



# 南粵控股

NAMYUE HOLDINGS

## NAMYUE HOLDINGS LIMITED

### 南粵控股有限公司

(Incorporated in Hong Kong with limited liability)

(於香港註冊成立之有限公司)

Stock Code 股份代號：01058



# 2023

*Interim Report*  
中期報告



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# Corporate Information

As at 21 August 2023

## BOARD OF DIRECTORS

### Executive Directors

Zhou Hao (*Chairman*)  
Sun Jun (*Managing Director*)

### Non-Executive Directors

Huang Junfeng  
Kuang Hu

### Independent Non-Executive Directors

Yeung Man Lee *BBS, JP*  
Leung Luen Cheong  
Yang Ge

## AUDIT COMMITTEE

Yang Ge (*Chairman*)  
Yeung Man Lee  
Leung Luen Cheong

## REMUNERATION COMMITTEE

Leung Luen Cheong (*Chairman*)  
Yeung Man Lee  
Yang Ge

## NOMINATION COMMITTEE

Zhou Hao (*Chairman*)  
Yeung Man Lee  
Leung Luen Cheong  
Yang Ge

## COMPANY SECRETARY

Cheung Hoi Yin

## AUDITOR

ZHONGHUI ANDA CPA Limited  
Certified Public Accountants

## REGISTERED OFFICE

29th Floor, Guangdong Investment Tower  
148 Connaught Road Central  
Hong Kong

Telephone : (852) 2308 1013  
Facsimile : (852) 2789 0451  
Website : [www.namyueholdings.com](http://www.namyueholdings.com)

## SHARE REGISTRAR

Tricor Tengis Limited  
17th Floor, Far East Finance Centre  
16 Harcourt Road  
Hong Kong  
Customer Service Hotline: (852) 2980 1333

## SHARE INFORMATION

Place of Listing : Main Board of  
The Stock Exchange of  
Hong Kong Limited  
Stock Code : 01058  
Board Lot : 2,000 shares  
Financial Year End : 31 December

# Management Discussion and Analysis

## RESULTS

The unaudited consolidated loss attributable to shareholders of Namyue Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023 was HK\$21,653,000, representing an increase in loss of HK\$2,710,000 or 14.3% from HK\$18,943,000 for the corresponding period last year.

The unaudited net asset value of the Group as at 30 June 2023 was HK\$95,113,000, representing a decrease of HK\$24,900,000 and HK\$54,594,000 respectively as compared to the net asset value as at 31 December 2022 and 30 June 2022.

The board of directors of the Company (the “Board”) resolved not to declare the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## BUSINESS REVIEW

With the recurring COVID-19 pandemic at the beginning of 2023, the industry was in a state of shutdown or semi-shutdown. After the Chinese New Year, the production of the entire industrial chain was sluggish, with fewer production orders and the unsaturated production capacity, resulting in increase in production costs. During the period, the Group followed its high-quality development plan at the beginning of the year, implemented new development concepts, coordinated the work for the pandemic as well as in production and operation, actively tapped into the production potential to promote the stability of the production and operation, and made efforts to gradually resume to the normal level of production after the pandemic in order to achieve the expected goals.

In respect of environmental protection, the State has been ramping up its effort in environmental protection management. The disposal cost of various types of waste generated from leather production has risen on the premise of compliance, which requires adjustment within a short period of time. To stabilize the production of the tannery industry, it is necessary to upgrade the technology and increase the investment in environmental protection, which results in significant increase in the operating costs. During the period, the Group made use of the time during the production slack season before the Chinese New Year to repair, replace and renovate the gas collection and treatment emission pipelines, systems and other facilities, effectively improving the operation and maintenance capability and ensuring that the emission standards are met.

During the period, the total production volume of cowhides was 2,168,000 sq. ft., representing an increase of 468,000 sq. ft. or 27.5% as compared to 1,700,000 sq. ft. for the corresponding period last year. The production volume of grey hides was 787 tons, representing an increase of 165 tons or 26.5% as compared to 622 tons for the corresponding period last year. During the period, the total sales volume of cowhides was 2,408,000 sq. ft., representing a drop of 348,000 sq. ft. or 12.6% from 2,756,000 sq. ft. for the corresponding period last year. The sales volume of grey hides was 787 tons, representing an increase of 165 tons or 26.5% as compared to 622 tons for the corresponding period last year.

During the period, the consolidated revenue of the Group was HK\$35,445,000, representing a decrease of HK\$7,544,000 or 17.5% from HK\$42,989,000 for the corresponding period last year, of which the sales value of cowhides amounted to HK\$31,416,000 (six months ended 30 June 2022: HK\$39,269,000), representing a decrease of 20%, and that of grey hides and other products amounted to HK\$4,029,000 (six months ended 30 June 2022: HK\$3,720,000), representing an increase of 8.3%.

In terms of sales, the market recovery was slow during the period. The Group, on the one hand, actively conducted market research and proactively visited new and existing customers, developed new customers with good potentials and high activities by relying on the advantage of the Company’s leading products. At the same time, the Group kept up the main product sales of shoe upper leather and promoted the clearing of inventories by maintaining the delivery frequency to new and existing customers. On the other hand, with new horizons opened up in high value-added products, product sales gradually improved during the mid to late second quarter.

# Management Discussion and Analysis (Continued)

## BUSINESS REVIEW (CONTINUED)

In terms of procurement, the Group carried out reforms during the period in purchase of raw materials by highlighting source management, adhering to cost control, taking control of material source prices, and enhancing the sense of responsibility in management. Taking the opportunity of the implementation of China's internal cycle, the Group promoted the substitution of domestically-produced chemical materials and optimized the material cost, by integrating technological adjustments, and promoting the goal of cost reduction in both directions including material substitution and supplier negotiation. Total purchases volume in the first half of the year amounted to HK\$37,838,000, representing a decrease of 0.8% over the same period last year.

As at 30 June 2023, the Group's consolidated inventory amounted to HK\$78,511,000 (31 December 2022: HK\$73,028,000), representing an increase of HK\$5,483,000 or 7.5% as compared to that as at 31 December 2022. The Group continued to develop the processing business to meet the production capacity, actively expanded the business track, conducted substantial production trials by taking into account the performance, characteristics and price-performance ratio of products, reduced production costs, increased production volume and promoted the sales of diversified inventory products, laying the foundation for the operating targets in the second half of the year. The Group has reassessed the value of inventories based on its ageing and net realizable value and made a net provision for inventories of HK\$2,219,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

As at 30 June 2023, the Group's property, plant and equipment amounted to HK\$40,265,000 (31 December 2022: HK\$42,846,000), representing a decrease of HK\$2,581,000 or 6.0% as compared to that as at 31 December 2022. In view of the loss on the Group's operating results during the period, the recoverable amount of plant and equipment was calculated by using value in use based on the discounted cash flow method, and an impairment loss on plant and equipment of HK\$782,000 was made for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 30 June 2023, the Group's cash and cash equivalents amounted to HK\$7,036,000 (31 December 2022: HK\$9,463,000), representing a drop of HK\$2,427,000 or 25.6% as compared to 31 December 2022, of which 8.7% were in Hong Kong dollars, 90.8% in Renminbi and 0.5% in United States dollars. Net cash outflow from operating activities for the period was HK\$13,480,000, which was mainly attributable to the increase in inventories, resulting in increase of net cash outflow. Net cash outflow from investing activities was HK\$3,312,000, which was mainly attributable to the increase in pledged bank balances and payment for renovations and purchase of machinery and equipment. Net cash inflow from financing activities was HK\$14,584,000, which was mainly attributable to the increase in bank borrowings.

As at 30 June 2023, the Group had interest-bearing borrowing of HK\$21,697,000 (31 December 2022: Nil), of which interest-bearing loan in Renminbi amounted to HK\$14,100,000 and interest-bearing borrowings in US dollars amounted to HK\$7,597,000, charged at a fixed rate and floating rate respectively. The Group's borrowings arose from short-term loans provided by a bank, secured by bank balances, buildings and right-of-use assets of HK\$48,714,000 in total.

As at 30 June 2023, the Group's gearing ratio of interest-bearing borrowings to shareholders' equity plus interest-bearing borrowings was 18.6% (31 December 2022: Nil). The annual interest rate of the borrowings during the period was 5.5% to 5.9%. During the period, the Group's interest expenses amounted to HK\$228,000, representing an increase of 46.2% as compared to the corresponding period of last year, which was mainly attributable to the increase in both the loan amounts and in loan interest rates.

As at 30 June 2023, the Group's total banking facilities amounted to HK\$43,384,000 (31 December 2022: HK\$44,780,000), of which interest-bearing bank borrowings of HK\$21,697,000 (31 December 2022: Nil) was under such facilities. Taking into account the existing cash resources and available credit facilities, the Group has sufficient financial resources to meet its daily operational requirements.

# Management Discussion and Analysis (Continued)



## FINANCIAL REVIEW (CONTINUED)

### Capital Expenditure

As at 30 June 2023, the net carrying amount of non-current assets including property, plant and equipment and right-of-use assets amounted to HK\$51,020,000, representing a decrease of HK\$3,078,000 over the net value of HK\$54,098,000 as at 31 December 2022. The capital expenditure for the period amounted to HK\$827,000 (six months ended 30 June 2022: HK\$3,316,000) in total, which was mainly attributable to the payment of renovations as well as acquisition of machinery and equipment to meet the production needs of the Group.

### Pledge of Assets

As at 30 June 2023, the Group's bank deposits of HK\$2,395,000 (31 December 2022: Nil), buildings of HK\$35,564,000 (31 December 2022: HK\$37,859,000) and right-of-use assets of HK\$10,755,000 (31 December 2022: HK\$11,252,000) were pledged to a bank to secure general banking facilities

### Foreign Exchange Exposure

The assets, liabilities and transactions of the Group are basically denominated in Hong Kong dollars, United States dollars or Renminbi. The Group is exposed to foreign currency risk primarily from purchases from overseas suppliers that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly the United States dollars against Renminbi. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the period. Should the Group consider that its exposure to foreign currency risk justifies hedging, it may use forward or hedging contracts to reduce the risks.

## REMUNERATION POLICY FOR EMPLOYEES

As at 30 June 2023, the Group had 308 staff (31 December 2022: 327). The Group's remuneration policy is based on its operating results and the employees' performance. The Group has adopted a performance-based appraisal scheme for its employees and established an operation assessment mechanism focusing on "accountability and performance". Based on the Group's operating efficiency, the incentive scheme provides bonuses to the management, key officers and outstanding employees according to different ranking and individual performance, which effectively motivates employees to make contribution. In addition, the Group offered social and medical insurance coverage and pension schemes to all employees in different areas.

## PROSPECTS

With the end of the pandemic and the reopening of global markets, global economic growth is expected to rebound. However, global trade conflicts and geopolitical instability, including the impact of the Russia-Ukraine war, have brought continued uncertainty to economic recovery all over the world. After the Group's market exploration, technical and technological adjustments and scientific control of chemical costs in the first half of the year to prepare for volume production and improved technology, the Group will take proactive and effective measures to improve its operating results in the second half of 2023, by continuing to tighten cost control and reduce non-production management costs, while at the same time matching production orders, exercising proactive approach to achieve cost-effective production and making the turnaround of its losses as its primary goal. In terms of the direction of development, the Group will actively explore new avenues for the development of the traditional manufacturing industry, and at the same time seek different business opportunities to expand its sources of income and to diversify its business, so as to enhance the Group's long-term growth potential and value to its shareholders. Looking ahead, the Group will make effort in turning around its losses to achieve sustainable and stable growth.

# Report on Review of Interim Financial Information



## **INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF NAMYUE HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 7 to 23 which comprises the condensed consolidated statement of financial position of Namyue Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

#### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

**Li Shun Fai**

Practising Certificate Number P05498

Hong Kong, 21 August 2023

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>REVENUE</b>	6	<b>35,445</b>	42,989
Cost of sales		<b>(40,021)</b>	(46,445)
<b>Gross loss</b>		<b>(4,576)</b>	(3,456)
Other income and gains, net	7	<b>265</b>	981
Selling and distribution expenses		<b>(827)</b>	(736)
Administrative expenses		<b>(14,462)</b>	(15,576)
Impairment on items of plant and equipment		<b>(782)</b>	–
Other operating expenses	7	<b>(1,200)</b>	–
Finance costs	8	<b>(228)</b>	(156)
<b>LOSS BEFORE TAX</b>	9	<b>(21,810)</b>	(18,943)
Income tax credit	10	<b>157</b>	–
<b>LOSS FOR THE PERIOD</b>		<b>(21,653)</b>	(18,943)
<b>LOSS PER SHARE</b>	11		
– Basic		<b>HK\$(4.02) cents</b>	HK\$(3.52) cents
– Diluted		<b>HK\$(4.02) cents</b>	HK\$(3.52) cents

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>LOSS FOR THE PERIOD</b>	<b>(21,653)</b>	(18,943)
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		
<i>Other comprehensive income/(expenses) that will not be reclassified to profit or loss in subsequent periods:</i>		
Surplus/(deficits) on revaluation of buildings	<b>778</b>	(310)
Income tax effect	<b>(195)</b>	78
	<b>583</b>	(232)
<i>Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<b>(3,830)</b>	(5,654)
<b>OTHER COMPREHENSIVE EXPENSES FOR THE PERIOD, NET OF TAX</b>	<b>(3,247)</b>	(5,886)
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD</b>	<b>(24,900)</b>	(24,829)

# Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>40,265</b>	42,846
Right-of-use assets		<b>10,755</b>	11,252
		<b>51,020</b>	54,098
<b>CURRENT ASSETS</b>			
Inventories		<b>78,511</b>	73,028
Receivables, prepayments and deposits	13	<b>35,958</b>	37,418
Pledged bank balances		<b>2,395</b>	–
Cash and bank balances		<b>7,036</b>	9,463
		<b>123,900</b>	119,909
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	<b>29,979</b>	24,054
Other payables, accruals and provision	15	<b>22,414</b>	24,261
Interest-bearing bank borrowings	16	<b>21,697</b>	–
Tax payable		<b>26</b>	21
Due to a PRC joint venture partner		<b>1,131</b>	1,131
		<b>75,247</b>	49,467
<b>NET CURRENT ASSETS</b>		<b>48,653</b>	70,442
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>99,673</b>	124,540
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liabilities		<b>4,560</b>	4,527
Net assets		<b>95,113</b>	120,013
<b>EQUITY</b>			
Share capital	17	<b>75,032</b>	75,032
Reserves	18	<b>20,081</b>	44,981
Total equity		<b>95,113</b>	120,013

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share capital	Equity component of convertible notes	General reserve fund	Reserve funds	Capital reserve	Exchange translation reserve	Property revaluation reserve	Special capital reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(note 18(a))	(note 18(c))	(note 18(d))			(note 18(b))		
At 1 January 2022 (Audited)	75,032	5,545	167,746	20,166	167,920	80,075	9,823	-	(351,771)	174,536
Loss for the period (Unaudited)	-	-	-	-	-	-	-	-	(18,943)	(18,943)
Other comprehensive expenses for the period (Unaudited):										
- Deficits on revaluation of buildings, net of tax	-	-	-	-	-	-	(232)	-	-	(232)
- Exchange differences on translation of foreign operations	-	-	-	-	-	(5,654)	-	-	-	(5,654)
Total comprehensive expenses for the period (Unaudited)	-	-	-	-	-	(5,654)	(232)	-	(18,943)	(24,829)
At 30 June 2022 (Unaudited)	75,032	5,545	167,746	20,166	167,920	74,421	9,591	-	(370,714)	149,707
At 1 January 2023 (Audited)	<b>75,032</b>	<b>5,545*</b>	<b>167,746*</b>	<b>20,239*</b>	<b>167,920*</b>	<b>66,287*</b>	<b>11,989*</b>	<b>374*</b>	<b>(395,119)*</b>	<b>120,013</b>
Loss for the period (Unaudited)	-	-	-	-	-	-	-	-	(21,653)	(21,653)
Other comprehensive income/ (expenses) for the period (Unaudited):										
- Surplus on revaluation of buildings, net of tax	-	-	-	-	-	-	583	-	-	583
- Exchange differences on translation of foreign operations	-	-	-	-	-	(3,830)	-	-	-	(3,830)
Total comprehensive income/ (expenses) for the period (Unaudited)	-	-	-	-	-	(3,830)	583	-	(21,653)	(24,900)
Transfer from property revaluation reserve to accumulated losses (Unaudited)	-	-	-	-	-	-	(647)	-	647	-
Transfer from accumulated losses in accordance with the undertaking (Unaudited)	-	-	-	-	-	-	-	488	(488)	-
<b>At 30 June 2023 (Unaudited)</b>	<b>75,032</b>	<b>5,545*</b>	<b>167,746*</b>	<b>20,239*</b>	<b>167,920*</b>	<b>62,457*</b>	<b>11,925*</b>	<b>862*</b>	<b>(416,613)*</b>	<b>95,113</b>

\* These reserve accounts comprise the consolidated reserves of HK\$20,081,000 (31 December 2022: HK\$44,981,000) in the condensed consolidated statement of financial position as at 30 June 2023.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(21,810)	(18,943)
Adjustments for:		
Finance costs	228	156
Finance income	(15)	(12)
Depreciation of property, plant and equipment	1,628	955
Depreciation for right-of-use assets	151	162
Provision for inventories	2,219	–
Impairment of trade receivables	1,200	–
Impairment on items of plant and equipment	782	–
<b>Operating cash flows before working capital changes</b>	<b>(15,617)</b>	<b>(17,682)</b>
Change in inventories	(10,267)	(3,393)
Change in receivables, prepayments and deposits	(899)	7,888
Change in trade and bills payables	6,908	(1,171)
Change in other payables, accruals and provision	(1,272)	(2,300)
Change in interest-bearing bank borrowings	7,880	8,087
<b>Cash used in operations</b>	<b>(13,267)</b>	<b>(8,571)</b>
Interest received	15	12
Interest paid	(228)	(156)
PRC tax paid	–	(21)
<b>Net cash flows used in operating activities</b>	<b>(13,480)</b>	<b>(8,736)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(827)	(3,316)
Change in pledged bank balances	(2,485)	25
<b>Net cash flows used in investing activities</b>	<b>(3,312)</b>	<b>(3,291)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from interest-bearing bank borrowings	14,624	–
Principal portion of lease payments	(40)	(162)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>14,584</b>	<b>(162)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,208)</b>	<b>(12,189)</b>
Cash and cash equivalents at beginning of period	9,463	18,942
Effect of foreign exchange rate changes, net	(219)	(397)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>7,036</b>	<b>6,356</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	7,036	6,356

# Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

## 1. GENERAL INFORMATION

Namyue Holdings Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The registered office and principal place of business of the Company is located at 29/F, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the processing and sale of semi-finished and finished leather.

In the opinion of the directors of the Company (the “Directors”), as at the date of issue of these condensed consolidated financial statements, Nam Yue (Group) Company Limited, a company incorporated in Macao, is the immediate holding company of the Company; and 廣東南粵集團有限公司 (Guangdong Nam Yue Group Corporation Limited), which is established in the People’s Republic of China (the “PRC” or “Mainland China”), is the ultimate holding company of the Company.

The condensed consolidated statement of financial position as at 30 June 2023 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes of equity and the condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes (collectively defined as the “Interim Financial Information”) of the Group were approved by the Board of Directors (the “Board”) on 21 August 2023.

The financial information relating to the year ended 31 December 2022 that is included in this unaudited Interim Financial Information as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those consolidated financial statements for the year ended 31 December 2022. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The Interim Financial Information are presented in Hong Kong dollars (the “HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

This Interim Financial Information have been reviewed, not audited.

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022.

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

## 4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 4. FAIR VALUE MEASUREMENTS (CONTINUED)

### (a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements using			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<i>Recurring fair value measurements:</i>				
<b>At 30 June 2023 (Unaudited)</b>				
Debt investments at fair value through other comprehensive income ("DIFVOCI")				
Bills receivable	–	2,242	–	2,242
At 31 December 2022 (Audited)				
DIFVOCI				
Bills receivable	–	4,874	–	4,874

### (b) Disclosures of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2023 and 31 December 2022:

The head of the finance department of the Group is responsible for determining the policies and procedures for the fair value measurement, including level 3 fair value measurements. The head of the finance department reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting for the year ending 31 December 2023 (year ended 31 December 2022: once a year for annual financial reporting).

#### Level 2 fair value measurements on bills receivable

Description	Valuation techniques	Inputs	Fair value	
			30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Bills receivable	Discount cash flow	Discount rate	2,242	4,874

During the six months ended 30 June 2023 and year ended 31 December 2022, there were no changes in the valuation techniques used.

During the six months ended 30 June 2023 and year ended 31 December 2022, there was no transfer between Level 1, Level 2 or transfer into or out of Level 3.

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 5. OPERATING SEGMENT INFORMATION

No separate analysis of segment information is presented by the Group as over 90% of the Group's revenue, results and assets relate to the processing and sale of semi-finished and finished leather in the PRC.

### Information about major customers

The revenue from customers individually contributed over 10% of the consolidated revenue of the Group are as follows:

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A	5,478	N/A*
Customer B	N/A*	6,205
Customer C	N/A*	4,406

\* The revenue from Customer B and C (six months ended 30 June 2022: Customer A) contributed not over 10% of the Group's revenue each individually for the six months ended 30 June 2023, therefore the amounts are not disclosed.

## 6. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from contracts with customers		
Sale of processed leather	35,445	42,989

Revenue is recognised when goods are transferred at a point in time to customers.

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 7. OTHER INCOME AND GAINS, NET AND OTHER OPERATING EXPENSES

### (a) Other income and gains, net

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Finance income	15	12
Sale of scrap materials in the PRC	193	199
Government grants	6	162
Net gains from subcontracted leather processing in the PRC	63	337
Net exchange losses	(11)	(84)
Others	(1)	355
	<b>265</b>	981

### (b) Other operating expenses

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Impairment of trade receivables	1,200	–

## 8. FINANCE COSTS

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank loans and discounting bills receivable to banks	227	144
Lease liabilities	1	12
	<b>228</b>	156

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 9. LOSS BEFORE TAX

The Group's loss before tax is stated after charging the following:

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cost of inventories sold*	37,802	46,445
Depreciation of property, plant and equipment	1,628	955
Depreciation for right-of-use assets	151	162
Impairment on items of plant and equipment	782	–
Provision for inventories*	2,219	–

\* These items are included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

## 10. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil). Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China in which the Group operates.

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Group – Mainland China Provision for the period	5	–
Deferred tax	(162)	–
	(157)	–

## 11. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the period of HK\$21,653,000 (six months ended 30 June 2022: HK\$18,943,000) and the weighted average number of ordinary shares of 538,019,000 (30 June 2022: 538,019,000) in issue during the six months ended 30 June 2023.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 and 2022 in the calculation of diluted loss per share as there were no dilutive events during the six months ended 30 June 2023 and 2022.

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 12. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## 13. RECEIVABLES, PREPAYMENTS AND DEPOSITS

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Trade receivables	<b>32,107</b>	31,719
Bills receivables	<b>2,242</b>	4,874
Prepayments, deposits and other receivables	<b>1,609</b>	825
	<b>35,958</b>	37,418

The Group's trading terms with customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 60 days of issuance, except for certain well-established customers, where the terms are extended to 150 days. Each customer has a maximum credit limit. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The carrying amounts of trade and bills receivables approximate their fair values.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within 3 months	<b>18,557</b>	17,217
3 to 6 months	<b>5,472</b>	7,687
6 to 12 months	<b>3,264</b>	8,245
1 to 2 years	<b>9,287</b>	4,554
	<b>36,580</b>	37,703
Impairment	<b>(2,231)</b>	(1,110)
	<b>34,349</b>	36,593

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 14. TRADE AND BILLS PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the date of receipt of goods, is as follows:

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within 3 months	<b>11,664</b>	5,967
3 to 6 months	<b>3,492</b>	6,126
Over 6 months	<b>9,431</b>	11,961
Trade payables	<b>24,587</b>	24,054
Bills payables	<b>5,392</b>	–
	<b>29,979</b>	24,054

The trade payables of the Group are non-interest-bearing and are normally settled on terms of 90 days. The carrying amounts of trade and bills payables approximate their fair values.

## 15. OTHER PAYABLES, ACCRUALS AND PROVISION

The Group was accused of contravention of certain regulations under 中華人民共和國固體廢物污染環境防治法 (Law of the PRC on the Prevention and Control of Solid Waste Pollution)\* during an inspection of 徐州市睢寧生態環境局 (Suining Ecological Environmental Bureau of Xuzhou City)\* in November 2021 as a result of failure to maintain proper records of hazardous wastes produced and to make filings to the local authority, and improper transferral, handling and disposal of these materials. Included in other payables, accruals and provision, provision of RMB7,226,000 (equivalent to HK\$7,837,000) (31 December 2022: RMB7,226,000 (equivalent to HK\$8,089,000)) was made for the penalty of violations, of which RMB1,488,000 (equivalent to HK\$1,614,000) (31 December 2022: RMB1,488,000 (equivalent to HK\$1,666,000)) was paid up to 30 June 2023. Up to the approval date of these condensed consolidated financial statements, two (31 December 2022: two) summons with penalties of RMB7,226,000 (equivalent to HK\$7,837,000) (31 December 2022: RMB7,226,000 (equivalent to HK\$8,089,000)) was received. The provision was determined based on the relevant rules and the legal opinion provided by the Group's legal counsel. In the opinion of the Directors, appropriate provision for the likely outcome was made as at 30 June 2023 and 31 December 2022.

\* The name in English is not the official name but a translation for reference only.

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 16. INTEREST-BEARING BANK BORROWINGS

	30 June 2023 (Unaudited)			31 December 2022 (Audited)		
	Effective interest rate (%)	Maturity	Amount HK\$'000	Effective interest rate (%)	Maturity	Amount HK\$'000
<b>Secured</b>						
Trust receipt loans	5.70 – 5.91	2023	7,597	N/A	N/A	–
Other bank borrowing	5.50	2024	14,100	N/A	N/A	–
			<b>21,697</b>			–

As at 30 June 2023, trust receipt loans and other bank borrowing of HK\$21,697,000 (31 December 2022: Nil) were under facilities which were secured by (i) the pledge of certain of the Group's bank balances amounting to HK\$2,395,000 (31 December 2022: Nil); and (ii) the pledge of certain of the Group's buildings and right-of-use assets with an aggregate carrying amounts of HK\$46,319,000 as at 30 June 2023 (31 December 2022: HK\$49,111,000).

The carrying amounts of the Group's interest-bearing bank borrowings approximate their fair values.

## 17. SHARE CAPITAL

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Issued and fully paid: 538,019,000 (31 December 2022: 538,019,000) ordinary shares	<b>75,032</b>	75,032

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 18. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the unaudited interim condensed consolidated statement of changes in equity.

- (a) The general reserve fund of the Group is an undistributable reserve and may not be treated as realised profits.

On 25 November 1996, a court order confirming the reduction of the share premium account by approximately HK\$133,349,000 was registered by the Registrar of Companies in Hong Kong and the credit arising therefrom was transferred to the general reserve fund against which goodwill arising on the acquisition of a subsidiary was eliminated in the consolidated financial statements. In the year ended 31 December 2002, there was a release of goodwill of approximately HK\$133,349,000 in respect of impairment of investment in a subsidiary relating to the goodwill arising from acquisition of that subsidiary in 1996.

Pursuant to a special resolution passed in the Company's extraordinary general meeting held on 23 January 1998 and confirmed by the Order of the High Court of the Hong Kong Special Administrative Region of the PRC (the "Court") dated 2 March 1998, the share premium account was reduced by the amount of approximately HK\$34,397,000 and, as undertaken by the Company, a general reserve fund was credited in the books of accounts of the Company in the same amount for the purpose of setting off, in the consolidated financial statements of the Company and its subsidiaries, goodwill arising on consolidation in 1997. In 2000 and 2001, there was a release of goodwill of approximately HK\$12,478,000 and HK\$21,919,000, respectively, in respect of impairment of investments in subsidiaries relating to the goodwill arising from the acquisition of the subsidiaries in 1997.

- (b) On 1 February 2011, a special resolution was passed by the shareholders of the Company for approving the reduction in share premium of the Company (the "Share Premium Reduction"). The purpose of the Share Premium Reduction is to reduce the credit standing to the share premium account of the Company to the extent of approximately HK\$393,346,000 and to apply the credit arising from such reduction to eliminate the accumulated losses of the Company by the same amount.

On 22 March 2011, the Court made an order (the "Order") confirming the Share Premium Reduction. An office copy of the Order was registered with the Registrar of Companies in Hong Kong on 29 March 2011 (the "Effective Date") in accordance with Section 61 of the predecessor Hong Kong Companies Ordinance (Cap. 32). Accordingly, the Share Premium Reduction became effective immediately following the registration of the Order of the Court and the accumulated losses of the Company of approximately HK\$393,346,000 were eliminated against the Company's share premium account.

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 18. RESERVES (CONTINUED)

(b) (Continued)

In connection with the application for the Share Premium Reduction (the "Application"), the Company undertakes that in the event of the Company making any future recoveries of the assets identified in the Application for which provision for impairment in value or amortisation was made in the accounts of the Company between 31 December 2000 and 30 June 2010 (the "Assets"), beyond the written down values in the Company's accounts as at 30 June 2010, all such recoveries beyond that written down values up to an amount of HK\$150,345,170 (the "Limit"), will be credited to a special capital reserve in the accounting records of the Company (the "Special Capital Reserve") and that so long as there shall remain outstanding any debt of or claim against the Company which, if the Effective Date was the date of the commencement of the winding up of the Company, would be admissible to proof in such winding up and the persons entitled to the benefit of such debts or claims shall not have agreed otherwise, such reserve shall not be treated as realised profits for the purposes of ss291, 297 and 299 of the new Hong Kong Companies Ordinance (Cap.622) of the Laws of Hong Kong and shall (for so long as the Company shall remain a listed company) be treated as an undistributable reserve of the Company for the purposes of ss290 and 298 of the new Hong Kong Companies Ordinance (Cap.622) of the Laws of Hong Kong, or any statutory re-enactments or modifications thereof provided that:

- (1) the Company shall be at liberty to apply the Special Capital Reserve for the same purposes as a share premium account may be applied;
- (2) the Limit in respect of the Special Capital Reserve may be reduced by the amount of any increase, after the Effective Date, in the amount standing to the credit of the share premium account of the Company as a result of the paying up of shares by the receipt of new consideration or the capitalisation of distributable profits;
- (3) the Limit in respect of the Special Capital Reserve may be reduced upon the disposal or other realisation, after the Effective Date, of the Assets by the amount of the impairment in value and amortisation made in relation to such assets as at 30 June 2010 less such amount (if any) as credited to the Special Capital Reserve as a result of such disposal or realisation; and
- (4) in the event that the amount standing to the credit of the Special Capital Reserve exceeds the Limit thereof after any reduction of such Limit pursuant to provisions (2) and/or (3) above, the Company shall be at liberty to transfer the amount of any such excess to the general reserves of the Company and the same shall become available for distribution.

During the six months ended 30 June 2023, a reversal of provision for impairment of HK\$488,000 (six months ended 30 June 2022: Nil) was made for the Assets. This resulted in a transfer of HK\$488,000 (six months ended 30 June 2022: Nil) from the accumulated losses to Special Capital Reserve.

The Limit as at 30 June 2023 was HK\$150,273,970 (31 December 2022: HK\$150,273,970) and the amount standing to the credit of the Group's Special Capital Reserve as at 30 June 2023 was HK\$862,000 (31 December 2022: HK\$374,000).

- (c) Pursuant to the relevant PRC laws and regulations, a portion of the profits of the Company's subsidiaries which are established in Mainland China has been transferred to reserve funds which are restricted as to use.
- (d) Capital reserve represents the capital contributions from the then immediate holding company.

# Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

## 19. COMMITMENTS

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Contracted but not provided for:		
Leasehold improvements	<b>213</b>	142
Plant and machinery	<b>474</b>	704
	<b>687</b>	846

## 20. RELATED PARTY TRANSACTION

### Compensation of key management personnel of the Group

	<b>For the six months ended 30 June</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	2022 HK\$'000 (Unaudited)
Short term employee benefits	<b>366</b>	588
Post-employment benefits	<b>159</b>	190
Total compensation paid to key management personnel	<b>525</b>	778

## 21. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 21 August 2023.

# Directors' Interests and Short Positions in Securities

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) 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 the Directors and the chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

## INTERESTS AND SHORT POSITIONS IN THE COMPANY

### Interests in ordinary shares

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Percentage of interests held
Sun Jun	Personal	40,000	Long position	0.007% <sup>(Note)</sup>

*Note:* The approximate percentage of interests held was calculated on the basis of 538,019,000 ordinary shares of the Company in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, to the knowledge of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be: (i) 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 the Directors and the chief executive are taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the period was the Company or its holding companies, or any of its subsidiaries or its fellow subsidiaries a party to any arrangements to enable the Directors of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# Substantial Shareholders' Interests



As at 30 June 2023, so far as is known to any Director or the chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Percentage of interests held (Note 1)
廣東南粵集團有限公司 (Guangdong Nam Yue Group Corporation Limited) (Note 2)	Interest in controlled corporation	279,769,880	Long position	52.00%
Guangdong Assets Management (BVI) No. 11 Limited (Note 3)	Interest in controlled corporation	279,769,880	Long position	52.00%
南粵(集團)有限公司 (Nam Yue (Group) Company Limited)	Beneficial owner	279,769,880	Long position	52.00%
廣東粵海控股集團有限公司 (Guangdong Holdings Limited) (Note 4)	Interest in controlled corporation	104,050,120	Long position	19.34%
GDH Limited	Beneficial owner	104,050,120	Long position	19.34%

**Notes:**

1. The approximate percentage of interests held was calculated on the basis of 538,019,000 ordinary shares of the Company in issue as at 30 June 2023.
2. The attributable interest which 廣東南粵集團有限公司 (Guangdong Nam Yue Group Corporation Limited) has in the Company is held through its 100% direct interest in Guangdong Assets Management (BVI) No. 11 Limited.
3. The attributable interest which Guangdong Assets Management (BVI) No. 11 Limited has in the Company is held through its 70% direct interest in 南粵(集團)有限公司 (Nam Yue (Group) Company Limited).
4. The attributable interest which 廣東粵海控股集團有限公司 (Guangdong Holdings Limited) has in the Company is held through its 100% direct interest in GDH Limited.

Save as disclosed above, as at 30 June 2023, so far as is known to any Director or the chief executive of the Company, there were no other persons (other than a Director or the chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company had complied with the code provisions and, where appropriate, the applicable recommended best practices in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023, save as disclosed below:

The approval of the appointment of Ms. Cheung Hoi Yin (“Ms. Cheung”) as the company secretary of the Company with effect from 18 January 2023 following the resignation of Mr. Chong Yuk Fai as the company secretary of the Company was dealt with by a written resolution passed by the Board rather than by holding a physical board meeting as required by a note to Code Provision C.6.2 due to the difficulties in scheduling arrangement during the time of COVID-19 pandemic. Although a physical board meeting was not held to discuss the appointment, the Directors were well informed of the educational background and working experiences of Ms. Cheung and were satisfied that Ms. Cheung possesses the required qualifications and expertise of the position.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry to all the Directors of the Company, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2023.

## REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2023 have been reviewed by the Audit Committee of the Company and ZHONGHUI ANDA CPA Limited, the independent auditor of the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities on the Stock Exchange during the six months ended 30 June 2023.

By Order of the Board  
**Zhou Hao**  
Chairman

Hong Kong, 21 August 2023



**南粤控股**

NAMYUE HOLDINGS

**NAMYUE HOLDINGS LIMITED**

南粤控股有限公司

