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## HENGDELI HOLDINGS LIMITED

亨得利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3389)

### 2023 INTERIM RESULTS

#### FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2023	2022	YoY change
	(Unaudited)	(Restated)	
	(Unaudited)	(Unaudited)	
	RMB'000	RMB'000	%
<b>Continuing Operations:</b>			
Revenue	675,621	528,165	27.9
Gross profit margin	15.4%	10.9%	450 bps
(Loss)/profit for the period from continuing operations	(8,799)	10,819	-181.3
<b>Discontinued Operations (see note 19):</b>			
Loss for the period from discontinued operations	–	(38,731)	-100.0
Loss attributable to equity shareholders	(1,985)	(22,929)	-91.3

#### INTERIM RESULTS

The board of directors (the “Board”) of Hengdeli Holdings Limited (“the Company”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 (the “period under review”), along with the comparative figures and selected explanatory notes, which are prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and have been reviewed by the Audit Committee of the Company.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2023	2022
			(Restated)
	Note	RMB'000	RMB'000
<b>Continuing operations</b>			
Revenue	3	675,621	528,165
Cost of sales		(571,511)	(470,615)
		<u>104,110</u>	<u>57,550</u>
<b>Gross profit</b>			
Other revenue	4(a)	23,346	14,874
Other net loss	4(b)	(24,840)	(26,362)
Distribution costs		(32,625)	(25,793)
Administrative expenses		(84,879)	(56,875)
		<u>(14,888)</u>	<u>(36,606)</u>
<b>Loss from operations</b>			
Share of profits of associates		10,082	50,882
Finance costs	5(a)	(2,364)	(1,639)
		<u>(7,170)</u>	<u>12,637</u>
<b>(Loss)/profit before taxation</b>			
Income tax expense	6	(1,629)	(1,818)
		<u>(8,799)</u>	<u>10,819</u>
<b>(Loss)/profit for the period from continuing operations</b>			
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	19	–	(38,731)
		<u>(8,799)</u>	<u>(27,912)</u>
<b>Loss for the period</b>			
<b>Attributable to:</b>			
Owners of the Company			
– Continuing operations		(1,985)	15,802
– Discontinued operations		–	(38,731)
		<u>(1,985)</u>	<u>(22,929)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)***For the six months ended 30 June 2023 – unaudited*

(Expressed in Renminbi)

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
		(Restated)
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Attributable to:</b>		
Non-controlling interests		
– Continuing operations	(6,814)	(4,983)
– Discontinued operations	–	–
	<u>(6,814)</u>	<u>(4,983)</u>
	-----	-----
<b>Loss for the period</b>	<b><u>(8,799)</u></b>	<b><u>(27,912)</u></b>
<b>Basic and diluted (loss)/ earnings per share</b>		
	7	
– Continuing operations	RMB(0.001)	RMB0.004
– Discontinued operations	RMB –	RMB(0.009)
	<u>RMB(0.001)</u>	<u>RMB(0.005)</u>
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***For the six months ended 30 June 2023 – unaudited*

(Expressed in Renminbi)

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
		(Restated)
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Loss for the period</b>	<b>(8,799)</b>	(27,912)
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas subsidiaries' financial statements	<b>43,947</b>	55,102
Share of associates exchange differences on translating foreign operations	<b>5,184</b>	4,693
	<b>49,131</b>	59,795
Items that will not be reclassified subsequently to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	<i>10</i> (6,847)	(75,458)
Exchange differences on translation of equity investments at fair value through other comprehensive income	<i>10</i> 15,671	21,153
Exchange differences on translation of the Company's financial statements	<b>33,560</b>	44,362
	<b>42,384</b>	(9,943)
<b>Total comprehensive income for the period</b>	<b>82,716</b>	21,940

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(CONTINUED)**

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

(Expressed in Renminbi)

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
		(Restated)
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Attributable to:</b>		
Owners of the Company		
– Continuing operations	<b>89,530</b>	59,853
– Discontinued operations	<u>–</u>	<u>(32,720)</u>
	<b>89,530</b>	27,133
<b>Attributable to:</b>		
Non-controlling interests		
– Continuing operations	<b>(6,814)</b>	(5,193)
– Discontinued operations	<u>–</u>	<u>–</u>
	<b>(6,814)</b>	(5,193)
<b>Total comprehensive income for the period</b>	<b><u>82,716</u></b>	<b><u>21,940</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 – unaudited

(Expressed in Renminbi)

		At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
<b>Non-current assets</b>			
Investment properties		124,854	126,694
Property, plant and equipment	8	<u>518,740</u>	<u>512,032</u>
		<b>643,594</b>	638,726
Intangible assets		3,000	3,415
Goodwill		53,175	52,014
Interests in associates	9	133,922	132,780
Other investments	10	442,855	355,331
Prepayment and deposits	12	39,640	1,748
Deferred tax assets		<u>2,796</u>	<u>2,721</u>
		<u><b>1,318,982</b></u>	<u>1,186,735</u>
<b>Current assets</b>			
Inventories	11	249,133	237,768
Trade and other receivables	12	553,229	703,627
Loans to associates		70,062	67,273
Other investments	10	7,447	7,336
Current tax recoverable		243	168
Deposits with banks	13	153,008	272,701
Cash and cash equivalents	14	<u>1,331,854</u>	<u>1,050,187</u>
		<u><b>2,364,976</b></u>	<u>2,339,060</u>
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	15	257,670	201,935
Bank loans	16	86,091	56,799
Lease liabilities		5,425	10,802
Current taxation		<u>5,757</u>	<u>4,961</u>
		<u><b>354,943</b></u>	<u>274,497</u>
<b>Net current assets</b>		<u><b>2,010,033</b></u>	<u>2,064,563</u>
<b>Total assets less current liabilities</b>		<u><b>3,329,015</b></u>	<u>3,251,298</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 30 June 2023 – unaudited*

(Expressed in Renminbi)

		At 30 June 2023 (Unaudited) <i>RMB'000</i>	At 31 December 2022 (Audited) <i>RMB'000</i>
<b>Non-current liabilities</b>			
Bank loans	16	24,999	24,922
Lease liabilities		1,466	6,542
		<u>26,465</u>	<u>31,464</u>
<b>NET ASSETS</b>		<u><b>3,302,550</b></u>	<u><b>3,219,834</b></u>
<b>CAPITAL AND RESERVES</b>	17		
Share capital		21,254	21,254
Reserves		3,229,816	3,140,286
<b>Total equity attributable to equity shareholders of the Company</b>		<b>3,251,070</b>	3,161,540
<b>Non-controlling interests</b>		<u>51,480</u>	<u>58,294</u>
<b>TOTAL EQUITY</b>		<u><b>3,302,550</b></u>	<u><b>3,219,834</b></u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2023	2022
	Note	RMB'000	RMB'000
<b>Operating activities</b>			
Cash generated from operations		135,358	55,850
Income tax paid		(1,008)	(1,317)
Net cash generated from operating activities		<u>134,350</u>	<u>54,533</u>
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		(30,136)	(12,882)
Decrease in deposits with banks		124,436	252,937
Payment for advances to third parties		–	(49,388)
Proceeds from repayment of advances to third parties		59,296	85,602
Payment for purchase of other investments		(106,812)	(12,937)
Proceeds from sale of other investments		28,112	27,837
Dividends received from an associate		14,124	–
Other cash flows arising from investing activities		(18,114)	(24,790)
Net cash generated from investing activities		<u>70,906</u>	<u>266,379</u>
<b>Financing activities</b>			
Capital element of lease rentals paid		(6,336)	(6,317)
Interest element of lease rentals paid		(180)	(356)
Other cash flows arising from financing activities		26,909	(13,229)
Net cash generated from/(used in) financing activities		<u>20,393</u>	<u>(19,902)</u>
Net increase in cash and cash equivalents		225,649	301,010
Cash and cash equivalents at 1 January	14	1,050,187	661,017
Effect of foreign exchange rates changes		56,018	59,365
Cash and cash equivalents at 30 June	14	<u>1,331,854</u>	<u>1,021,392</u>



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

## 1. BASIS OF PREPARATION

This interim financial report 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 (“the Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 22 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 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 report in conformity with HKAS 34 requires 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 report contains condensed consolidated 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 Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2022 are available from the Company’s registered office. The auditor had expressed an unqualified opinion on those financial statements in their report dated 21 March 2023.

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of both business lines (products and services) and geography (mainly in Mainland China and Hong Kong). In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purpose of resource allocation and performance assessment, and given the importance of trading division to the Group, the Group’s businesses are separated into the following two reportable segments on a geographical and products and services basis, as the divisional managers for each of these regions report directly to the senior executive team. All segments primarily derive their trading revenue through their own network. No operating segments have been aggregated to form the following reportable segments.

The Group has identified the following reportable segments:

- High-end consuming accessories
- Commodity trading
- Watches trading
- Manufacturing of watch accessories and shop design and decoration services business;
- Trading of iron ore and coal;
- Trading of watches and jewellery business.

For the year ended 31 December 2022, in line with the established strategy, the Group liquidated its remaining watch stocks and completely cease its renowned watch operations. This segment is separately reported with the comparative figures restated accordingly.

**(a) Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<i><b>RMB'000</b></i>	(Restated) <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
Continuing operations		
– Revenue from manufacturing of watch accessories	<b>183,070</b>	177,575
– Revenue from provision of shop design and decoration service	<b>133,922</b>	102,194
– Revenue from commodity trading	<b>358,629</b>	248,396
	<u><b>675,621</b></u>	<u>528,165</u>
Discontinued operations		
– Revenue from sales of watches and jewellery	–	30,853
	<u>–</u>	<u>30,853</u>
<b>Revenue from other sources</b>		
– Gross rentals from investment properties	<b>1,484</b>	728
	<u><b>677,105</b></u>	<u>559,746</u>
Disaggregated by geographical location of customers		
– Mainland China	<b>490,568</b>	528,413
– Hong Kong	<b>186,537</b>	480
– Hong Kong (discontinued operations)	–	30,853
	<u><b>677,105</b></u>	<u>559,746</u>

Revenue from sales of watches, jewellery, related accessories and commodities is recognised to be the point in time.

Revenue from provision of shop design and decoration service is recognised progressively over time.

The geographical analysis above includes property rental income from external customers in Mainland China for the six months ended 30 June 2023 of RMB1,484,000 (six months ended 30 June 2022: RMB728,000).

**(b) Information about profit or loss and assets**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the profit or loss and assets attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. However, other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "gross profit".

Segment assets represent inventories only, without eliminating the unrealised inter-segment profits.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Continuing operations				Discontinued operations		Total	
	High-end consuming accessories		Commodity trading		Watches trading			
	PRC		PRC		Hong Kong			
	2023	2022	2023	2022	2023	2022	2023	2022
For the six months ended 30 June	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	316,992	279,769	358,629	248,396	-	30,853	675,621	559,018
Inter-segment revenue	84,300	57,872	-	-	-	-	84,300	57,872
Reportable segment revenue	<u>401,292</u>	<u>337,641</u>	<u>358,629</u>	<u>248,396</u>	<u>-</u>	<u>30,853</u>	<u>759,921</u>	<u>616,890</u>
Reportable segment gross profit/(loss)	<u>53,789</u>	<u>45,515</u>	<u>50,321</u>	<u>12,035</u>	<u>-</u>	<u>(27,254)</u>	<u>104,110</u>	<u>30,296</u>

	Continuing operations				Discontinued operations		Total	
	High-end consuming accessories		Commodity trading		Watches trading			
	PRC		PRC		Hong Kong			
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	<u>83,393</u>	<u>131,027</u>	<u>165,740</u>	<u>106,741</u>	<u>-</u>	<u>-</u>	<u>249,133</u>	<u>237,768</u>

(c) **Reconciliations of reportable segment profit or loss**

	Continuing operations		Discontinued operations		Total	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>For the six months ended 30 June</b>						
<b>Revenue</b>						
Total revenue for reportable segments	759,921	586,037	-	30,853	759,921	616,890
Elimination of inter-segment revenue	(84,300)	(57,872)	-	-	(84,300)	(57,872)
Consolidated revenue	<u>675,621</u>	<u>528,165</u>	<u>-</u>	<u>30,853</u>	<u>675,621</u>	<u>559,018</u>
<b>(Loss)/profit</b>						
Total gross profit/(loss) for reportable segments	104,110	57,550	-	(27,254)	104,110	30,296
Other revenue	23,346	14,874	-	3,682	23,346	18,556
Other net loss	(24,840)	(26,362)	-	(8,009)	(24,840)	(34,371)
Distribution costs	(32,625)	(25,793)	-	(275)	(32,625)	(26,068)
Administrative expenses	(84,879)	(56,875)	-	(6,628)	(84,879)	(63,503)
Share of profits of associates	10,082	50,882	-	-	10,082	50,882
Finance costs	(2,364)	(1,639)	-	(247)	(2,364)	(1,886)
Consolidated (loss)/profit before taxation	<u>(7,170)</u>	<u>12,637</u>	<u>-</u>	<u>(38,731)</u>	<u>(7,170)</u>	<u>(26,094)</u>

4. **OTHER REVENUE AND OTHER NET LOSS**

(a) **Other revenue**

	Six months ended 30 June	
	2023	2022 (Restated)
	RMB'000	RMB'000
<b>Continuing operations:</b>		
Interest income	14,836	5,496
Rental income	1,484	728
Government grants	1,413	1,618
Dividend income from other investments	3,830	6,323
Others	1,783	709
	<u>23,346</u>	<u>14,874</u>
<b>Discontinued operations:</b>		
Interest income	-	9
Others	-	3,673
	<u>-</u>	<u>3,682</u>

(b) Other net loss

Six months ended 30 June

	2023	2022
		(Restated)
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Continuing operations:</b>		
Net foreign exchange loss	(21,772)	(23,116)
Net (loss)/gain on disposal of property, plant and equipment	(2,921)	26
Fair value loss on financial assets held for trading	(147)	(3,272)
	<u>(24,840)</u>	<u>(26,362)</u>
<b>Discontinued operations:</b>		
Net foreign exchange loss	-	(8,009)

5. (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

Six months ended 30 June

	2023	2022
		(Restated)
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Continuing operations:</b>		
Interest on bank loans	1,767	1,079
Interest on lease liabilities	180	349
Bank charges	417	211
	<u>2,364</u>	<u>1,639</u>
<b>Discontinued operations:</b>		
Interest on bank loans	-	227
Interest on lease liabilities	-	7
Bank charges	-	13
	<u>-</u>	<u>247</u>

(b) Other items

	Six months ended 30 June	
	2023	2022
	RMB'000	(Restated) RMB'000
<b>Continuing operations:</b>		
Amortisation	317	294
Depreciation		
– Investment properties and property, plant and equipment	16,952	16,865
– Right-of-use assets	5,539	5,879
Expenses relating to short-term leases and leases of low-value assets	<u>1,159</u>	<u>557</u>
<b>Discontinued operations:</b>		
Depreciation		
– Investment properties and property, plant and equipment	–	1,010
Write-down of inventories	–	34,478
Expenses relating to short-term leases and leases of low-value assets	<u>–</u>	<u>38</u>

6. INCOME TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	(Restated) RMB'000
<b>Continuing operations:</b>		
<b>Current tax</b>		
Hong Kong Profits Tax	864	1,055
Mainland China Income Tax	<u>765</u>	<u>763</u>
	<u>1,629</u>	<u>1,818</u>
<b>Discontinued operations:</b>		
<b>Current tax</b>		
Hong Kong Profits Tax	–	–
Mainland China Income Tax	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2022: 16.5%) to the six months ended 30 June 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

Taxation for other overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries or jurisdictions.

## 7. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB1,985,000 (six months ended 30 June 2022: loss attributable to equity shareholders of the Company of RMB22,929,000) and the weighted average of 4,404,018,959 ordinary shares (six months ended 30 June 2022: 4,453,106,451 ordinary shares) in issue during the interim period.

### (b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares during the period ended 30 June 2023 and 2022, and therefore, diluted (loss)/earnings per share are the same as basic (loss)/earnings per share.

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Right-of-use assets

During the six months ended 30 June 2023, the Group entered into a number of lease agreements for office use, and therefore recognised the additions to right-of-use assets of RMB770,000 (six months ended 30 June 2022: RMB1,408,000).

### (b) Acquisitions of owned assets

During the six months ended 30 June 2023, the Group mainly acquired items of plant and machinery with a cost of RMB30,136,000 (six months ended 30 June 2022: RMB12,882,000).

## 9. INTERESTS IN ASSOCIATES

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
<b>Unlisted corporate entities</b>		
Share of net assets	<u>133,922</u>	<u>132,780</u>

## 10. OTHER INVESTMENTS

### (a) Equity investments at fair value through other comprehensive income

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
<b>Equity securities designated at FVOCI (non-recycling)</b>		
– Listed securities	218,064	207,176
– Unlisted fund investments	224,791	148,155
	<u>442,855</u>	<u>355,331</u>

Notes:

- (i) The value of the above equity securities and fund investments was individually insignificant (individually less than 5% of the Group's total assets).

### (b) Equity investments at fair value through profit or loss

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
<b>Equity securities, at fair value</b>		
– Listed securities	<u>7,447</u>	<u>7,336</u>

## 11. INVENTORIES

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Raw materials	14,761	20,090
Work in progress	20,288	32,443
Finished goods	214,084	185,235
	<u>249,133</u>	<u>237,768</u>



## 12. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
<b>Current assets</b>		
Within 3 months	118,740	197,975
Over 3 months but less than 12 months	157,705	140,723
Over 12 months	36,793	4,134
Trade receivables, net of loss allowance	313,238	342,832
Other receivables, net of loss allowance	107,947	178,106
PRC value added tax receivables	9,177	20,584
Receivables from government authority	21,573	21,573
Interest receivables	11,243	8,111
Dividends receivable from an associate	4,050	4,050
	467,228	575,256
Prepayment and deposits	86,001	128,371
	553,229	703,627
<b>Non-current assets</b>		
Prepayment and deposits	39,640	1,748
	592,869	705,375

Trade receivables are due within 30 to 360 days from the date of billing. All of the trade and other receivables in current assets are expected to be recovered within one year.

## 13. DEPOSITS WITH BANKS

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Deposits with original maturities over three months	153,008	272,701

## 14. CASH AND CASH EQUIVALENTS

As at 30 June 2023 and 31 December 2022, all of the Group's cash and cash equivalents in the consolidated statement of financial position represent cash at bank and cash in hand.

## 15. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Within 1 month	51,273	56,995
Over 1 month but less than 3 months	31,518	54,926
Over 3 months but less than 12 months	5,569	7,426
Over 1 year	6,132	19
Trade payables	94,492	119,366
Contract liabilities	88,815	16,861
Other payables and accrued expenses	74,363	65,708
	<b>257,670</b>	<b>201,935</b>

## 16. BANK LOANS

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Bank loans within one year or on demand – Secured	86,091	56,799
Bank loans after one year – Secured	24,999	24,922
	<b>111,090</b>	<b>81,721</b>

At 30 June 2023, the banking facilities of certain subsidiaries were secured over their land and buildings with an aggregate carrying value of RMB177,457,000 (31 December 2022: RMB187,885,000).

## 17. CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

The board does not recommend any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### (b) Shares granted under share award scheme

Pursuant to a share award scheme approved by the Board in 2015, the Company may purchase its own shares and grant such shares to certain employees or consultants of the Group.

During the period ended 30 June 2023 and 2022, no shares were granted under shares award scheme.

## 18. COMMITMENTS

### Capital commitments outstanding at 30 June 2023 not provided for in the interim financial report

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Contracted for	<u>37,776</u>	<u>64,792</u>

## 19. DISCONTINUED OPERATIONS

During the year ended 31 December 2022, the Group liquidated its remaining watch stocks and completely ceased its renowned watch operations. This segment is separately reported with the comparative figures restated accordingly.

The results of the discontinued operations for the six months ended 30 June 2023 and 2022 are set as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Revenue</b>	–	30,853
Cost of sales	–	(58,107)
<b>Gross loss</b>	–	(27,254)
Other revenue	–	3,682
Other net loss	–	(8,009)
Distribution costs	–	(275)
Administrative expenses	–	(6,628)
<b>Loss from operations</b>	–	(38,484)
Finance costs	–	(247)
<b>Loss before taxation</b>	–	(38,731)
Income tax credit	–	–
<b>Loss for the period</b>	<u>–</u>	<u>(38,731)</u>

## 20. MATERIAL RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Shop design and decoration services provided to Primetime Group	12,719	5,481
Rental and electricity income from associates	27	–
Payment made on behalf of the subsidiaries by Primetime Group	37	4
Receipt on behalf of Primetime Group by the subsidiaries	–	22
Goods and services purchased from associates	<u>34,692</u>	<u>32,496</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, under the combined effect of favorable policies, the release of backlogged demand and the low base effect, the economy of Mainland China began to resume growth, showing the operating characteristic of “bottoming out”. However, from a global perspective, uncertainties such as inflation and interest rates and geopolitical instability still put pressure on the international economic market and financial environment. In the face of a relatively complex operating environment, under the principle of “sound, steady and long-term operations”, the Group adapted to the market conditions, rationally deployed its business to strive for the survival and health of the enterprise to safeguard the interests of its shareholders.

### I. Financial Review

#### *Revenue*

For the six months ended 30 June 2023, the Group recorded revenue of RMB675,621,000 (six months ended 30 June 2022: RMB559,018,000), representing a year-on-year increase of 20.9%; high-end consuming accessories business recorded revenue of RMB316,992,000 (six months ended 30 June 2022: RMB279,769,000), representing a year-on-year increase of 13.3%; commodity trading revenue amounted to RMB358,629,000 (six months ended 30 June 2022: RMB248,396,000), representing a year-on-year increase of 44.4%.

Breakdown of revenue: (for the six months ended 30 June)

	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
High-end Consuming Accessories	<b>316,992</b>	<b>46.9</b>	279,769	50.1
Commodity Trading	<b>358,629</b>	<b>53.1</b>	248,396	44.4
Watches Trading Business	—	—	30,853	5.5
<b>Total</b>	<b><u>675,621</u></b>	<b><u>100</u></b>	<b><u>559,018</u></b>	<b><u>100</u></b>

\* : The Group has liquidated its remaining watch stocks and completely ceased its renowned watch operations during 2022, and accordingly, the revenue of watches trading during the period under review was nil.

### ***Gross profit and gross profit margin***

For the six months ended 30 June 2023, the Group's gross profit amounted to approximately RMB104,110,000 (six months ended 30 June 2022: RMB30,296,000), representing a year-on-year increase of 243.6%. Gross profit margin was approximately 15.4% (six months ended 30 June 2022: 5.4%), representing a year-on-year increase of 10%. The increase in gross profit and gross profit margin was mainly attributable to the fluctuations in commodity trading prices and significant decrease in the inventory provision as a result of the discontinuation of the watch business.

### ***Loss for the period***

During the period under review, the Group recorded a loss amounting to RMB8,799,000 (six months ended 30 June 2022: loss of RMB27,912,000), representing a year-on-year decrease of 68.5%. Loss attributable to equity shareholders amounted to RMB1,985,000 (six months ended 30 June 2022: loss of RMB22,929,000), representing a year-on-year decrease of 91.3%. The decrease in the loss was mainly attributable to the improvement in gross profit and the discontinuation of the watch business which led to a significant reduction in inventory provision and operating expenses of the watch business.

### ***Financial status and net debt to equity ratio***

The Group maintained a sound and stable financial position. As at 30 June 2023, the Group had total equity of RMB3,302,550,000 (at 31 December 2022: RMB3,219,834,000) and net current assets of RMB2,010,033,000 (at 31 December 2022: RMB2,064,563,000), with cash and cash equivalents and deposits with banks of RMB1,484,862,000 (at 31 December 2022: RMB1,322,888,000) and total bank loans of RMB111,090,000 (at 31 December 2022: RMB81,721,000). As at 30 June 2023, the bank loans bore interests at floating rates of 2.3% to 3.7% (at 31 December 2022: 2% to 3.7%). As at 30 June 2023, approximately 76% (at 31 December 2022: 67%) and 24% (at 31 December 2022: 33%) of bank loans were denominated in RMB and NTD, respectively. The maturity profile of bank loans is set out in the notes to the accompanying financial statements. During the period under review, there was no sign of significant changes in the Group's demand for loans in a particular quarter.

As at 30 June 2023, the Group's total debt was RMB111,090,000 (at 31 December 2022: RMB81,721,000). The net debt to equity ratio of the Group was zero (at 31 December 2022: zero). Net debt is defined as total debt (which includes total interest-bearing borrowings) less cash and cash equivalents and deposits with banks. It established a solid foundation for the further business expansion of the Group.

The Group adopts prudent treasury policies in its financial and cash management, manages bank credit availability and monitors risks of credit cost centrally in various ways. The Group maintains a good partnership with a number of banks which provide financing facilities, and reviews its funding liquidity and financing needs regularly.

### ***Foreign exchange risk***

The Group's transactions are mainly denominated in HKD, RMB and USD. Therefore, the Group is exposed to foreign exchange risks. During the period under review, the Group has been actively monitoring its foreign exchange risk and has adopted a foreign exchange hedging policy for significant foreign exchange risks.

### ***Pledge of assets***

As at 30 June 2023, the Group had land and buildings equivalent to RMB177,457,000 (at 31 December 2022: RMB187,885,000) pledged as security for mortgage.

### ***Contingent liabilities***

As at 30 June 2023, the Group had no material contingent liabilities (at 31 December 2022: nil).

### ***Current assets***

As at 30 June 2023, the current assets of the Group amounted to approximately RMB2,364,976,000 (at 31 December 2022: RMB2,339,060,000), comprising inventories of approximately RMB249,133,000 (at 31 December 2022: RMB237,768,000), trade and other receivables of approximately RMB553,229,000 (at 31 December 2022: RMB703,627,000), loans to associates of approximately RMB70,062,000 (at 31 December 2022: RMB67,273,000), cash and cash equivalents and deposits with banks of approximately RMB1,484,862,000 (at 31 December 2022: RMB1,322,888,000).

As at 30 June 2023, cash and cash equivalents of approximately 28% (at 31 December 2022: 25%), 47% (at 31 December 2022: 58%) and 25% (at 31 December 2022: 17%) were denominated in RMB, HKD and other currencies, respectively.

### ***Current liabilities***

As at 30 June 2023, the current liabilities of the Group amounted to approximately RMB354,943,000 (at 31 December 2022: RMB274,497,000), comprising bank loans of approximately RMB86,091,000 (at 31 December 2022: RMB56,799,000), trade and other payables of approximately RMB257,670,000 (at 31 December 2022: RMB201,935,000), lease liabilities of approximately RMB5,425,000 (at 31 December 2022: RMB10,802,000), and current tax payable of approximately RMB5,757,000 (at 31 December 2022: RMB4,961,000).

### ***Capital structure***

The Company's capital structure is composed of issued share capital, reserves and accumulated profits. As at 30 June 2023, the issued share capital of the Company was 4,404,018,959 shares (at 31 December 2022: 4,404,018,959 shares) with reserves and accumulated profits of RMB3,229,816,000 (at 31 December 2022: RMB3,140,286,000) in total.

### ***Significant investment, material acquisition and disposal***

The Company had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the period under review, except as disclosed in the notes to the financial statements.

Except as disclosed in the notes to the financial statements, the Company did not hold other significant investments during the period under review.

## **II. Business Review**

During the period under review, the Group's business was primarily focused on the manufacturing of high-end consuming accessories, the building up of high-end consuming service platforms, international commodity trading and its related supply chain services.

### ***High-end Consuming Accessories Service***

The Group has a relatively mature industrial chain for manufacturing high-end consuming accessories, mainly covering the manufacturing of watches, jewellery, cosmetics and accessories as well as packaging products for commercial space design, production and decoration. Companies are located in Suzhou, Guangzhou and Dongguan.

The two companies, "Guangzhou Artdeco" and "Dongguan Born Talent", mainly produce high-end watch boxes and watch accessories for various types of watches. After spending several years in development, the Group successfully transitioned from low-end products to high-end products, from simple processing to independent innovative designs, and from purely handmade production to automated.

"Suzhou Henge" is a commercial space integration service enterprise engaged in design, production, on-site installation and after-sales service, comprising the design and decoration for each type of counters, props and various stores.

During the period under review, with an unstable global economic environment, the Group's high-end consuming ancillary business was impacted to a certain extent as the three companies operate in both the Mainland China and international markets. In an effort to mitigate economic risk, the Group adopted various measures with an emphasis on innovation for development while maintaining its solid foundation which contributed to its strong topline performance. During the period under review, the overall revenue of the high-end consuming ancillary business saw positive growth. However, due to the substantial increase in expenses for new project development and labor costs, profits of this business declined as compared to the same period last year.

After years of development, all companies under the Group have obtained ISO9000 quality management certification, which recognizes these companies' ability to manufacture of high-quality products. Moreover, the companies have earned a solid reputation in their respective fields, forming tight relationships, mutual trust and sharing interest with brand suppliers. A wide customer base covering China, Switzerland, the United States and other countries in the Asia Pacific region has been established. The use of advanced information management systems, such as the industry-leading ERP, BIM, and MES, provides a practical guarantee for efficient and compliant corporate operation.

In the second half year, the Group will adapt to market changes by further strengthening its industrial management and pursue technical R&D and innovation with a focus on driving growth by innovation. The Group will continue seeking opportunities to conduct vertical and horizontal industry integration of products, so as to further improve our leadership in the industry. The Group will focus on expanding the development in manufacturing of high-end consuming accessories, and engage in a deeper cooperation with brands and international counterparts in various ways. Additionally, the Group will continue to enhance its standard of its integrated services for commercial space in Mainland China and international markets. The Group will also embark on a limited number of diversified business activities including the manufacturing of high-end consuming accessories in other high-end lifestyle products such as jewellery, cosmetics and mobile phones, and to expand its commercial space beautification services to include living space beautification services, thus becoming an indispensable independent segment in the industry ecological chain of high-end consuming accessories.

### ***International Trading***

During the period under review, the Group continued to carry out its international commodity trading business, which covers importing iron ore, thermal coal and coking coal to Mainland China. During the period under review, the impact of the epidemic in Mainland China began to subside and the economy began show signs of strengthening. Due to the increase in sand and gravel prices, these businesses were on a steady upward trend, with sales and profits both significantly higher than the same period of the previous year.

In the second half year, the Group will continue to monitor of the market as it prudently pursues international commodity trading activities as applicable and explores new profit models while charting its future development, in order to lay a solid foundation for the Group's sustainable development.



## ***International Shipping***

During the period under review, the Group's international shipping business focused on the global maritime transportation of dry bulk cargo, such as coal, iron ore, vanadium aluminum ore, food and industrial salt. Clients served include world-renowned mines, China's large-scale state-owned enterprises and listed companies. As the end of 2022, the global bulk shipping industry began to experience volatility which continued during the period under review. As such, the Group's shipping companies maintained a prudent and stable business strategy. The Group adhered to a customer-centric approach with a high regard for vessel navigation, safety while seizing every market rebound opportunity to expand its business. In addition to intensively tapping into traditional transportation routes, the Group also opened up a coal transportation route from Colombia to Korea, which contributed to the period's positive return. In the first half of the year, the overall performance of the shipping business was stable and positive, with better results in terms of revenue and profit.

With China being a major world importer of bulk raw materials and the outlook for the shipping market is expected to continue to improve as China increases its economic support and accommodative monetary policy along with other initiatives to further boost the economy. With the arrival of the traditional peak season, the dry bulk shipping market is expected to pick up slowly in the second half of the year. The Group will continue its expansion in China's shipping market and provide existing customers with better-quality shipping service. Simultaneously, the Group is maintaining its prudential and stable operating strategy as it looks to the international market to broaden its customer base, new cargoes and new routes to enhance the Company's vessel capacity and competitiveness, while maintaining stringent cost control to achieve healthy and stable profit growth and positively contribute to the Group's further development and contribute to the Group's business transformation.

### **III. Social Responsibility and Human Resources**

The Group has always been advocating the corporate spirit of “mutual respect, shouldering responsibility, close collaboration and ongoing innovations” under the “people-oriented” core value, which serves as the solid cornerstone of our corporate management and social responsibility.

As at 30 June 2023, the Group had a total of 1,453 employees in Mainland China, Hong Kong, Macau, Taiwan and Malaysia (30 June 2022: 1,618 employees), and the total employee cost was RMB102,981,000 (six months ended 30 June 2022: RMB102,800,000). Having always been committed to developing and adding value to human resources, the Group implements a standard recruitment system and allocates resources in an organised manner to various kinds of training for our managers, employees at all levels and front-line staff of our Company, including, among others, the art of management, optimization of technology, brand knowledge and service awareness, with an aim of enhancing knowledge, manufacturing skills and service capabilities of our staff.

The Group offers a competitive remuneration package and various incentives to all employees, and regularly reviews the structure of relevant mechanisms to cope with corporate development needs. Meanwhile, the Group also offers other benefits to its employees, including mandatory provident fund scheme, insurance scheme, housing and meal allowances.

The remuneration policies of the Group are as follows:

- The amount of remuneration for the Directors or the employees is determined according to their relevant experience, responsibilities, workload and years of service in the Group;
- The non-monetary benefits are determined by the Board and are provided in the remuneration package of the Directors or the employees;
- The Directors and the eligible employees shall be granted with options or awarded shares of the Company as determined by the Board to be part of their remuneration package.

Environmental protection is one of the top priorities for the Group's sustainable development. During the period under review, the branches and subsidiaries of the Group carried out strict quality control procedures on products in full accordance with national quality standards, fully safeguarding the interests of clients and consumers. All branches and subsidiaries were also in strict compliance with national regulations. Reports on pollutants were submitted regularly to environmental authorities as required. All pollutant emissions including sewage and gas have passed inspection and met national standards.

Apart from its efforts in achieving business results and creating brand value, the Group also actively participated in public welfare activities, making due contributions to education, medical care, sports and other public welfare undertakings.

#### **IV. Outlook**

Currently, the economic environment remains cloudy as a result of geopolitical tensions. Additionally, the economic recovery in mainland China has weakened with concerns of a slowdown in growth momentum. However, the fundamentals supporting China's long-term high-quality development have not changed thanks to the country's strong economic resilience and vitality. As the effects from the government's various policies and measures to promote economic stability materialized, it is believed that China's economic growth momentum will continue to rise and the development trend will improve.

In the second half of the year, the Group will continue to adhere to its principle of "sound, steady and long-term operations", as it embraces China's strengthening economic development. The Group will monitor the market, while refining its business model guided by its new development directions. The Group will also further advance its process of international trade by continuously expand and strengthening its international shipping business closely related to international trade, as it strives to grow, strengthen participation within international shipping supply chain in the near future, and achieve new breakthroughs in corporate development.

The Group will continue to adapt to market trends and continuously enhance the service standard for its integrated services for commercial space in both Mainland China and international markets. The Group will also adjust the manufacturing of its high-end accessories for renowned watches while embarking on a limited number of diversified business activities including the manufacturing of high-end consuming accessories in other high-end lifestyle products such as jewellery, cosmetics and mobile phones, as well as expand its commercial space beautification services to include living space beautification services, thus becoming an indispensable independent segment in the industry ecological chain of high-end consuming accessories.

### ***DIVIDEND DISTRIBUTION***

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

### ***EQUITY-LINKED AGREEMENTS***

#### *Share Award Scheme*

On 25 March 2015, the Share Award Scheme was adopted by the Company to recognize the contributions of certain participants to the Company and to attract suitable personnel for the growth and further development of the Company.

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid for a term of ten (10) years commencing on the adoption date. The Board may select any participants, other than any excluded participant, for participation in the Share Award Scheme and determine the award amount for the purchase of the awarded shares to be awarded to the selected participants. The Board is entitled to impose any conditions (including a period of continued service within the Group), as it deems appropriate in its absolute discretion with respect to the entitlement of the selected participants to the awarded shares. No consideration for the awarded shares is needed to be paid by the selected participants to the Company. The Board shall not make any further award of awarded shares which will result in the nominal value of the shares awarded by the Board under the Share Award Scheme exceeding 10% of the issued share capital of the Company as at the adoption date. The maximum number of shares which may be awarded to a selected participant under the Share Award Scheme in a 12-month period shall not exceed 0.5% of the issued share capital of the Company as at the adoption date or such number of shares as determined by the Board from time to time.

The Share Award Scheme shall terminate on the earlier of the tenth anniversary date of the adoption date or such date of early termination (whichever is earlier) as determined by the Board.

During the period under review, the Company did not grant any awarded shares (for the six months ended 30 June 2022: nil)

### *Share Option Scheme*

At the annual general meeting of the Company held on 15 May 2015, the share option scheme was adopted conditionally. The share option scheme of the Company was adopted to grant options to selected participants including but not limited to directors and employees of the Group as incentives or rewards for their contributions to the Group (the “Share Option Scheme”). Subject to any early termination as may be determined by the Board, the Share Option Scheme shall be valid and effective for a term of ten (10) years commencing on the adoption date.

Under the Share Option Scheme, subject to the discretion of the directors, there is no minimum period for which an option must be held before it can be exercised. Each option has a maximum valid period of ten years after which the option shall lapse. The total number of shares issued and to be issued upon exercise of the options granted to the eligible participants in any 12-month period must not exceed 1% of the shares in issue. The exercise price shall not be less than the higher of: (i) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant of the share option; (ii) the average of the closing prices per shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of the share option; and (iii) the nominal value of the shares.

Under the Share Option Scheme, the grantee shall accept the option within ten days from the date of the offer to grant the share option and pay HKD1.00 to the Company as consideration for the grant upon acceptance of the option.

As of 30 June 2023, the number of issued shares of the Company was 4,404,018,959 shares, and there was no option outstanding (30 June 2022: nil).

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has always been committed to maintaining a high standard of corporate governance to ensure transparency, such that the interests of our shareholders and the cooperative development among our customers, employees and the Group can be safeguarded.

The Company has adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (“CG Code”).

The Directors are of the opinion that the Company complied with the CG Code during the period under review, and the Company has achieved balance of power and provided sufficient assurance for scientific decision-making.

## EVENTS AFTER THE PERIOD UNDER REVIEW

On 3 August 2023, Shanghai Deyi Trading Co. Ltd.\* (上海的益商貿有限公司) (the “**Purchaser**”, an indirect wholly-owned subsidiary of the Company) has successfully won the bid for two properties located at Unit No. 2701 on 27th Floor, Building 1, Court No. 86 Jianguo Road, Chaoyang District, Beijing City\* (北京市朝陽區建國路86號院1號樓27層2701) and Unit No. 2801 on 28th Floor, Building 1, Court No. 86 Jianguo Road, Chaoyang District, Beijing City\* (北京市朝陽區建國路86號院1號樓28層2801) respectively at the judicial auction through the open Auction Platform conducted by the Third Intermediate People’s Court of Beijing Municipality at a total consideration of RMB140,016,408. The Purchaser has obtained the confirmations of the judicial auction on the same day. For further details of this transaction, please refer to the Company’s announcement dated 3 August 2023 and headed “DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF PROPERTIES BY JUDICIAL AUCTION”.

Save as disclosed above, there were no important events affecting the Group since the end of the period under review to the date of this announcement.

## ACKNOWLEDGEMENT

The directors would like to take this opportunity to express our sincere thanks to all the shareholders for their continuous support and to all our staff for their dedication and contribution to the Group during the period under review.

## GENERAL INFORMATION

As at the date of this announcement, the executive directors are Mr. Zhang Yuping (Chairman), Mr. Huang Yonghua and Mr. Lee Shu Chung, Stan; the non-executive director is Mr. Shi Zhongyang, and the independent non-executive directors are Mr. Cai Jianmin, Mr. Wong Kam Fai, William, Mr. Liu Xueling and Ms. Qian Weiqing.

By Order of the Board  
**Zhang Yuping**  
*Chairman*

Hong Kong, 22 August 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Yuping (chairman), Mr. Huang Yonghua and Mr. Lee Shu Chung, Stan; the non-executive director is Mr. Shi Zhongyang; the independent non-executive directors are Mr. Cai Jianmin, Mr. Wong Kam Fai, William, Mr. Liu Xueling and Ms. Qian Weiqing.*