



Zhengwei Group Holdings Company Limited

正味集团控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2147

2023

INTERIM REPORT



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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

Independent Non-Executive Directors

Mr. Li Taihong

Mr. Lau Jing Yeung William

Mr. Lee Kwok Tung Louis

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

Mr. Lee Kwok Tung Louis

REMUNERATION COMMITTEE

Mr. Li Taihong (*Chairman*)

Mr. Yang Shengyao

Mr. Lau Jing Yeung William

NOMINATION COMMITTEE

Mr. Li Taihong (*Chairman*)

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 and Technological Development 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

BDO Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

25th Floor, Wing On Centre

111 Connaught Road Central

Central

Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

Winston & Strawn

6th Floor,

Henley Building

5 Queen's Road Central

Hong Kong

COMPLIANCE ADVISER

Grand Moose 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

Shops 1712-1716, 17th 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

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 2023 (“**6MFY2023**”), together with comparative figures for the corresponding period in 2022 (“**6MFY2022**”).

BUSINESS REVIEW

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

Manufacturing business

For the manufacturing business, we produce and sell 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. We generally (i) source raw materials from our suppliers, (ii) process the raw materials and package products at our own production facilities, and (iii) sell the products under our 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, we purchase 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 our products are sold at concessionary counters in supermarkets where our 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 6MFY2023, our products were mainly sold and delivered to customers located in Jiangxi Province, Hubei Province, Zhejiang Province and Sichuan Province.

Production facilities

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

PROSPECT AND OUTLOOK

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 our 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 our retailer customers, our Directors consider that the Group already has stable sales channels to sell and market new snack products readily.

MANAGEMENT DISCUSSION AND ANALYSIS

For the second half of 2023, 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 Sichuan Province; (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, advertisements at high-traffic locations as well as social media such as WeChat.

FINANCIAL REVIEW

Revenue

During 6MFY2023, the revenue of the Group mainly represents (i) the sales from manufacturing of snacks and dried food products; and (ii) the sales from trading of snacks and dried food products.

During 6MFY2023, the Group recorded a total revenue of approximately RMB191.7 million, representing an increase of 14.8% from RMB167.0 million for 6MFY2022. The increase was mainly attributable to the increase of sales in snacks and dried aquatic products.

Cost of sales

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

For 6MFY2023, the Group's cost of sales was approximately RMB127.2 million, representing an increase of 12.5% from approximately RMB113.0 million for 6MFY2022. The above increase was mainly due to the increase in direct material costs which was generally in line with the increase in our revenue.

Gross profit and gross profit margin

For 6MFY2023, the Group recorded (i) gross profit of approximately RMB64.6 million, representing an increase of 19.6% from RMB54.0 million for 6MFY2022; and (ii) gross profit margin of approximately 33.7%, representing an increase of 1.4% from 32.3% for 6MFY2022. The increase was mainly due to (i) the growth of our sales of approximately RMB24.8 million; and (ii) the increase in sales price of our products in general.

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 RMB288,000 for 6MFY2022 to approximately RMB329,000 for 6MFY2023, which was mainly attributable to the increase in interest income as a result of the increase in bank deposits.

MANAGEMENT DISCUSSION AND ANALYSIS

Other gains and losses

Other gains and losses of the Group increased from approximately RMB0.3 million for 6MFY2022 to approximately RMB1.2 million for 6MFY2023. Such increase was primarily due to the increase in foreign exchange gains and losses.

Distribution and selling expenses

The distribution and selling expenses of the Group remained relatively stable at approximately RMB13.3 million and RMB14.5 million for 6MFY2022 and 6MFY2023, respectively.

Administrative expenses

Administrative expenses mainly comprised of research and development, staff cost, legal and professional expenses, depreciation and amortization, other taxes, entertainment and transportation expenses, office expenses and others. The administrative expenses of the Group decreased from approximately RMB16.7 million for 6MFY2022 to approximately RMB14.8 million for 6MFY2023.

Profit for 6MFY2023

The Group's profit for 6MFY2023 was approximately RMB29.7 million, as compared to approximately RMB20.9 million in 6MFY2022.

Net current assets

The net current assets of the Group increased from approximately RMB209.0 million for 6MFY2022 to approximately RMB347.6 million for 6MFY2023. The increase was primarily due to the increase in cash and cash equivalents of approximately RMB140.0 million.

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.

	6MFY2023 RMB'000	6MFY2022 RMB'000
Net cash generated from/(used in) operating activities	37,250	48,725
Net cash used in investing activities	402	(2,059)
Net cash generated from/(used in) financing activities	102,331	(35,792)
Net increase in cash and cash equivalents	139,983	10,874

As at 30 June 2023, the Group's cash and cash equivalents amounted to approximately RMB296.8 million, representing an increase of approximately 89.3% from approximately RMB156.8 million as at 31 December 2022, which were mainly denominated in Reminbi.

As at 30 June 2023, the Group's interest-bearing bank and other borrowings amounted to approximately RMB38.2 million, representing a decrease of approximately 20.7% as compared to approximately RMB46.1 million as at 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, the short-term loans and borrowings of the Group amounted to approximately RMB35.6 million (as at 31 December 2022: approximately RMB44.5 million), and long-term loans and borrowings of the Group amounted to approximately RMB2.6 million (as at 31 December 2022: approximately RMB1.6 million).

The Group's interest-bearing bank and other borrowings as at 30 June 2023 were all denominated in Renminbi. The interest rates were floating, which ranged from 4.8% to 8.0% per annum.

Charge on Assets

As at 30 June 2023, none of the assets of the Group was pledged and there were no charges on the Group's assets.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Gearing ratio

The gearing ratio as at 30 June 2023 was approximately 9% (as at 31 December 2022: approximately 15%). Such decrease was mainly attributable to the decrease in borrowings of approximately RMB7.8 million and the increase in cash and cash equivalents of approximately RMB140.0 million.

Significant investment held and future plans for material investments or capital assets

During 6MFY2023, the Group had no significant investment and material investment and capital assets plans, the fair value of which accounted for more than 5% of the Group's total 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 6MFY2023.

Capital commitments and contingent liabilities

As at 30 June 2023, the Group had no significant capital commitments or contingent liabilities.

Foreign exchange risks

During 6MFY2023, the Group had not adopted any foreign currency hedging policy. However, our management will regularly monitor foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Employees and remuneration

As of 30 June 2023, the Group had a total of 716 employees, compared to 671 employees as of 30 June 2022. The increase in the number of employees was due to the corresponding increase in sales and the need for more production staff in the 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.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM GLOBAL OFFERING

The shares of the Company (the “**Shares**”) were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 13 January 2023 (the “**Listing Date**”). Based on the offer price of HK\$0.68 per Share, the net proceeds from the global offering, after deducting listing related expenses, amounted to approximately HK\$97.3 million (the “**Net Proceeds**”), which is lower than the estimated net proceeds of approximately HK\$110.7 million as disclosed in the prospectus of the Company dated 30 December 2022 (the “**Prospectus**”). The difference of approximately HK\$13.4 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the section headed “Future Plans And Use Of Proceeds” in the Prospectus. Nevertheless, the Directors will constantly evaluate the business objectives of the Group and may change or modify the plan against changing market conditions to ascertain the business growth of the Group.

As at 30 June 2023, the Group had utilised the Net Proceeds as set out in the table below:

Intended application of the net proceeds	Percentage of total net proceeds	Estimated planned allocation HK\$ million	Adjusted planned allocation HK\$ million	Utilised amount up to 30 June 2023 HK\$ million	Unutilised amount as at 30 June 2023 HK\$ million	Expected timetable for utilising the planned allocation
Building a new factory and acquiring new production lines in the Group’s Guangchang Plant	74.1%	82.0	72.1	–	72.1	On or before 30 June 2024
Enhancing the Group’s marketing efforts and expanding the Group’s sales channels	15.9%	17.6	15.5	5.1	10.4	On or before 31 December 2024
Working capital and other general corporate purposes	10.0%	11.1	9.7	2.4	7.3	On or before 31 December 2024
Total	100%	110.7	97.3	7.5	89.8	

The Company intends to continue to apply the Net Proceeds in the manner consistent with that mentioned above.

The unutilised net proceeds have been placed in short-term interest-bearing accounts with licensed banks in Hong Kong. In the event that the Directors decide to use such net proceeds in a manner different from that stated in the Prospectus, the Company will issue further announcement in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

OTHER INFORMATION

EVENT AFTER THE REPORTING PERIOD

Rule 13.17 of the Listing Rules disclosure

On 28 July 2023, Jiangxi Zhengwei Food Co., Ltd* (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, entered into a supply chain service agreement with Nanchang County Cultural Tourism Investment Co., Ltd.* (南昌縣文化旅遊投資有限公司) (“**Nanchang Tourism**”), an independent third party. Pursuant to which, Shengyao Investment Group Limited (“**Shengyao Investment**”), one of the controlling shareholders of the Company and a company wholly-owned by Mr. Yang Shengyao (“**Mr. Yang**”), the chairman, an executive Director and one of the controlling shareholders of the Company, has agreed to pledge 146,000,000 shares of nominal value of US\$0.01 each in the share capital of the Company (the “**Pledged Shares**”) held by it in favour of Nanchang Tourism as security for a financial assistance (the “**Financial Assistance**”) in the limit of up to RMB60,000,000 provided by Nanchang Tourism to Jiangxi Zhengwei and Jiangxi Leweijia.

As at the date of this interim report, (i) Shengyao Investment holds 190,207,478 Shares, representing approximately 23.78% of the issued share capital of the Company; and (ii) the 146,000,000 Pledged Shares under the share charge agreement represent approximately 18.25% of the issued share capital of the Company. The Pledged Shares is expected to be discharged and released upon repayment of the Financial Assistance in full.

Please refer to the announcement of the Company dated 28 July 2023 for further details. Saved as disclosed above, there are no other material events affecting the Group since 30 June 2023 and up to the date of this interim report.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

As at the date of this interim report, 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:

(i) Director’s interest in the Company

Name of Director	Capacity/nature	Number of Shares held/ Interested in	Long/short position	Approximate percentage of shareholding as at the date of this interim report
Mr. Yang	Interest in a controlled corporation	190,207,478 ⁽¹⁾	Long	23.78%
	Interest in a controlled corporation	93,080,255 ⁽²⁾	Long	11.64%
Ms. Lin Qiuyun (“Ms. Lin”)	Interest of spouse	103,397,174 ⁽³⁾	Long	12.92%
	Interest in a controlled corporation	103,397,174 ⁽⁴⁾	Long	12.92%
Mr. Li Hui	Interest of spouse	283,287,733 ⁽³⁾	Long	35.42%
	Interest in a controlled corporation	54,320,565 ⁽⁵⁾	Long	6.79%

Notes:

- (1) The Company is held as to 23.78% by 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.
- (2) The Company is held as to 11.64% by Prosperous Season Group Limited (“**Prosperous Season**”). The issued share capital of Prosperous Season is wholly-owned by Nanchang Enterprise Management Center (Limited Partnership)* (南昌市同利企業管理中心(有限合夥)) (“**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.
- (3) Mr. Yang and Ms. Lin are spouses. Under the SFO, each of Mr. Yang and Ms. Lin is deemed to be interested in the same number of Shares that the other person is interested in.
- (4) The Company is held as to 12.92% by Trendy Peak. 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) The Company is held as to 6.79% by Best Talent Venture Holdings Limited (“**Best Talent**”). The issued share capital of Best Talent is ultimately wholly-owned as to 57.14%, 23.81% and 19.05% by Mr. Li Hui, Mr. Wu Bangjun and Mr. Luo Zikang, respectively. Therefore, Mr. Li Hui is deemed, or taken to be, interested in all the Shares held by Best Talent for the purpose of the SFO.

OTHER INFORMATION

Save as disclosed above, as at the date of this interim report, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares, equity derivatives 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 2023, 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 the date of this interim report
Shengyao Investment	Beneficial owner	190,207,478 ⁽¹⁾	Long	23.78%
Nanchang Tourism	Beneficial owner	146,000,000 ⁽²⁾	Long	18.25%
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	146,000,000 ⁽²⁾	Long	18.25%
Trendy Peak International Limited (“ Trendy Peak ”)	Beneficial owner	103,397,174 ⁽³⁾	Long	12.92%
Nanchang Tongli LP	Interest in a controlled corporation	93,080,255 ⁽⁴⁾	Long	11.64%
Prosperous Season	Beneficial owner	93,080,255 ⁽⁴⁾	Long	11.64%
Best Talent	Beneficial owner	54,320,565 ⁽⁵⁾	Long	6.79%
Nanchang County Changnan Financial Control Fund Management Co., Ltd.* (南昌縣昌南金控基金管理有限公司) (“ Changnan Fund ”)	Interest in a controlled corporation	50,216,598 ⁽⁶⁾	Long	6.28%
Chang Nan Financial Control Limited (“ Chang Nan Financial ”)	Beneficial owner	50,216,598 ⁽⁶⁾	Long	6.28%
Pluto Universal Holdings Limited (“ Pluto Universal ”)	Beneficial owner	42,293,662 ⁽⁷⁾	Long	5.29%
Mr. Lei Jun Feng (“ Mr. Lei ”)	Interest in a controlled corporation	42,293,662 ⁽⁷⁾	Long	5.29%

OTHER INFORMATION

Notes:

- (1) 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.
- (2) On 28 July 2023, Shengyao Investment pledged 146,000,000 Shares in favour of Nanchang Tourism as security for a financial assistance in the limit of up to RMB60,000,000 provided by Nanchang Tourism to Jiangxi Zhengwei Food Co., Ltd* (江西正味食品有限公司) and Jiangxi Lewejia Food Co., Ltd.* (江西樂味佳食品有限公司), each an indirect wholly-owned subsidiary of the Company. 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.
- (3) Trendy Peak is wholly-owned by Ms. Lin. Accordingly, Ms. Lin is deemed, or taken to be, interested in all the Shares held by Trendy Peak for the purpose of the SFO.
- (4) 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.
- (5) Best Talent is wholly-owned as to 57.14%, 23.81% and 19.05% by Mr. Li Hui, Mr. Wu Bangjun and Mr. Luo Zikang, respectively. Accordingly, Mr. Li Hui 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.
- (7) Pluto Universal is wholly-owned by Mr. Lei. Accordingly, Mr. Lei is deemed, or taken to be, interested in all the Shares held by Pluto Universal for the purpose of the SFO.

Save as disclosed above, as at the date of this interim report, the Directors are 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 since the Listing Date 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 14 to the Listing Rules (the “**CG Code**”). Throughout the period from the Listing Date to the date of this interim report, save for the deviation from code provision C.2.1 of the CG Code as disclosed in the paragraph headed “Chairman and Chief Executive Officer” below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code.

Chairman and Chief Executive Officer

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

UPDATE ON DIRECTORS’ INFORMATION

The following paragraph sets out the change in particular of Mr. Lee Kwok Tung Louis, an independent non-executive Director during 6MFY2023 and up to the date of this interim report:

- Mr. Lee Kwok Tung Louis has resigned as an independent non-executive director of Titan Invo Technology Limited (泰坦智華科技有限公司), a company listed on the Main Board of the Stock Exchange (Stock Code: 872) with effect from 18 April 2023.
- Mr. Lee Kwok Tung Louis has also resigned as an independent non-executive director of CGN Mining Company Limited (中廣核礦業有限公司), a company listed on the Main Board of the Stock Exchange (Stock Code: 1164) with effect from 17 August 2023.

Save as disclosed above, 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 2022 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 10 of 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 since the Listing Date and up to the date of this interim report.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (year ended 31 December 2022: nil). There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, Mr. Lau Jing Yeung William, Mr. Li Taihong and Mr. Lee Kwok Tung Louis. 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 2023 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 standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the Audit Committee of the Company.

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 2023

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

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Revenue	5	191,722	166,956
Cost of sales		(127,160)	(112,987)
Gross profit		64,562	53,969
Other revenue		329	288
Other gains and losses		1,205	266
Distribution and selling expenses		(14,513)	(13,281)
Administrative expenses		(14,753)	(16,706)
Finance costs	6	(1,268)	(1,814)
Profit before income tax expense		35,562	22,722
Income tax expense	7	(5,900)	(1,853)
Profit and total comprehensive income for the period		29,662	20,869
Total comprehensive income for the period attributable to: Owner of the Company		29,662	20,869
Earnings per share – Basic and diluted (RMB)	9	0.04	0.03

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	40,444	42,131
Right-of-use assets		5,990	6,171
Investment property		–	–
Goodwill		269	269
Intangible assets		262	330
Financial asset at fair value through other comprehensive income	11	1,233	1,233
Deferred tax assets		490	946
Total non-current assets		48,688	51,080
Current assets			
Inventories	12	78,076	90,671
Trade receivables	13	62,311	64,016
Prepayments, deposits and other receivables	14	455	12,696
Right of return assets		–	1,152
Amounts due from shareholders		–	343
Cash and cash equivalents		296,814	156,831
Total current assets		437,656	325,709
Total assets		486,344	376,789
Current liabilities			
Trade payables	15	42,114	47,763
Contract liabilities		584	506
Other payables and accruals		7,151	21,891
Borrowings	16	35,600	44,477
Lease liabilities		84	84
Income tax payable		4,570	2,024
Total current liabilities		90,103	116,745

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Net current assets		347,553	208,964
Total assets less current liabilities		396,241	260,044
Non-current liabilities			
Borrowings	16	2,627	1,599
Total non-current liabilities		2,627	1,599
NET ASSETS		393,614	258,445
Capital and reserves attributable to owners of the Company			
Share capital	17	55,580	372
Reserves		338,034	258,073
TOTAL EQUITY		393,614	258,445

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve 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	Total equity RMB'000
Balance as at 1 January 2022 (audited)	372	-	-	11,829	50,603	826	(379)	148,385	211,636
Profit for the period	-	-	-	-	-	-	-	20,869	20,869
Other comprehensive income									
Fair value change on financial asset at fair value through other comprehensive income	-	-	-	-	-	-	59	-	59
Transfer from retained earnings to statutory reserve	-	-	-	1,389	-	-	-	(1,389)	-
Total comprehensive income	372	-	-	13,218	50,603	826	(320)	167,865	232,564
As at 30 June 2022 (audited)	372	-	-	13,218	50,603	826	(320)	167,865	232,564
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 (unaudited)	55,580	-	50,299	16,405	50,603	826	(267)	220,168	393,614

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Cash flows from operating activities		
Profit before income tax expense	35,562	22,722
Adjustments for:		
Depreciation of property, plant and equipment	1,613	1,801
Depreciation of right-of-use assets	265	111
Finance costs	1,268	1,814
Reversal of impairment loss on trade receivables, net	(1)	(2)
Provision of impairment loss on deposits and other receivables, net	2	154
Amortisation of intangible assets	68	165
Fair value gain on investment property	–	–
Interest income	(329)	(188)
(Reversal of write-down)/write-down of inventories	(171)	(171)
Loss on disposal of property, plant and equipment	–	52
Reversal for the provision of social insurance and housing provident fund	(481)	(318)
Operating profits before working capital changes	37,797	26,140
Decrease/(increase) in inventories	12,766	9,442
Increase in trade receivables	1,706	823
Decrease/(increase) in prepayments, deposits and other receivables	6,557	(3,652)
Increase in amount due from a related party	–	(34)
(Decrease)/increase in trade payables	(5,649)	18,937
(Decrease)/increase in the other payables and accruals	(14,258)	1,885
Decrease/(increase) in right of return assets	1,152	(100)
(Decrease)/increase in contract liabilities	78	1,116
Cash generated from operations	40,149	54,557
Income tax paid	(2,899)	(5,832)
Net cash generated from operating activities	37,250	48,725
Cash flows from investing activities		
Purchases of property, plant and equipment	74	(2,247)
Net cash inflow from disposal of a subsidiary	–	–
Proceeds from disposal of property, plant and equipment	–	–
Advances from a related party	–	–
Interest received	329	188
Net cash used in investing activities	402	(2,059)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Cash flows from financing activities		
Repayment of principal portion of the lease liabilities	(84)	(42)
Proceeds from new borrowings	16,600	1,800
Repayment of borrowings	(24,449)	(33,893)
Interest paid	(1,268)	(2,734)
Repayment to shareholders	–	(9)
Payment of deferred listing expenses	(10,302)	(914)
Proceeds from issue of ordinary shares	121,834	–
Net cash (used in)/generated from financing activities	102,331	(35,792)
Net (decrease)/increase in cash and cash equivalents	139,983	10,874
Cash and cash equivalents at the beginning of period	156,831	127,321
Cash and cash equivalents at the end of period	296,814	138,195
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	296,814	138,195

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 have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**HKEx**”) since 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 2022 (the “**2022 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 2023.

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 2023. 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 2022 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 2022 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 2023.

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 2022 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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Dried delicacies	48,518	50,471
Snacks	90,735	77,467
Dried aquatic products	40,700	29,300
Grains	10,141	8,187
Seasonings and others	1,628	1,531
	191,722	166,956
Timing of revenue recognition		
At a point in time	191,722	166,956

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Interest expenses on bank and other borrowings	1,268	1,813
Interest expenses on lease liabilities	–	1
	1,268	1,814

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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Current tax – PRC Enterprise Income Tax (the “ PRC EIT ”) – for the period	5,443	1,840
Deferred tax – for the period	457	13
Income tax expenses	5,900	1,853

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. Zhengwei Food and Zhengliao 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 2023 has been proposed by the Directors (Six months ended 30 June 2022: Nil).

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Audited)
Profit for the period attributable to owners of the Company for the purpose of computation of basic earnings and diluted earnings per share (RMB'000)	29,662	20,869
Weighted average number of ordinary shares for the purpose of computation of basic and diluted earnings per share	786,666,667	600,000,000
Basic and diluted earnings per share (RMB)	0.04	0.03

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 as referred to below.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the six-month period ended 30 June 2022 was based on 600,000,000 ordinary shares, representing the total number of ordinary shares of the Company immediately after the Capitalisation Issue of 594,736,800 new shares (the "Capitalisation Issue") as disclosed in the Prospectus, as if all these shares had been in issue throughout the six-month period ended 30 June 2022.

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 2023 and 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, additions to the Group's property, plant and equipment were approximately RMB73,527 (30 June 2022: approximately RMB2,247,000).

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Equity instrument in an unlisted company measured at FVOCI (<i>Note</i>)		
– Jiangxi Gannong Financing Guarantee Co., Ltd*		
("Jiangxi Gannong") (江西省贛農融資擔保有限責任公司)	1,233	1,233

The following table presents the changes in investment in Jiangxi Gannong for the year ended 31 December 2022 and for the six months ended 30 June 2023.

	RMB'000
At 1 January 2022	1,121
Change in fair value	112
At 31 December 2022 and 1 January 2023	1,233
Change in fair value	
At 30 June 2023	1,233

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Raw materials	34,635	52,154
Finished goods	27,833	37,554
Finished goods – purchased merchandise	15,608	963
	78,076	90,671

13. TRADE RECEIVABLES

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

An ageing analysis, based on the invoice dates, as of 30 June 2023 and 31 December 2022 is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 1 month	40,640	48,074
1 to 2 months	21,671	15,942
2 to 3 months	–	–
Over 3 months	–	–
	62,311	64,016

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

<i>Note</i>	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Current		
Prepayments	349	348
Value added tax recoverable		
Deposit	226	256
Other receivables	–	6,530
Deferred listing expenses	–	5,682
Less: Provision for impairment loss recognised	(120)	(120)
<i>(a)</i>	455	12,696

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/OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables	42,114	47,763

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 6 months	42,114	47,763

16. BORROWINGS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Current		
Bank loans – secured	35,600	44,477
Non-current		
Bank loans – secured	2,627	1,599
Total borrowings	38,227	46,076

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. SHARE CAPITAL

	Number '000	Amount US\$'000	Amount RMB'000
Ordinary shares of par value of HK\$0.1 each			
Authorised			
As at 1 January 2022 (audited)	100	100	715
Share subdivision (<i>Note (i)</i>)	9,900	–	–
Increase in authorised share capital (<i>Note (ii)</i>)	7,990,000	79,900	557
As at 31 December 2022 (audited) and 30 June 2023 (unaudited)	8,000,000	80,000	1,272
Issued and fully paid			
As at 1 January 2022 (audited)	53	53	372
Share subdivision (<i>Note (i)</i>)	5,210	–	–
As at 31 December 2022 (audited)	5,263	53	372
Issuance of new shares upon listing	200,000	2,000	13,895
Issuance of shares for Capitalisation Issue	594,737	5,947	41,313
As at 30 June 2023 (unaudited)	800,000	8,000	55,580

Notes:

- (i) On 20 June 2022, pursuant to the written resolutions passed by the Shareholders, each of the issued and unissued shares with a par value of US\$1.0 in the share capital of the Company was subdivided into 100 Shares of a par value of US\$0.01 each, such that the Company's authorised share capital is US\$100,000 divided into 10,000,000 Shares with a par value of US\$0.01 each.
- (ii) On 16 December 2022, the shareholders further resolved to increase the authorised share capital to US\$80,000,000 divided into 8,000,000,000 Shares with a par value of US\$0.01 each by the creation of an additional 7,990,000,000 new shares, each ranking pari passu with the shares then in issue in all respects.
- (iii) In connection with the Company's issuance of new shares upon listing, the Company allotted and issued 200,000,000 shares of US\$0.01 each at a price of HK\$0.68 per Share on 13 January 2023 as a result of the completion of listing. The gross proceeds from issuance of new shares of approximately RMB121,491,240 of which approximately RMB13,895,000 was credited to the Company's share capital, and the remaining balance of approximately RMB107,596,240 before deduction of share issuance expenses, was credited to share premium account. The share premium account can be used for deduction of share issuance expenses. After the share premium account of the Company being credited as a result of the issuance of new shares upon listing, RMB41,685,000 was capitalised from the share premium account and applied in paying up in full at par 594,736,800 new Shares for allotment and issue to shareholders whose names appear on the register of members of the Company at the close of business on 13 January 2023 in proportion to their respective shareholdings ("**Capitalisation Issue**").

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 2023 and 31 December 2022.

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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Fees		
Salaries and other benefits	1,051	285
Contributions to retirement benefits scheme	18	18
	1,069	303