中國安儲能源集團有限公司
China Anchu Energy Storage Group Limited

(incorporated in Cayman Islands with limited liability)

Stock Code: 2399

CHINA ANCHU ENERGY

2023 INTERIM REPORT

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Corporate Information

Board of Directors and Committees

Executive Directors

Mr. Kwok Kin Sun *(Chairman)*
Mr. Kwok Hon Fung
Mr. Lu Ke
Mr. Duan Huiyuan (appointed on 16 June 2023)
Mr. Peng Zuncheng (resigned on 16 June 2023)

Non-executive Director

Mr. Wang Yan

Independent Non-executive Directors

Mr. Cheung Chiu Tung
Mr. Poon Yick Pang Philip
Mr. Ma Yu-heng

Audit Committee

Mr. Poon Yick Pang Philip *(Chairman)*
Mr. Cheung Chiu Tung
Mr. Ma Yu-heng

Remuneration Committee

Mr. Cheung Chiu Tung *(Chairman)*
Mr. Poon Yick Pang Philip
Mr. Duan Huiyuan (appointed on 16 June 2023)
Mr. Peng Zuncheng (resigned on 16 June 2023)

Nomination Committee

Mr. Kwok Kin Sun *(Chairman)*
Mr. Poon Yick Pang Philip
Mr. Cheung Chiu Tung

Company Secretary

Mr. Ong Kam Chit (appointed on 29 May 2023)
Mr. Tung Man Chun (resigned on 29 May 2023)

Authorized Representatives

Mr. Kwok Hon Fung
Mr. Ong Kam Chit (appointed on 29 May 2023)
Mr. Tung Man Chun (resigned on 29 May 2023)

Auditor

Elite Partners CPA Limited, *Certified Public Accountants*

Legal Adviser as to Hong Kong Law

DeHeng Law Offices (Hong Kong) LLP

Registered Office

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P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in the People's Republic of China

Fordoo Industrial Zone E12
Xunmei Industrial Zone, Fengze District
Quanzhou City, Fujian Province, China

Principal Place of Business in Hong Kong

Suite 708A, 7/F,
Champion Tower,
3 Garden Road, 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

Branch Share Registrar and Transfer Office

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road,
North Point, Hong Kong

Principal Bankers

China CITIC Bank Corporation Limited
China Construction Bank Corporation

IR Contact

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Company Website

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Financial Highlights

- Revenue of the Group increased by 16.5% to RMB317.1 million (2022: RMB272.2 million).
- Gross profit of the Group decreased by 21.0% to RMB71.6 million (2022: RMB90.6 million).
- Net loss attributable to equity holders of the Company was RMB40.0 million (2022: RMB3.6 million).
- Basic and diluted loss per share was RMB1.81 cents (2022: RMB0.17 cents).

	For the six months ended		
	30 June 2023	30 June 2022	Change
Profitability ratios			
Gross profit margin	**22.6%**	33.3%	-10.7ppt
Net loss/profit to revenue	**-16.5%**	4.9%	-21.4ppt
Return on equity [(1)]	**-13.5%**	2.8%	-16.3ppt

	As at 30 June 2023	As at 30 June 2022	
Liquidity ratios			
Inventory turnover (Days) [(2)]	**41**	35	+6
Trade receivables turnover (Days) [(3)]	**265**	176	+89
Trade payables turnover (Days) [(4)]	**259**	90	+169

	As at 30 June 2023	As at 31 December 2022	
Capital ratios			
Net debt to equity ratio [(5)]	**129.6%**	100.6%	+29.0ppt
Gearing ratio [(6)]	**140.5%**	116.8%	+23.7ppt

Notes:

(1) Net profit/loss for the period divided by total equity.

(2) Average of the inventory at the beginning and at the end of the period divided by cost of sales times the number of days during the period.

(3) Average of the trade receivables at the beginning and at the end of the period divided by revenue times the number of days during the period.

(4) Average of the trade payables at the beginning and at the end of the period divided by costs of sales times the number of days during the period.

(5) Net debt divided by total equity as at the end of the period. Net debt includes bank borrowings, corporate bonds, convertible bonds and loans from a shareholder net of cash and cash equivalents and pledged bank deposit.

(6) Total debts divided by the total equity as at the end of the period.

Management Discussion and Analysis

OVERVIEW

China Anchu Energy Storage Group Limited (the "**Company**") and its subsidiaries (together the "**Group**") are principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel, brand licensing and sales of energy storage battery in the PRC during the six months ended 30 June 2023 (the "**Period**").

Industrial Products

The Group sells automotive, motorcycle and other industrial products through its 51% indirectly-owned subsidiary ("**Subsidiary**") to customers located in Saudi Arabia. The demand of such products from customers in Saudi Arabia remained high during the Period as the economy of Saudi Arabia was benefited from the economic policy of Saudi Arabia and the high oil prices and strong demand of oil owing to the Russian-Ukrainian War. However, in post COVID-19 pandemic era, the suppliers in Southeast Asia engaging export business to Saudi Araba resumed normal. The competition faced by the industrial products segment was getting fierce and put pressure on the prices of the Group's industrial products in the Period, thus lowering the overall profit margin of this segment.

Menswear Apparel

The Group is a menswear enterprise in the PRC focusing on the sales of its branded menswear apparel and brand licensing. The Group completed the transformation from labour intensive manufacturing industry to outsourcing its branded menswear apparel by leveraging its own design talent in 2021. The Group currently sources its products on OEM basis only, which is more flexible in meeting the customer demand in the current trend.

Under the current weak retail situation, distributors placed small quantity orders of different product mix, which meant that economies of scale in production could not be achieved. In addition, after experiencing the suspension of social and economic activities in all the years due to the COVID-19 pandemic, outsourcing production process can avoid the sunk cost of production, such as idle labor costs and the fringe benefits.

Energy Storage Battery

The Company further expanded to the business of energy storage battery segment during 2022. Jiangsu HengAn Energy Technology Co., Ltd. ("**Jiangsu HengAn**"), an indirectly wholly-owned subsidiary of the Company, acquired the intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery (鋅溴液流電池) in 2022. The Group believes that the energy storage battery market will have promising prospects for development under the support of the national policy of "carbon emission reduction". As the battery production was still under trial stage during the Period, the revenue for the Period is insignificant.

Fund Raising Activities

On 30 May 2023, the Company issued 8% convertible bonds due 2025 under general mandate for a sum of HK$26.2 million (approximately RMB23.7 million), which is expected to be used for future business development, repayment of debts and general working capital. The amount of approximately HK$11.5 million had been utilised for repayment of debts. Please refer to the announcements of the Company dated 22 May 2023 and 30 May 2023 for details.

On 29 July 2022, the Company issued a total of 120,000,000 new shares of the Company under general mandate for a total sum of HK$66.0 million (approximately RMB56.4 million). The amounts of approximately HK$32.0 million and approximately HK$34.0 million had been fully utilised for business development and general working capital, respectively. Please refer to the announcements of the Company dated 13 July 2022 and 29 July 2022 for details.

Management Discussion and Analysis

BUSINESS REVIEW

A. Industrial Products Segment

The Group sells automotive, motorcycle and other industrial products to customers in Saudi Arabia with a business partner who is having 49% of the equity interest of the Subsidiary. The business partner has over 15 years of extensive experience in selling auto parts with strong network of marketing in Saudi Arabia and supply chain in PRC. The Group believes that the automotive market in Saudi Arabia will have good prospects for development under the current plan and seized the opportunity to enter into the automotive market with a strong partnership in business.

Automotive Market

In accordance with the Market Intelligence of the International Trade Administration (https://www.trade.gov/market-intelligence/saudiarabia-automotive-market), the automotive market in the Middle East/North Africa (the "**MENA**") region is growing at an estimated rate of 36% with Saudi Arabia as the leading regional market. Saudi Arabia accounted for almost 52% of the vehicles sold in the Gulf Cooperation Council (the "**GCC**") and 35% in the MENA region in 2020. Total vehicles sold in Saudi Arabia in 2019, 2020 and 2021 were approximately 556,000, 436,000 and 584,000, respectively. In 2022, a total of approximately 626,000 automobiles were sold in the automotive market in Saudi Arabia. It was the highest amount in the past six years and a 7.2% increase as compared to the year of 2021.

Saudi Vision 2030, initially announced on 25 April 2016, is a strategic framework to reduce Saudi Arabia's dependence on oil, diversify its economy, and develop public service sectors. Key goals include reinforcing economic and investment activities, increasing non-oil international trade, and promoting a softer and more secular image of Saudi Arabia. To achieve these goals, the National Industrial Development Center (the "**NIDC**") aims to attract 3-4 OEMs across the vehicles value chain, with the goal of producing 300,000 vehicles annually with a 40% local content by 2030. (In 2021, there are only four assembly plants in Saudi Arabia for commercial vehicles and these have a low volume output.) The NIDC provides incentives to enable industrialisation through loans, tax incentives and tariff exemptions. Vehicle body panels, wheel components, tires, seats, fuel pumps, seat belts, rear indicator light covers, headlights, bumpers and engine covers are in demand and present sustainable market opportunities for the Group in Saudi Arabia.

Other Industrial Products Market

Other industrial products are mainly the household hardware materials for decoration and renovation. Due to the strong economy in Saudi Arabia, people were willing to renovate their apartments and thus raised the demand from such industrial products.

In December 2022, President of the PRC, Xi Jinping, visited Saudi Arabia for the first China-Arab States Summit and the first China-Gulf Cooperation Council Summit and signed a number of agreements, including a strategic partnership agreement with Saudi Arabia's King Salman bin Abdul Aziz. They expressed appreciation for the growth of trade and investment between the two countries, which reflects the depth and sustainability of the economic relationship between the two countries. They also agreed to work together to deepen the automotive industry, supply chain, logistics, desalination, infrastructure, processing industry, mining, finance and other fields under the framework of the "Belt and Road Initiative" and "Saudi Vision 2030" to create an opportunity, incentive and supportive investment environment. Therefore, we believe that the demand for other industrial products is promising in the coming years.

Customers

As at 30 June 2023, the Group had three main customers for the industrial products segment. They are engaging in the businesses of wholesale and retail sale of automotive, motorcycle and other industrial products in Saudi Arabia and other Middle Eastern countries. They are mainly located in Jeddah which is the second largest city in Saudi Arabia. Jeddah has long been a seaport city and a trading hub for the region. These merits are beneficial to our customers' business.

The demand of such products from customers in Saudi Arabia remained high during the Period as the economy of Saudi Arabia was benefited from the economic policy of Saudi Arabia and the high oil prices and strong demand of oil owing to the Russian-Ukrainian War. Saudi Arabia achieved real gross domestic product (GDP) growth of 8.7% in 2022.

The revenue from the five largest customers during the Period accounted for approximately 99.5% of the total revenue of the industrial products segment.

Suppliers

The Group purchased industrial products from suppliers, mainly factories and distributors in the PRC.

In the post pandemic era, the suppliers in Southeast Asia engaging export business to Saudi Araba resumed normal. The competition faced by the industrial products segment was getting fierce and put pressure on the prices of the Group's industrial products in the Period, thus lowering the overall profit margin of this segment.

The purchase amounts of the five largest suppliers during the Period for industrial products segment accounted for approximately 74.2% of the total purchase amounts of the industrial products segment.

B. Menswear Apparel Segment

Distribution Network for the Sales of Menswear Apparel

The Group primarily sells its products on a wholesale basis to its third-party distributors, who then sell the products to end customers through retail outlets or resell the products to their sub-distributors, who in turn sell the products to end customers through retail outlets operated by those sub-distributors. The Group also sells its products to online distributors which then resell the products to end customers through different third-party online platforms such as Tmall.com and JD.com.

Due to the economic environment in the PRC and the end of the leases during 2022, we closed all 15 self-operated retail outlets in Quanzhou, Fujian Province and Beijing in the second half of 2022.

As at 30 June 2023, our distribution network comprised 42 distributors (31 December 2022: 52) (including one online distributor) and 20 sub-distributors (31 December 2022: 22) which operated 202 retail outlets (31 December 2022: 209), representing a net decrease of 7 retail outlets. As at 30 June 2023, 89.6% (31 December 2022: 87.6%) of the retail outlets were located in department stores or shopping malls whereas 10.4% (31 December 2022: 12.4%) of the retail outlets were standalone stores.

Marketing and Promotion

The Group believes that brand awareness is crucial to its long-term business development and a cornerstone of its future success. During the Period, the Group invested moderately in advertising and promotion to enhance its brand awareness, including organizing presentation events for new products and engaging in online advertisement through the internet, e.g. www.163.com, and software value-added services to improve our brand name.

Design and Product Development

The Group always puts great emphasis on product design and quality, as we believe our ability and commitment to provide fashionable and comfortable products have been integral to our success. As at 30 June 2023, our product design and development team consisted of 5 (31 December 2022: 6) members. The key team members, who plan, implement, supervise and manage the design and development efforts, have an average of 10 years of experience in the fashion industry. We will continue to invest in our product design and research and development capabilities to capture fashion trends and product designs.

Sales Fairs

We generally organise sales fairs at our headquarters in Quanzhou to showcase our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and their sub-distributors. We review our distributors' orders placed at our sales fairs to ensure that they are reasonable and in line with the relevant distributor's capacity and development plans. The sales fair for 2023 autumn/winter collections was held in April 2023, and the sales fair for 2024 spring/summer collections will be held in September 2023.

Management Discussion and Analysis

C. Energy Storage Battery Segment

In 2022, as part of the Group's strategy to diversify its business and to enhance the long-term growth and shareholder value, the Group had acquired intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery and diversified its business into energy storage battery segment through Jiangsu HengAn. The main operations of this segment are production and sales of zinc-bromine flow battery (鋅溴液流電池). A zinc-bromine flow battery is a rechargeable battery system that uses the reaction between zinc metal and bromine to generate electric current. It is being developed for stationary power applications, ranging from domestic energy usage to grid-scale energy (電網規模能源). It enables power system operators and utilities companies to store energy for later use.

Zinc-bromine Flow Battery Research and Development Production Base

Jiangsu HengAn set up a zinc-bromine flow battery research and development production base (the "**Production Base**") in the Jiangning Development Zone* (江寧開發區) and commenced the phase 1 development plan.

After the phase 1 development plan was completed in November 2022, Jiangsu HengAn started the production trial run. During the trial run stage, the production capacity was relatively low and therefore the revenues for the Period were insignificant.

On 13 February 2023, the Company has entered into a letter of intent (the "**LOI**") on collaboration with Nanjing Jiangning Economic and Technological Development Corporation* (南京江寧經濟技術開發區管理委員會), to carry out phase 2 development plan to increase the plant production capacity of the Production Base to meet demands from customers. The Group expects that phase 2 development plan would be commenced by the end of 2023 or early 2024.

For details of the LOI, please refer to the announcement of the Company dated 13 February 2023.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue by Product Type

	For the six months ended 30 June				
	2023		2022		Change
	RMB million	% of revenue	RMB million	% of revenue	%
Industrial Products					
Automotive Industrial Products	144.4	45.5%	110.7	40.7%	+30.4%
Other Industrial Products	118.4	37.4%	112.9	41.5%	+4.9%
Total of Industrial Products	262.8	82.9%	223.6	82.2%	+17.5%
Menswear Apparel					
Menswear Apparel Products	48.1	15.1%	43.4	15.9%	+10.8%
Brand licensing	5.9	1.9%	5.2	1.9%	+13.3%
Total of Menswear Apparel	54.0	17.0%	48.6	17.8%	+11.1%
Energy Storage Battery					
Energy Storage Battery	0.2	0.1%	–	–	+100%
Total	317.0	100%	272.2	100%	+16.5%

The increase in revenue was the combined effect of the increase of approximately RMB39.2 million in the revenue from the industrial products segment and increase of approximately RMB5.4 million in the revenue from the menswear apparel segment. There was a new revenue contribution of approximately RMB0.2 million from the energy storage battery segment.

The increase in revenue from the industrial products segment was significant due to the strong demand from the customers in Saudi Arabia. As mentioned in the Business Review section on page 5, it was attributed to the economy of Saudi Arabia.

Management Discussion and Analysis

Revenue by Region

	For the six months ended 30 June				
	2023		2022		**Change**
Region	**RMB million**	**% of revenue**	RMB million	% of revenue	%
Saudi Arabia					
Industrial Products	**262.8**	**82.9%**	223.6	82.2%	+17.5%
PRC					
Menswear Apparel	**54.0**	**17.0%**	48.6	17.8%	+11.1%
Energy Storage Battery	**0.2**	**0.1%**	–	–	+100%
Total of PRC	**54.2**	**17.1%**	48.6	17.8%	+11.5%
Total	**317.0**	**100%**	272.2	100%	+16.5%

Saudi Arabia region was the major revenue contributor to the Group accounting for approximately 82.9% (2022: 82.2%) of the total revenue.

Cost of Sales

	For the six months ended 30 June					
	2023		2022		**Change**	**Change**
	RMB million	**% of revenue**	RMB million	% of revenue	RMB million	%
Industrial Products	**204.2**	**64.4%**	146.2	53.7%	+58.0	+39.7%
Menswear Apparel	**41.0**	**12.9%**	35.4	13.0%	+5.6	+15.8%
Energy Storage Battery	**0.2**	**0.1%**	–	–	+0.2	+100%
Total	**245.4**	**77.4%**	181.6	66.7%	+63.8	+35.1%

Cost of sales increased by approximately 35.1% to approximately RMB245.4 million for the Period from approximately RMB181.6 million for the six months ended 30 June 2022 (the "**Prior Period**").

For industrial products segment, the cost of sales was attributable to the purchases of industrial products from suppliers in the PRC. The increase in cost of sales from industrial products segment was in line with the increase in revenue from this segment.

The increase in cost of sales from menswear apparel segment was in line with the increase in revenue from this segment.

Management Discussion and Analysis

Gross Profit

	For the six months ended 30 June			
	2023	2022	**Change**	**Change**
	RMB million	RMB million	RMB million	%
Industrial Products	**58.6**	77.4	−18.8	−24.3%
Menswear Apparel	**13.0**	13.2	−0.2	−1.5%
Energy Storage Battery	**0.0**	–	–	0.0%
Total	**71.6**	90.6	−19.0	−21.0%

Gross Profit Margin

	For the six months ended 30 June		
	2023	2022	**Change**
	%	%	%
Industrial Products	**22.3%**	34.6%	−12.3%
Menswear Apparel	**24.1%**	27.2%	−3.1%
Energy Storage Battery	**0.0%**	–	0.0%
Group	**22.6%**	33.3%	−10.7%

The decrease in gross profit margin in industrial products segment was caused by lower selling prices to attract customers in the Period due to more supplies in the market when the impact of COVID-19 reduced. The decrease in gross profit margin in the menswear apparel segment was due to the higher cost of sales and decrease in selling prices of menswear apparel in order to attract customers during the weak consumer sentiment market.

(Loss)/profit for the Period

	For the six months ended 30 June			
	2023	2022	**Change**	**Change**
	RMB million	RMB million	RMB million	%
Industrial Products	**(24.9)**	34.9	−59.8	−171.3%
Menswear Apparel	**(17.8)**	(28.2)	+10.4	+36.9%
Energy Storage Battery	**(17.7)**	(5.4)	−12.3	−227.8%
Unallocated	**8.1**	12.1	−4.0	−33.1%
Total	**(52.3)**	13.4	−65.7	−490.3%

The Group recorded continuous loss for the Period. The management of the Group concluded there was impairment indication and conducted a review of the recoverable amount of trade receivables of the Group. Based on the result of the assessment, management of the Group determined that the recoverable amount of trade receivables was lower than its carrying amount. A net allowance for expected credit losses on trade receivables under IFRS 9 “Financial Instruments” of approximately RMB60.1 million (2022: RMB19.2 million) had been recognised.

Management Discussion and Analysis

Other Income and Other Gains or Losses

For the Period, other income and other gains or losses slightly increased by approximately RMB0.6 million to approximately RMB8.1 million from approximately RMB7.5 million for the Prior Period. The net increase was mainly due to an increase in rental income of approximately RMB1.1 million and an increase in interest income of approximately RMB0.4 million, offset by an increase in net foreign exchange loss of approximately RMB1.1 million.

Selling and Distribution Expenses

	For the six months ended 30 June					
	2023		2022		Change	Change
	RMB million	% of revenue	RMB million	% of revenue	RMB million	%
Industrial Products	**4.3**	**1.4%**	12.7	4.7%	−8.4	−66.1%
Menswear Apparel	**9.3**	**2.9%**	4.0	1.5%	+5.3	+132.5%
Energy Storage Battery	**2.8**	**0.9%**	0.3	0.1%	+2.5	+833.3%
Total	**16.4**	**5.2%**	17.0	6.3%	−0.6	−3.5%

For the industrial products segment, the decrease in the selling and distribution expenses was mainly due to the decreased shipping container charges as the shipping business resumed to normal in post pandemic environment in the Period. Thus, the expenses to the revenue decreased by approximately 3.3% from 4.7% in the Prior Period to 1.4% for the Period.

For the menswear apparel segment, the increase in selling and distribution expenses was primarily due to the increase in advertising and promotional expenses and partially offset by (i) the decrease in salesman salaries and insurance resulting from the decrease in the Group's headcount coupled with a decrease in number of stores during the Period; and (ii) the decrease in store management, store decoration and promotion expenses, which was in line with the consolidation strategy on the underperforming shops.

For the energy storage battery segment, the selling and distribution expenses were approximately RMB2.8 million, accounted for approximately 0.9% of the revenue.

Administrative and Other Operating Expenses

	For the six months ended 30 June					
	2023		2022		Change	Change
	RMB million	% of revenue	RMB million	% of revenue	RMB million	%
Industrial Products	**26.3**	**8.3%**	22.4	8.2%	+3.9	+17.4%
Menswear Apparel	**18.6**	**5.9%**	20.5	7.5%	−1.9	−9.3%
Energy Storage Battery	**14.5**	**4.6%**	5.1	1.9%	+9.4	+184.3%
Unallocated	**−18.0**	**−5.7%**	−15.3	−5.6%	−2.7	−17.6%
Total	**41.4**	**13.1%**	32.7	12.0%	+8.7	+26.6%

For the industrial products segment, the increase in the administrative and other operating expenses was in line with the increase in revenue from this segment.

Management Discussion and Analysis

For the menswear apparel segment, the minor decrease in the administrative and other operating expenses was mainly due to the decrease in staff salaries expenses of approximately RMB922,000 resulting from the decrease in the menswear apparel segment's headcount and the decrease in depreciation expenses in furniture, fixtures and equipment of approximately RMB673,000.

For the energy storage battery segment, the administrative and other operating expenses were mainly composed of staff salaries and insurance expenses of approximately RMB5.7 million, depreciation expenses for property, plant and equipment and amortisation expenses for intangible assets of approximately RMB2.9 million, amortisation expenses on leases of approximately RMB1.4 million and research and development expenses of approximately RMB2.7 million. This segment was under trial run production stage in the Period.

Finance Costs

Finance costs increased by 31.2% from approximately RMB13.1 million in the Prior Period to approximately RMB17.2 million in the Period, mainly due to the increase in convertible bonds and loans from a shareholder.

Income Tax Credit

Income tax credit increased by 213.1% from income tax expenses of approximately RMB2.7 million in the Prior Period to income tax credit of approximately RMB3.1 million in the Period. The increase in income tax credit was mainly due to the increase in deferred tax assets generated from allowance for expected credit losses on trade receivables.

Interim Dividend

The Board has resolved not to declare the payment of any interim dividend for the Period (30 June 2022: Nil).

Liquidity and Financial Resources and Capital Structure

As at 30 June 2023, the total cash and bank balances of the Group were approximately RMB42.2 million (31 December 2022: RMB70.4 million), comprising cash and cash equivalents of approximately RMB22.2 million (31 December 2022: RMB50.4 million) and pledged bank deposit of RMB20.0 million (31 December 2022: RMB20.0 million).

The Group had a total of interest-bearing borrowings of approximately RMB542.6 million (31 December 2022: RMB508.5 million) comprising bank borrowings of approximately RMB408.1 million (31 December 2022: RMB411.1 million), corporate bonds of approximately RMB42.9 million (31 December 2022: RMB50.5 million), convertible bonds of approximately RMB68.5 million (31 December 2022: RMB46.9 million) and loans from a shareholder of approximately RMB23.1 million (31 December 2022: nil). The Group's borrowings were primarily denominated in RMB and HK$ (31 December 2022: in both RMB and HK$) and bear interest at fixed rate (31 December 2022: fixed rate) ranging from 0.1% to 15% (31 December 2022: 0.1% to 13%) per annum.

The maturity profile of the total borrowings as at 30 June 2023 is as follows (with comparative figures as at 31 December 2022):

	As at 30 June 2023 RMB million (Unaudited)	**%**	As at 31 December 2022 RMB million (Audited)	%
Bank borrowings, corporate bonds, convertible bonds and loans from a shareholder				
— Within 1 year or on demand	**501.1**	**92.3%**	439.8	86.5%
— Over 1 year but within 2 years	**20.9**	**3.9%**	46.9	9.2%
— Over 2 years but within 5 years	**20.6**	**3.8%**	21.8	4.3%
Total	**542.6**	**100%**	508.5	100%

Management Discussion and Analysis

As at 30 June 2023, the gearing ratio was approximately 140.5% (31 December 2022: 116.8%). The increase was mainly due to the increase in borrowings. The Group's gearing ratio is measured by the total interest-bearing borrowings divided by total equity and multiplied by 100%.

As at 30 June 2023, the Group's total equity decreased by approximately RMB49.2 million to RMB386.2 million (31 December 2022: RMB435.4 million). The decrease was mainly due to the incur of loss for the Period.

Trade Working Capital Ratios

The Group's average inventory turnover days was 41 days for the Period, as compared to 35 days for the Prior Period. The increase in inventory turnover days was mainly due to the increase in inventory days of industrial products segment from 26 days for the Prior Period to 43 days for the Period. The shipping business resumed to normal and active and required more time to handle the shipping processes and led to the longer time to convert the inventories to revenue.

The Group's average trade receivables turnover days was 265 days for the Period, representing a increase of 89 days from 176 days for the Prior Period. Such increase is due to the combined effect of the higher turnover days in menswear apparel segment (355 days) and the lower turnover days in industrial products segment (228 days). The increase in trade receivables turnover days was mainly due to the long outstanding trade receivables from some customers. The management in charge has been closely following up with the customers and distributors for settlement arrangement with monthly statements and collection letters issued, regular telephone calls and site visits, if possible. The Group will consider taking legal actions to collect the overdue trade receivables and enforce the collaterals if no further repayment is made in near future.

The Group's average trade payables turnover days was 259 days for the Period, representing an increase of 169 days from 90 days for the Prior Period. The increase was mainly due to the higher average trade payables turnover days of industrial products segment of 296 days for the Period, and the increase in the average trade payables turnover days of menswear apparel segment of 9 days from 58 days for the Prior Period to 67 days for the Period. For menswear apparel segment, we normally have 7 to 60 days credit period from our suppliers, while for industrial products segment, we normally have 90 days credit period from our suppliers.

The Group recorded a net debt to equity ratio of 129.6% as at 30 June 2023 (31 December 2022: 100.6%).

The Group regularly and actively monitors its capital structure to ensure that there is sufficient working capital to operate its business and to maintain a balanced capital structure between providing steady returns to its shareholders and benefits to its other stakeholders and having an adequate level of borrowing and security.

Charges of Assets

As at 30 June 2023, secured bank borrowings RMB408.1 million (31 December 2022: RMB411.1 million) were secured by certain buildings, investment properties, land use rights and a bank deposit with carrying value of approximately RMB4.6 million (31 December 2022: RMB12.6 million), approximately RMB220.2 million (31 December 2022: RMB219.9 million), approximately RMB221.1 million (31 December 2022: RMB224.7 million) and RMB20.0 million (31 December 2022: RMB20.0 million), respectively.

Significant Investment, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group had no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Period.

Management Discussion and Analysis

Future Plans for Material Investments and Capital Assets

Factory Restructuring

Since 2020, the Group had started to restructure some redundant factory areas (the "**Restructuring**") in Quanzhou to alternate the usage of those areas to develop a one-stop home and commercial furnishing chain business platform (the "**Platform**") to increase the income streams.

The Platform will facilitate the matching of suppliers and customers of the furnishing industry. The Restructuring will be separated into different areas such as the furnishing materials store, the furnishing design centre and supporting facilities such as the business centre. We expect to receive rental incomes, promotion and advertisement fees from the Platform.

The Restructuring is under the construction stage and is principally funded by cash generated from our operations and bank borrowings. According to the original planned timetable, we expect that the Restructuring would be completed by early 2022. However, due to the recurring COVID-19 situation in 2022, the completion would be delayed to late 2023 or early 2024.

Capital Commitments and Contingencies

As at 30 June 2023, the Group had a total capital commitment of RMB200.4 million (31 December 2022: RMB203.2 million). It was primarily related to the construction in progress. All the capital commitments are expected to be financed by our operations and bank borrowings.

As at 30 June 2023, the Group had no material contingent liabilities.

Foreign Currency Exposure

The functional currency of the Company is Hong Kong dollar and the figures in the Group's financial statements are translated into Renminbi for reporting and consolidation purposes. Foreign exchange differences arising from translation of financial statements are directly recognised in equity as a separate reserve. As the Group conducts business transaction principally in Renminbi, the exchange rate risk at the Group's operational level is not significant. The Group does not employ any financial instruments for hedging purpose.

Employees, Training, and Development

The Group had a total of 126 employees as at 30 June 2023 (31 December 2022: 133). The Group invested in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills. The Group offered competitive remuneration packages to its employees, including basic salary, allowances, insurance, commission or bonuses and entitlement to participate in the Group's share option scheme.

Use of Proceeds

The shares of the Company (the "**Shares**") were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2014 with net proceeds (the "**Net Proceeds**") from the global offering of HK$454.7 million (after deducting underwriting commissions and related expenses). Parts of the Net Proceeds were applied during the reporting period in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 June 2014 (the "**Prospectus**"). As at 30 June 2023, the Group had fully utilised HK$454.7 million of the Net Proceeds.

The following table sets forth a breakdown of the use of the Net Proceeds as at 30 June 2023:

Use of net proceeds	Available for use HK$ million	Utilised (as at 30 June 2023) HK$ million	Unutilised (as at 30 June 2023) HK$ million
Brand promotion and marketing	122.8	122.8	–
Research, design and product development	90.9	90.9	–
Repay a portion of our bank borrowings	90.9	90.9	–
Expand distribution network and provide storefront decoration	59.1	59.1	–
Install ERP system	45.5	45.5	–
Working capital and other general corporate purposes	45.5	45.5	–
	454.7	454.7	–

Issue of Convertible Bonds Under General Mandate

On 22 May 2023, the Company entered into subscription agreements (the "**Subscription Agreements**") with Mr. Tao Xubin and Mr. Song Maolin (the "**Subscribers**"), pursuant to which the Company has conditionally agreed to issue 8% convertible bonds in the aggregate principal amount of HK$26,205,300 to the Subscribers, which may be converted into 39,705,000 new ordinary shares of the Company (the "**Conversion Share(s)**") at the initial conversion price of HK$0.66 per Conversion Share (the "**Initial Conversion Price**"), subject to adjustments from time to time (the "**Convertible Bonds**") (the "**Subscriptions**"). The Initial Conversion Price represented a premium of approximately 26.92% to the closing price of the Share of HK$0.52 as quoted on the Stock Exchange on the trading day immediately prior to the date of the Subscription Agreements; and a premium of approximately 27.41% to the average closing price of the Share of HK$0.518 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements. The Convertible Bonds were issued on 30 May 2023.

To the best of the Director's knowledge, information and belief at the date of this Report, the Subscribers are independent of and not connected with the Company and its connected persons (as defined by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Directors considered the entering into of the Subscription Agreements and the issue of the Convertible Bonds by the Company represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost.

The net proceeds from the Subscriptions, after deduction of relevant expenses, amounted to approximately HK$25,935,300, which is expected to be used for future business development, repayment of debts and general working capital. Assuming conversion of the Convertible Bonds into Conversion Shares in full at the Initial Conversion Price, a total of 39,705,000 Conversion Shares will be issued. None of the Convertible Bonds was redeemed or converted since issuance.

During the Period, the amount of approximately HK$11.5 million of the above net proceeds was utilized for repayment of debts. It is expected that the remaining proceeds will be fully utilised by the end of 2023.

For details of the Subscriptions, please refer to the announcements of the Company dated 22 May 2023 and 30 May 2023.

Management Discussion and Analysis

PROSPECTS

With the global economy and trade returning to normal, the industrial products segment is facing competition from suppliers in Southeast Asia region engaging export business to Saudi Arabia. The Group will focus on the need of our customers and source more competitive priced products from different suppliers to attract customers and retain the market share and our overall profit margin simultaneously. We believe that the demand of automobiles will keep growing in the coming years and thus automotive parts shall be in big demand due to the economic policy of Saudi Arabia. Besides, people were willing to renovate their apartments and thus raised the demand for the household hardware materials due to the strong economy of Saudi Arabia. We remain optimistic and cautious about this segment.

Comparing with the Prior Period, there was a minor improvement in the performance of the menswear segment in the Period. However, due to the slow post COVID-19 economic recovery, consumer sentiment for local brand menswear apparel is expected to remain weak due to the uncertainties of business environment and employment. We expect that the performance of the menswear apparel segment will be very challenging in the second half of 2023 and the Group will continue to monitor the menswear apparel operations, control and reduce unnecessary expenses and save costs.

For the energy storage industry business segment, the Company plans to carry out phase 2 development plan to increase the site area for the research and development production base, to expand the scale of production and increase the research and development as well as production capacity for zinc-bromine flow battery to meet potential demands from customers. The phase 2 development plan is expected to be completed in late 2023 or early 2024.

The Group will also implement strict cost control and continue to explore opportunities for business development and diversification, so as to maximise the returns to the Company and its shareholders in the long run and enhance its shareholder value accordingly.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi)

	Notes	Six months ended 30 June 2023 RMB'000	2022 RMB'000
Revenue	4	**317,061**	272,187
Cost of sales		**(245,433)**	(181,559)
Gross profit		**71,628**	90,628
Other income and other gains or losses	5	**8,093**	7,516
Impairment losses under expected credit losses ("**ECL**") model, net of reversal		**(60,051)**	(19,214)
Selling and distribution expenses		**(16,437)**	(16,977)
Administrative and other operating expenses		**(41,371)**	(32,739)
(Loss)/profit from operations		**(38,138)**	29,214
Finance costs	6(a)	**(17,202)**	(13,113)
(Loss)/profit before taxation	6	**(55,340)**	16,101
Income tax credit/(expenses)	7	**3,082**	(2,724)
(Loss)/profit for the period		**(52,258)**	13,377

The notes on pages 23 to 40 form part of this interim report.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi)

	Notes	Six months ended 30 June 2023 RMB'000	2022 RMB'000
Other comprehensive (expenses)/income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside the mainland of the People's Republic of China (the "**PRC**")		**(3,005)**	1,447
Total comprehensive (expenses)/income for the period		**(55,263)**	14,824
(Loss)/profit attributable to:			
Equity holders of the Company		**(40,044)**	(3,624)
Non-controlling interest		**(12,214)**	17,001
		(52,258)	13,377
Total comprehensive (expenses)/income attributable to:			
Equity holders of the Company		**(42,983)**	(3,015)
Non-controlling interest		**(12,280)**	17,839
		(55,263)	14,824
Loss per share (RMB cents)			
Basic and diluted	9	**(1.81)**	(0.17)

Condensed Consolidated Statement of Financial Position

As at 30 June 2023 — unaudited
(Expressed in Renminbi)

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**23,725**	27,164
Investment properties		**377,182**	375,424
Right-of-use assets		**228,543**	234,124
Intangible assets		**42,578**	45,413
Prepayment for acquisition of property, plant and equipment		**7,867**	4,601
Deferred tax assets		**112,427**	101,929
		792,322	788,655
Current assets			
Inventories		**56,234**	54,308
Trade and other receivables	10	**659,239**	420,314
Pledged bank deposit		**20,000**	20,000
Cash and cash equivalents		**22,220**	50,375
		757,693	544,997
Current liabilities			
Trade and other payables	11	**563,983**	337,881
Bank borrowings	12	**408,119**	411,121
Loans from a shareholder	13	**23,092**	–
Lease liabilities		**7,192**	4,159
Corporate bonds	14	**19,691**	28,628
Convertible bonds	15	**50,154**	–
Current taxation		**12,331**	4,930
		1,084,562	786,719
Net current liabilities		**(326,869)**	(241,722)
Total assets less current liabilities		**465,453**	546,933

The notes on pages 23 to 40 form part of this interim report.

Condensed Consolidated Statement of Financial Position

As at 30 June 2023 — unaudited
(Expressed in Renminbi)

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		**37,740**	37,740
Lease liabilities		**–**	5,057
Corporate bonds	14	**23,216**	21,835
Convertible bonds	15	**18,342**	46,945
		79,298	111,577
Net assets		**386,155**	435,356
Capital and reserves			
Share capital		**4,420**	4,420
Reserves		**373,963**	410,884
Equity attributable to equity owners of the Company		**378,383**	415,304
Non-controlling interest		**7,772**	20,052
Total equity		**386,155**	435,356

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi)

		Attributable to equity holders of the Company										
	Notes	Share capital RMB'000 *Note 16(b)*	Share premium RMB'000 *Note 16(c)(i)*	Statutory reserve RMB'000 *Note 16(c)(ii)*	Capital reserve RMB'000 *Note 16(c)(iii)*	Exchange reserve RMB'000 *Note 16(c)(iv)*	Share-based payment reserve RMB'000 *Note 16(c)(v)*	Convertible bond reserve RMB'000 *Note 16(c)(vi)*	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interest RMB'000	Total RMB'000
Balance at 1 January 2022 (Audited)		4,163	214,184	128,898	39,023	(6,903)	111	–	67,201	446,677	7,335	454,012
Changes in equity for the six months ended 30 June 2022:												
Profit/(loss) for the period		–	–	–	–	–	–	–	(3,624)	(3,624)	17,001	13,377
Other comprehensive income for the period		–	–	–	–	609	–	–	–	609	838	1,447
Total comprehensive income/(expenses)		–	–	–	–	609	–	–	(3,624)	(3,015)	17,839	14,824
Recognition of equity component of convertible bond		–	–	–	–	–	–	5,592	–	5,592	–	5,592
Balance at 30 June 2022 (Unaudited)		4,163	214,184	128,898	39,023	(6,294)	111	5,592	63,577	449,254	25,174	474,428
Balance at 1 January 2023 (Audited)		**4,420**	**270,371**	**128,898**	**39,023**	**(3,464)**	**55**	**8,756**	**(32,755)**	**415,304**	**20,052**	**435,356**
Changes in equity for the six months ended 30 June 2023:												
Loss for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(40,044)**	**(40,044)**	**(12,214)**	**(52,258)**
Other comprehensive expenses for the period		**–**	**–**	**–**	**–**	**(2,939)**	**–**	**–**	**–**	**(2,939)**	**(66)**	**(3,005)**
Total comprehensive expenses		**–**	**–**	**–**	**–**	**(2,939)**	**–**	**–**	**(40,044)**	**(42,983)**	**(12,280)**	**(55,263)**
Recognition of equity component of convertible bonds		**–**	**–**	**–**	**–**	**–**	**–**	**6,062**	**–**	**6,062**	**–**	**6,062**
Balance at 30 June 2023 (Unaudited)		**4,420**	**270,371**	**128,898**	**39,023**	**(6,403)**	**55**	**14,818**	**(72,799)**	**378,383**	**7,772**	**386,155**

The notes on pages 23 to 40 form part of this interim report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Operating activities		
Cash generated (used in)/from operations	**(38,622)**	21,526
Income tax paid	**–**	–
Net cash (used in)/generated from operating activities	**(38,622)**	21,526
Investing activities		
Payment for the purchase of property, plant and equipment and intangible assets	**(10,593)**	(56,189)
Payments of construction in progress	**(1,496)**	(12,492)
Interest received	**1,051**	605
Net cash used in investing activities	**(11,038)**	(68,076)
Financing activities		
Proceeds from bank borrowings	**183,900**	396,500
Repayment of bank borrowings	**(186,900)**	(398,500)
Proceeds from loans from a shareholder	**22,744**	–
Proceeds from issuance of convertible bonds	**23,682**	49,912
Interest paid	**(19,867)**	(11,073)
Repayment of corporate bonds	**–**	(13,036)
Payment of lease liabilities	**(2,054)**	(1,625)
Net cash generated from financing activities	**21,505**	22,178
Net decrease in cash and cash equivalents	**(28,155)**	(24,372)
Cash and cash equivalents as at 1 January	**50,375**	131,821
Cash and cash equivalents as at 30 June	**22,220**	107,449

The notes on pages 23 to 40 form part of this interim report.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 Basis of preparation

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 30 August 2023.

The interim financial information has been prepared in accordance with the same accounting policies adopted in 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial information in conformity with IAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and the Group since the 2022 annual consolidated financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**"). The interim financial information is unaudited, but has been reviewed by the Company's audit committee.

In preparing these condensed consolidated interim financial statements, the Directors have considered the future liquidity of the Group. As at 30 June 2023, the Group has net current liabilities of RMB326,869,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, these condensed consolidated interim financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of the condensed consolidated interim financial statements, after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

(i) The Group have guarantee contracts with certain banks to obtain maximum credit amounts of RMB556,000,000 and as at 30 June 2023, the unutilised facilities amount in respect of bank borrowings is RMB147,881,000.

(ii) The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investments and business opportunities with an aim to attain profitable and positive cash flow operations.

On the basis of the foregoing, and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of twelve months from the date of condensed consolidated interim financial statements. Accordingly, the condensed consolidated interim financial statements of the Group have been prepared on the going concern basis.

2 Changes in accounting policies

The accounting policies adopted and methods of computation used in the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

In the current interim period, the Group has adopted all the amendments (the "**amended IFRSs**") issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2023. The adoption of these amended IFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior accounting period.

IFRS 17 (including the June 2020 and December 2021 Amendment to IFRS 17)	Insurance Contracts
Amendment to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendment to IAS 8	Definition of Accounting Estimates
Amendment to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has not applied any new and revised IFRSs that are not yet effective for the current period in advance.

3 Segment information

Operating segments and the amounts of each segment item reported in the condensed consolidated interim financial statements are identified from the condensed consolidated interim financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Operating segments which are individually material are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they meet a majority of these criteria.

The main operations of the Group are sales of industrial products to customers located in Saudi Arabia ("**Industrial Products**"), sales of menswear apparel, brand licensing ("**Menswear Apparel**") and sales of energy storage battery ("**Energy Storage Battery**") in the PRC.

3 Segment information (Continued)

(a) Segment revenue and results

For the six months ended 30 June 2023

	Menswear Apparel RMB'000 (Unaudited)	Industrial Products RMB'000 (Unaudited)	Energy Storage Battery RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Revenue	53,998	262,891	172	–	317,061
Segment result before the following items	(2,905)	54,278	(15,758)	–	35,615
Allowance for ECL of trade receivables, net	(2,199)	(57,852)	–	–	(60,051)
Depreciation and amortisation	(14,195)	–	(4,649)	–	(18,844)
Segment result	(19,299)	(3,574)	(20,407)	–	(43,280)
Other revenue and unallocated gains				1,400	1,400
Corporate and other unallocated expenses				(13,460)	(13,460)
Loss before taxation					(55,340)
Income tax credit/(expenses)	545	4,923	–	(2,386)	3,082
Loss for the period					(52,258)

3 Segment information (Continued)

(a) Segment revenue and results (Continued)

For the six months ended 30 June 2022

	Menswear Apparel RMB'000 (Unaudited)	Industrial Products RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Revenue	48,582	223,605	–	272,187
Segment result before the following items	4,664	64,938	–	69,602
Allowance for ECL of trade receivables, net	(18,517)	(697)	–	(19,214)
Depreciation and amortisation	(15,351)	–	–	(15,351)
Segment result	(29,204)	64,241	–	35,037
Other revenue and unallocated gains			146	146
Corporate and other unallocated expenses			(19,082)	(19,082)
Profit before taxation				16,101
Income tax credit/(expenses)	4,272	(6,996)	–	(2,724)
Profit for the period				13,377

(b) Segment assets and liabilities

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

	Menswear Apparel		Industrial Products		Energy Storage Battery		Unallocated		Consolidated	
	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)	**As at 30 June 2023 RMB'000 (Unaudited)**	As at 31 December 2022 RMB'000 (Audited)	**As at 30 June 2023 RMB'000 (Unaudited)**	As at 31 December 2022 RMB'000 (Audited)	**As at 30 June 2023 RMB'000 (Unaudited)**	As at 31 December 2022 RMB'000 (Audited)	**As at 30 June 2023 RMB'000 (Unaudited)**	As at 31 December 2022 RMB'000 (Audited)
Segment assets	**826,839**	817,297	**546,611**	357,099	**154,160**	123,782	**22,405**	35,474	**1,550,015**	1,333,652
Segment liabilities	**500,326**	471,265	**436,692**	249,740	**56,109**	24,702	**170,733**	152,589	**1,163,860**	898,296

3 Segment information (Continued)

(c) Geographical Information

(a) Revenue

The following table presents the Group's geographical information in terms of revenue for the six months ended 30 June 2023 and 2022:

	Six months ended 30 June 2023 RMB'000 (Unaudited)	Six months ended 30 June 2022 RMB'000 (Unaudited)
China	**54,170**	48,582
Saudi Arabia	**262,891**	223,605
	317,061	272,187

(b) Non-current assets

The principal place of the Group's operation is in PRC. For the purpose of segment information disclosures under IFRS 8, the Group regards PRC as its country of domicile. Over 90% of the Group's non-current assets are located in the PRC.

(d) Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the Group's total revenue are as follows:

	Six months ended 30 June 2023 RMB'000 (Unaudited)	Six months ended 30 June 2022 RMB'000 (Unaudited)
Customer A (Industrial Products)	**N/A***	102,693
Customer B (Industrial Products)	**51,291**	66,882
Customer C (Industrial Products)	**87,056**	37,913
Customer D (Industrial Products)	**117,016**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 Revenue

The principal activities of the Group are sales of industrial products to customers located in Saudi Arabia, sales of menswear apparel, brand licensing and sales of energy storage battery in the PRC. Revenue represents the sales value of goods sold less discounts and Value Added Tax.

Revenue by segment is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of industrial products	**262,891**	223,605
Sales of menswear apparel	**48,108**	43,351
Menswear apparel brand licensing	**5,890**	5,231
Sales of energy storage battery	**172**	–
	317,061	272,187
Timing of revenue recognition		
At a point of time	**311,171**	266,956
Over time	**5,890**	5,231
	317,061	272,187

5 Other income and other gains or losses

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	**1,051**	605
Rental income from investment properties less direct outgoings	**6,324**	5,272
Government grants *(note (i))*	**30**	22
Net foreign exchange (loss)/gain	**(1,083)**	25
Gain on modification of corporate bonds	**580**	540
Others	**1,191**	1,052
	8,093	7,516

Note:

(i) Government grants were received from several local government authorities, of which the entitlements were under the discretion of the relevant authorities.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(a)	**Finance costs:**		
	Interest on bank borrowings	**9,833**	9,674
	Interest on corporate bonds	**2,255**	3,132
	Interest on convertible bonds	**4,684**	178
	Interest on loans from a shareholder	**300**	–
	Interest on lease liabilities	**130**	129
		17,202	13,113
(b)	**Staff costs:**		
	Contributions to defined contribution retirement plans	**506**	1,017
	Salaries, wages and other benefits	**13,313**	9,251
		13,819	10,268
(c)	**Other items:**		
	Amortisation of intangible assets	**2,733**	1,765
	Depreciation of property, plant and equipment	**3,186**	1,944
	Depreciation of investment properties	**7,316**	6,753
	Depreciation of right-of-use assets	**5,609**	4,889
	Research and developments expenses	**3,959**	651
	Cost of inventories	**247,337**	85,194
	Impairment losses under ECL model, net of reversal	**60,051**	19,214

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

7 Income tax credit/(expenses)

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
Provision for PRC corporate income tax for the period	**–**	–
Provision for Hong Kong profits tax for the period	**(7,009)**	(6,996)
	(7,009)	(6,996)
Deferred tax credit	**10,091**	4,272
	3,082	(2,724)

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit for the six months ended 30 June 2023 and 2022.

(iii) Pursuant to the income tax rules and regulations of the PRC, provision for PRC corporate income tax is calculated based on the statutory rate of 25% of the assessable profits of the subsidiaries incorporated in the PRC.

(iv) According to the Corporate Income Tax law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

8 Loss per share

(a) Basic loss per share

The calculation of the basic loss per share attributable to equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of calculating basic loss per share	**(40,044)**	(3,624)

	Number of shares	
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue	**2,212,018**	2,092,018

(b) Diluted loss per share

The computation of diluted loss per share for the six months ended 30 June 2023 and 30 June 2022 did not assume the conversion of the Company's outstanding convertible bonds and exercise of outstanding share options of the Company since their assumed conversion and exercise would result in a decrease in loss per share.

9 Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with a cost of RMB7,327,000 (six months ended 30 June 2022: RMB245,000).

Items of property, plant and equipment with a net book value of RMB8,000 (six months ended 30 June 2022: RMB 225,000) were disposed of during the six months ended 30 June 2023.

Items of property, plant and equipment with a net book value of RMB7,575,000 (six months ended 30 June 2022: RMB 17,409,000) were transferred to investment properties during the six months ended 30 June 2023.

10 Trade and other receivables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	**1,034,945**	772,960
Less: Loss allowance for ECL	**(474,849)**	(412,363)
Written-off	**–**	(3,923)
Trade receivables	**560,096**	356,674
Prepayments to suppliers	**59,686**	16,101
Other deposits, prepayments and receivables	**39,457**	47,539
	659,239	420,314

Aging analysis

At the end of the reporting period, the aging analysis of trade receivables with net of allowance for ECL, based on invoice date, is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 3 months	**148,565**	223,565
More than 3 months but within 6 months	**156,880**	5,321
More than 6 months but within 1 year	**254,651**	121,109
Over 1 year	**–**	6,679
	560,096	356,674

Trade receivables are normally due for settlement within 90–180 days (31 December 2022: 90–180 days) from the invoice date.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other payables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables	**441,949**	251,439
Other payables	**58,018**	31,523
Accruals	**64,016**	54,919
	563,983	337,881

As at the end of the reporting period, the aging analysis of the trade payables, based on relevant invoice date, is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 1 month	**61,763**	51,527
After 1 month but within 3 months	**59,556**	114,430
Over 3 months but within 6 months	**101,514**	71,288
Over 6 months but within 1 year	**211,547**	14,194
Over 1 year	**7,569**	–
	441,949	251,439

12 Bank borrowings

(a) The bank borrowings were repayable as follow:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 1 year or on demand	**408,119**	411,121

(b) The bank borrowings were secured as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Bank borrowings		
— Secured	**366,119**	366,121
— Unsecured	**42,000**	45,000
	408,119	411,121

(c) Certain bank borrowings were secured by assets of the Group, the carrying amounts of these assets are as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Property, plant and equipment	**4,560**	12,552
Investment properties	**220,156**	219,894
Right-of-use assets	**221,138**	224,693
Pledge bank deposits	**20,000**	20,000
	465,854	477,139

12 Bank borrowings (Continued)

(d) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Facility amount	**556,000**	560,000
Utilised facilities amount in respect of bank borrowings	**408,119**	411,100

13 Loans from a shareholder

Loans from a shareholder, Mr. Kwok Kin Sun, are unsecured, interest bearing at 5% per annum and repayable within one year.

14 Corporate bonds

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Unsecured corporate bonds	**42,907**	50,463

The Group's corporate bonds are repayable as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 1 year	**19,691**	28,628
After 1 year but within 2 years	**2,586**	2,416
After 2 years but within 5 years	**20,630**	19,419
	42,907	50,463

As at 30 June 2023, the Group issued bonds with a principle amount in a total of RMB59,975,000 (31 December 2022: RMB58,834,000) carried interest at 0.1%–6.5% (31 December 2022: 0.1%–6.5%) per annum. The bonds are unsecured with maturity date falling on 2–8 years (31 December 2022: 2–8 years) of the issue date.

The effective interest rate of the bonds ranges from 6.73% to 13.35% (31 December 2022: 6.73% to 13.35%) per annum.

15 Convertible bonds

The Company issued HK$26,205,300, 8.0% per annum convertible bonds on 30 May 2023. The convertible bonds are denominated in Hong Kong dollars. The convertible bond holders are entitled to convert the convertible bonds into ordinary shares of the Company at any time from date of issue to the maturity date on 29 May 2025 at an initial conversion price of HK$0.66 per conversion share (subject to adjustment). The Company has the callable option to redeem all or some of the convertible bonds plus accrued interest from 30 May 2023 and prior to the maturity date on 29 May 2025. If the convertible bonds have not been converted, it will be redeemed on the maturity date on 29 May 2025 at par.

During the year ended 31 December 2022, the Company issued HK$60,000,000, 8.0% per annum convertible bond on 21 June 2022. The convertible bond is denominated in Hong Kong dollars. The convertible bond holder is entitled to convert the convertible bond into ordinary shares of the Company at any time from 21 June 2023 to the maturity date on 20 June 2024 at an initial conversion price of HK$0.6 per conversion share (subject to adjustment). The Company has the callable option to redeem all or some of the convertible bond plus accrued interest from 21 June 2022 and prior to the maturity date on 20 June 2024. If the convertible bond has not been converted, it will be redeemed on the maturity date on 20 June 2024 at par.

The convertible bonds contain two components, debt component and equity component. The effective interest rate of the debt component is 20.23% to 25.9%.

The movements of the debt and equity components of the convertible bonds for the period are set out as below:

	Debt component RMB'000	Equity component RMB'000
As at 1 January 2022	–	–
Proceed from the issuance of convertible bond	41,157	8,756
Effective interest expense	2,098	–
Exchange adjustment	3,690	–
As at 31 December 2022 and 1 January 2023 (audited)	46,945	8,756
Proceeds from the issuance of convertible bonds	**17,620**	**6,062**
Effective interest expense	**2,569**	**–**
Exchange adjustment	**1,362**	**–**
As at 30 June 2023 (unaudited)	**68,496**	**14,818**

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 Equity-settled share-based payments for employees

The Company has adopted a share option scheme on 7 October 2015 whereby the Directors are authorised, at their discretion, to invite certain employees of the Group, including certain directors of the Group, to take up share options at consideration of HK$1 each (equivalent to RMB0.821 at the date of grant). Each option gives the holder the right to subscribe for one ordinary share in the Company and will be settled gross in shares.

(a) Details of share options granted are as follows:

Date of grant		Exercise price	Number of options granted	Vesting periods	Contractual life of options
Options granted to the Directors:					
7 October 2015	Batch 1	HK$0.89*	400,000*	one year from the date of grant	From 7 October 2016 to 6 October 2021
7 October 2015	Batch 2	HK$0.89*	400,000*	two year from the date of grant	From 7 October 2017 to 6 October 2022
7 October 2015	Batch 3	HK$0.89*	400,000*	three year from the date of grant	From 7 October 2018 to 6 October 2023
		HK$0.89*	1,200,000		

* On 15 October 2019, the Company approved the share subdivision at the extraordinary general meeting, the share subdivision become effect on 17 October 2019, whereby each issued and unissued ordinary share of HK$0.01 each subdivision into four subdivision ordinary shares of HK$0.0025 each.

(b) The number and weighted average exercise prices of share options

	As at 30 June 2023 (Unaudited)		As at 31 December 2022 (Audited)	
	Weighted average Exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the 1 January	**HK$0.89**	**400,000**	HK$0.89	800,000
Lapsed during the period/year	**N/A**	**–**	HK$0.89	(400,000)
Outstanding at 30 June/31 December	**HK$0.89**	**400,000**	HK$0.89	400,000
Exercisable at 30 June/31 December	**HK$0.89**	**400,000**	HK$0.89	400,000

During the six months ended 30 June 2023, Nil (31 December 2022: Nil) share options were granted and 400,000 (31 December 2022: 400,000) of share options became exercisable as at 30 June 2023.

The shares options outstanding as at 30 June 2023 had an exercise price of HK$0.89 (31 December 2022: HK$0.89) and a weighted average remaining contractual life of 0.3 year (31 December 2021: 0.8 year).

17 Capital, reserves and dividends

(a) Dividends

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

(b) Share capital

Authorised and issued share capital

	Number of shares	Amount HK$'000
Authorised:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	**4,000,000,000**	**10,000**

	Number of ordinary shares of HK$0.0025	Amount HK$'000	Amount RMB'000
Issued and fully paid:			
As at 1 January 2022	**2,092,018,000**	**5,230**	**4,163**
Issuance of share under subscription *(note)*	**120,000,000**	**300**	**257**
As at 31 December 2022, 1 January 2023 and 30 June 2023	**2,212,018,000**	**5,530**	**4,420**

Note: On 13 July 2022, the Company entered into the subscription agreement with an independent third party (the "**Subscriber**"), pursuant to which the Subscriber had conditionally agreed to subscribe for 120,000,000 new shares at the subscription price of HK$0.55 per subscription share. The subscription was completed and 120,000,000 of new shares were issued and allotted on 29 July 2022.

17 Capital, reserves and dividends (Continued)

(c) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company (the "**Shares**") and proceeds received from the issuance of the Shares.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Statutory reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the mainland China 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 the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(iii) Capital reserve

On 30 April 2014, an amount payable of RMB39,023,000 had been waived by the ultimate controlling party, Mr. Kwok Kin Sun, and capitalised in capital reserve.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statement of operations outside the mainland China.

(v) Share-based payment reserve

Share-based payment reserve comprises the following:

— The fair value of services provided by parties other than employees to the Group in connection with the listing of the Company and the services were settled by equity instrument of the Company. The relevant services are recognised in accordance with IFRS 2, *Share-based payment*. Share-based payment was vested pursuant to the listing of the Company on 16 July 2014. No transfer from the share-based reserve to the share premium account during the period of 2023.

— The portion of the grant date fair value of share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for the share-based payments.

(vi) Convertible bond reserve

Convertible bond reserve represents the amount allocated to the equity component of convertible bond issued by the Company.

18 Commitments

Capital commitments

Capital commitments of the Group in respect of construction in progress outstanding at 30 June 2023 that were not provided for in the interim financial information were as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Contracted for	**200,436**	203,226

Operating leases arrangements

As lessor

At the end of the reporting period, the Group had total future minimum lease receivable, in respect of land and buildings, under non-cancellable operating lease with its tenants falling due as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within one year	**10,931**	12,616
In the second years to fifth years, inclusive	**39,856**	44,780
After five years	**40,773**	43,689
	91,560	101,085

19 Material related party transactions

In addition to the related party information disclosed elsewhere in the condensed consolidated interim financial statements, the Group entered into the following material related party transactions.

Key management personnel compensation

Remuneration for key management personnel of the Group for the period, including amounts paid to the Directors, is as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short-term employee benefits	**1,394**	1,112
Contributions to retirement benefit scheme	**60**	18
	1,454	1,130

The total remuneration is included in "staff costs" (see note 6(b)).

Other Information

Disclosure of Interests

Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporations

As at 30 June 2023, the interests and short positions of each Director 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 ("**SFO**")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Listing Rules, were as follows:

Interests in Shares, underlying Shares and debentures and associated corporations:

Name	Nature of interest	Number of issued ordinary Shares held	Number of underlying Shares under the share options held (3)	Total	Approximate percentage of shareholding
Mr. Kwok Kin Sun(1)	Interest in a controlled corporation	311,130,000	–	311,130,000	14.07%
Mr. Kwok Hon Fung(2)	Interest in a controlled corporation	191,852,000	–	191,852,000	8.67%
Mr. Cheung Chiu Tung(3)	Beneficial owner	–	400,000	400,000	0.018%
Mr. Lu Ke(4)	Beneficial owner	103,090,000	–	103,090,000	4.66%

Notes:

(1) Mr. Kwok Kin Sun, the chairman of the Board and an executive Director, is deemed to be interested in all the Shares held by Everkept Limited ("**Everkept**") by reason of his 70% interest in the share capital of Everkept.

(2) Mr. Kwok Hon Fung, an executive Director, the chief executive officer of the Group and the son of Mr. Kwok Kin Sun, is deemed to be interested in all the Shares held by Equal Plus Limited ("**Equal Plus**") by reason of his 100% interest in the share capital of Equal Plus.

Equal Plus is an associated corporation of the Company pursuant to the SFO. Mr. Kwok Hong Fung, an executive Director, in the capacity as a beneficial owner, held the entire issued share capital of Equal Plus (i.e. number of share held: one).

(3) These are Shares subject to the exercise of the share options granted by the Company under the Share Option Scheme on 7 October 2015. Details of the Share Option Scheme are set out in the section headed "Share Option Scheme" below.

(4) Mr. Lu Ke is an executive Director and the general manager of Jiangsu HengAn, an indirectly wholly-owned subsidiary of the Company.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had or were deemed to have any interests or a short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in "Share Option Scheme" below, during the reporting period, no rights to acquire benefits by means of acquisition of Shares or debentures of the Company were granted to any Directors or their respective spouse or minor children, neither were there any such rights exercised by them; nor was the Company, or any of its subsidiaries a party to any arrangement which enabled the Directors to acquire such rights in another body corporate.

Other Information

Substantial Shareholders' and Other Persons' Interests and short positions in the Shares and Underlying Shares of the Company

As at 30 June 2023, so far as the Directors are aware, having made all reasonable enquiries, the following interest of 5% or more of the issued share capital of the Company (other than the interests of the Directors and chief executives as disclosed above) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name	Position	Nature of interest	Number of Shares	Approximate percentage of shareholding
Ms. Wang Xiu Hua [1]	Long	Beneficial owner	379,826,000	17.17%
Donghai International Financial Holdings Company Limited	Long	Security interest in Shares	311,950,000	14.10%
東海證券股份有限公司 [2]	Long	Interest in controlled corporation	311,950,000	14.10%
Ms. Wong Tung Yam [3]	Long	Interest of spouse	311,130,000	14.07%
Everkept	Long	Beneficial owner	311,130,000	14.07%
Equal Plus	Long	Beneficial owner	191,852,000	8.67%

Notes:

(1) Ms. Wang Xiu Hua is the mother of Mr. Wang Yan, a non-executive Director.

(2) 東海證券股份有限公司, being the controlling shareholder of Donghai International Financial Holdings Company Limited, is deemed to be interested in all the Shares in which Donghai International Financial Holdings Company Limited is interested by virtue of the SFO.

(3) Ms. Wong Tung Yam, being the spouse of Mr. Kwok Kin Sun, the chairman of the Board and an executive Director, is deemed to be interested in all the Shares in which Mr. Kwok Kin Sun is interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2023, the Company was not aware of any person or corporation having an interest or a short position in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be under section 336 of Part XV of the SFO.

Sufficiency of Public Float

Based on the publicly available information and to the best of the Directors' knowledge, information and belief at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules during the Period.

Review of Interim Results

The Company has an audit committee (the "**Audit Committee**") which comprises three independent non-executive Directors, namely Mr. Poon Yick Pang Philip (Chairman of the Audit Committee), Mr. Cheung Chiu Tung and Mr. Ma Yu-heng. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, financial reporting, internal control and risk management systems, and has reviewed the unaudited interim financial report for the Period.

Other Information

Share Option Scheme

The Company adopted a Share Option Scheme on 9 June 2014 (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the Group. On 7 October 2015, the Company granted options to subscribe for an aggregate of 3,300,000 ordinary Shares of HK$0.01 each in the share capital of the Company to Eligible Persons of the Group under the Share Option Scheme at an exercise price of HK$3.56 per Share. As a result of the share subdivision effected on 17 October 2019, the exercise prices were adjusted to HK$0.89.

Details of movements of the share options during the six months ended 30 June 2023 are set out below:

				Number of Share Options					
Category	Date of grant	Exercise price (HK$)	Exercisable period	As at 1 January 2023	Granted	Exercised	Cancelled	Lapsed	As at 30 June 2023
Director									
Cheung Chiu Tung	7 October 2015	0.89	7 October 2018 to 6 October 2023	400,000	–	–	–	–	400,000
Total				400,000	–	–	–	–	400,000

The total number of Shares available for issue under the Share Option Scheme is 400,000, representing 0.018% of the Company's issued share capital as at 30 June 2023.

Purchase, Sale or Redemption of The Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**") during the Period.

The Board currently comprises four executive Directors, one non-executive Director and three independent non-executive Directors, with independent non-executive Directors representing 37.5% of the Board, which fulfills the requirement of the Listing Rules. Such percentage of independent non-executive Directors on the Board can ensure their views would carry significant weight and enhance independence of the Board. On the above basis, the Board considers that the current structure will not impair the balance of power and the authority of the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code

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 the Company's code of conduct regarding Directors' securities transactions.

The senior management personnel who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

Upon specific enquiries, all Directors and the senior management personnel of the Company confirmed that they have complied with the relevant requirements under the Model Code throughout the Period.

Other Information

Updates on Compliance and Regulatory Matters as Disclosed in the Prospectus

Our Directors are not aware of any legal, arbitration or administrative proceedings against us, including the matter described above, that will have a material adverse effect on our business, financial condition or results of operations.

EVENTS AFTER REPORTING PERIOD

Save as otherwise disclosed in this report, no important events affecting the Company have occurred since 30 June 2023 and up to the date of this report.

On behalf of the Board

Kwok Kin Sun
Chairman and Executive Director

Hong Kong
30 August 2023