



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



Interim Report
中期報告

2024



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Corporate Information

As at 19 August 2024

BOARD OF DIRECTORS

Executive Directors

Zhou Hao (*Chairman and Managing Director*)
Liao Siyang (*Deputy General Manager*)

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

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148 Connaught Road Central
Hong Kong

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Website : 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 2024 was HK\$5,999,000, representing a decrease in loss of HK\$15,654,000 or 72.3% from HK\$21,653,000 for the corresponding period last year.

The unaudited net asset value of the Group as at 30 June 2024 was HK\$47,296,000, representing a decrease of HK\$5,615,000 and HK\$47,817,000 respectively as compared to the net asset value as at 31 December 2023 and 30 June 2023.

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 2024 (six months ended 30 June 2023: Nil).

BUSINESS REVIEW

The domestic market for footwear leather was generally sluggish. Some enterprises have resorted to low pricing strategies to boost their market share, leading to fierce market competition and declining profits. With consumption downgrading and increasingly diverse and personalized consumer demands, enterprises need to continuously innovate and improve their existing product quality and service levels to meet market demand. In 2024, the Group continued to persist with high-quality development plan and make every effort to promote business model transformation in different aspects, with focus on reducing inventory and costs, as well as introducing and expanding subcontracting business. By strengthening the entire management process and enhancing the ability to respond to the market, the Group can pave the way for future high-quality growth. In May 2024, the Group was successfully certified by the LWG Environmental Auditing Protocol and was accredited with the Gold Rating, marking new progress in the brand development as a listed company. The certification not only strengthened customer confidence and expanded the subcontracting volume but also helped better align our management standards with international standards, laying a solid foundation for our products to penetrate the European and American markets.

During the period, with the reorganization of the operation and sales teams, the Group made unremitting efforts to continue to promote sales and reduction of inventory through diversified channels, realizing the conversion of inventory into cash flow. In addition, some of the substandard and unsatisfactory inventory from last year were sold at the best price to achieve the goals set at the beginning of the year, and the reversal of provision for inventories was increased, resulting in an increase in the gross profit margin from -12.1% for the corresponding period last year to 12.7% for the period, turning a gross loss into a profit. Together with the reduction of administrative expenses, the Group’s operating loss was significantly curtailed by 72.3% compared to the corresponding period last year. This effectively curbed the downward trend of the operating situation, achieving the expected goals of stabilizing operations and production, and enhancing operating capabilities and improving business quality steadily.

Management Discussion and Analysis (continued)

BUSINESS REVIEW (CONTINUED)

During the period, the Group implemented a range of in-depth initiatives aligned with its overarching objectives of maximizing internal potential for environmental protection, energy conservation and consumption reduction. For steam savings, the sewage treatment station adopted insulation measures and replaced steam heating on the production lines with air energy-saving equipment, thereby reducing steam-related costs. In terms of water conservation, the sewage treatment station eliminated the use of tap water for well flushing during sewage treatment. This overcame the traditional notion that high-concentration wastewater cannot be processed by the sewage system, saving approximately 300 tons of water per day. Regarding electricity, the Group adopted staggered production shifts to avoid high summer temperatures and reduce electricity expenses. For equipment, by transforming the rotary drums into heavy-duty models which increased the production output while decreasing the labor and electricity costs, the Group strived to turn energy conservation and consumption reduction into economic benefits for the Company.

During the period, the total production volume of cowhides was 1,679,000 sq. ft., representing a decrease of 489,000 sq. ft. or 22.6% as compared to 2,168,000 sq. ft. for the corresponding period last year. The production volume of grey hides was 384 tons, representing a decrease of 403 tons or 51.2% as compared to 787 tons for the corresponding period last year. The production volume of subcontracting business was 6,312,000 sq. ft., representing an increase of 5,072,000 sq. ft. or 409.0% as compared to 1,240,000 sq. ft. for the corresponding period last year.

During the period, the total sales volume of cowhides was 2,798,000 sq. ft., representing an increase of 390,000 sq. ft. or 16.2% as compared to 2,408,000 sq. ft. for the corresponding period last year. The sales volume of grey hides was 384 tons, representing a decrease of 403 tons or 51.2% as compared to 787 tons for the corresponding period last year. The sales volume of subcontracting business was 6,312,000 sq. ft., representing an increase of 5,072,000 sq. ft. or 409.0% as compared to 1,240,000 sq. ft. for the corresponding period last year.

During the period, the consolidated revenue of the Group was HK\$42,118,000, representing an increase of HK\$3,533,000 or 9.2% from HK\$38,585,000 for the corresponding period last year, of which the sales value of cowhides amounted to HK\$26,467,000 (six months ended 30 June 2023: HK\$31,416,000), representing a decrease of 15.8%; and that of grey hides and other products amounted to HK\$2,139,000 (six months ended 30 June 2023: HK\$4,029,000), representing a decrease of 46.9%; and that of subcontracting business amounted to HK\$13,512,000 (six months ended 30 June 2023: HK\$3,140,000), representing an increase of 330.3%.

Management Discussion and Analysis (continued)

BUSINESS REVIEW (CONTINUED)

In view of the current sluggish footwear leather market, the Group continued to strengthen research and development and production, relentlessly iterate and innovate, and form special teams to focus on business development, refine warehouse inventory, sort out the long-term inventory overstock in the production lines, and subdivide it according to leather nature and looseness. Combined with the current condition and characteristics of different types of inventory and the needs of market customers, the Group differentiated, re-planned and adjusted the product development directions so as to boost sales volume. At the same time, by adjusting the structure of finished products, the Group strengthened product quality control, improved product quality rate, and increased product selling prices as well as overall sales revenue. In 2024, the Group implemented the development idea of expanding the subcontracting business. To maximize the utilization of the Group's equipment, technology and sewage treatment advantages, the Group explored subcontracting customers to increase revenue and fulfilled the basic production volume. The production volume significantly improved, and the entire production process was driven by the subcontracting business, achieving the purpose of diluting unit fixed manufacturing costs, effectively supporting the stability of the production organization and workforce of each process, and bringing positive gross profit impact to the Group.

Cost optimization has been one of the Group's main strategies during the period. Through the reorganization of work tasks and positions and the implementation of integration, labor costs have been further reduced. The Group has strengthened production cost tracking and assessment, formulated assessment plans focusing on achieving production and operation goals, and conducted salary-linked assessments in respect of production volume, quality, leather yield, water, electricity and gas costs, and safety production, greatly enhancing the motivation of employees. The Group has adopted a sunshine procurement platform to purchase raw materials, selected the best suppliers, and reduced the procurement price to varying degrees. The Group has sorted out the long-term cooperative chemical materials suppliers, strengthened cooperation with well-known domestic large chemical materials suppliers, reduced chemical materials procurement costs through bulk purchasing, and enhanced the competitiveness. The Group has actively carried out process optimization, reduced the variety of chemical materials used, and conducted comparative tests on the cost effectiveness of chemical materials to lay the foundation for price negotiation and comparison by the purchasing center. In addition, the Group has sought out well-known technical personnel from various sources to provide technical services, optimize product structure, increase product added value, and strive to reduce the cost of chemical materials. During the period, the Group mainly purchased cowhides in a targeted manner based on sales orders. In the meantime, the Group continued to have inventory reduction, funds revitalization, and positive cash flow as a priority. For the six months ended 30 June 2024, the total procurement amount was HK\$12,722,000, representing a decrease of 66.4% as compared with the same period last year.

As at 30 June 2024, the Group's consolidated inventory amounted to HK\$39,606,000 (31 December 2023: HK\$50,457,000), representing a decrease of HK\$10,851,000 or 21.5% as compared to that as at 31 December 2023. With destocking as its target and achieving positive cash flow as its primary task, the Group continued to firmly digest inventory from a long-term strategic perspective. During the period, inventory management and product development were strengthened, and aged inventory was sold with all efforts through research on craft and product rectification and integration. Focusing on solving the problem of inventory overstock, the inventory structure has improved from the end of last year. The Group has reassessed the value of inventories based on its ageing and net realizable value and made a net reversal of provision for inventories of HK\$10,451,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: a net provision for inventories of HK\$2,219,000).

Management Discussion and Analysis (continued)

BUSINESS REVIEW (CONTINUED)

As at 30 June 2024, the Group's property, plant and equipment amounted to HK\$39,381,000 (31 December 2023: HK\$40,248,000), representing a decrease of HK\$867,000 or 2.2% as compared to that as at 31 December 2023. 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\$396,000 was made for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$782,000).

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2024, the Group's cash and cash equivalents amounted to HK\$3,109,000 (31 December 2023: HK\$7,139,000), representing a decrease of HK\$4,030,000 or 56.5% as compared to 31 December 2023, of which 7.3% were in Hong Kong dollars, 91.0% in Renminbi and 1.7% in United States dollars. Net cash inflow from operating activities for the period was HK\$12,075,000, which was mainly attributable to the decrease in inventories, resulting in an increase in net cash inflow. Net cash outflow from investing activities was HK\$1,729,000, which was mainly attributable to the increase in pledged bank balances and payment for renovations and purchase of equipment. Net cash outflow from financing activities was HK\$14,346,000, which was mainly attributable to the increase in repayment of bank borrowings.

As at 30 June 2024, the Group had no interest-bearing borrowing (31 December 2023: HK\$14,811,000, of which interest-bearing loan in Renminbi amounted to HK\$14,346,000 and interest-bearing borrowings in US dollars amounted to HK\$465,000). The Group's banking facilities secured by pledged bank balances, buildings and right-of-use assets of HK\$46,761,000 in total, charged at a floating rate.

As at 30 June 2024, the Group's gearing ratio of interest-bearing borrowings to shareholders' equity plus interest-bearing borrowings was nil (31 December 2023: 21.9%). The annual interest rate of loan interest and discount interest during the period was approximately 1.7% to 5.5%. During the period, the Group's interest expenses amounted to HK\$295,000, representing an increase of 29.4% as compared to the corresponding period of last year, which was mainly attributable to the increase in borrowings.

As at 30 June 2024, the Group's total banking facilities amounted to HK\$38,350,000, all of which were unutilized, while as at 31 December 2023, the Group's banking facilities amounted to HK\$44,140,000, of which utilized interest-bearing bank borrowings of HK\$14,811,000 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.

Capital Expenditure

As at 30 June 2024, the net amount of non-current assets including property, plant and equipment and right-of-use assets amounted to HK\$49,952,000, representing a decrease of HK\$1,091,000 over the net value of HK\$51,043,000 as at 31 December 2023. The capital expenditure for the period amounted to HK\$415,000 (six months ended 30 June 2023: HK\$827,000) in total, which was mainly attributable to the payment of renovations as well as acquisition of equipment to meet the production needs of the Group.

Management Discussion and Analysis (continued)

FINANCIAL REVIEW (CONTINUED)

Pledge of Assets

As at 30 June 2024, the Group's bank deposits of HK\$1,456,000 (31 December 2023: HK\$25,000), buildings of HK\$34,734,000 (31 December 2023: HK\$35,522,000) and right-of-use assets of HK\$10,571,000 (31 December 2023: HK\$10,795,000) 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 2024, the Group had 283 staff (31 December 2023: 288). The Group's remuneration policy is based on its operating results and the employees' performance. The Group has adopted a performance-based quantitative 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

Although the tanning industry, as a traditional basic industry, has been under pressure in recent years and many small and medium-sized tanneries in the industry have withdrawn from the market, still mainland China has a superscale market with a population of 1.4 billion. After the tanning industry eliminates excess production capacity, the surviving tanneries will usher in opportunities for further development. In the second half of 2024, the Group will continue to maintain healthy production momentum. On the one hand, we will work to reduce inventory, develop bag leather and military business lines, and keep pace with evolving consumer demands. In view of the current status of inventory products, we will lead research and development and production through product innovation and production process reengineering. On the other hand, we will increase our proportion of subcontracting business, enhance customer service in processing, and cultivate new competitive advantages. In addition, we will pursue comprehensive efforts in cost reduction, energy conservation and resource consumption reduction. Management measures will be continually refined to enhance our management standards, further deepening our production and operation management. Production processes will be scrutinized for spotting deficiencies and various quality control checkpoints. Data analysis will be leveraged to boost management precision and effectiveness, aiming to overcome the current challenges. These can ensure steady operations amid the complex economic landscape and strive for further loss reduction, preparing the Group for future market opportunities. Additionally, the Group will explore diverse business prospects to broaden its income streams and diversify operations, which in turn can bolster its long-term growth potential and deliver greater value to its shareholders.

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 9 to 25 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 2024 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 notes to the interim financial information. 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, 19 August 2024

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
REVENUE	6	42,118	38,585
Cost of sales		(36,756)	(43,251)
Gross profit/(loss)		5,362	(4,666)
Other income and gains, net	7	534	355
Selling and distribution expenses		(446)	(827)
Administrative expenses		(10,533)	(14,462)
Impairment on items of plant and equipment		(396)	(782)
Other operating expenses	7	(417)	(1,200)
Finance costs	8	(295)	(228)
LOSS BEFORE TAX	9	(6,191)	(21,810)
Income tax credit	10	192	157
LOSS FOR THE PERIOD		(5,999)	(21,653)
LOSS PER SHARE	11		
– Basic		HK\$(1.12) cents	HK\$(4.02) cents
– Diluted		HK\$(1.12) cents	HK\$(4.02) cents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
LOSS FOR THE PERIOD	(5,999)	(21,653)
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
<i>Other comprehensive income/(expenses) that will not be reclassified to profit or loss in subsequent periods:</i>		
Surplus on revaluation of buildings	1,076	778
Income tax effect	(269)	(195)
	807	583
<i>Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(423)	(3,830)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX	384	(3,247)
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	(5,615)	(24,900)

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		39,381	40,248
Right-of-use assets		10,571	10,795
		49,952	51,043
CURRENT ASSETS			
Inventories		39,606	50,457
Receivables, prepayments and deposits	13	27,219	26,873
Pledged bank balances		1,456	25
Cash and bank balances		3,109	7,139
		71,390	84,494
CURRENT LIABILITIES			
Trade and bills payables	14	39,460	34,113
Other payables, accruals and provision	15	28,751	27,896
Interest-bearing bank borrowings	16	–	14,811
Due to a PRC joint venture partner		1,131	1,131
		69,342	77,951
NET CURRENT ASSETS		2,048	6,543
TOTAL ASSETS LESS CURRENT LIABILITIES		52,000	57,586
NON-CURRENT LIABILITIES			
Other payables, accruals and provision	15	34	81
Deferred tax liabilities		4,670	4,594
		4,704	4,675
NET ASSETS		47,296	52,911
EQUITY			
Share capital	17	75,032	75,032
Reserves	18	(27,736)	(22,121)
TOTAL EQUITY		47,296	52,911

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital HK\$'000	Equity component of convertible notes HK\$'000	General reserve fund HK\$'000 (note 18(a))	Reserve funds HK\$'000 (note 18(c))	Capital reserve HK\$'000 (note 18(d))	Exchange translation reserve HK\$'000	Property revaluation reserve HK\$'000	Special capital reserve HK\$'000 (note 18(b))	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023 (Audited)	75,032	5,545*	167,746*	20,239*	167,920*	66,287*	11,989*	374*	(395,119)*	120,013
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)	-
At 30 June 2023 (Unaudited)	75,032	5,545*	167,746*	20,239*	167,920*	62,457*	11,925*	862*	(416,613)*	95,113
At 1 January 2024 (Audited)	75,032	5,545*	167,746*	20,239*	167,920*	64,414*	11,849*	598*	(460,432)*	52,911
Loss for the period (Unaudited)	-	-	-	-	-	-	-	-	(5,999)	(5,999)
Other comprehensive income/ (expenses) for the period (Unaudited):										
- Surplus on revaluation of buildings, net of tax	-	-	-	-	-	-	807	-	-	807
- Exchange differences on translation of foreign operations	-	-	-	-	-	(423)	-	-	-	(423)
Total comprehensive income/ (expenses) for the period (Unaudited)	-	-	-	-	-	(423)	807	-	(5,999)	(5,615)
Transfer from property revaluation reserve to accumulated losses (Unaudited)	-	-	-	-	-	-	(768)	-	768	-
Transfer from accumulated losses in accordance with the undertaking (Unaudited)	-	-	-	-	-	-	-	109	(109)	-
At 30 June 2024 (Unaudited)	75,032	5,545*	167,746*	20,239*	167,920*	63,991*	11,888*	707*	(465,772)*	47,296

* These reserve accounts comprise the consolidated deficit reserves of approximately HK\$27,736,000 (31 December 2023: HK\$22,121,000) in the condensed consolidated statement of financial position as at 30 June 2024.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(6,191)	(21,810)
Adjustments for:		
Finance costs	295	228
Finance income	(6)	(15)
Gains on disposal of property, plant and equipment	(124)	–
Depreciation of property, plant and equipment	1,650	1,628
Depreciation for right-of-use assets	148	151
(Reversal of provision)/provision for inventories	(10,451)	2,219
Impairment of trade receivables	417	1,200
Impairment on items of plant and equipment	396	782
Written-off of property, plant and equipment	30	–
Operating cash flows before working capital changes	(13,836)	(15,617)
Change in inventories	20,992	(10,267)
Change in receivables, prepayments and deposits	(956)	(899)
Change in trade and bills payables	5,609	6,908
Change in other payables, accruals and provision	1,019	(1,272)
Change in interest-bearing bank borrowings	(464)	7,880
Cash generated from/(used in) operations	12,364	(13,267)
Interest received	6	15
Interest paid	(295)	(228)
Net cash flows generated from/(used in) operating activities	12,075	(13,480)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(415)	(827)
Proceeds from disposal of property, plant and equipment	124	–
Change in pledged bank balances	(1,438)	(2,485)
Net cash flows used in investing activities	(1,729)	(3,312)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-bearing bank borrowings	–	14,624
Repayment of interest-bearing bank borrowings	(14,307)	–
Principal portion of lease payments	(39)	(40)
Net cash flows (used in)/generated from financing activities	(14,346)	14,584
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,000)	(2,208)
Cash and cash equivalents at beginning of period	7,139	9,463
Effect of foreign exchange rate changes, net	(30)	(219)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,109	7,036
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,109	7,036

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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, and subcontracted leather processing.

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 2024 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 notes to interim condensed consolidated financial statements (collectively defined as the “Interim Financial Information”) of the Group were approved by the Board of Directors (the “Board”) on 19 August 2024.

The financial information relating to the year ended 31 December 2023 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 (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company’s auditor has reported on those consolidated financial statements for the year ended 31 December 2023. The auditor’s report was unqualified; include a reference to material uncertainty related to the going concern 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 (Chapter 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 Statements (Continued)

For the six months ended 30 June 2024

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 on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2023 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 2023.

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 2024. 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 Statements (Continued)

For the six months ended 30 June 2024

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements using			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<i>Recurring fair value measurements:</i>				
At 30 June 2024 (Unaudited)				
Debt investments at fair value through other comprehensive income ("DIFVOCI")				
Bills receivable	–	2,928	–	2,928
At 31 December 2023 (Audited)				
DIFVOCI				
Bills receivable	–	4,460	–	4,460

(b) Disclosures of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2024 and 31 December 2023:

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 2024 (year ended 31 December 2023: twice a year for interim and annual financial reporting).

Level 2 fair value measurements on bills receivable

Description	Valuation techniques	Inputs	Fair value	
			As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Bills receivable	Discount cash flow	Discount rate	2,928	4,460

During the six months ended 30 June 2024 and year ended 31 December 2023, there were no changes in the valuation techniques used.

During the six months ended 30 June 2024 and year ended 31 December 2023, there was no transfer between Level 1, Level 2 or transfer into or out of Level 3.

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

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, and subcontracted leather processing 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Customer A	4,465	N/A*
Customer B	N/A*	5,478

* The revenue from Customer B (six months ended 30 June 2023: Customer A) contributed not over 10% of the Group's revenue each individually for the six months ended 30 June 2024, therefore the amounts are not disclosed.

6. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue from contracts with customers		
Sale of processed leather	28,606	35,445
Subcontracted leather processing	13,512	3,140
	42,118	38,585

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

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

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

(a) Other income and gains, net

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Finance income	6	15
Sale of scrap materials in Mainland China	900	346
Government grants	–	6
Gains on disposal of property, plant and equipment	124	–
Net exchange losses	(69)	(11)
Others	(427)	(1)
	534	355

(b) Other operating expenses

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Impairment of trade receivables	417	1,200

8. FINANCE COSTS

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Bank loans and discounting bills receivable to banks	292	227
Lease liabilities	3	1
	295	228

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

9. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cost of inventories sold*	47,207	41,032
Depreciation of property, plant and equipment	1,650	1,628
Depreciation for right-of-use assets	148	151
Impairment on items of plant and equipment	396	782
(Reversal of provision)/provision for inventories*	(10,451)	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 2024 (six months ended 30 June 2023: 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Group – Mainland China Provision for the period	–	5
Deferred tax	(192)	(162)
	(192)	(157)

11. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the period of approximately HK\$5,999,000 (six months ended 30 June 2023: HK\$21,653,000) and the weighted average number of ordinary shares of 538,019,000 (30 June 2023: 538,019,000) in issue during the six months ended 30 June 2024.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2024 and 2023 in the calculation of diluted loss per share as there were no dilutive events during the six months ended 30 June 2024 and 2023.

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

12. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

13. RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Trade receivables	23,200	21,629
Bills receivables	2,928	4,460
Prepayments, deposits and other receivables	1,091	784
	27,219	26,873

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 minimize 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:

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Within 3 months	20,802	20,777
3 to 6 months	3,364	374
6 to 12 months	4,306	5,000
1 to 2 years	2,328	4,225
	30,800	30,376
Impairment	(4,672)	(4,287)
	26,128	26,089

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

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:

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Within 3 months	8,884	6,745
3 to 6 months	3,357	9,052
Over 6 months	22,420	18,316
Trade payables	34,661	34,113
Bills payables	4,799	–
	39,460	34,113

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 approximately RMB7,226,000 (equivalent to approximately HK\$7,918,000) (31 December 2023: RMB7,226,000 (equivalent to approximately HK\$7,974,000)) was made for the penalty of violations, of which no penalties was paid up to 30 June 2024 and 31 December 2023. Up to the approval date of these condensed consolidated financial statements, two (31 December 2023: two) summons with penalties of approximately RMB7,226,000 (equivalent to approximately HK\$7,918,000) (31 December 2023: RMB7,226,000 (equivalent to approximately HK\$7,974,000)) 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 2024 and 31 December 2023.

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

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

16. INTEREST-BEARING BANK BORROWINGS

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective interest rate (%)	Maturity	Amount HK\$'000	Effective interest rate (%)	Maturity	Amount HK\$'000
Secured						
Trust receipt loan	N/A	N/A	–	6.00	2024	465
Other bank borrowing	N/A	N/A	–	5.50	2024	14,346
			–			14,811

As at 31 December 2023, trust receipt loan and other bank borrowing of approximately HK\$14,811,000 were under facilities which were secured by (i) the pledge of certain of the Group's bank balances amounting to approximately HK\$25,000; and (ii) the pledge of certain of the Group's buildings and right-of-use assets with an aggregate carrying amounts of approximately HK\$46,317,000 as at 31 December 2023.

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

17. SHARE CAPITAL

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Issued and fully paid:		
538,019,000 (31 December 2023: 538,019,000) ordinary shares	75,032	75,032

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

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 an 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 Statements (Continued)

For the six months ended 30 June 2024

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 the 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 the 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 2024, a reversal of provision for impairment of approximately HK\$109,000 (six months ended 30 June 2023: approximately HK\$488,000) was made for the Assets. This resulted in a transfer of approximately HK\$109,000 (six months ended 30 June 2023: HK\$488,000) from the accumulated losses to Special Capital Reserve.

The Limit as at 30 June 2024 was HK\$150,273,970 (31 December 2023: HK\$150,273,970) and the amount standing to the credit of the Group's Special Capital Reserve as at 30 June 2024 was approximately HK\$707,000 (31 December 2023: HK\$598,000).

- (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 Statements (Continued)

For the six months ended 30 June 2024

19. COMMITMENTS

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Contracted but not provided for:		
Leasehold improvements	42	–
Plant and machinery	934	269
	976	269

20. RELATED PARTY TRANSACTION

Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Short term employee benefits	324	366
Post-employment benefits	124	159
Total compensation paid to key management personnel	448	525

21. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 19 August 2024.

Directors' Interests and Short Positions in Securities

As at 30 June 2024, 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 Securities and Futures Ordinance (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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Substantial Shareholders' Interests

As at 30 June 2024, 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 2024.
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 2024, so far as is known to any Director or the chief executive of the Company, there were no other persons who 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 C1 to the Listing Rules throughout the six months ended 30 June 2024, save for the deviation explained below:

Code Provision C.2.1

Under the Code Provision C.2.1, there should be a clear division of responsibilities for the roles of chairman and chief executive officer and these two roles should be performed by two persons (the Company regards that the term “chief executive officer” has the same meaning as the Managing Director of the Company). On 20 October 2023, Mr. Sun Jun resigned as an Executive Director and the Managing Director of the Company. Since then, Mr. Zhou Hao, the Chairman of the Company, has taken up the duties of the Managing Director temporarily while the Company is in the process of identifying the new Managing Director.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 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 2024.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2024 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 2024.

By Order of the Board
Zhou Hao
Chairman and Managing Director

Hong Kong, 19 August 2024



南粵控股

NAMYUE HOLDINGS

NAMYUE HOLDINGS LIMITED

南粵控股有限公司