

# TAYANG 大洋

## Ta Yang Group Holdings Limited

### 大洋集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1991)





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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Ms. Shi Qi (*Chairlady*)  
Mr. Li Jiuhua (*Chief Executive Officer*)  
Mr. Gao Feng

### Non-Executive Directors

Mr. Chan Tsun Hong Philip  
Mr. Han Lei  
Mr. Gu Shixiang

### Independent Non-Executive Directors

Mr. Chan Siu Tat  
Mr. Hu Jiangbing  
Ms. Wang Lina  
Mr. Zheng Changxing (appointed on 9 June 2023)

## COMMITTEES

### Executive Committee

Mr. Li Jiuhua (*chairman*)  
Ms. Shi Qi

### Audit Committee

Mr. Chan Siu Tat (*chairman*)  
Mr. Hu Jiangbing  
Ms. Wang Lina

### Nomination Committee

Mr. Chan Siu Tat (*chairman*)  
Mr. Hu Jiangbing  
Ms. Shi Qi

### Remuneration Committee

Mr. Hu Jiangbing (*chairman*)  
Mr. Chan Siu Tat  
Ms. Shi Qi

## AUTHORISED REPRESENTATIVES

Ms. Shi Qi  
Ms. Xu Jiayuan (appointed on 3 January 2023)  
Mr. Zhou Danqing (resigned on 3 January 2023)

## COMPANY SECRETARY

Ms. Xu Jiayuan (appointed on 3 January 2023)  
Mr. Zhou Danqing (resigned on 3 January 2023)

# CORPORATE INFORMATION

## AUDITORS

Elite Partners CPA Limited  
Certified Public Accountants  
(Public Interest Entity Auditor registered in accordance  
with the Financial Reporting Council Ordinance)

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
Grand Cayman KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

22/F, H Code  
45 Pottinger Street  
Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3, Building D  
P.O. Box 1586, Gardenia Court  
Camana Bay, Grand Cayman  
KY1-1100, Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road, North Point  
Hong Kong

## PRINCIPAL BANKERS

Dongguan Rural Commercial Bank Co., Ltd.  
China CITIC Bank International Limited  
OCBC Wing Hang Bank Limited

## COMPANY WEBSITE

<http://www.tayanggroup.com>

## FINANCIAL YEAR END

31 December

## STOCK CODE

1991

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	<b>518,673</b>	189,816
Cost of sales		<b>(437,990)</b>	(149,684)
Gross profit		<b>80,683</b>	40,132
Other income and net gain		<b>40,136</b>	16,157
Selling and distribution expenses		<b>(23,181)</b>	(11,957)
Administrative expenses		<b>(67,095)</b>	(66,643)
Other operating expenses		<b>(6,399)</b>	(1,628)
Share of results of associates		<b>(47)</b>	(909)
Finance costs	5	<b>(16,776)</b>	(12,907)
Impairment losses on interests in associates		–	(5,275)
Reversal of impairment losses under expected credit loss model		–	62
<b>Profit/(loss) before tax</b>		<b>7,321</b>	(42,968)
Income tax expense	6	<b>(10,423)</b>	(134)
<b>Loss for the period</b>	7	<b>(3,102)</b>	(43,102)
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		<b>(20,922)</b>	(43,065)
Non-controlling interests		<b>17,820</b>	(37)
		<b>(3,102)</b>	(43,102)
<b>Loss per share</b>	8		
Basic and diluted (HK cents)		<b>(1.60)</b>	(3.30)

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Loss for the period</b>	<b>(3,102)</b>	(43,102)
<b>Other comprehensive income/(expenses)</b>		
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of properties, net of income tax	–	6,739
Fair value (loss)/gain on financial assets at fair value through other comprehensive income (“FVTOCI”)	<b>180</b>	(357)
	<b>180</b>	6,382
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	<b>4,544</b>	17,162
Share of other comprehensive income of associates	<b>1</b>	25
	<b>4,545</b>	17,187
<b>Other comprehensive income for the period</b>	<b>4,725</b>	23,569
<b>Total comprehensive income/(expenses) for the period, net of income tax</b>	<b>1,623</b>	(19,533)
<b>Total comprehensive income/(expenses) for the period, net of income tax, attributable to:</b>		
Owners of the Company	<b>(13,378)</b>	(19,496)
Non-controlling interests	<b>15,001</b>	(37)
	<b>1,623</b>	(19,533)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		103,577	92,170
Right-of-use assets		95,744	144,381
Investment properties		21,000	21,000
Goodwill		11,929	2,166
Financial assets at fair value through other comprehensive income		3,833	3,183
Interests in associates		4,766	4,812
Deferred tax assets		464	448
Loan receivables		46,289	46,289
Deposit	10	16,658	16,658
		<b>304,260</b>	331,107
<b>Current assets</b>			
Inventories		55,525	59,221
Trade and other receivables	10	419,811	196,363
Loan receivables		44,412	30,821
Bank balances and cash		51,382	24,005
		<b>571,130</b>	310,410
<b>Current liabilities</b>			
Trade and other payables	11	476,117	221,289
Income tax payable		17,143	17,911
Borrowings	12	157,590	192,176
Lease liabilities		13,921	12,844
		<b>664,771</b>	444,220
<b>Net current liabilities</b>		<b>(93,641)</b>	(133,810)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>210,619</b>	197,297

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<b>Capital and reserves</b>			
Share capital	13	<b>130,677</b>	130,677
Reserves		<b>(6,591)</b>	6,786
Equity attributable to owners of the Company		<b>124,086</b>	137,463
Non-controlling interests		<b>21,953</b>	(1,083)
<b>Total equity</b>		<b>146,039</b>	136,380
<b>Non-current liabilities</b>			
Borrowings	12	<b>6,131</b>	4,133
Lease liabilities		<b>53,710</b>	52,110
Deferred income		<b>1,955</b>	1,890
Deferred tax liabilities		<b>2,784</b>	2,784
		<b>64,580</b>	60,917
		<b>210,619</b>	197,297



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note 1)	Accumulated losses HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000 (Note 2)	Properties revaluation reserve HK\$'000	Capital redemption reserve HK\$'000 (Note 3)	Statutory surplus reserve HK\$'000 (Note 4)	Legal reserve HK\$'000 (Note 5)	Total HK\$'000		
As at 1 January 2022 (audited)	130,677	761,380	(5,081)	(815,473)	136,544	(3,936)	-	2,420	35,929	-	242,460	(522)	241,938
Loss for the period	-	-	-	(43,065)	-	-	-	-	-	-	(43,065)	(37)	(43,102)
Other comprehensive income/ (expenses) for the period:													
Exchange differences arising on translating foreign operations	-	-	-	-	17,162	-	-	-	-	-	17,162	-	17,162
Gain on revaluation of properties, net of tax	-	-	-	-	-	-	6,739	-	-	-	6,739	-	6,739
Fair value loss on financial assets at fair value through other comprehensive income ("FVOCI")	-	-	-	-	-	(357)	-	-	-	-	(357)	-	(357)
Share of other comprehensive income of associates	-	-	-	-	25	-	-	-	-	-	25	-	25
Total comprehensive (expenses)/ income for the period	-	-	-	(43,065)	17,187	(357)	6,739	-	-	-	(19,496)	(37)	(19,533)
As at 30 June 2022 (unaudited)	130,677	761,380	(5,081)	(858,538)	153,731	(4,293)	6,739	2,420	35,929	-	222,964	(559)	222,405

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note 1)	Accumulated losses HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000 (Note 2)	Properties revaluation reserve HK\$'000	Capital redemption reserve HK\$'000 (Note 3)	Statutory surplus reserve HK\$'000 (Note 4)	Legal reserve HK\$'000 (Note 5)	Total HK\$'000		
As at 1 January 2023 (audited)	130,677	761,380	(5,081)	(913,535)	123,218	(4,283)	6,739	2,420	35,929	-	137,464	(1,083)	136,381
Loss for the period	-	-	-	(20,922)	-	-	-	-	-	-	(20,922)	17,820	(3,102)
Other comprehensive income/ (expenses) for the period:													
Exchange differences arising on translating foreign operations	-	-	-	-	7,363	-	-	-	-	-	7,363	(2,819)	4,544
Gain on revaluation of properties, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value loss on financial assets at fair value through other comprehensive income ("FVOCI")	-	-	-	-	-	180	-	-	-	-	180	-	180
Share of other comprehensive income of associates	-	-	-	-	1	-	-	-	-	-	1	-	1
Total comprehensive (expenses)/ income for the period	-	-	-	(20,922)	7,364	180	-	-	-	-	(13,378)	15,001	1,623
Capital contributions from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	8,035	8,035
As at 30 June 2023 (unaudited)	130,677	761,380	(5,081)	(934,457)	130,582	(4,103)	6,739	2,420	35,929	-	124,086	21,953	146,039

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes:

**1. Other reserve**

Other reserve represents the difference between the capital contribution received from (paid to) a non-controlling interest of a subsidiary and the increase (decrease) in its shares of net asset value of that subsidiary.

**2. Investment revaluation reserve**

Investment revaluation reserve represents the change in fair value of equity investments classified as financial assets at fair value through other comprehensive income.

**3. Capital redemption reserve**

Capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the distributable reserves of the Company.

**4. Statutory surplus reserve**

As stipulated by regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries established and operated in the PRC are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of dividends to equity owners.

**5. Legal reserve**

In accordance with the Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to appropriate 25% of its net profit to the legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. Legal reserve is not distributable to shareholders.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Net cash generated from/(used in) operating activities	<b>10,844</b>	(67,599)
<b>INVESTING ACTIVITIES</b>		
Net cash generated from investing activities	<b>33,978</b>	7,396
<b>FINANCING ACTIVITIES</b>		
Net cash (used in)/generated from financing activities	<b>(24,092)</b>	7,946
Net increase/(decrease) in cash and cash equivalents	<b>20,730</b>	(52,257)
Cash and cash equivalents at 1 January	<b>24,005</b>	59,579
Effect of foreign exchange rate changes	<b>6,647</b>	23,848
Cash and cash equivalents at 30 June, Represented by bank balances and cash	<b>51,382</b>	31,170
<b>Analysis of bank balances and cash</b>		
Bank balances and cash	<b>51,382</b>	31,170

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL

Ta Yang Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681 GT, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is situated at 22/F, H Code, 45 Pottinger Street, Central, Hong Kong. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in manufacturing and sale of silicone rubber and related products, providing retail services, providing healthcare and hotel services and providing international digital marketing services.

The condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”). Other than those subsidiaries established in the PRC and the United Kingdom whose functional currencies are Renminbi (“**RMB**”) and Pound Sterling (“**GBP**”) respectively, the functional currency of the Group is HK\$. As the Company is listed in Hong Kong, the directors of the Company (the “**Directors**”) consider that it is appropriate to present the condensed consolidated interim financial information in HK\$.

At 30 June 2023, the Directors consider the ultimate holding company of the Company to be Lyton Maison Limited which was incorporated in the British Virgin Islands (the “**BVI**”).

## 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to Rules Governing the Listing of Securities on the Stock Exchange.

The interim condensed consolidated financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The condensed consolidated interim financial information has been prepared on the historical cost basis, except for certain investment properties and financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for the adoption of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group’s operations and mandatory for accounting periods beginning on 1 January 2023.

The preparation of the condensed consolidated interim financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgments in the process of applying the Group’s accounting policies.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Except as described above, the application of the amendments to HKFRSs in the current period has no material impact on the Group's performance and financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. REVENUE

Revenue represents fair value of the consideration received or receivable and for goods sold and healthcare and hotel services rendered in the normal course of business to customers, net of discounts and sales related taxes.

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of goods – point of time	<b>136,796</b>	189,792
International digital marketing – overtime	<b>381,827</b>	–
Healthcare and hotel services – overtime	<b>50</b>	24
	<b>518,673</b>	189,816

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 4. SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the chief operating decision maker ("CODM"), being the chief executive officer of the Company, for the purpose of resource allocation and performance assessment focuses on type of goods or services delivered or provided are as follows:

- Silicone rubber and related products – manufacturing and sale of silicone rubber and related products;
- Retail services – providing retail services in the United Kingdom;
- Healthcare and hotel services – providing healthcare and hotel services; and
- International digital marketing – providing digital marketing services.

No reporting segment identified by the CODM has been aggregated in arriving at the reportable segment of the Group.

### Segment revenue and results

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

	Silicone rubber and related products HK\$'000 (unaudited)	Retail services HK\$'000 (unaudited)	Healthcare and hotel services HK\$'000 (unaudited)	International digital marketing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>Six months ended 30 June 2023</b>					
<b>Revenue</b>					
Sales to external customers	106,866	29,930	50	381,827	518,673
Segment results	(5,484)	(6,855)	(407)	41,400	28,654
Unallocated income					8,582
Unallocated expense					(29,915)
Profit before tax					7,321
<b>Six months ended 30 June 2022</b>					
<b>Revenue</b>					
Sales to external customers	176,176	13,616	24	–	189,816
Segment results	11,154	(7,040)	(9,554)	–	(5,440)
Unallocated income					263
Unallocated expense					(37,791)
Loss before tax					(42,968)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 4. SEGMENT INFORMATION *(Continued)*

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<b>Assets</b>		
Silicone rubber and related products	<b>255,044</b>	255,987
Retail services	<b>82,323</b>	65,822
Healthcare and hotel services	<b>107,434</b>	168,737
International digital marketing	<b>243,232</b>	–
Total segment assets	<b>688,033</b>	490,546
Unallocated corporate assets	<b>187,357</b>	151,025
Consolidated total assets	<b>875,390</b>	641,571
<b>Liabilities</b>		
Silicone rubber and related products	<b>188,963</b>	189,691
Retail services	<b>64,958</b>	44,778
Healthcare and hotel services	<b>217,130</b>	258,530
International digital marketing	<b>190,177</b>	–
Total segment liabilities	<b>661,228</b>	492,999
Unallocated corporate liabilities	<b>68,123</b>	12,138
Consolidated total liabilities	<b>729,351</b>	505,137

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
Borrowings	13,510	10,883
Lease liabilities	3,266	2,024
	<b>16,776</b>	12,907

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current Taxation		
Provision for the period	10,338	24
Over-provision in prior periods	85	92
	<b>10,423</b>	116
Deferred Taxation		
Current period	–	18
	<b>10,423</b>	134

No provision for Hong Kong Profits Tax has been made in the condensed consolidated interim financial information since the Group has sufficient tax losses brought forward to set off against current and prior periods assessable profits.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI for the current and prior periods.

No provision for UK Corporate Tax for the current period has been made as the Group did not generate any assessable profits in UK.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Accordingly, provision for PRC Enterprise Income Tax for the PRC subsidiaries is calculated at 25% of estimated assessable profits for the current and prior periods.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Reversal of allowance for inventories (included in cost of sales)	–	(2)
Cost of inventories sold (Note)	<b>102,244</b>	149,565
Depreciation of property, plant and equipment	<b>7,904</b>	7,019
Depreciation of right-of-use assets	<b>9,077</b>	8,977
Exchange gain, net	<b>(4,179)</b>	(4,250)
Government grants		
– Amortisation of deferred income	–	(56)
Gross rental income	<b>(369)</b>	(145)
Less: Outgoings incurred for investment properties that generated rental income during the period	–	–
Net rental income	<b>(369)</b>	(145)
Reversal of impairment loss recognised in respect of trade receivables	–	(62)
Interest income	<b>(4,286)</b>	(49)
Loss on disposal of property, plant and equipment	<b>511</b>	367
Gain on disposal of right-of-use assets	<b>(30,166)</b>	(8,560)

Note: Cost of inventories sold includes approximately HK\$4,267,000 (2022: approximately HK\$4,943,000) relating to depreciation of property, plant and equipment and depreciation of right-of-use assets charges which amounts are also included in the respective total amounts disclosed separately above.

## 8. LOSS PER SHARE

### Basic and diluted

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue for the six months ended 30 June 2023 and 2022.

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	<b>(20,922)</b>	(43,065)
Weighted average number of ordinary shares in issue ('000)	<b>1,306,767</b>	1,306,767

During the six months ended 30 June 2023 and 2022, the basic loss per share and the diluted loss per share are the same because there are no potential dilutive shares outstanding.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 and 2022.

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Trade and bills receivables		
– from third parties	<b>129,820</b>	71,314
Less: Allowance for expected credit losses (“ECLs”)	<b>(7,718)</b>	(7,718)
	<b>122,102</b>	63,596
Prepayments, deposits and other receivables	<b>314,367</b>	149,425
	<b>436,469</b>	213,021
Presented as:		
– Non-current assets	<b>16,658</b>	16,658
– Current assets	<b>419,811</b>	196,363
	<b>436,469</b>	213,021

The Group normally grants to its customers credit periods ranging from 30 days to 120 days which are subject to periodic review by the management.

As of the end of the reporting period, the ageing analysis of trade receivables, net of allowance for ECLs and based on the invoice date, which approximated the respective revenue recognition date, is as follows:

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
0–90 days	<b>86,151</b>	52,856
91 days to 1 year	<b>35,951</b>	10,740
	<b>122,102</b>	63,596

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11. TRADE AND OTHER PAYABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Trade and bills payables	<b>64,410</b>	67,119
Accrued expenses	<b>22,554</b>	30,238
Other payables	<b>100,337</b>	26,151
Other tax payables	<b>18,982</b>	7,450
Deposits received	<b>100,882</b>	89,056
Contract liabilities	<b>168,952</b>	1,275
	<b>411,707</b>	154,170
	<b>476,117</b>	221,289

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

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Within 30 days or on demand	<b>8,101</b>	9,966
31–90 days	<b>12,960</b>	15,928
91 days to 1 year	<b>34,092</b>	35,558
Over 1 year	<b>9,257</b>	5,667
	<b>64,410</b>	67,119

## 12. BORROWINGS

The effective interest rates on the Group's borrowings ranged from 3.3% to 14.0% per annum during the six months ended 30 June 2023 (six months ended 30 June 2022: 3.3% to 14.0%).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13. SHARE CAPITAL

### Authorised and issued share capital

	Number of shares		Share capital	
	2023 '000	2022 '000	2023 HK\$'000	2022 HK\$'000
<b>Ordinary shares of HK\$0.1 each</b>				
<b>Authorised:</b>				
At 1 January, 30 June and 31 December	<b>20,000,000</b>	20,000,000	<b>2,000,000</b>	2,000,000
			<b>Number of shares</b> '000	<b>Share capital</b> HK\$'000
<b>Issued and fully paid:</b>				
At 1 January 2022 (audited), 30 June 2022 (unaudited), 1 January 2023 (audited) and 30 June 2023 (unaudited)			1,306,767	130,677

## 14. RELATED PARTY TRANSACTIONS

### (a) Compensation of key management personnel

The remuneration of the Directors and other members of key management during the six months ended 30 June 2023 and 2022 is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term benefits	<b>3,153</b>	3,825

The remuneration of the Directors and key executives is determined by the board of Directors and the remuneration committee of the Company having regard to the performance of individuals and market trends.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15. CAPITAL COMMITMENTS

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Capital expenditure contracted for but not provided for in the condensed consolidated interim financial information in respect of:		
– Acquisition of property, plant and equipment	<b>5,262</b>	9,849

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

For the six months ended 30 June 2023, the Group was principally engaged in (i) the designing and manufacturing of silicone rubber products (the “**Silicone Business**”); (ii) the provision of healthcare and hotel services (the “**Healthcare and Hotel Business**”); (iii) the provision of retail services (the “**Retail Business**”) in the United Kingdom (the “**UK**”); and (iv) international digital marketing business (the “**Digital Marketing Business**”).

In the first half of 2023, the economic stagnation and negative impact resulting from the global pandemic had gradually decreased and all industries have fully recovered to actively face the opportunities and challenges of the post-pandemic era. Facing the ever-changing business environment, while focusing on its principal business, the Group has continuously optimised its internal operating processes and organisational structure, and made great efforts to expand new business segments and explore development opportunities. For the six months ended 30 June 2023, the Group has devoted most of its resources to (i) strengthen product competitiveness of its core business (i.e. the Silicone Business); (ii) expand sales in the UK supermarkets and sales of its branded products (i.e. the Retail Business); (iii) explore monetisation opportunities for underperforming businesses (i.e. the Healthcare and Hotel Business); and (iv) expanding to the digital marketing segment (i.e. the Digital Marketing Business) to expand its revenue sources by grasping the internet marketing boom.

For the six months ended 30 June 2023, the Group recorded a sales revenue of approximately HK\$518,673,000 (2022: approximately HK\$189,816,000), representing an increase of approximately 173.25% as compared with the corresponding period in 2022. The Silicone Business maintained a stable customer base, but its overall revenue declined as compared with the previous year. The Retail Business performed well, and the performance in the first half of the year showed an obvious upward trend. The Digital Marketing Business, as the Group’s newly explored segment, has brought relatively remarkable income and profits in a short period of time. In view of the aforesaid, the management believes that the Group’s development and investment strategies were feasible and appropriate for the six months ended 30 June 2023.

Due to the pressure of global inflation and the Group’s expansion of new business, the gross profit margin of the Group has slightly declined as compared with the corresponding period in 2022. The Silicone Business has maintained its gross profit margin at a relatively stable level. Meanwhile, the Retail Business has gradually generated considerable revenue by expanding its market coverage area. Both the supermarket business and overseas sales of the Group’s branded products under the brand of “Ekau” (the “**Ekau Brand**”) have steadily increased. In addition, the digital marketing segment has shown explosive growth in revenue at a rapid pace, becoming one of the main sources of revenue for the Group. However, considering the overall expansion of the Group, it will inevitably bring about an increase in operating costs, such as the cost of opening new physical stores, brand marketing and promotion expenses, and initial investment costs for expanding the new business segment.

For the six months ended 30 June 2023, the Group had a loss of approximately HK\$3,102,000 (2022: approximately HK\$43,102,000). Compared with the corresponding period of last year, the Group’s overall revenue-generating ability has significantly improved and the amount of loss has decreased remarkably.

# MANAGEMENT DISCUSSION AND ANALYSIS

## The Silicone Business

For the six months ended 30 June 2023, in terms of operating scale, revenue and number of employees, the Silicone Business remained the main source of the Group's revenue and is the core business of the Group. Although the economic environment is recovering, the overall supply and demand of the silicone industry are unsatisfactory. The performance of the Group's Silicone Business declined slightly in the first half of the year and the operating performance of the Silicone Business decreased as compared with the previous year. For the six months ended 30 June 2023, the Silicone Business recorded a sales revenue of approximately HK\$106,866,000 (2022: approximately HK\$176,176,000).

The core production facilities of the Silicone Business are located in Dongguan, Guangdong Province and Huzhou, Zhejiang Province, the People's Republic of China (the "PRC"). The Silicone Business continues to produce high-quality silicone parts and products for existing customers, and constantly seeks new customers to increase its market share in the long term. At the same time, the silicone production base of the Group has been strengthening the research and development of new eco-friendly silicone materials. It is expected that eco-friendly silicone materials can be widely accepted as a substitute for traditional materials in terms of both price and environmental protection. For the six months ended 30 June 2023, the main products of the Silicone Business include new energy vehicles, photovoltaic modules, medical devices, consumer electronics and peripheral items, as well as various daily necessities. Customers coverage of the Silicone Business include Asia, Europe and North America.

## The Retail Business

For the six months ended 30 June 2023, the Retail Business recorded a sales revenue of approximately HK\$29,930,000 (2022: HK\$13,616,000). At present, the Retail Business mainly includes supermarket operation and sales of the Group's branded products. The distribution of physical stores of supermarkets is mainly concentrated in the prosperous regions with concentrated residents in the urban area of London, England. The stores are operated under the brand of "YOHOME Oriental Life Style", providing local residents with a variety of food and daily necessities with oriental characteristics. Since the opening of the supermarkets, they have been praised and recognised by many overseas Chinese and local customers who love Asian culture. For the six months ended 30 June 2023, the supermarket operation has opened five physical stores in the urban area of London.

Additionally, the Ekau Brand is gaining popularity in the local market and expanding its sales channel. As a self-owned brand of the Group, the Ekau Brand mainly produces and sells a full range of kitchen utensils including pots, knives, porcelain and other silicone kitchen accessories. By providing quality and affordable products, the Ekau Brand can meet the cooking needs of different customers. Products under the Ekau Brand are mainly sold in the UK, and all products have passed the British standard tests. Currently, the Ekau Brand is sold all over the UK through the sales network of well-known local supermarkets. In addition, the Ekau Brand has also cooperated with online platforms such as Amazon and HKTVMall in order to expand its market coverage and strengthen the brand's influence on the internet.

Since the operation of the Retail Business mainly relies on the long-term consumption of fixed target customer groups, the Group believes that the operation and expansion of this business will be based on establishing a good brand image and continuously launching products that meet market demand while ensuring the quality of its products. As such, the management of the Group decided to increase the placement of brand advertisements, upgrade the decoration and maintenance of its retail stores, expand the scope of promotion of its own brands, and establish long-term and stable cooperative relationship with its suppliers and distributors in the future. Although the initial investment will increase the cost and prolong the return period of investment, such investment will lay a solid foundation for the long-term development of the Retail Business, thereby enhancing the customer loyalty and ensuring stable sales. Based on the current trend, the Retail Business will also become the main business segment of the Group, making a positive contribution to its overall revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

## The Healthcare and Hotel Business

For the six months ended 30 June 2023, the Healthcare and Hotel Business was regarded as a business segment of low strategic importance. For the six months ended 30 June 2023, the Healthcare and Hotel Business recorded negligible sales gains. In light of such poor business performance, the Group remains conservative towards the long-term prospects of the Healthcare and Hotel Business, and will seize the opportunity of realizing its business assets.

## The International Digital Marketing Business

For the six months ended 30 June 2023, the Digital Marketing Business recorded a sales revenue of approximately HK\$381,827,000 (2022: nil). In the first half of 2023, the Group acquired certain equity interests in Beijing Jusheng Technology Co., Ltd.\* (北京巨省科技有限公司) (“**Jusheng Technology**”) and obtained its controlling interests (For further information, please refer to the announcement of the Company dated 24 August 2023). Jusheng Technology is a professional digital marketing service supplier and principally engages in advertising and media business in the PRC. Jusheng Technology provides effective digital marketing solutions for promoting corporate sales, including content advertising on online platforms, publicity campaign management, media delivery channels and context marketing. Its customers are well-known brands in various industries such as finance, gaming, automobiles, education and fast-moving consumer goods. Since its establishment, Jusheng Technology has conducted interactive planning and promotional video shooting for local governments.

Through in-depth market research of the digital marketing industry sector, as well as a specific analysis of the operation and business model of Jusheng Technology, the Group concluded that the future customer demand in this business sector is still increasing and the growth potential is huge. As one of Douyin (抖音)’s partner, it has accumulated solid market experience and deep insights on new technology trends. Jusheng Technology offers a wide range of services, including Douyin account management, content planning, video production, fan interaction, data analysis, e-commerce operations, broadcasting and investment, and brand advertising. By adhering to the concept of “making brands communicate better with consumers”, Jusheng Technology seeks to boost the business growth of its client through continuous innovation and optimisation of services.

During the acquisition of equity interests in Jusheng Technology, the Group invested significant manpower and resources in the Digital Marketing Business. As a result, the Group was able to help Jusheng Technology obtain new clients from different industries and achieve a dual growth in revenue and profit within a short period of time.

## OUTLOOK

As the impact of the COVID-19 pandemic is gradually being eliminated around the world, all industries have begun to recover, and the post-pandemic era has also brought unlimited business opportunities and possibilities. As international trade policies are unpredictable and business operations are affected by high inflation and exchange rate changes, the Group will closely monitor the development and policy changes of its main businesses and the upstream and downstream industries, make timely predictions and adjustments of operating strategies, and prepare for any operational risks that may arise. Opportunities always coexist with challenges, and the management believes that the Group’s prospects remain promising.

\* For identification purpose only



# MANAGEMENT DISCUSSION AND ANALYSIS

## **The Silicone Business**

The Silicone Business will remain to be the principal business and core revenue generator of the Group. From a long-term perspective, the Group will continue to implement its existing development strategy, which is to simultaneously enhance the traditional silicone manufacturing as well as explore new environmentally friendly silicone materials. In the past decades, the Group has obtained enriched experience in the production of traditional silicone products and has won the trust of domestic and overseas clients. In the future, it will continue to supply high quality products and maintain stable cooperative relationship with upstream suppliers and downstream clients. In addition, in terms of the innovation of silicone technologies, the management of the Group has successively communicated with multiple professionals in the field of new materials and reached cooperative intentions. In the future, the Silicone Business segment will fully utilize the existing silicone production system and use new environmentally friendly silicone materials as the core product to expand the market, achieve the upgrading of silicone products and expand the scope of target clients. The new environmentally friendly silicone products designed, developed and produced by the Group cover the categories of new energy vehicles, photovoltaic modules, aerospace materials, medical devices, consumer electronics products and beauty products. The wider application of new environmentally friendly silicone products will create more revenue for the Group.

## **The Retail Business**

Given the growth momentum of the Retail Business and the positive feedback from local customers, the Group is currently coordinating its resources to continue expanding its retail chain stores in London. Currently, multiple chain stores that have been put into operation have formed a relatively mature business model. This business model will also be extended to the operation of new stores, selling cost-effective oriental specialty food and daily necessities to meet the needs of local Chinese residents and consumers who are fond of Asian culture. On the other hand, the Ekau Brand is gradually gaining a foothold in the UK kitchenware market, with an increasing number of orders and a wider range of sales channels. The Group will integrate the synergy between kitchenware products and silicone production and improve the profit margin of brand sales by saving distribution costs and other means.

In the long run, the Group will leverage the platform of the Retail Business to launch more diversified business types, such as opening brand flagship stores and life experience halls, or establish a comprehensive online shopping platform. As the profitability of the Retail Business has gradually unveiled and continued to rise, the management holds a positive attitude towards its business model and expects such business to continue to generate stable and sustainable cash flows for the Group.

## **The Healthcare and Hotel Business**

Since the early performance of the Healthcare and Hotel Business is relatively unsatisfactory, and the poor performance of such business may not be reversed in the short term, the Group will continue to seize opportunities and explore ways to realise the value of its investment in this segment.

# MANAGEMENT DISCUSSION AND ANALYSIS

## The International Digital Marketing Business

With the gradual shift from traditional offline consumption to online e-commerce consumption mode, newsfeed advertising (high-density content promotion through social media and other channels) and new e-commerce have become important development trends in the advertising industry and e-commerce fields. As a Chinese mainland e-commerce traffic supplier, Jusheng Technology is gradually recognized by brand customers, improving platform advertising efficiency for customers, and has successfully brought significant promotional effects to existing customers' brands and products. In the future, with the continuous development and optimisation of technologies, the Digital Marketing Business will optimise promotion efficiency through more advanced technological means. The further improvement of big data analysis technology will also enable newsfeed advertising to reach target audience more accurately, making digital marketing the most powerful promotion method. In addition, Jusheng Technology will strengthen team building, attract industry experts to organize high-quality service team, and establish smoother and more efficient communication channels with customers. Furthermore, Jusheng Technology will actively participate in social public welfare activities and promote social responsibility projects such as green environmental protection and technological innovation.

## Other Business

The Group will continuously look for opportunities which can reinforce its existing business portfolio or provide sound diversification prospects in order to enhance the performance and maximise the return. Certain potential opportunities include expanding general silicone products to new eco-friendly silicone rubber products, expanding sales platform for the Retail Business, or exploring other industry segments with profitability potential. Nevertheless, realisation of such opportunities requires further assessment on their suitability and feasibility. Should there be any development, the Company will make further announcement(s) as and when appropriate.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2023, the Group recorded a revenue of approximately HK\$518.7 million (2022: approximately HK\$189.8 million), representing an increase of approximately 173.3% as compared with the corresponding period in 2022.

For the six months ended 30 June 2023, the Silicone Business recorded a revenue of approximately HK\$106.9 million (2022: approximately HK\$176.2 million), which accounted for approximately 20.6% of the total revenue of the Group (2022: approximately 92.8%).

The Retail Business has made significant contribution to the total revenue of the Group. For the six months ended 30 June 2023, the Retail Business recorded a revenue of approximately HK\$29.9 million (2022: HK\$13.6 million), which accounted for approximately 5.8% of the total revenue of the Group (2022: 7.2%).

In addition, as a new segment of the Group, the Digital Marketing Business generated a revenue of approximately HK\$381.8 million (2022: nil), which accounted for approximately 73.6% of the total revenue of the Group (2022: nil).

Finally, the Healthcare and Hotel Business remained unsatisfactory and recorded a minimal revenue for the six months ended 30 June 2023. Due to the slumping business performance of the segment, it is not expected that the Healthcare and Hotel Business will significantly boost its sales in the near future.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross profit

For the six months ended 30 June 2023, the gross profit of the Group was approximately HK\$80.7 million (2022: approximately HK\$40.1 million), representing an increase of approximately 101.2% as compared with the corresponding period in 2022. For the six months ended 30 June 2022, the gross profit margin decreased to approximately 15.6% (2022: approximately 21.1%). As the Group strived to maximise the profitability of all business segments by leveraging on its business strengths, the overall gross profit of the Group recorded significant growth.

## Other income and net gain

For the six months ended 30 June 2023, the other income and net gain was approximately HK\$40.1 million (2022: approximately HK\$16.2 million), representing an increase of approximately 147.5% as compared with the corresponding period in 2022. Such other income and net gain mainly included gain on realisation of certain properties under the Healthcare Business Segment and exchange gain.

## Expenses

For the six months ended 30 June 2023, the selling and distribution expenses were approximately HK\$23.2 million (2022: approximately HK\$12.0 million), representing an increase of approximately 93.3% as compared with the corresponding period in 2022. For the six months ended 30 June 2023, the administrative expenses were approximately HK\$67.1 million (2022: approximately HK\$66.6 million), representing an increase of approximately 0.8% as compared with the corresponding period in 2022. Such changes in the selling and distribution expenses and the administrative expenses were mainly caused by the expansion of the Retail Business and the initial costs of the Digital Marketing Business.

## Loss attributable to owners of the Company

For the six months ended 30 June 2023, the Group recorded loss attributable to owners of the Company of approximately HK\$20.9 million (2022: approximately HK\$43.1 million), representing a decrease of approximately 51.5% as compared with the corresponding period in 2022. For the six months ended 30 June 2023, loss per share was approximately HK1.60 cent (2022: approximately HK3.30 cent), representing a decrease of approximately 51.5% as compared with the corresponding period in 2022. Such change in the loss attributable to owners of the Company was mainly due to (i) tightened gross profit margin of the Silicone Business which was caused by the decrease in revenue from the production base of the Group when compared with the corresponding period of last year, and higher material costs under the worldwide inflation; (ii) certain one-off expenditures which were incurred in the launching phase of the Retail Business; and (iii) relatively significant income and profit contributed by the Digital Marketing Business. The management believes that such a change in performance has shown a sign of improvement and the Group will be able to achieve better performance in terms of revenue .

## Liquidity and financial resources

For the six months ended 30 June 2023, the Group's major source of funds was cash generated from operating activities and the Group's working capital remained healthy.

	At 30 June 2023	At 31 December 2022
Cash and cash equivalents (HK\$'000)	51,382	24,005
Current ratio	0.86	0.70
Quick ratio	0.78	0.57
Gearing ratio	1.12	1.0

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business risk

Performance of the Silicone Business and Retail Business of the Group is primarily affected by fluctuations in market prices of raw materials/products and market demands of the final products. For example, both the Silicone Business and the Retail Business require stocking of raw materials or retail inventories and the Group does not enter into any material contracts to hedge against such price fluctuations. As such, any price fluctuation in raw materials or retail inventories will exert pressures on the business costs and then impact competitiveness of the final products or services of the Group. If the Group fails to adapt and respond successfully to the changing demands and supplies, it may adversely affect business performance and development prospects.

On the other hand, the Digital Marketing Business relies on internet marketing and traffic promotion as its main source of revenue, which is to some extent influenced by internet regulatory policies and relies on consistent and stable customer relationship. Therefore, the Group should ensure that the operation of the Digital Marketing Business is in compliance with the regulatory rules and is in line with the most popular marketing initiatives and strategies in order to provide customers with efficient services.

## Industry risk

All business segments of the Group are operating in highly competitive industries. For example, the Silicone Business faces competitions not only from other silicone rubber products, but also from products that are made of new materials; the Retail Business is competing with other local retail brands, as well as online shopping platforms; and the number of competitors joining the segment of the Digital Market Business are increasing. Competition may also intensify as the competitors expand their product categories, lower their selling prices, increase their qualities, or conduct promotions. If the Group does not compete successfully against existing or new competitors, its existing business scale may decline and the operation performance may shrink.

## Credit risk

As at 30 June 2023, the Group recorded total current assets of approximately HK\$571.1 million and total current liabilities of approximately HK\$664.8 million. The bank balances and cash on hand of the Group remained tight when compared with its current liabilities. If the receivables are not fully recovered, the Group may not have sufficient resources to repay its short-term obligations as they fall due.

## Event risk

Event risk refers to the risk of a negative impact on the Company's operational performance and financial position as a result of an unexpected event like a natural disaster or an industrial accident. These kinds of events may interrupt the Group's operations, increase prices of raw material and outsourced services, and exacerbate other risks and uncertainty that the Group is facing. Due to the unpredictable nature of such event risks, there is no guarantee that the Group's responsive measures can be sufficient.

## CAPITAL STRUCTURE

For the six months ended 30 June 2023, there was no change to the authorised share capital of the Company which is HK\$2,000,000,000 dividable into 20,000,000,000 shares in the par value of HK\$0.1 each.

From 1 January 2023 to 30 June 2023, the Company had issued a total of 1,306,767,000 shares with par value of HK\$0.1 each, all of which were fully paid and rank pari passu with each other in all respects.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PLEDGE OF ASSETS

Capital commitments contracted by the Group but not yet provided for in the financial statements as at 30 June 2023 were approximately HK\$5.2 million (31 December 2022: approximately HK\$9.8 million). Such capital commitments will be financed by the net proceeds from operating activities. As at 30 June 2023, certain land and buildings, investment properties, right-of-use assets, trade receivables and bank balances of the Group of approximately HK\$127.5 million (31 December 2022: approximately HK\$175.4 million) were pledged to secure borrowings granted to the Group.

## CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 30 June 2023 (31 December 2022: nil).

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 16 January 2023 (after trading hours), Huarong Venture Capital Fund Management (Beijing) Company Limited\* (華融創投基金管理(北京)有限公司), an indirect wholly owned subsidiary of the Company (the “Investor”), Jusheng Technology and Jusheng Technology’s existing shareholders, entered into an investment agreement (the “Agreement”) and pursuant to the terms of the Agreement, the Investor agreed to acquire 40% equity interests in the Target Company (the “Acquisition”) at a consideration of RMB14,000,000.

The Acquisition was completed on 1 April 2023. For further information, please refer to the announcement of the Company dated 24 August 2023.

Save as disclosed above, the Group had no material acquisition or disposal of any subsidiaries, associates or joint ventures for the six months ended 30 June 2023.

## EVENTS AFTER THE REPORTING PERIOD

After reporting period and up to the date of this report, the Group has completed the issue of convertible bonds in the amount of HK\$40,000,000. If the convertible bonds are fully converted, 155,642,023 shares will be issued to the subscribers upon full conversion of the convertible bonds, accounting for 10.64% of the total shareholding structure. For the proposed use of net proceeds from the issue of the convertible bond, please refer to the disclosure made in the previous announcements.

## CURRENCY MANAGEMENT AND TREASURY POLICY

For the six months ended 30 June 2023, the Group’s cash receipts were denominated in US dollars, Hong Kong dollars, Pound Sterling (“GBP”) and Renminbi, while the labour costs, manufacturing overheads, selling and administrative expenses of the Group were mostly negotiated, measured and settled in Renminbi, Hong Kong dollars and GBP. As at 30 June 2023, the majority of the cash and cash equivalents were held in US dollars, Hong Kong dollars, GBP and Renminbi.

The revenue of the Group was mainly generated by the Silicone Business in the PRC, the Retail Business in the United Kingdom and the Digital Marketing Business in the PRC. Therefore, fluctuations of Renminbi and GBP will affect the Group’s profitability. For the six months ended 30 June 2023, the Group did not enter into any financial instruments for hedging purpose. The Group will closely monitor the currency movements and take appropriate measures to deal with such exchange-rate exposure.

\* For identification purpose only

# MANAGEMENT DISCUSSION AND ANALYSIS

## HUMAN RESOURCES AND REMUNERATION POLICIES

As the Group is committed to improving production capacity, developing high-quality products, and expanding industry chain, experienced workers, engineers and professionals are crucial to the Group. The Group offers on-the-job training and encourages staff to attend continuous professional training in order to enhance their skills and knowledge. The Group also offers competitive remuneration packages, including quality staff quarters, training, medical care, insurance coverage and retirement benefits to all employees. As at 30 June 2023, the Group employed 837 permanent and temporary employees (31 December 2022: 853).

## INTERIM DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2023 (2022: nil).

# OTHER INFORMATION

## CORPORATE GOVERNANCE PRACTICES

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to enhancing Shareholder value and safeguarding interests of Shareholders and other stakeholders. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

To the best knowledge of the Board, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

## APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Zheng Changxing has been appointed as an independent non-executive Director with effect from 9 June 2023.

Save as disclosed, there was no change in the information of the Directors and the Chief Executive Officer which was required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules for the six months ended 30 June 2023.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Specific enquiries had been made to all Directors and each Director had confirmed that she/he had complied with the Model Code for the six months ended 30 June 2023.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Name	Nature of interest	Total number of shares/underlying shares held	Approximate percentage of interest in the Company (Note 1)
Ms. Shi Qi (Note 2)	Interest of controlled corporation	796,875,490 (Long)	60.98%
		654,810,600 (Short)	50.11%
Mr. Hu Jiangbing	Beneficial owner	850,000 (Long)	0.07%

# OTHER INFORMATION

## Notes:

1. The total number of issued Shares as at 30 June 2023 (i.e. 1,306,767,000 Shares) has been used in the calculation of the approximate percentage.
2. Lyton Maison Limited, a limited company incorporated in the British Virgin Islands and solely owned by Ms. Shi Qi, was interested in 796,875,490 shares. Of the 796,875,490 shares held by Lyton Maison Limited, 654,810,600 shares were charged to Mason Resources Finance Limited, which was indirectly wholly-owned by Mason Group Holdings Limited.

As at 30 June 2023 and save as disclosed, none of the Directors or the chief executive of the Company had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was deemed or taken to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, so far as was known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares 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 required to be kept by the Company under Section 336 of the SFO; or who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company:

Name	Nature of interest	Total number of shares/underlying shares held	Approximate percentage of interest in the Company (Note 1)
Lyton Maison Limited (Note 2)	Beneficial owner	796,875,490 (Long) 654,810,600 (Short)	60.98% 50.11%
Mason Resources Finance Limited (Note 2)	Person having a security interest in shares	654,810,600 (Long)	50.11%
Mason Group Holdings Limited (Note 2)	Interest of controlled corporation	654,810,600 (Long)	50.11%

## Notes:

1. The total number of issued Shares as at 30 June 2023 (i.e. 1,306,767,000 Shares) has been used in the calculation of the approximate percentage.
2. Lyton Maison Limited was interested in 796,875,490 shares. Of the 796,875,479 shares held by Lyton Maison Limited, 654,810,600 shares were charged to Mason Resources Finance Limited, which was indirectly wholly-owned by Mason Group Holdings Limited.



## OTHER INFORMATION

As at 30 June 2023 and save as disclosed, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed 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 required to be kept by the Company under Section 336 of the SFO; or who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or options in respect of such share capital.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### SHARE OPTION SCHEME

At the annual general meeting of the Company held on 13 December 2018, the shareholders of the Company approved the adoption of the share option scheme of the Company (the "**Scheme**"). The Scheme was later adopted by the Company. For the six months ended 30 June 2023, no options or securities had been granted, exercised, cancelled or lapsed under the Scheme. As at 1 January 2023 and 30 June 2023, there was no outstanding option under the Scheme.

### AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

Currently, the audit committee of the Company (the "**Audit Committee**") comprised Mr. Chan Siu Tat, Mr. Hu Jiangbing and Ms. Wang Lina, all being independent non-executive Directors. Mr. Chan Siu Tat is the chairman of the Audit Committee, who has appropriate professional qualifications and experience in accounting. The Audit Committee had reviewed with the management the accounting principles and practices adopted by the Company and discussed financial reporting matters. The interim results of the Group for the six months ended 30 June 2023 have not been audited. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 and is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory provisions and sufficient disclosures have been made.

On behalf of the Board  
**Ta Yang Group Holdings Limited**  
**Shi Qi**  
*Chairlady*

Hong Kong, 29 August 2023