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**BONNY INTERNATIONAL HOLDING LIMITED**  
**博尼国际控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1906)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Bonny International Holding Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2023, as follows:

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2024*

		<b>2024</b>	2023
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>REVENUE</b>	4	<b>143,943</b>	96,462
Cost of sales		<b>(101,926)</b>	(71,394)
Gross profit		<b>42,017</b>	25,068
Other income and gains		<b>10,776</b>	4,685
Selling and distribution expenses		<b>(20,197)</b>	(19,969)
Administrative expenses		<b>(14,127)</b>	(12,981)
Impairment losses on financial assets, net		<b>(307)</b>	(869)
Other expenses		<b>(9,091)</b>	(9,331)
Finance costs		<b>(3,547)</b>	(2,155)

		<b>2024</b>	2023
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	<b>5,524</b>	(15,552)
Income tax (expense)/credit	6	<u>(185)</u>	<u>996</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b><u>5,339</u></b>	<b><u>(14,556)</u></b>
Attributable to:			
Owners of the parent		<b>5,341</b>	(14,622)
Non-controlling interests		<u>(2)</u>	<u>66</u>
		<b><u>5,339</u></b>	<b><u>(14,556)</u></b>
<b>EARNINGS/(LOSS) PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>	8		
– Basic and diluted		<b><u>RMB 0.4 cent</u></b>	<b><u>RMB (1.2) cent</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b><u>5,339</u></b>	<b><u>(14,556)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(2,143)</u>	<u>(9,591)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	2,213	9,867
Gains on property revaluation	—	106,571
Income tax effect	<u>—</u>	<u>(15,986)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>2,213</u>	<u>100,452</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>70</u></b>	<b><u>90,861</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>5,409</u></b>	<b><u>76,305</u></b>
Attributable to:		
Owners of the parent	5,411	76,239
Non-controlling interests	<u>(2)</u>	<u>66</u>
	<b><u>5,409</u></b>	<b><u>76,305</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>200,854</b>	205,871
Advance payments for property, plant and equipment		<b>98</b>	176
Investment properties		<b>228,070</b>	228,070
Financial assets at fair value through other comprehensive income		<b>150</b>	150
Right-of-use assets		<b>23,153</b>	24,851
Intangible assets		<b>220</b>	299
<b>Total non-current assets</b>		<b>452,545</b>	459,417
<b>CURRENT ASSETS</b>			
Inventories		<b>83,403</b>	83,367
Trade receivables	10	<b>69,783</b>	33,783
Prepayments, other receivables and other assets		<b>13,760</b>	7,817
Due from a related party	14	<b>49</b>	49
Restricted cash		<b>10,088</b>	—
Cash and cash equivalents		<b>5,588</b>	3,649
<b>Total current assets</b>		<b>182,671</b>	128,665
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	<b>40,818</b>	30,740
Other payables and accruals		<b>73,332</b>	60,168
Interest-bearing bank and other borrowings		<b>112,500</b>	91,032
Tax payable		<b>451</b>	270
Due to related parties	14	<b>27,751</b>	5,181
<b>Total current liabilities</b>		<b>254,852</b>	187,391

		<b>30 June</b>	31 December
		<b>2024</b>	2023
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NET CURRENT LIABILITIES</b>		<b>(72,181)</b>	(58,726)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>380,364</b>	400,691
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>43,689</b>	42,555
Due to related parties	14	—	26,870
Deferred tax liabilities		<b>18,589</b>	18,589
<b>Total non-current liabilities</b>		<b>62,278</b>	88,014
<b>Net assets</b>		<b>318,086</b>	312,677
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	12	<b>80,827</b>	80,827
Share premium		<b>205,242</b>	205,242
Other reserves		<b>30,894</b>	25,483
		<b>316,963</b>	311,552
Non-controlling interests		<b>1,123</b>	1,125
<b>Total equity</b>		<b>318,086</b>	312,677

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

### **Going concern assumption**

As at 30 June 2024, the Group's net current liabilities amounted to approximately RMB72,181,000, which comprised current assets of approximately RMB182,671,000 and current liabilities of approximately RMB254,852,000. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. In preparing the financial statements, the directors of the Company have considered the Group's sources of liquidity and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements.

As at 30 June 2024, the Group's total interest-bearing bank and other borrowings amounted to RMB156,189,000, of which RMB112,500,000 will be due within twelve months from 30 June 2024 and will be renewed under the existing banking facilities. The Group had unutilised banking facilities of RMB8,000,000 with a final maturity date of 30 November 2028 to meet the debt obligations and capital expenditure requirements. In addition, the Group is in the process of implementing the issue of Rights Shares and is continuously taking great effort to develop new customers and secure new orders, improve its working capital and reduce capital expenditure since the Group had completed the construction of its plant.

The directors of the Company are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

### 3. OPERATING SEGMENT INFORMATION

	Six months ended 30 June 2024		
	ODM products <i>RMB'000</i> (Unaudited)	Brand products <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Segment revenue</b>			
Sales to external customers	125,297	18,646	143,943
Segment results	30,887	(9,067)	21,820
Other income and gains			10,776
Corporate and other unallocated expenses			(23,525)
Finance costs			(3,547)
Profit before tax			<u>5,524</u>

	Six months ended 30 June 2023		
	ODM products <i>RMB'000</i> (Unaudited)	Brand products <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Segment revenue</b>			
Sales to external customers	74,383	22,079	96,462
Segment results	15,223	(10,124)	5,099
Other income and gains			4,685
Corporate and other unallocated expenses			(23,181)
Finance costs			(2,155)
Loss before tax			<u>(15,552)</u>



## Geographic information

### (a) Revenue from external customers

	For the six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Chinese Mainland	49,146	65,812
United States of America	37,903	12,405
Germany	24,563	816
Canada	14,823	—
Netherlands	7,000	9,450
Mexico	5,611	5,945
Korea	2,566	—
Britain	796	1,394
Other countries or regions	1,535	640
Total	<u>143,943</u>	<u>96,462</u>

The revenue information above is based on the shipment destinations.

### (b) Non-current assets

	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Chinese Mainland	<u>452,395</u>	<u>459,267</u>

The non-current assets information above is based on the locations of the assets and excludes financial assets at fair value through other comprehensive income.

#### 4. REVENUE

An analysis of revenue is as follows:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers	<b>143,943</b>	96,462

#### Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

Segments	ODM products RMB'000 (Unaudited)	Brand products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Type of goods or services</b>			
Sale of goods	<b>125,297</b>	<b>18,646</b>	<b>143,943</b>
<b>Geographical markets</b>			
Chinese Mainland	<b>30,500</b>	<b>18,646</b>	<b>49,146</b>
United States of America	<b>37,903</b>	—	<b>37,903</b>
Germany	<b>24,563</b>	—	<b>24,563</b>
Canada	<b>14,823</b>	—	<b>14,823</b>
Netherlands	<b>7,000</b>	—	<b>7,000</b>
Mexico	<b>5,611</b>	—	<b>5,611</b>
Korea	<b>2,566</b>	—	<b>2,566</b>
Britain	<b>796</b>	—	<b>796</b>
Other countries or regions	<b>1,535</b>	—	<b>1,535</b>
Total	<b>125,297</b>	<b>18,646</b>	<b>143,943</b>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	<b>125,297</b>	<b>18,646</b>	<b>143,943</b>

**For the six months ended 30 June 2023**

Segments	ODM products <i>RMB'000</i> (Unaudited)	Brand products <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Type of goods or services</b>			
Sale of goods	74,383	22,079	96,462
<b>Geographical markets</b>			
Chinese Mainland	43,733	22,079	65,812
United States of America	12,405	—	12,405
Netherlands	9,450	—	9,450
Mexico	5,945	—	5,945
Britain	1,394	—	1,394
Germany	816	—	816
Other countries or regions	640	—	640
Total	74,383	22,079	96,462
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	74,383	22,079	96,462

## 5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	(Unaudited)
Cost of inventories sold*	<b>101,926</b>	71,394
Depreciation of property, plant and equipment	<b>5,597</b>	5,667
Depreciation of right-of-use assets	<b>2,231</b>	2,116
Amortisation of intangible assets	<b>79</b>	106
Research and development costs**	<b>8,563</b>	8,233
Government grants	<b>(1,452)</b>	(1,788)
Outsourced manufacturers	<b>12,874</b>	2,345
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	<b>35,180</b>	27,007
Pension scheme contributions	<b>1,497</b>	1,651
Staff welfare expenses	<b>157</b>	132
<b>Total</b>	<b><u>36,834</u></b>	<b><u>28,790</u></b>
Concession fees	<b>3,013</b>	3,026
Write-down of inventories to net realisable value	<b>1,792</b>	3,185
Impairment of trade receivables, net	<b>307</b>	869
Loss on disposal of items of property, plant and equipment	<b>501</b>	27
Bank interest income	<b>(9)</b>	(15)
Exchange differences, net	<b><u>(1,057)</u></b>	<b><u>(214)</u></b>

\* The cost of inventories sold includes RMB16,991,000 (30 June 2023: RMB15,368,000) relating to staff cost, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and impairment of inventories for the period ended 30 June 2024, which are also included in the respective total amounts disclosed above for each type of expenses.

\*\* The research and development costs include RMB5,617,000 (30 June 2023: RMB5,501,000) relating to staff cost, depreciation of property, plant and equipment and amortisation of intangible assets for the period ended 30 June 2024, which are also included in the respective total amounts disclosed above for each type of expenses.

## 6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023:8.25%) and the remaining assessable profits are taxed at 16.5% (2023:16.5%).

The provision for Chinese Mainland current income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Chinese Mainland which are granted tax concession and are taxed at preferential tax rates.

Zhejiang Bonny Fashion Holding Group Co., Ltd., a subsidiary of the Company is qualified as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% (2023:15%) during the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current		
Charge for the period	<b>185</b>	2
Deferred	<b>—</b>	(998)
Total tax charge/(credit) for the period	<b>185</b>	(996)

## 7. DIVIDENDS

No dividend was declared and paid by the Company during the period.

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,200,000,000 (2023: 1,200,000,000) in issued during the period.

No adjustment has been made to the basic earnings/(loss) per share amount presented for the period ended 30 June 2024 and 2023 in respect of a dilution as there are no dilutive potential ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	<b>2024</b> <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>5,341</u>	<u>(14,622)</u>
	<b>Number of shares</b>	
	<u>2024</u>	2023
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>1,200,000,000</u>	<u>1,200,000,000</u>

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB4,824,000 (30 June 2023: RMB2,009,000).

Assets (other than those classified as held for sale) with a net book value of RMB4,654,000 were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: RMB27,000), resulting in a net loss on disposal of RMB501,000 (30 June 2023: RMB27,000).

## 10. TRADE RECEIVABLES

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 3 months	68,141	32,228
3 to 6 months	493	442
6 to 12 months	602	751
1 to 2 years	472	254
2 to 3 years	75	108
Total	<u>69,783</u>	<u>33,783</u>

## 11. TRADE AND BILLS PAYABLES

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 3 months	19,255	14,023
3 to 6 months	16,347	4,789
6 to 12 months	909	6,744
Over 12 months	4,307	5,184
Total	<u>40,818</u>	<u>30,740</u>

## 12. SHARE CAPITAL

### Shares

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Issued and fully paid:		
1,200,000,000 (31 December 2023: 1,200,000,000) ordinary shares	<u>80,827</u>	<u>80,827</u>

## 13. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Buildings	<u>23,993</u>	<u>22,573</u>



## 14. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

		<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2024</b>	2023
<i>Notes</i>		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Purchase of materials from:			
Zhejiang Deshipu New Material Technology			
Co., Ltd. (“ <b>Deshipu New Material</b> ”)			
(i)		<u>—</u>	<u>981</u>
Borrowings from:			
Zhejiang Baicheng Trading Co., Ltd.			
(“ <b>Baicheng Trading</b> ”)			
(ii)		<u>20,800</u>	<u>20,500</u>
Loans granted to:			
Mr. Jin Guojun			
(iii)		<u>—</u>	<u>23</u>

*Note:*

- (i) The purchases of materials from Deshipu New Material were made according to the published prices and conditions offered by the related party to its major customers.
- (ii) The borrowings from Baicheng Trading are unsecured, non-interest-bearing and repayable on 31 March 2025.
- (iii) The loans granted to Mr. Jin Guojun are unsecured, non-interest-bearing and repayable on demand.

(b) Other transactions with related parties:

- (i) Mr. Jin Guojun and Ms. Gong Lijin have guaranteed certain of the Group’s bank loans of up to RMB250,000,000 as at 30 June 2024 (31 December 2023: RMB 250,000,000).
- (ii) Ms. Huang Jingyi, the non-executive director, has guaranteed certain of the Group’s bank loans of up to RMB200,000,000 as at 30 June 2024 (31 December 2023: RMB200,000,000).

(c) Outstanding balances with related parties:

	<b>30 June</b> <b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 <i>RMB'000</i> (Audited)
<b>Due from a related party</b>		
Mr. Jin Guojun <i>(ii)</i>	<u>49</u>	<u>49</u>
<b>Due to related parties</b>		
Deshipu New Material <i>(i)</i>	3,151	5,151
Bode Holding Co., Ltd. <i>(ii)</i>	30	30
Baicheng Trading <i>(iii)</i>	<u>24,570</u>	<u>26,870</u>
Total	<u><u>27,751</u></u>	<u><u>32,051</u></u>

The balances with related parties are unsecured and interest-free.

- (i) The balances with related parties above are trade in nature, unsecured, non-interest-bearing and repayable on demand.
- (ii) The balances with related parties above are non-trade in nature, unsecured, non-interest-bearing and repayable on demand.
- (iii) The borrowings from Baicheng Trading are non-trade in nature, unsecured, non-interest-bearing and repayable on 31 March 2025.

(d) Compensation of key management personnel of the Group:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 <i>RMB'000</i> (Unaudited)
Short-term employee benefits	<u>1,507</u>	<u>1,303</u>
Total compensation paid to key management personnel	<u><u>1,507</u></u>	<u><u>1,303</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

During the Reporting Period, design, research and development, production and sales of seamless and traditional intimate wear products remained to be the principal activities of the Group. It focuses on providing manufacturing solutions of one-stop intimate wear for the original design manufacturers (the “ODM”) in the PRC and overseas, and selling traditional intimate wear products under the “Bonny” and “U+Bonny” brands through the retail network in the PRC. The Group offers a wide variety of products, such as bras and shorts, underwear sets, casual apparels, sportswear and loungewear products. The Group’s products are also available for sale through its current e-commerce network and different well-recognised e-commerce platforms.

In the first half of 2024, China’s textile and garment industries demonstrated resilience in overcoming challenges posed by the impact of global foreign exchange market fluctuations, increasing trade barriers and international shipping disruptions. Despite these hurdles, the industries achieved a better-than-expected export performance, with cumulative export of textile and garment approximately reaching USD143.24 billion, reflecting a year-on-year growth of approximately 1.6%. Notably, exports to the United States increased by 5.1% and those to ASEAN increased by 9.5%. During the Reporting Period, the Group’s total revenue amounted to approximately Renminbi (“RMB”) 143.9 million, representing an increase of approximately 49.1% as compared to approximately RMB96.5 million for the corresponding period of last year. The Group recognised foreign sales revenue of approximately RMB94.8 million, among which the top three destination countries for export sales were the United States, Germany and Canada, accounting for 40.0%, 25.9% and 15.6% of the total foreign sales revenue respectively.

Benefiting from the significant increase in sales revenue, the Group achieved a profit attributable to the owners of the parent of approximately RMB 5.3 million during the Reporting Period, a marked improvement from the loss of approximately RMB 14.6 million reported for the same period in 2023.

#### Revenue

Revenue for the Reporting Period amounted to approximately RMB143.9 million, representing an increase of approximately RMB47.4 million, or approximately 49.1%, as compared to approximately RMB96.5 million for the corresponding period of last year.

Revenue of the ODM products segment for the Reporting Period amounted to approximately RMB125.3 million, representing an increase of approximately RMB50.9 million, or approximately 68.4%, as compared to approximately RMB74.4 million for the corresponding period of last year.

The table below sets out the sales data by country during the Reporting Period:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Chinese Mainland	<b>49,146</b>	65,812
United States of America	<b>37,903</b>	12,405
Germany	<b>24,563</b>	816
Canada	<b>14,823</b>	—
Netherlands	<b>7,000</b>	9,450
Mexico	<b>5,611</b>	5,945
Korea	<b>2,566</b>	—
Britain	<b>796</b>	1,394
Other countries or regions	<b>1,535</b>	640
Total	<b><u>143,943</u></b>	<u>96,462</u>

During the Reporting Period, the Group's ODM export revenue increased by approximately RMB64.1 million as compared to the corresponding period of last year, mainly attributable to:

- i) The Group's strong and long-standing cooperative relationships, coupled with its solid market reputation, led some customers to entrust the Group with production orders from other business lines. This shift resulted in significant changes to the Group's product mix and geographical sales distribution, as well as a substantial increase in overall orders.
- ii) The Group has successfully executed cooperative agreements with newly acquired overseas customers and cross-border e-commerce clients, positioning these collaborations as a new catalyst for sales growth.

Conversely, the Group's ODM domestic sales revenue declined, mainly due to underperformance on domestic e-commerce platforms during the first half of the year. This shortfall led to an inventory buildup and subsequent reduction in orders as efforts were made to alleviate the excess inventory pressure.

Revenue of the brand products segment for the Reporting Period amounted to approximately RMB18.6 million, representing a decrease of approximately RMB3.5 million, or approximately 15.8% as compared to approximately RMB22.1 million for the corresponding period of last year.

Brand competition in Chinese underwear market has become increasingly competitive and diversified. Traditional brands maintain a significant market share by virtue of brand recognition, channel advantages and product quality, while emerging brands have risen rapidly and grown strongly by virtue of internet genes, innovation ability and younger positioning. However, the Group's "Bonny" self-operated brand is not dominant in the above two categories of brands and is extremely vulnerable to fluctuations in the retail environment. During the Reporting Period, the Group's brand sales focused on controlling costs, stabilizing the existing market and continuously adjusting stores with unsatisfactory performance and long-term losses. As at 30 June 2024, the Group operated 99 self-managed retail outlets (including 92 concession counters and 7 standalone stores) and 13 direct-franchised retail outlets, municipalities and autonomous regions in the PRC, without the involvements of distributors or multiple layers of franchisees. The total number of the Group's retail outlets decreased from 123 as at 30 June 2023 to 112 as at 30 June 2024.

### **Gross profit margin**

Gross profit margin for the Reporting Period amounted to approximately 29.2%, representing an increase as compared to approximately 26.0% for the corresponding period of last year. The improvement of Gross Profit margin was primarily due to the fact that i) the Group paid more attention to the gross profit margin of products under the assumption of sufficient orders and screened individual products based on their gross profit margin during the Reporting Period; and ii) the market price of the main raw material nylon has declined.

### **Other Income and Gains**

Other income and gains for the Reporting Period was approximately RMB10.8 million, representing an increase of approximately RMB6.1 million, or approximately 129.8%, from approximately RMB4.7 million for the corresponding period last year. Such increase was primarily due to an increase in rental income of approximately RMB5.2 million as compared to the corresponding period of last year as a result of the addition of leased areas during the Reporting Period.

### **Selling and Distribution Expenses**

Selling and distribution expenses for the Reporting Period were approximately RMB20.2 million, consistent with approximately RMB20.0 million for the corresponding period of last year and consisted mainly of approximately RMB9.9 million of personnel expenses.

## **Administrative and Other Expenses**

Administrative and other expenses for the Reporting Period were approximately RMB23.5 million, which was not significantly increased compared to approximately RMB23.2 million for the corresponding period of last year. During the Reporting Period, the personnel expenses of administrative expenses increased by approximately RMB1.4 million as compared to the corresponding period of last year, mainly due to an increase in the social security base. Other expenses decreased by approximately RMB0.2 million as compared to the corresponding period of last year, mainly due to the loss from fixed assets of approximately RMB0.6 million caused by the disposal of old jacquard machines and mask machines during the Reporting Period.

## **Finance Costs**

Finance costs for the Reporting Period were approximately RMB3.5 million, representing an increase of approximately RMB1.3 million, or approximately 59.1%, from approximately RMB2.2 million for the corresponding period last year. The increase was primarily due to the interest on special project loans is no longer capitalized for the Reporting Period since the Group had completed the construction of phase III of the Beiyuan Production Site.

## **Income tax expense/credit**

Income tax expense for the Reporting Period amounted to approximately RMB0.2 million as compared to the income tax credit of approximately RMB1.0 million for the corresponding period of last year, mainly due to the profit during the Reporting Period.

## **Production Capacity**

During the Reporting Period, the production site of the Company at Beiyuan Street, Yiwu City, Zhejiang Province and the production site at Yushan County, Shangrao City, Jiangxi Province were under normal operations. The production of the products of the Company was organized autonomously using its own equipment, workers and techniques and applying the production strategy of “basing production on sales prospects” to ensure that production is scheduled at the right time to meet customer demands. In the first half of 2024, the Group’s sales orders increased significantly, which put forward higher requirements for the factory’s production efficiency improvement, capacity utilization and manufacturing quality assurance. The management of the Company actively responded by: i) upgrading unsuitable machinery and equipment; ii) adjusting the salary scheme to attract and stabilize employees; and iii) employing production subcontractors to provide subcontracting operations for certain processes and other measures to improve production capacity to meet the increased order demand.

## **Human Resources**

The number of full-time employees of the Group increased to 831 as at 30 June 2024 (31 December 2023: 607). The employee benefit expense (excluding directors' and chief executive's remunerations) for the Reporting Period was approximately RMB36.8 million (2023: approximately RMB28.8 million). The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience. The remuneration packages are subject to review on a regular basis.

## **PROSPECTS**

Since the listing of the Group, it has experienced lasting turmoil and hostility from internal and external sides, with the former one represented by the China-US trade war, the increasingly complicated international trading circumstances and the unexpected outbreak of Covid-19 pandemic, and the latter one caused by the urge for upgrading of aspects including research and development technology, production and manufacturing as well as the long-term loss in the principal activities of the Group. It is hardship that the Group has went through to achieve net profit during the Reporting Period. Looking ahead for the forthcoming future, the Group will remain confronted with uncertainties including a unsteady growth of overseas demand, escalating geopolitical risks and increasing trade barriers. Faced with complex and severe external conditions, the Group will undergo numerous challenges of uncertainties and risks.

In case of that situation, the Group will adhere to improving its innovative competence, continue to enhance the added-value and competitiveness of its products and actively promote the transformation and upgrading of its equipment and technology so as to strengthen its resilience against risks, which will enable the Group to maintain a advantageous position in the presence of intense competition.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers. As at 30 June 2024, the Group had cash and cash equivalents, which are mostly denominated in Renminbi, U.S. dollars and Hong Kong dollars currency unit, of approximately RMB5.6 million (31 December 2023: approximately RMB3.6 million). The interest-bearing liabilities as at 30 June 2024 were approximately RMB156.2 million (31 December 2023: approximately RMB133.6 million) with interest rates ranging from approximately 4.25% to 4.85% per annum. The Group's gearing ratio as at 30 June 2023, calculated based on net debts to the total capital and net debts, was approximately 47.1% (as at 31 December 2023: approximately 44.8%). The Group recorded net current liabilities of approximately RMB72.2 million as of 30 June 2024. During the Reporting Period, no financial instruments had been used for hedging purpose.

## **FOREIGN EXCHANGE RISK**

The monetary assets and liabilities and business transaction of the Group are mainly carried out and conducted in Renminbi, U.S. dollars and Hong Kong dollars. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the Reporting Period, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

For the Reporting Period, the Group did not make material acquisitions or disposals of subsidiaries, associates and joint ventures.



## **CAPITAL COMMITMENTS**

As at 30 June 2024, the Group had total capital commitments of RMB24.0 million (as at 31 December 2023: RMB22.6 million), primarily related to the construction of phase III of the Beiyuan Production Site.

These capital commitments are expected to be financed by internal and external resources of the Group.

## **CONTINGENT LIABILITIES**

As at 30 June 2024, the Group did not have any significant contingent liabilities.

## **PLEDGE OF ASSETS**

As at 30 June 2024, save for i) the Group's buildings and machinery and equipment situated in Chinese Mainland, which had a net carrying value of RMB176.2 million as at 30 June 2024 (31 December 2023: RMB176.9 million); ii) the Group's investment properties situated in Chinese Mainland, which had a carrying amount of RMB228.1 million (31 December 2023: RMB228.1 million); and iii) the Group's leasehold land situated in Chinese Mainland, which had a net carrying value of RMB21.1 million (31 December 2023: RMB21.4 million) which were pledged to secure general banking facilities, the Group did not pledge any other assets.

## **SUBSEQUENT EVENT**

As at 30 June 2024 and up to the date of this announcement, the Group had no significant event occurred which would materially affect the Group's operating and financial performance.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group's remuneration policy is to compensate its employees based on their performance, qualifications and the Group's operational results. The total remuneration of employees includes basic salaries and performance bonus. Directors and senior management of the Group receive compensation in the form of fees, salaries, allowances, discretionary bonus, defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses its Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages (including incentive plans) of its Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of its Directors and senior management and the performance of the Group. The Company has adopted a share option scheme on 19 March 2019 as incentive or reward to the Directors, senior management and other selected participants. The employees of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government (the "**Central Pension Scheme**"), which is also considered as a defined contribution plan and these subsidiaries are required to contribute certain percentage of employees' salaries to the Central Pension Scheme. The Group has no further payment obligations once the contributions have been paid. All contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees and when they fall due under the relevant regulations. No forfeited contributions could be used by employer to reduce the existing level of contributions.

## **SIGNIFICANT INVESTMENTS HELD**

As at 30 June 2024, the Group did not hold any significant investment in equity interest in any other company.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

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

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

## **CORPORATE GOVERNANCE MEASURES**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) to ensure that the Company’s business activities and decision making processes are regulated in a proper and prudent manner. The Company had complied with all the applicable code provisions under the CG Code during the Reporting Period, save and except for deviation from code provision C.2.1 of the CG Code.

Mr. Jin Guojun (“**Mr. Jin**”) is the chairman of the Board (the “**Chairman**”) and chief executive officer of the Company. Although this deviates from the practice under code provision C.2.1 of the CG Code, where it provides that the two positions should be held by two different individuals, as Mr. Jin has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and its Shareholders as a whole to continue to have Mr. Jin as Chairman so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the Chairman should not be able to monopolise the decision-making of the Board. The Board considers that the balance of power between the Board and management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action be taken should the need arise.

Save as disclosed above, during the Reporting Period, the Company has complied with all the applicable code provisions of the CG Code.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) currently consists of three independent non-executive Directors, being Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe. Mr. Chan Yin Tsung currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 and the accounting principles and practices adopted and discussed auditing, internal control and financial reporting matters. The Audit Committee is of the view that the applicable accounting standards and requirements have been complied with by the Company and that appropriate disclosure have been made.

## **REMUNERATION COMMITTEE**

The remuneration committee of the Company (“**Remuneration Committee**”) currently consists of two independent non-executive Directors, namely Mr. Chan Yin Tsung and Dr. Wei Zhongzhe and one executive Director, namely Mr. Jin Guojun. Dr. Wei Zhongzhe is the chairman of the Remuneration Committee. The primary responsibilities of the Remuneration Committee include, among others, evaluating the performance and making recommendation on the remuneration package of the Directors and senior management, and evaluating and making recommendation on the share award plan of the Company.

## **NOMINATION COMMITTEE**

The nomination committee of the Company (the “**Nomination Committee**”) currently consists of one executive Director, namely Mr. Jin Guojun, and two independent non-executive Directors, namely Mr. Chan Yin Tsung and Dr. Wei Zhongzhe. Mr. Jin Guojun is the chairman of the Nomination Committee. The primary responsibilities of the Nomination Committee include, among others, considering and recommending to the Board suitably qualified persons to become the member of the Board and reviewing the structure, size and composition of the Board on a regular basis and as required.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

Upon specific enquiry, all Directors have confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the Reporting Period.

## **INTERIM DIVIDEND**

The Board did not declare the payment of an interim dividend for the Reporting Period (30 June 2023: nil).

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement of the Group for the Reporting Period is available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.bonnychina.com](http://www.bonnychina.com).

An interim report of the Group for the Reporting Period, containing all the information required by the Listing Rules, will be despatched to the Shareholders and published on the above websites in due course.

By Order of the Board  
**Bonny International Holding Limited**  
**Jin Guojun**  
*Chairman*

Hong Kong, 19 August 2024

*As at the date of this announcement, the Board comprises Mr. Jin Guojun and Mr. Zhao Hui as executive Directors; Ms. Gong Lijin and Ms. Huang Jingyi as non-executive Directors; and Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe as independent non-executive Directors.*