博 尼 国 际 控 股 有 限 公 司

Bonny International Holding Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code:1906

2023 INTERIM REPORT

bonny 博尼

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Jin Guojun *(Chairman)*
Mr. Zhao Hui

Non-executive Directors

Ms. Gong Lijin
Ms. Huang Jingyi

Independent non-executive Directors

Mr. Chan Yin Tsung
Mr. Chow Chi Hang Tony
Dr. Wei Zhongzhe

COMPANY SECRETARY

Mr. Zhao Hui
Mr. Ip Tak Wai (appointed on 30 June 2022 and resigned on 5 August 2023)
Mr. Yip Ngai Hang (appointed on 5 August 2023)

AUTHORISED REPRESENTATIVES

Mr. Zhao Hui
Mr. Ip Tak Wai (appointed on 30 June 2022 and resigned on 5 August 2023)
Mr. Yip Ngai Hang (appointed on 5 August 2023)

AUDIT COMMITTEE

Mr. Chan Yin Tsung *(Chairman)*
Dr. Wei Zhongzhe
Mr. Chow Chi Hang Tony

REMUNERATION COMMITTEE

Dr. Wei Zhongzhe *(Chairman)*
Mr. Jin Guojun
Mr. Chan Yin Tsung

NOMINATION COMMITTEE

Mr. Jin Guojun *(Chairman)*
Mr. Chan Yin Tsung
Dr. Wei Zhongzhe

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor
Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 129, Chunhan Road
Beiyuan Street, Yiwu City
Zhejiang Province
PRC

WEBSITE OF THE COMPANY

www.bonnychina.com

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 02-03, 31st Floor,
118 Connaught Road West,
Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor
Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

Loeb & Loeb LLP
2206–19 Jardine House
1 Connaught Place, Central
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Yiwu Branch)
Industrial and Commercial Bank of China Limited (Yiwu Branch)
Zhejiang Yiwu Rural Commercial Bank Co., Ltd. (Business Department)

STOCK CODE

1906

Management Discussion and Analysis

The board (the "**Board**") of directors (the "**Directors**") of Bonny International Holding Limited (the "**Company**") hereby presents the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2023 (the "**Reporting Period**") together with the comparative figures of the corresponding period in 2022.

BUSINESS AND OPERATIONS REVIEW

As a manufacturer of seamless and traditional intimate wear products, the Group operates business into two segments: 1) original design manufacturer ("**ODM**") products; and 2) branded products. For ODM products, the Group focuses on providing one-stop in-house intimate wear manufacturing solutions to the Group's ODM customers in the People's Republic of China (the "**PRC**") and overseas, while for the Group's branded products, it mainly focus on selling traditional intimate wear products under the brands namely "Bonny" and "U+ Bonny" through its nationwide retail network in the PRC.

During the Reporting Period, the Group's total revenue amounted to approximately Renminbi ("**RMB**") 96.5 million, representing an increase of approximately 12.2% as compared to the corresponding period of last year (2022: approximately RMB86.0 million). The increase in total revenue was primarily attributable to the increase in revenue from ODM products segment by approximately 19.2% as compared to the corresponding period of last year, as a result of the improvement of abnormally high market inventory level and disruptions on the market due to COVID-19 pandemic in 2022.

The Group made a loss attributable to owners of the parent for the Reporting Period of approximately RMB14.6 million (2022: a loss attributable to owners of the parent approximately RMB23.5 million). The improvement of the loss attributable to owners of the parent was primarily attributable to the improvement of overall revenue and gross profit margin.

Sales Network

The Group offers its branded products under the Group's "Bonny" brand and "U+ Bonny" brand principally through an extensive and structured nationwide retail network in the PRC. In order to optimise cost-effectiveness of the Group's outlets, the Group has continued to streamline its retail network in the PRC during the Reporting Period by closing retail outlets with less satisfactory financial or operational performance.

As at 30 June 2023, the Group operated 111 self-managed retail outlets (including 104 concession counters and 7 standalone stores) and 12 direct-franchised retail outlets, covering 16 provinces, municipalities and autonomous regions in the PRC, without the involvements of distributors or multiple layers of franchisees. The total number of the Group's retail outlets decreased from 142 as at 30 June 2022 to 123 as at 30 June 2023. Mitigating losses was the primary objective for the Company's brand products segment. With this objective, in the first half of 2023, the Company closed underperforming self-managed counters/stores, leading to a decrease of 5 stores as compared to the corresponding period of last year while the number of franchised retail outlets also decreased by 14 as compared to the corresponding period of last year, primarily due to underperformance and other business considerations.

Meanwhile, the Group's products are also available for sale through its current e-commerce network and different well-recognised e-commerce platforms. The Company has also established a collaborative relationship with well-known anchors and live broadcast marketing companies, so as to quickly increase its brand recognition online.

Product Design, Research And Development

The Group is committed to improving and developing the functionality and designs of its products, and continues to devote resources to the design, research and development of new products. With innovative designs, the Group continued to bring diversified product portfolio of excellent quality to the market. For the Reporting Period, expenses for product design, research and development was approximately RMB8.2 million (2022: approximately RMB13.1 million).

As at 30 June 2023, the Group had a total of 78 registered trademarks, 3 registered domain names, 14 registered software copyrights in the PRC, and 17 registered patents in the PRC, including 5 invention patents and 12 utility model patents, and 1 registered trademark in Hong Kong.

Going forward, the Group plans to further improve its research and development capability by continuing to devote research and development efforts to improve product quality, functionality and designs.

Production Capacity

The Group currently operates its production site in Beiyuan Street, Zhejiang Province, the PRC (the "**Beiyuan Production Site**"). In the first half of 2023, the capacity utilisation rate of the Group's production facilities is approximately 70%, it can meet the production requirements of the existing orders and there is no need to expand production capacity.

Human Resources

The number of full-time employees of the Group decreased to approximately 521 as at 30 June 2023 (31 December 2022: 650). The employee benefit expense (excluding directors' and chief executive's remunerations) for the Reporting Period was approximately RMB28.8 million (2022: approximately RMB31.8 million).

In addition, the Group also engages production subcontractors to provide on-site sub-contracting staff.Subcontracting fees, calculated based on the quantity of goods or services delivered to the Group were approximately RMB2.3 million (2022: approximately RMB1.9 million) for the Reporting Period.

Financial Review

Revenue

Revenue for the Reporting Period amounted to approximately RMB96.5 million, representing an increase of approximately RMB10.5 million, or approximately 12.2%, as compared to approximately RMB86.0 million for the corresponding period of last year.

Revenue of the ODM products segment for the Reporting Period amounted to approximately RMB74.4 million, representing an increase of approximately RMB12.0 million, or approximately 19.2%, as compared to approximately RMB62.4 million for the corresponding period of last year. During the three years of COVID-19 pandemic outbreak, a backlog of stock resulted from the suppression of consumption and the mismatch of time between goods delivery and sales in the market has been gradually cleared. The post-pandemic demand of domestic and foreign demands kept increasing. The Company obtained the order placed by ODM customers in the first half of 2023 and, in turn an increase in revenue.

Revenue of the brand products segment for the Reporting Period amounted to approximately RMB22.1 million, representing a decrease of approximately RMB1.5 million, or approximately 6.4% as compared to approximately RMB23.6 million for the corresponding period of last year. As of 30 June 2023, the total number of the Group's retail stores amounted to 123 only, decreased by 19 as compared to the corresponding period of last year. The Company managed a seamless transition by moderately reducing distribution channels. This was achieved through careful timing of product introductions and withdrawals, as well as the execution of several large-scale promotional activities to enhance store performance. As a result, the revenue decline in the brand product segment was minimal.

Gross Profit

Gross profit for the Reporting Period amounted to approximately RMB25.1 million, representing an increase of approximately RMB4.9 million, or approximately 24.3%, as compared to approximately RMB20.2 million for the corresponding period of last year primarily due to i) the revenue of ODM segment increased by approximately 19.2% as compared to the corresponding period of last year; and ii) the gross profit of overseas ODM orders increased.

Other Income and Gains

Other income and gains for the Reporting Period was approximately RMB4.7 million, representing an increase of approximately RMB1.4 million, or approximately 42.4%, from approximately RMB3.3 million for the corresponding period last year. Such increase was primarily due to the property rental incomes increased by approximately RMB2.0 million during the Reporting Period.

Selling and Distribution Expenses

Selling and distribution expenses for the Reporting Period were approximately RMB20.0 million, representing a decrease of approximately RMB2.1 million, or approximately 9.5%, from approximately RMB22.1 million for the corresponding period last year. The decrease was primarily due to the decrease number of retail stores, which led to a decrease in the salaries of sales personnels, the leasing cost to shopping mall and the renovation costs.

Administrative and Other Expenses

Administrative and other expenses for the Reporting Period were approximately RMB23.2 million, representing a decrease of approximately RMB5.9 million, or approximately 20.3%, from approximately RMB29.1 million for the corresponding period last year. In the first half of 2023, the Group decreased R&D expense of approximately RMB4.8 million through lowing the purchasing cost in R&D materials and reducing the engagement of R&D projections.

Finance Costs

Finance costs for the Reporting Period were approximately RMB2.2 million, representing an increase of approximately RMB0.6 million, or approximately 37.5%, from approximately RMB1.6 million for the corresponding period last year. The increase was primarily due to fluctuations in the exchange rate of RMB, which led to substantial exchange loss.

Income Tax Credit

Income tax credit for the Reporting Period amounted to approximately RMB1.0 million as compared to the income tax credit of approximately RMB5.8 million for the corresponding period of last year. The income tax credit incurred during the Reporting Period was due to the recognition of deferred income tax assets which used against the deductible loss from Zhejiang Bonny Fashion Holding Group Co., Ltd.* (浙江博尼時尚控股集團有限公司), a subsidiary of the Company.

Loss Attributable to Owners of the Parent Company

As a result of foregoing, loss attributable to owners of the parent company for the Reporting Period amounted to approximately RMB14.6 million, representing an improvement of approximately RMB8.9 million, from a loss attributable to owners of the parent company of approximately RMB23.5 million for the corresponding period of last year.

FUTURE PLAN AND PROSPECTS

In the first half of 2023, the Group was benefited from the improvement of consumption environment and the reduction in pressure of inventories. Although our sales revenue improved by approximately 12.2% as compared to the corresponding period of last year, and it has not been able to cover all the expense, which led to approximately RMB 14.6 million of the total comprehensive loss attributable to owners of the parent company.

The Group clearly recognizes if it expects to achieve turnround from profit to loss, it still needs to resolve the following internal concerns and external issues:

1. The marketing and management approaches of the Company's self-operated brand significantly differ from industry norms. There is an urgent need to introduce products with high sell-through rates and to formulate effective marketing strategies. These measures aim to elevate store performance to meet industry-average benchmarks.

2. The Company's newly built seamless lamination product production line does not yet have mass production capacity, To meet the diverse needs of customers, the Company is focusing on multi-channel staff recruitment, on-site training, and the acquisition of specialized talent to enhance both production capacity and efficiency; and

* Denotes the English translation of the PRC entities and is for identification purposes only. To the extent there is any inconsistency between the Chinese names of the PRC entities and their English translations, the Chinese names shall prevail.

3. In the post-pandemic era, international political and economic situations and still complicated, the trade tension still exists and the challenges for apparel export companies are still severe. The Company needs to look for opportunities in the midst of challenges, adjust layout in due time and seek for new growth drivers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers. As at 30 June 2023, the Group had cash and cash equivalents, which are mostly denominated in Renminbi, U.S. dollars and Hong Kong dollars currency unit, of approximately RMB1.0 million (31 December 2022: approximately RMB6.5 million). The interest-bearing liabilities as at 30 June 2023 were approximately RMB144.6 million (31 December 2022: approximately RMB144.2 million) with interest rates ranging from approximately 4.35% to 6.0% per annum. The Group's gearing ratio as at 30 June 2023, calculated based on net debts to the total capital and net debts, was approximately 43.0% (as at 31 December 2022: approximately 47.1%). The Group recorded net current liabilities of approximately RMB34.8 million as of 30 June 2023. During the Reporting Period, no financial instruments had been used for hedging purpose.

FOREIGN EXCHANGE RISK

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

CAPITAL COMMITMENTS

As at 30 June 2023, the Group had total capital commitments of RMB28.2 million (as at 31 December 2022: RMB36.0 million), primarily related to the construction of phase III of the Beiyuan Production Site.

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

CONTINGENT LIABILITIES

As at 30 June 2023 and 31 December 2022, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2023, save for (i) the Group's leasehold lands with a net carrying amounts of RMB20,478,000 (31 December 2022: RMB20,735,000) and certain of the Group's buildings and machinery and equipment with a net carrying amounts of approximately RMB110,028,000 (31 December 2022: RMB111,907,000) which were pledged to secure general banking facilities; and (ii) certain of the Group's machinery and equipment with a net carrying amount of RMB13,388,000 (31 December 2022: RMB14,228,000) were pledged to secure the property preservation applied by A Barcs & Co Nominees Pty Ltd who has a legal arbitration of contract dispute with the Group, the Group did not pledge any other assets.

UPDATE ON USE OF PROCEEDS

The shares of the Company (the "**Shares**") were listed ("**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 April 2019 by way of global offering. The net proceeds of the Group raised from the initial public offering (the "**Net Proceeds**") were approximately HK$131.3 million, after deducting the underwriting fees, commissions and other listing expenses. The unutilised amounts of Net Proceeds raised from the initial public offering (the "**Unutilised Net Proceeds**") at the date of this report are placed in licensed banks in Hong Kong and the PRC.

On 30 November 2021, the Board reallocated part of the remaining balance of the Unutilised Net Proceeds originally allocated for acquisition and implementation of additional production equipment at the Beiyuan Production Site for i) preparation for the construction of the Jiangxi Shangrao Production Site; and ii) replenishment of general working capital of the Group. The Board is of the view that the reallocation of the Unutilised Net Proceeds of approximately HK$24.5 million is more suitable for the current business and operating needs of the Group. The abovementioned changes in the use of proceeds are fair and reasonable as the Group can effectively utilise its financial resources to improve its profitability, and are in the interests of the Group and its Shareholders as a whole. The changes in the use of proceeds will not have any material adverse effect on the current business and operation of the Group. For details, please refer to the announcement of the Company dated 30 November 2021.

The table below sets out the use of Net Proceeds and the Unutilised Net Proceeds as at 30 June 2023:

	Planned allocation of Net Proceeds as stated in the prospectus *HK$ million*	Amount unutilised as at 31 December 2020 (before revised allocation on 30 November 2021) *HK$ million*	Remaining net proceeds to be utilised (after revised allocation on 30 November 2021) *HK$ million*	Amount utilised as at 30 June 2023 *HK$ million*	Unutilised Net Proceeds as at 30 June 2023 *HK$ million*	Expected timeline for full utilisation
Beiyuan Production Site for expansion of our seamless production capacity	26.3	–	–	–	–	N/A
– acquisition and implementation of additional production equipment at the Beiyuan Production Site	78.8	24.5	–	–	–	N/A
Enhancing product design, research and development capability	13.1	–	–	–	–	N/A
Working capital and general corporate purposes	13.1	–	–	–	–	N/A
Acquisition mask production line and ancillary equipment and constructing medical mask production workshop	–	–	–	–	–	N/A
Preparation for the construction of the Jiangxi Shangrao Production Site	–	–	5.5	4.9	0.6	Before 31 December 2024
General working capital	–	–	19.0	19.0	0.0	N/A
Total	131.3	24.5	24.5	23.9	0.6	

SUBSEQUENT EVENT

As at 30 June 2023 and up to the date of this report, the Group had no significant event occurred which would materially affect the Group's operating and financial performance.

EMPLOYEES AND REMUNERATION POLICY

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

SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not hold any significant investment in equity interest in any other company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in note 9 to the interim condensed consolidated financial statement, the Group did not have other future plans for material investments and capital assets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE MEASURES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") to ensure that the Company's business activities and decision making processes are regulated in a proper and prudent manner.

Mr. Jin Guojun ("**Mr. Jin**") is the chairman of the Board (the "**Chairman**") and chief executive officer of the Company. Although this deviates from the practice under code provision C.2.1, Part 2 of the CG Code, where it provides that the two positions should be held by two different individuals, as Mr. Jin has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and its Shareholders as a whole to continue to have Mr. Jin as Chairman so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the Chairman should not be able to monopolise the decision-making of the Board. The Board considers that the balance of power between the Board and management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action be taken should the need arise.

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 and the accounting principles and practices adopted and discussed auditing, internal control and financial reporting matters. The Audit Committee is of the view that the applicable accounting standards and requirements have been complied with by the Company and that appropriate disclosure have been made.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

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

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the Reporting Period (30 June 2022: nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")), which have been 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/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the issued Shares

Name of Director	Capacity/Nature of interest	Number of Shares or underlying shares	Approximate percentage of shareholding(Note 1)
Mr. Jin	Interested in controlled corporation(Note 2)	634,500,000	52.87%
Ms. Gong Lijin	Interest of spouse(Note 3)	634,500,000	52.87%
Ms. Huang Jingyi	Beneficial owner	10,033,461	0.83%

Notes:

1. As at 30 June 2023, the total number of issued Shares is 1,200,000,000, which has been used for the calculation of the approximate percentages which are not rounded up.

2. These Shares are held by Maximax Holding Corporation ("**Maximax**"), which is wholly owned by Mr. Jin. By virtue of the SFO, Mr. Jin is deemed to be interested in the Shares held by Maximax.

3. Mr. Jin is the spouse of Ms. Gong Lijin. By virtue of the SFO, Ms. Gong Lijin is deemed to be interested in the Shares interested by Mr. Jin.

Long Position in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of shares or underlying shares	Approximate percentage of shareholding
Mr. Jin	Maximax Holding Corporation(Note 1)	Interest in controlled corporation	1	100%

Note:

1. Maximax Holding Corporation is one of the controlling shareholders of the Company and is wholly owned by Mr. Jin.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which have been 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/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be kept under Section 352 of the SFO, or as otherwise were notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2023, so far as known to the Directors, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company which have been 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 were as follows:

Long position in issued Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares or underlying shares	Approximate percentage of shareholding(Note 1)
Maximax Holding Corporation	Beneficial Owner	634,500,000	52.87%
Jin Xiaohong	Beneficial Owner	63,000,000	5.25%
Zhejiang Yiwu Gaoxin District Development and Construction Co., Ltd.* (浙江義烏高新區開發建設有限公司)	Person having a security interest in the shares	243,025,715	20.25%

Note:

1. As at 30 June 2023, the total number of issued Shares is 1,200,000,000, which has been used for the calculation of the approximate percentages which are not rounded up.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company which have been 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed in the paragraph headed "Share Option Scheme" below, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares, or debt securities, including debentures, of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

There has been no change in the information of the Directors and chief executive required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 19 March 2019. No share option has been granted by the Company under the Share Option Scheme, exercised, lapsed or cancelled since the date of its adoption.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023 — unaudited

	Notes	Six months ended 30 June 2023 (Unaudited) *RMB'000*	 2022 (Unaudited) *RMB'000*
REVENUE	4	**96,462**	86,027
Cost of sales		**(71,394)**	(65,854)
Gross profit		**25,068**	20,173
Other income and gains		**4,685**	3,281
Selling and distribution expenses		**(19,969)**	(22,094)
Administrative expenses		**(12,981)**	(11,789)
(Impairment losses)/reversal of impairment losses on financial and contract assets, net		**(869)**	1,090
Other expenses		**(9,331)**	(18,368)
Finance costs		**(2,155)**	(1,569)
LOSS BEFORE TAX	5	**(15,552)**	(29,276)
Income tax credit	6	**996**	5,817
LOSS FOR THE PERIOD		**(14,556)**	(23,459)
Attributable to:			
Owners of the parent		**(14,622)**	(23,455)
Non-controlling interests		**66**	(4)
		(14,556)	(23,459)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic and diluted		**RMB (1.2) cent**	RMB (2.0) cent

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023 — unaudited

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
LOSS FOR THE PERIOD	**(14,556)**	(23,459)
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(9,591)**	(3,984)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**9,867**	4,295
Gains on property revaluation	**106,571**	—
Income tax effect	**(15,986)**	—
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**100,452**	4,295
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**90,861**	311
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**76,305**	(23,148)
Attributable to:		
Owners of the parent	**76,239**	(23,144)
Non-controlling interests	**66**	(4)
	76,305	(23,148)

Interim Condensed Consolidated Statement of Financial Position

At 30 June 2023 — unaudited

	Notes	30 June 2023 (Unaudited) *RMB'000*	31 December 2022 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	**225,577**	317,955
Advance payments for property, plant and equipment		**459**	695
Investment properties		**251,809**	48,400
Financial assets at fair value through other comprehensive income		**150**	—
Right-of-use assets		**28,002**	28,634
Intangible assets		**388**	494
Deferred tax assets		**5,894**	4,896
Other non-current assets		**5,170**	5,170
Total non-current assets		**517,449**	406,244
CURRENT ASSETS			
Inventories		**87,538**	109,884
Trade receivables	10	**49,990**	32,576
Prepayments, other receivables and other assets		**7,862**	6,781
Due from related parties	14	**1,344**	2,302
Pledged deposits		**19,148**	7,257
Cash and cash equivalents		**980**	6,454
Total current assets		**166,862**	165,254
CURRENT LIABILITIES			
Trade payables	11	**32,018**	26,378
Other payables and accruals		**107,248**	88,530
Interest-bearing bank and other borrowings		**62,077**	60,506
Tax payable		**266**	266
Provision		**—**	4,138
Due to related parties	14	**30**	11,384
Total current liabilities		**201,639**	191,202

At 30 June 2023 — unaudited

	Notes	30 June 2023 (Unaudited) *RMB'000*	31 December 2022 (Audited) *RMB'000*
NET CURRENT LIABILITIES		**(34,777)**	(25,948)
TOTAL ASSETS LESS CURRENT LIABILITIES		**482,672**	380,296
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**82,519**	83,734
Due to a related party	14	**11,300**	—
Deferred tax liabilities		**22,607**	6,621
Total non-current liabilities		**116,426**	90,355
Net assets		**366,246**	289,941
EQUITY			
Equity attributable to owners of the parent			
Share capital	12	**80,827**	80,827
Share premium		**205,242**	205,242
Other reserves		**79,047**	2,808
		365,116	288,877
Non-controlling interests		**1,130**	1,064
Total equity		**366,246**	289,941

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent									
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Asset revaluation reserve# *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2023 (audited)	80,827	205,242	(42,112)	19,658	9,308	37,521	(21,567)	288,877	1,064	289,941
Loss for the period	–	–	–	–	–	–	(14,622)	(14,622)	66	(14,556)
Other comprehensive income for the period:										
Gains on property revaluation, net of tax	–	–	–	–	–	90,585	–	90,585	–	90,585
Exchange differences on translation of foreign operations	–	–	–	–	276	–	–	276	–	276
Total comprehensive income for the period	–	–	–	–	276	90,585	(14,622)	76,239	66	76,305
At 30 June 2023 (unaudited)	80,827	205,242	(42,112)	19,658	9,584	128,106	(36,189)	365,116	1,130	366,246

	Attributable to owners of the parent									
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Asset revaluation reserve# *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2022 (audited)	80,827	205,242	(42,112)	19,658	8,620	23,059	49,368	344,662	1,071	345,733
Loss for the period	–	–	–	–	–	–	(23,455)	(23,455)	(4)	(23,459)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	311	–	–	311	–	311
Total comprehensive loss for the period	–	–	–	–	311	–	(23,455)	(23,144)	(4)	(23,148)
At 30 June 2022 (unaudited)	80,827	205,242	(42,112)	19,658	8,931	23,059	25,913	321,518	1,067	322,585

The asset revaluation reserve arose from a change in use from owner-occupied properties to investment properties.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:		**(15,552)**	(29,276)
Adjustments for:			
Loss on disposal of items of property, plant and equipment	5	**27**	64
Finance costs		**2,155**	1,569
Depreciation of property, plant and equipment		**5,667**	9,038
Depreciation of right-of-use assets		**2,116**	3,034
Amortisation of intangible assets		**106**	207
Write-down of inventories to net realisable value	5	**3,185**	2,616
Impairment of financial and contract assets, net:			
Impairment/(reversal of impairment) of trade receivables	5	**869**	(1,090)
Exchange differences, net		**214**	(11)
		(1,213)	(13,849)
Decrease in inventories		**19,161**	23,257
(Increase)/decrease in trade receivables		**(18,283)**	35,110
Increase in prepayments, other receivables and other assets		**(1,081)**	(406)
Increase in pledged deposits		**(11,891)**	(8,049)
Decrease in amounts due from related parties		**958**	137
Increase/(decrease) in trade payables		**5,640**	(9,240)
Increase/(decrease) in other payables and accruals		**15,760**	(3,109)
Decrease in due to related parties		**(56)**	—
Cash generated from operations		**8,995**	23,851
Income tax paid		**(2)**	(17)
Net cash flows generated from operating activities		**8,993**	23,834

For the six months ended 30 June 2023

	2023 (Unaudited) *RMB'000*	2022 (Unaudited) *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(11,096)**	(33,775)
Additions to other intangible assets	**–**	(266)
Purchase of unlisted investments	**(150)**	–
Proceeds from disposal of property, plant and equipment	**–**	1,036
Net cash flows used in investing activities	**(11,246)**	(33,005)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	**–**	64,000
Proceeds from other borrowings	**20,500**	3,000
Repayment of bank loans	**–**	(56,200)
Repayment of other borrowings	**(20,400)**	–
Principal portion of lease payments	**(1,119)**	(1,783)
Interest paid	**(2,253)**	(1,351)
Net cash flows (used in)/from financing activities	**(3,272)**	7,666
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(5,525)**	(1,505)
Cash and cash equivalents at beginning of period	**6,454**	8,701
Effect of foreign exchange rate changes, net	**51**	36
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**980**	7,232
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**980**	7,232

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

Going concern assumption

As at 30 June 2023, the Group's net current liabilities amounted to approximately RMB34,777,000, which comprised current assets of approximately RMB166,862,000 and current liabilities of approximately RMB201,639,000. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. In preparing the financial statements, the directors of the Company have considered the Group's sources of liquidity and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements.

As at 30 June 2023, the Group's total interest-bearing bank and other borrowings amounted to RMB62,077,000, all of which will be due within twelve months from 30 June 2023. The Group had unutilized banking facilities of RMB7,000,000 to meet the debt obligations and capital expenditure requirements. In addition, the measures that the Group has implemented or is in the process of implementing include (i) obtaining further banking facilities at least of RMB40,000,000 pledged by its newly established buildings; (ii) renegotiation with a related party to defer the repayment dates of existing borrowings to 31 March 2025; and (iii) consideration of potential downside risk factors, working capital sensitivities and identified mitigating actions that could be taken to further reduce cash expenditure.

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*
Amendment to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendment to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendment to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group has applied the amendment on the treatment of temporary differences arising from lease from beginning, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

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

	Six months ended 30 June 2022		
	ODM products *RMB'000* (Unaudited)	Brand products *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue			
Sales to external customers	62,438	23,589	86,027
Segment results	8,527	(10,448)	(1,921)
Other income and gains			3,281
Corporate and other unallocated expenses			(29,067)
Finance costs			(1,569)
Loss before tax			(29,276)

3. OPERATING SEGMENT INFORMATION (continued)

Geographic information

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**65,812**	53,908
United States of America	**12,405**	15,167
Mexico	**5,945**	7,787
Netherlands	**9,450**	5,058
Canada	**—**	2,818
Britain	**1,394**	—
Germany	**816**	322
Other countries or regions	**640**	967
Total	**96,462**	86,027

The revenue information above is based on the shipment destinations.

(b) Non-current assets

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**506,235**	396,178

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

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**96,462**	86,027

4. REVENUE (continued)

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2023

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

For the six months ended 30 June 2022

Segments	ODM products *RMB'000* (Unaudited)	Brand products *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Type of goods or services			
Sale of goods	62,438	23,589	86,027
Geographical markets			
Mainland China	30,319	23,589	53,908
United States of America	15,167	–	15,167
Mexico	7,787	–	7,787
Netherlands	5,058	–	5,058
Canada	2,818	–	2,818
Germany	322	–	322
Other countries or regions	967		967
Total	62,438	23,589	86,027
Timing of revenue recognition			
Goods transferred at a point in time	62,438	23,589	86,027

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**71,394**	65,854
Depreciation of property, plant and equipment	**5,667**	9,038
Depreciation of right-of-use assets	**2,116**	3,034
Amortisation of intangible assets	**106**	207
Research and development costs	**8,233**	13,082
Government grants	**(1,788)**	(2,454)
Outsourced manufacturers	**2,345**	1,908
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**27,007**	30,225
Pension scheme contributions	**1,651**	768
Staff welfare expenses	**132**	764
	28,790	31,757
Concession fees	**3,026**	3,628
Write-down of inventories to net realisable value	**3,185**	2,616
Impairment/(reversal of impairment) of trade receivables, net	**869**	(1,090)
Loss on disposal of items of property, plant and equipment	**27**	64
Bank interest income	**(15)**	(13)
Exchange differences, net	**(214)**	11

6. INCOME TAX

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

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

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022:8.25%) and the remaining assessable profits are taxed at 16.5% (2022:16.5%).

6. INCOME TAX (continued)

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

Zhejiang Bonny Fashion Holding Group Co., Ltd., a subsidiary of the Company is qualified as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% (2022:15%) during the period.

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current		
Charge for the period	**2**	—
Deferred	**(998)**	(5,817)
Total tax credit for the period	**(996)**	(5,817)

7. DIVIDENDS

No dividend was declared and paid by the Company since its incorporation.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,200,000,000 (2022: 1,200,000,000) in issued during the period.

No adjustment has been made to the basic loss per share amount presented for the period ended 30 June 2023 and 2022 in respect of a dilution as there are no dilutive potential ordinary shares.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted loss per share are based on:

	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(14,622)**	(23,455)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,200,000,000**	1,200,000,000

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at a cost of RMB2,009,000 (30 June 2022: RMB49,780,000).

Assets (other than those classified as held for sale) with a net book value of RMB27,000 were disposed of by the Group during the six months ended 30 June 2023 (30 June 2022: RMB1,100,000), resulting in a net loss on disposal of RMB27,000 (30 June 2022: net loss on disposal of RMB64,000).

10. TRADE RECEIVABLES

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 3 months	**31,768**	30,675
3 to 6 months	**179**	517
6 to 12 months	**17,021**	265
1 to 2 years	**417**	759
2 to 3 years	**605**	360
	49,990	32,576

11. TRADE PAYABLES

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 3 months	20,278	17,513
3 to 6 months	4,737	5,878
6 to 12 months	4,489	1,737
Over 12 months	2,514	1,250
	32,018	26,378

12. SHARE CAPITAL

Shares

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Issued and fully paid:		
1,200,000,000 (31 December 2022: 1,200,000,000) ordinary shares	80,827	80,827

13. COMMITMENTS

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for:		
Buildings	28,151	35,957

14. RELATED PARTY TRANSACTIONS

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

	Notes	For the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Purchase of materials from:			
Zhejiang Deshipu New Material Technology Co., Ltd. ("**Deshipu New Material**")	(i)	**981**	–
Borrowings from:			
Zhejiang Baicheng Trading Co., Ltd. ("**Baicheng Trading**")	(ii)	**20,500**	3,000
Loans granted to:			
Mr. Jin Guojun	(iii)	**23**	–

Note:

(i) The purchases of materials from the related party were made according to the published prices and conditions offered by the related party to its major customers.

(ii) The loans borrowed from Baicheng Trading are unsecured, non-interest-bearing and repayable on demand.

(iii) The loans granted to Mr. Jin Guojun are unsecured, non-interest-bearing and repayable on demand.

(b) Other transactions with related parties:

(i) Mr. Jin Guojun and Ms. Gong Lijin have guaranteed certain of the Group's bank loans of up to RMB100,000,000 as at 30 June 2023 (31 December 2022: RMB100,000,000).

14. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Due from related parties		
Deshipu New Material	**1,294**	2,275
Trade (i)	***(965)***	*16*
Non-trade (ii)	***2,259***	*2,259*
Mr. Jin Guojun	**50**	27
	1,344	2,302
Due to related parties		
Baicheng Trading *(iii)*	**11,300**	11,298
Bode Holding Co., Ltd. *(ii)*	**30**	86
	11,330	11,384

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

(i) The balances with related parties above are trade in nature and repayable on demand.

(ii) The balances with related parties above are non-trade in nature and represented interest receivables and repayable on demand.

(iii) The borrowings from Baicheng Trading are unsecured and repayable within two years.

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short-term employee benefits	**1,303**	1,063
Post-employment benefits	**—**	33
Total compensation paid to key management personnel	**1,303**	1,096

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals and amounts due from/to related parties, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments 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.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of non-current interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2023 were assessed to be insignificant.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000* (Unaudited)	Significant observable inputs (Level 2) *RMB'000* (Unaudited)	Significant unobservable inputs (Level 3) *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Financial assets at fair value through other comprehensive income	–	–	150	150

The movements in fair value measurements within Level 3 during the period are as follows:

	2023 *RMB'000* (Unaudited)
Financial assets at fair value through other comprehensive income:	
At 1 January	–
Purchases of unlisted investments	150
At 30 June	150