at 30 June 2022 (unaudited)</b>	<b>6,667</b>	<b>83,348</b>	<b>16,867</b>	<b>199</b>	<b>106,011</b>	<b>213,092</b>

\* The reserves accounts comprise the Group's reserves of RMB206,425,000 in the condensed consolidated statement of financial position as at 30 June 2022 (as at 31 December 2021: RMB160,021,000).

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<i>Net cash generated from operating activities</i>	20,552	16,509
<b>Cash flows used in investing activities</b>		
Interest received	176	122
Purchase of property, plant and equipment	(14,882)	(3,796)
Purchase of intangible assets	(2,610)	—
Proceeds from disposal of property, plant and equipment	27	81
Acquisition of subsidiaries, net of cash acquired	29	—
<i>Net cash used in investing activities</i>	(17,260)	(3,593)
<b>Cash flows used in financing activities</b>		
Payment of lease liabilities	(590)	(293)
<i>Net cash used in financing activities</i>	(590)	(293)
<b>Net increase in cash and cash equivalents</b>	2,702	12,623
Cash and cash equivalents at the beginning of the period	107,638	72,396
Effect of foreign exchange rate changes	(319)	8
<b>Cash and cash equivalents at the end of the period</b>	110,021	85,027

# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

## 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 development and operation of mobile app and e-commerce platform in the PRC.

The Company’s immediate and ultimate holding company is Prize Investment Limited (“**Prize Investment**”), a company incorporated in the British Virgin Islands (the “**BVI**”). The ultimate controlling party of the Group is Mr. Xu Youjiang (“**Mr. Xu**”).

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2022 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 2021.

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 12 August 2022.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with the accounting policies adopted in the Group’s consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following new and amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA effective for the annual period beginning on 1 January 2022 and new accounting policies as a result of acquisitions of a film project (note 16) and subsidiaries (note 22).

### 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 2022 and are relevant to the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

## 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.

### Accounting policies not included in the consolidated financial statements for the year ended 31 December 2021

#### (a) Business combination

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounting for within equity. Contingent consideration that is classified as a financial liability is remeasured at subsequent reporting dates at fair value with corresponding gain or loss being recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

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

### Accounting policies not included in the consolidated financial statements for the year ended 31 December 2021 *(continued)*

#### (a) Business combination *(continued)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

#### (b) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

#### (c) Impairment of non-financial assets

Goodwill and other intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

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

### Accounting policies not included in the consolidated financial statements for the year ended 31 December 2021 *(continued)*

#### (c) Impairment of non-financial assets *(continued)*

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

#### (d) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are initially measured at fair value. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

## 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 2021.

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

### 5. SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision maker (the “**CODM**”), have identified the Group’s 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.

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

	Six months ended 30 June 2022		
	Disposable plastic food storage containers RMB'000 (unaudited)	Mobile app and e-commerce platform RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue from external customers	129,034	—	129,034
Segment results	16,081	(620)	15,461

	Six months ended 30 June 2021		
	Disposable plastic food storage containers RMB'000 (unaudited)	Mobile app and e-commerce platform RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue from external customers	119,518	—	119,518
Segment results	15,608	—	15,608



## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

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

	As at 30 June 2022			
	Disposable plastic food storage containers RMB'000 (unaudited)	Mobile app and e-commerce platform RMB'000 (unaudited)	Unallocated RMB'000 (unaudited)	Total RMB'000 (unaudited)
Reportable segment assets	229,018	5,929	25,572	260,519
Reportable segment liabilities	43,528	22	3,877	47,427

	As at 31 December 2021			
	Disposable plastic food storage containers RMB'000 (audited)	Mobile app and e-commerce platform RMB'000 (audited)	Unallocated RMB'000 (audited)	Total RMB'000 (audited)
Reportable segment assets	200,753	—	—	200,753
Reportable segment liabilities	35,314	—	—	35,314

### 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 2022

### 6. REVENUE *(continued)*

#### Disaggregation of revenue from contracts with customers

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

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Brand:</b>				
Products under "JAZZIT" brand	69,013	60,540	115,437	106,726
Non-branded products	6,797	7,056	13,597	12,792
	<b>75,810</b>	67,596	<b>129,034</b>	119,518
<b>Nature:</b>				
Regular products	47,912	39,617	88,261	79,369
Customised products	27,098	27,316	38,999	38,637
Others	800	663	1,774	1,512
	<b>75,810</b>	67,596	<b>129,034</b>	119,518

Regular products represent products with more simplistic design and features suitable for food and beverage storage with one compartment. 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.

#### Geographical information

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

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
PRC (place of domicile)	75,569	67,091	128,793	118,587
Overseas	241	505	241	931
	<b>75,810</b>	67,596	<b>129,034</b>	119,518

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

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

### 7. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest income	91	41	176	122

### 8. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest expense for lease arrangements	69	14	110	103

### 9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Depreciation				
– Owned used	2,526	2,193	4,923	4,324
– Held under leases	299	330	542	496
Amortisation of intangible assets included in administrative and other operating expenses	544	500	1,044	1,000
Cost of inventories recognised as an expense	46,395	41,375	78,662	72,978
Research and development cost (including staff costs)	1,760	1,072	2,995	2,558
Loss on disposals of property, plant and equipment	170	154	170	154
Staff costs (including directors' emoluments)				
– Salaries, allowances and other benefits	4,296	4,610	7,974	7,540
– Contributions to defined contribution retirement plans	125	252	323	297
	4,421	4,862	8,297	7,837

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

### 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 2022 and 2021.

The provision for the PRC enterprise income tax has been provided at the applicable tax rate of 25% (2021: 25%) on the assessable profits of the PRC subsidiaries.

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Current tax</b>				
Provision for PRC enterprise income tax	3,913	3,188	6,240	5,520

### 11. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: nil).

### 12. EARNINGS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
<b>Earnings:</b>				
Profit for the period attributable to equity holders of the Company for purpose of basic earnings per share (RMB'000)	9,750	9,199	15,461	15,608
<b>Number of shares:</b>				
Number of ordinary shares for the purpose of basic earnings per share (in thousand)	676,779	600,000	638,602	600,000

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.

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

### 13. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred approximately RMB15,217,000 (six months ended 30 June 2021: RMB3,796,000) on the acquisition of property, plant and equipment. In addition, the group disposed of certain plant and equipment with an aggregate carrying amount of RMB197,000 (six months ended 30 June 2021: RMB235,000) for proceeds of RMB27,000 (six months ended 30 June 2021: RMB81,000), resulting in a loss of disposal of RMB170,000 (six months ended 30 June 2021: RMB154,000).

### 14. LEASE LIABILITIES

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

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Current:		
– Third parties	740	479
– Jinjiang Hengsheng Toys Co., Ltd (“Hengsheng Toys”)	529	517
Non-current:		
– Third parties	766	641
– Hengsheng Toys	1,687	1,789
	<b>3,722</b>	3,426

As at 30 June 2022 and 31 December 2021, 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 (note 13) and lease liabilities.

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

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

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

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

The following table shows the future minimum lease payments:

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Within one year	1,417	1,145
One to two years	815	798
Two to five years	1,890	1,928
	4,122	3,871
Finance charges	(400)	(445)
	3,722	3,426

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Present value of minimum lease payments:		
Due within one year	1,269	996
Due in first to second years	712	694
Due in second to fifth years	1,741	1,736
	3,722	3,426
Less: Portion due within one year included under current liabilities	(1,269)	(996)
<b>Portion due after one year included under non-current liabilities</b>	<b>2,453</b>	<b>2,430</b>

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

### 15. INTANGIBLE ASSETS

	Trademark RMB'000
<b>Cost</b>	
As at 1 January 2022	9,500
Additions during the period	2,610
<b>As at 30 June 2022 (unaudited)</b>	<b>12,110</b>
<b>Accumulated amortisation</b>	
As at 1 January 2022	7,000
Charge for the period	1,044
<b>As at 30 June 2022 (unaudited)</b>	<b>8,044</b>
<b>Net book amount</b>	
<b>As at 30 June 2022 (unaudited)</b>	<b>4,066</b>
As at 31 December 2021 (audited)	2,500

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

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Investment in film production (Note)	25,572	—

Note:

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

The Group's investment in film production as at 30 June 2022 are mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

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

Note: *(continued)*

As at 30 June 2022, the Group had investment in a film production project under investment agreement, which entitled the Group, among others, the rights to share the net profit or loss of the film attributable to the Group, as appropriate, in accordance with the terms of the investment agreement.

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.

### 17. INVENTORIES

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Raw materials	7,308	3,987
Finished goods	3,050	3,279
	<b>10,358</b>	7,266

### 18. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
<b>Trade receivables</b>		
— From third parties	37,661	38,068
<b>Prepayments</b>	7,268	484
	<b>44,929</b>	38,552

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.



# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

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

### 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 40 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 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Within 30 days	27,210	26,821
31 days to 60 days	10,451	11,247
	<b>37,661</b>	38,068

Trade receivables are mainly 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 2022, all trade receivables were not past due (31 December 2021: RMB971,000 were past due and were subsequently settled). During the year ended 31 December 2021 and the period ended 30 June 2022, no written off was made against the trade receivables.

Generally, the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base. As at 31 December 2021 and 30 June 2022, 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 2022, bank balances of RMB109,432,000 (31 December 2021: RMB107,607,000) were denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency respectively. Under the PRC's foreign exchange control regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates.

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

### 20. TRADE AND OTHER PAYABLES

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
<b>Trade payables</b>		
– To third parties	27,780	24,609
<b>Accrued charges and other payables</b>		
– Other tax payable	311	1,288
– Salaries payables	1,158	1,617
– Other payables and accruals	629	835
– Consideration payable (Note)	6,171	–
– Unrealised gain	3,859	–
	12,128	3,740
	39,908	28,349

Note:

As at 30 June 2022, 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 2021: Nil) which was interest-free and repayable on demand upon the date when the film is publicly released in the cinemas in the PRC.

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

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

#### 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 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Within 30 days	17,749	12,389
31 days to 60 days	10,031	12,220
	<b>27,780</b>	24,609

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

### 21. SHARE CAPITAL

	No. of ordinary shares	RMB'000
<b>Authorised:</b> As at 31 December 2021 (audited) and 30 June 2022 (unaudited)	<b>5,000,000,000</b>	<b>45,147</b>

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

### 21. SHARE CAPITAL (continued)

	No. of ordinary shares	RMB'000
<b>Issued and fully paid:</b>		
As at 31 December 2021 (audited)	600,000,000	5,418
Issue of ordinary shares pursuant to the acquisition of June Pictures (note (ii))	74,482,760	621
Issue of ordinary shares pursuant to the acquisition of Youpinhui Enterprise (note (iii))	74,000,000	628
As at 30 June 2022 (unaudited)	748,482,760	6,667

Note:

- (i) The ordinary shares of the Company has a par value of HK\$0.01 each.
- (ii) On 27 April 2022, 74,482,760 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.25 per share in respect of the Company's acquisition of June Pictures. The proceeds of HK\$744,000 (equivalent to RMB621,000) representing the par value of these ordinary shares, were credited to the Company's share capital account. The remaining proceeds amounted to HK\$17,877,000 (equivalent to RMB14,920,000) were credited to the Company's share premium account.
- (iii) On 1 June 2022, 74,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.27 per share in respect of the Company's acquisition of Youpinhui Enterprise. The proceeds of HK\$740,000 (equivalent to RMB628,000) representing the par value of these ordinary shares, were credited to the Company's share capital account. The remaining proceeds amounted to HK\$19,240,000 (equivalent to RMB16,342,000) were credited to the Company's share premium account.

### 22 ACQUISITION OF SUBSIDIARIES

On 29 April 2022, the Company and Youpinhui Investment Holdings Limited, entered into an agreement ("**Sales and Purchases Agreement**") to acquire the entire share capital of Youpinhui Enterprise Limited and its subsidiary ("**Youpinhui Group**") (the "**Acquisition**"). Details of the Acquisition are set out in the Company's announcement dated 29 April 2022 and the Acquisition was completed on 1 June 2022 (the "**Completion Date**").

Pursuant to the terms of the Sales and Purchases Agreement, the total consideration for the Acquisition (the "**Purchase Consideration**") was satisfied by the issuance of 74,000,000 ordinary shares of the Company upon Completion.

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

### 22 ACQUISITION OF SUBSIDIARIES *(continued)*

The following summarises the provisional recognised amount of assets acquired and liabilities assumed of Youpinhui Group at the Completion Date:

	Provisional fair value of net identifiable assets and liabilities acquired RMB'000 (unaudited)
Property, plant and equipment	347
Prepayments	6,556
Cash and cash equivalents	29
Other payables and accruals	(407)
Net identifiable assets acquired	6,525
Provisional goodwill	10,445
	16,970
Purchase Consideration satisfied by the issuance of 74,000,000 shares of the Company at Completion Date	16,970

## NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

### 22 ACQUISITION OF SUBSIDIARIES *(continued)*

An analysis of the cash flows in respect of the acquisition of Youpinhui Group is as follows:

	RMB'000 (unaudited)
Cash consideration paid	—
Cash and cash equivalents acquired	29
Cash inflow in respect of the acquisition of Youpinhui Group	29

As at the date of this interim report, the fair value assessments of the assets acquired and liabilities assumed of Youpinhui Group have not yet been completed, the relevant fair values of the net assets acquired has been determined on a provisional basis. For the purpose of initial recognition, the directors of the Company determined the best estimates for the value of these assets and liabilities based on the book values for the purpose of determining the allocation of Purchase Consideration.

Goodwill arose in the above business combination as the cost of combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the Acquisition is expected to be deductible for tax purposes.

Since the Acquisition, loss for the period approximately RMB620,000 of Youpinhui Group was included in the Group's results for the six months ended 30 June 2022.

### 23. RELATED PARTY TRANSACTIONS

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

#### Compensation of key management personnel

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Salaries, allowances and benefits	213	335	423	665
Retirement scheme contributions	3	7	6	14
	216	342	429	679