



雲白國際有限公司

YNBY International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00030)

2022/2023
INTERIM REPORT

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CORPORATE INFORMATION

As at the publication date

BOARD OF DIRECTORS

Executive Directors:

Mr. Dong Ming (*Chairman*)
Mr. Tang Ming (*Chief Executive Officer*)
Mr. Liu Zhouyang

Non-Executive Directors:

Mr. Qian Yinghui
Mr. Huang Bin

Independent Non-Executive Directors:

Dr. Cecilia Wai Bing Pang
Dr. Cheung Hoi Yu
Mr. Wong Hin Wing

COMMITTEES

Audit Committee:

Mr. Wong Hin Wing (*Chairman*)
Mr. Qian Yinghui
Dr. Cecilia Wai Bing Pang
Dr. Cheung Hoi Yu

Remuneration Committee:

Dr. Cheung Hoi Yu (*Chairman*)
Mr. Tang Ming
Dr. Cecilia Wai Bing Pang
Mr. Wong Hin Wing

Nomination Committee:

Mr. Dong Ming (*Chairman*)
Dr. Cecilia Wai Bing Pang
Dr. Cheung Hoi Yu
Mr. Wong Hin Wing

COMPANY SECRETARY

Mr. Liu Huaiyu

AUTHORIZED REPRESENTATIVES

Mr. Tang Ming
Mr. Liu Huaiyu

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

32/F
Cambridge House, Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

AUDITORS

Zhonghui Anda CPA Limited

REGISTRAR

Computershare Hong Kong Investor Services
Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

WEBSITE

www.0030.com.hk

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

		Six months ended 30 September	
		2022	2021
		HK\$	HK\$
		(unaudited)	(unaudited & restated)
	<i>Notes</i>		
Revenue	4	139,562,008	457,632,630
Cost of sales		(133,189,795)	(418,929,403)
Gross profit		6,372,213	38,703,227
Other income, gains and losses		1,256,708	127,347
Net allowance for expected credit losses		(134,208,524)	(90,251,650)
Selling and distribution expenses		(857,076)	(2,066,046)
General and administrative expenses		(21,891,822)	(21,435,149)
Loss from operations		(149,328,501)	(74,922,271)
Finance costs	5	(1,189,281)	(2,777,740)
Share of loss of a joint venture		(42,720)	–
Loss before tax	6	(150,560,502)	(77,700,011)
Income tax (expenses)/credit	7	(57,948)	6,713,722
Loss for the period		(150,618,450)	(70,986,289)
Attributable to:			
Owners of the Company		(150,588,622)	(70,986,045)
Non-controlling interests		(29,828)	(244)
		(150,618,450)	(70,986,289)
Loss per share			
– Basic and diluted (HK cents)	8	(2.26)	(1.10)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Six months ended 30 September	
	2022 HK\$	2021 HK\$
	(unaudited)	(unaudited & restated)
Loss for the period	<u>(150,618,450)</u>	<u>(70,986,289)</u>
Other comprehensive income after tax:		
Exchange differences on translating foreign operations	<u>(3,418,242)</u>	<u>4,494,691</u>
Total comprehensive loss for the period	<u>(154,036,692)</u>	<u>(66,491,598)</u>
Attributable to:		
Owners of the Company	<u>(153,988,018)</u>	(66,491,354)
Non-controlling interests	<u>(48,674)</u>	<u>(244)</u>
	<u>(154,036,692)</u>	<u>(66,491,598)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2022

	Notes	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
Non-current assets			
Property, plant and equipment	10	856,653	1,293,910
Right-of-use assets		5,379,366	8,420,877
Investment in a joint-venture		17,280	–
		<u>6,253,299</u>	<u>9,714,787</u>
Current assets			
Inventories		29,053,984	6,794,775
Trade receivables	11	63,551,491	47,924,068
Loan and interest receivables	12	–	–
Other receivables, deposits and prepayments	13	13,432,839	50,474,666
Amount due from a joint-venture		11,200	–
Tax recoverable		7,818,786	2,983,104
Cash and cash equivalents		225,868,970	203,861,996
		<u>339,737,270</u>	<u>312,038,609</u>
Current liabilities			
Trade and other payable	14	136,463,584	58,439,651
Lease liabilities		2,886,804	5,225,728
Contract liabilities		35,965,057	37,697,717
Amount due to a shareholder		2,392,891	61,235
Convertible bond	15	14,825,555	13,761,441
		<u>192,533,891</u>	<u>115,185,772</u>
Net current assets		<u>147,203,379</u>	<u>196,852,837</u>
Total assets less current liabilities		<u>153,456,678</u>	<u>206,567,624</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 SEPTEMBER 2022

	Note	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
Non-current liability			
Lease liabilities		<u>2,675,828</u>	<u>3,390,906</u>
NET ASSETS		<u>150,780,850</u>	<u>203,176,718</u>
Capital and reserves			
Share capital	16	<u>67,999,142</u>	64,481,522
Reserves		<u>80,524,868</u>	<u>137,778,336</u>
Equity attributable to owners of the Company		<u>148,524,010</u>	202,259,858
Non-controlling interests		<u>2,256,840</u>	<u>916,860</u>
TOTAL EQUITY		<u>150,780,850</u>	<u>203,176,718</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company						Sub-total HK\$	Non- controlling interests HK\$	Total HK\$
	Share capital	Share premium	Capital redemption reserve	Convertible bond reserve	Exchange reserve	Accumulated losses			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$			
At 1 April 2022 (audited)	64,481,522	988,278,817	176,000	554,296,709	12,627,981	(1,417,601,171)	202,259,858	916,860	203,176,718
Loss for the period	-	-	-	-	-	(150,588,622)	(150,588,622)	(29,828)	(150,618,450)
Other comprehensive income for the period:									
Exchange differences arising on translating foreign operation	-	-	-	-	(3,399,396)	-	(3,399,396)	(18,846)	(3,418,242)
Total comprehensive loss for the period	-	-	-	-	(3,399,396)	(150,588,622)	(153,988,018)	(48,674)	(154,036,692)
Issue of shares on placement	3,517,620	96,734,550	-	-	-	-	100,252,170	-	100,252,170
Capital contributions from a non-controlling shareholder of subsidiary	-	-	-	-	-	-	-	1,388,654	1,388,654
At 30 September 2022 (unaudited)	67,999,142	1,085,013,367	176,000	554,296,709	9,228,585	(1,568,189,793)	148,524,010	2,256,840	150,780,850
At 1 April 2021 (unaudited & restated)	64,481,522	988,278,817	176,000	554,296,709	1,849,081	(300,287,582)	1,308,794,547	923,228	1,309,717,775
Loss for the period (unaudited & restated)	-	-	-	-	-	(70,986,045)	(70,986,045)	(244)	(70,986,289)
Other comprehensive income for the period:									
Exchange differences arising on translating foreign operation	-	-	-	-	4,494,691	-	4,494,691	-	4,494,691
Total comprehensive income (loss) for the period (unaudited & restated)	-	-	-	-	4,494,691	(70,986,045)	(66,491,354)	(244)	(66,491,598)
At 30 September 2021 (unaudited & restated)	64,481,522	988,278,817	176,000	554,296,709	6,343,772	(371,273,627)	1,242,303,193	922,984	1,243,226,177

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Six months ended 30 September	
	2022	2021
	HK\$	HK\$
	(unaudited)	(unaudited)
Net cash used in operating activities	(75,201,718)	(44,373,705)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in a joint venture	(60,000)	–
Advance to a joint venture	(11,200)	–
Purchase of property, plant and equipment	(23,198)	(77,802)
Interest received	41,949	2,675
Net cash used in investing activities	(52,449)	(75,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares	100,252,170	–
Capital injection from a non-controlling shareholder of a subsidiary	1,388,654	–
Capital element of lease rentals paid	(2,987,103)	(4,815,298)
Interest expenses paid	(125,167)	(218,472)
Repayment of bonds	–	(20,000,000)
Net cash generated from/(used in) financing activities	98,528,554	(25,033,770)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23,274,387	(69,482,602)
Effect of foreign exchange rate changes	(1,267,413)	(171,455)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	203,861,996	251,236,954
CASH AND CASH EQUIVALENTS AT END OF PERIOD	225,868,970	181,582,897
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	225,868,970	181,582,897

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

1. GENERAL INFORMATION

The Company is incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Yunnan Baiyao Group Co., Limited* (雲南白藥集團股份有限公司) (“Yunnan Baiyao Group”) is a substantial shareholder of the Company. The address of its principal place of business is 32/F, Cambridge House, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong.

The principal activity of the Company is an investment holding company. The Group is principally engaged in money lending business and trading of goods and commodities. The money lending business and trading of goods and commodities business under Wan Long Xing Ye Commercial Trading (Shenzhen) Limited (“Wan Long Shenzhen”) (a wholly owned Subsidiary of the Company) have completely ceased since June 2022 and suspended since July 2022 respectively.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

Referring to the announcements of the Company dated 20 June 2022 and 21 June 2022, the trading of ordinary shares of the Company on the Stock Exchange has been halted since 21 June 2022.

1. GENERAL INFORMATION *(Continued)*

Referring to the announcements of the Company dated on 26 July 2022 and 15 November 2023, the Company has been notified by the Stock Exchange of the resumption guidance (the “Resumption Guidance”), requiring the Company to (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications, (ii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules, (iii) conduct an appropriate independent forensic investigation, announce the findings and take appropriate remedial actions, (iv) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence, (v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules, (vi) announce all material information for the Company’s shareholders and investors to appraise its position and (vii) re-comply with Rules 3.10(1), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2022.

2. BASIS OF PREPARATION (Continued)

2.1 Prior year adjustments

During the finalisation of the unaudited condensed consolidated financial statements of the Group of the six months ended 30 September 2022 (“Reporting Period”), the management has carried out a reassessment and identified certain adjustments in the unaudited condensed consolidated financial statements of prior years. The effect of the prior year adjustments in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2021 is set out below:

	Six months ended 30 September 2021 HK\$ (previously reported) (unaudited)	Prior year adjustments HK\$ (unaudited)	Six months ended 30 September 2021 HK\$ (restated) (unaudited)
<i>Note</i>			
Revenue	457,632,630	–	457,632,630
Cost of sales	<u>(418,929,403)</u>	<u>–</u>	<u>(418,929,403)</u>
Gross profit	38,703,227	–	38,703,227
Other income, gains and losses	127,347	–	127,347
Net allowance for expected credit losses	(90,251,650)	–	(90,251,650)
Selling and distribution expenses	(2,066,046)	–	(2,066,046)
General and administrative expenses	<u>(21,435,149)</u>	<u>–</u>	<u>(21,435,149)</u>
Loss from operations	(74,922,271)	–	(74,922,271)
Finance costs	<i>(a)</i> <u>(16,638,814)</u>	<u>13,861,074</u>	<u>(2,777,740)</u>
Loss before tax	(91,561,085)	13,861,074	(77,700,011)
Income tax credit	<i>(a)</i> <u>8,136,185</u>	<u>(1,422,463)</u>	<u>6,713,722</u>
Loss for the period	<u>(83,424,900)</u>	<u>12,438,611</u>	<u>(70,986,289)</u>

2. BASIS OF PREPARATION (Continued)

2.1 Prior year adjustments (Continued)

	Six months ended 30 September 2021 HK\$ (previously reported) (unaudited)	Prior year adjustments HK\$ (unaudited)	Six months ended 30 September 2021 HK\$ (restated) (unaudited)
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations	4,494,691	-	4,494,691
Other comprehensive income for the period	4,494,691	-	4,494,691
Total comprehensive (expense)/ income for the period	<u>(78,930,209)</u>	<u>12,438,611</u>	<u>(66,491,598)</u>
(Loss)/profit for the year attributable to:			
Owners of the Company	(83,424,656)	12,438,611	(70,986,045)
Non-controlling interests	(244)	-	(244)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company	(78,929,965)	12,438,611	(66,491,354)
Non-controlling interests	(244)	-	(244)
Loss per share			
Basic and diluted (HK cents)	<u>(1.29)</u>	<u>0.19</u>	<u>(1.10)</u>

- a. To adjust recognition of convertible bond in proper classification and valuation.

The adjustment is to recognise convertible bond issued on 30 October 2020 in proper classification between liabilities and equity portion and valuation. The corresponding impact on convertible bond, convertible bond reserve, loss on initial recognition of convertible bond and finance cost have been adjusted accordingly.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker (“CODM”), for the purpose of resources allocation and assessment of segment performance focus on types of goods or services delivered or provided. The Directors have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group’s reporting and operating segments under HKFRS 8 are as follows:

- (i) Money lending segment engages in the provision of financing services; and
- (ii) Trading segment engages in the trading of goods and commodities.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

For the six months ended 30 September 2022 (unaudited)

	Money lending HK\$	Trading of goods and commodities HK\$	Total HK\$
Revenue	<u>-</u>	<u>139,562,008</u>	<u>139,562,008</u>
Gross profit	<u>-</u>	<u>6,372,213</u>	<u>6,372,213</u>
Segment result	<u>-</u>	<u>(133,375,587)</u>	<u>(133,375,587)</u>
Unallocated corporate income, gains and losses			1,560,932
Unallocated corporate expenses			(17,513,846)
Finance costs			(1,189,281)
Share of loss of a joint venture			<u>(42,720)</u>
Loss before tax			<u>(150,560,502)</u>

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the six months ended 30 September 2021 (unaudited and restated)

	Money lending HK\$	Trading of goods and commodities HK\$	Total HK\$
Revenue	<u>34,464,020</u>	<u>423,168,610</u>	<u>457,632,630</u>
Gross profit	<u>34,464,020</u>	<u>4,239,207</u>	<u>38,703,227</u>
Segment result	<u>32,759,315</u>	<u>(4,972,911)</u>	<u>27,786,404</u>
Unallocated corporate income, gains and losses			3,431
Unallocated corporate expenses			(102,712,106)
Finance costs			<u>(2,777,740)</u>
Loss before tax			<u>(77,700,011)</u>

Segment results represents the profit earned from each segment without allocation of directors' fee, certain bank interest income, certain other income, gains and losses, share of result of a joint venture, certain general and administrative expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
Segment assets		
Money lending	–	8,056,510
Trading of goods and commodities	255,730,038	193,780,212
Unallocated corporate assets	90,260,531	119,916,674
	<hr/>	<hr/>
Consolidated assets	345,990,569	321,753,396
	<hr/>	<hr/>

	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
Segment liabilities		
Money lending	–	440,022
Trading of goods and commodities	171,957,885	87,480,973
Unallocated corporate liabilities	23,251,834	30,655,683
	<hr/>	<hr/>
Consolidated liabilities	195,209,719	118,576,678
	<hr/>	<hr/>

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than certain property, plant and equipment, certain right-of-use assets, investment in a joint venture, certain other receivables, deposits and prepayments, amount due from a joint venture and certain bank balances and cash which are managed on a group basis.
- all liabilities are allocated to reportable and operating segments other than certain other payables, amount due from a shareholder, bonds, convertible bond and certain lease liabilities which are managed on a group basis.

5. FINANCE COSTS

	Six months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited & restated)
Effective interest expense on bonds	-	264,301
Effective interest expense on convertible bond <i>(note 15)</i>	1,064,114	1,977,662
Interest expenses on lease liabilities	125,167	535,777
	1,189,281	2,777,740

6. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Six months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited & restated)
Directors' emoluments	1,688,502	2,194,200
Cost of inventories recognised as expense	133,189,795	418,929,403
Depreciation of property, plant and equipment	432,697	520,883
Depreciation of right-of-use assets	2,976,538	4,313,394
Expenses relating to short-term lease	100,200	121,200
	<u> </u>	<u> </u>

7. INCOME TAX (EXPENSES)/CREDIT

	Six months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited & restated)
Current tax:		
– The People's Republic of China ("the PRC") Enterprises Income Tax ("EIT")	(57,948)	–
– Hong Kong Profits Tax	–	(5,143,298)
	<u>(57,948)</u>	<u>(5,143,298)</u>
Deferred tax	–	11,857,020
	<u>(57,948)</u>	<u>6,713,722</u>

7. INCOME TAX (EXPENSES)/CREDIT *(Continued)*

- (a) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.
- (b) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries of the Company in the PRC is 25% during the six months ended 30 September 2022 (six months ended 30 September 2021: 25%).

8. LOSS PER SHARE

Basic loss per share

	Six months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited & restated)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(150,588,622)</u>	<u>(70,986,045)</u>
Issued ordinary shares at 1 April	6,448,152,160	6,448,152,160
Effect of new share issued	<u>224,897,016</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>6,673,049,176</u>	<u>6,448,152,160</u>

Diluted loss per share

Diluted loss per share for the six months ended 30 September 2022 and 2021 are presented as same as basic loss per share as the effect of convertible bonds is anti-dilutive.

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2022 and 2021, nor has any dividend been proposed since the end of the Reporting Period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired property, plant and equipment with a cost of HK\$23,198 (six months ended 30 September 2021: HK\$77,802).

11. TRADE RECEIVABLES

	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
Trade receivables	76,392,434	61,437,606
Less: net allowance for expected credit losses	<u>(12,840,943)</u>	<u>(13,513,538)</u>
	<u>63,551,491</u>	<u>47,924,068</u>

Trade receivables in relation to trading of goods and commodities are having an average credit period of 90 days (31 March 2022: 90 days).

11. TRADE RECEIVABLES *(Continued)*

The following is an ageing analysis of the Group's trade receivables (before net allowance for expected credit losses) presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the Reporting Period/year:

	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
0 to 90 days	52,234,715	47,785,097
91 to 180 days	11,316,776	138,971
181 to 365 days	–	12,741,902
Over 365 days	12,840,943	771,636
	76,392,434	61,437,606

At the end of the Reporting Period/year, none of the Group's trade receivables was past due but not impaired at the end of the Reporting Period/year for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collaterals for the trade receivables above.

12. LOAN AND INTEREST RECEIVABLES

	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
Loan receivables		
Secured	274,256,465	274,262,968
Unsecured	204,119,302	204,579,999
	<u>478,375,767</u>	<u>478,842,967</u>
Less: net allowance for expected credit losses	(478,375,767)	(478,842,967)
	<u>—</u>	<u>—</u>

The maturity profile of the loan receivables (before allowance for ECL) at the end of the Reporting Period, analysed by the maturity date, is as follows:

	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
Overdue	<u>478,375,767</u>	<u>478,842,967</u>
Gross amount analysed for reporting purpose: Current assets	<u>478,375,767</u>	<u>478,842,967</u>

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 6 months to 5 years (31 March 2022: 3 months to 5 years). The loans provided to customers bore fixed interest rate ranging from 0.6%–1.6% per month (31 March 2022: 1%–2.4% per month), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers. The loans provided to borrowers are repayable in accordance with the loan agreement, in which interest portion will be repaid in monthly basis while the principal amounts are repayable on maturity.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
Other receivables	390,559,289	312,003,264
Deposits	300,299,615	300,175,487
Prepayments	7,711,042	<u>2,073,687</u>
	698,569,946	614,252,438
Less: net allowance for expected credit losses	(685,137,107)	<u>(563,777,772)</u>
	<u>13,432,839</u>	<u>50,474,666</u>

14. TRADE AND OTHER PAYABLE

	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
Trade payables (<i>Note</i>)	39,342,602	26,432,024
Other payables and accrued charges	97,120,982	<u>32,007,627</u>
	<u>136,463,584</u>	<u>58,439,651</u>

Note: The credit period for trade payables ranging from 45 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

14. TRADE AND OTHER PAYABLE (Continued)

An ageing analysis of trade payables presented based on the invoice date at the end of Reporting Period is set out as follows:

	As at 30 September 2022 HK\$ (unaudited)	As at 31 March 2022 HK\$ (audited)
0 to 30 days	17,595,771	26,359,755
31 to 60 days	15,129,558	–
61 to 90 days	6,610,225	65,221
Over 90 days	7,048	7,048
	39,342,602	26,432,024

15. CONVERTIBLE BOND

The Company entered into a subscription agreement with Yunnan Baiyao Group on 14 October 2019 (the “Subscription Agreement”), pursuant to the Subscription Agreement and the supplemental subscription agreement (collectively the “Subscription Agreements”), the Company has conditionally agreed to issue, and Yunnan Baiyao Group has conditionally agreed to subscribe for, through its trustee, Shanghai International Trust Corp., Ltd., convertible bond (the “Convertible Bond”) in the aggregate principal amount of HK\$500 million with coupon rate of 3% per annum for 2 years (the “Subscription”).

Details of the Convertible Bond were disclosed in the Group’s consolidated financial statements for the year ended 31 March 2022.

15. CONVERTIBLE BOND (Continued)

The movement of the liability component of the Convertible Bond is set out below:

	Liability component HK\$
Carrying amount at 1 April 2022 (audited)	13,761,441
Effective interest expenses (Note 5)	<u>1,064,114</u>
Carrying amount at 30 September 2022 (unaudited)	<u>14,825,555</u>
Current portion	14,825,555
Non-current portion	<u>—</u>
	<u>14,825,555</u>

The interest expenses for the Reporting Period are calculated by applying an effective interest rate of 16.48% per-annum to the liability component for 2-year period since the Convertible Bond was issued.

16. SHARE CAPITAL

	No. of shares	Amount HK\$
Authorised:		
Ordinary shares of HK\$0.01 each	<u>20,000,000,000</u>	<u>200,000,000</u>
As at 1 April 2022 (audited) (ordinary shares of HK\$0.01 each)	6,448,152,160	64,481,522
Issue of shares on placement (Note (a))	<u>351,762,000</u>	<u>3,517,620</u>
30 September 2022 (unaudited)	<u>6,799,914,160</u>	<u>67,999,142</u>

Note (a): On 14 April 2022, the Company and Sunwah GreatWall Group Limited, the subscriber, entered into a subscription agreement in respect of the subscription of 351,762,000 ordinary shares of HK\$0.01 each at a price of HK\$0.285 per share. The share subscription was completed on 6 June 2022 and the premium on the issue of shares, amounting to approximately HK\$96,734,550, was credited to the Company's share premium account.

16. SHARE CAPITAL *(Continued)*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

17. RELATED PARTY TRANSACTIONS

- (a) Key management compensation amounted to HK\$651,447 for the Reporting Period (six months ended 30 September 2021: HK\$330,720).
- (b) The effective interest expense for the convertible bond with Yunnan Baiyao Group amounted to HK\$1,064,114 for the Reporting Period (six months ended 30 September 2021(restated): HK\$1,977,662).

18. EVENTS AFTER THE REPORTING PERIOD

As refer to the announcement made by the Company on 11 October 2023, the Company's English name changed from "Ban Loong Holdings Limited" to "YNBY International Limited" and changed its Chinese name from "萬隆控股集團有限公司" to "雲白國際有限公司", with effect from 5 October 2023.

As refer to the announcement made by the Company on 13 October 2023, the Company resolved to change its financial year end from 31 March to 31 December. The first financial year end date of the Company after the change will be 31 December 2023 and its respective consolidated financial statements of the Company will be for the period nine months from 1 April 2023 to 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Reporting Period, the Group has ceased its operations in the money lending segment in June 2022 and no revenue or segment results were reported. The Group focuses on the trading of goods and commodities business which refers to (i) e-commerce trading business and (ii) raw materials trading business for healthcare products including the sourcing of packaging materials, pharmacy and cosmetics CBD isolates, plant extracts, etc. and reselling of the products to the PRC corporate customers that are engaged in the manufacturing of cosmetics and healthcare products and the respective packaging materials.

Trading of goods and commodities segment

The trading of goods and commodities segment was mainly consisted of the e-commerce trading business and raw materials trading business for healthcare products in China.

The Group's e-commerce trading business was mainly operated by selling products bearing third-party brands, which are sourced and procured from overseas suppliers and sold to China's famous online platforms, such as VIP.com, JD.com and Tmall, etc. The Company constantly communicates with its customers, being mainly the e-commerce trading platforms, to understand their demand of products. In the meantime, the Company reviews its inventory and/or seeks quotations from its extensive network of suppliers, and may place purchase orders according to suitable market situations, which are nevertheless constantly changing, within the context of the Company's supply capabilities. Once a receipt of order from the Company's customers is confirmed, the Company will (i) assure supply quantity and quality, from existing inventories and/or from a number of different suppliers; (ii) arrange for respective payments to the suppliers where appropriate; (iii) use own or third-party warehouse to receive the ordered goods from the Company's suppliers, and deploy own team or appoint third party to conduct quality inspection; (iv) facilitate the delivery of the products to the Company's customers; (v) arrange the products to go through customs inspection and clearance where appropriate; (vi) facilitate relevant customers services including but not limited to after-sales services; (vii) cooperate with business partners and formulate further marketing and sales of relevant products, and monitor the sales trend for such products; and (viii) the Company usually receives the payments from the e-commerce platforms within the credit period on each sales after the delivery of ordered goods.

The Group commenced its hemp CBD raw materials trading and CBD isolate business in 2019. As a natural expansion of its CBD trading business, the Group has been engaged in the sourcing of raw materials for manufacturing since early 2022, which involved the supply of other plant extracts and raw materials for cosmetics and healthcare products, including packaging materials, sorbitol, steviol glycoside, lauric acid, CBD materials, glycerin etc. to existing and potential customers in the healthcare and cosmetics industry. As a modest extension of the services previously offered by the Group, the Group no longer passively sources products required by its customers, but takes on a more active role in serving its existing and potential customers in respect of their supply chain.

The Group is based in Hong Kong and has a deep penetration in the PRC. The management of the Group believes that a strong global presence is beneficial to the trading business. Hence, the Group is also establishing an extensive global sales and distribution network with a geographical reach spanning over the Greater China, Japan, Korea, Singapore, Vietnam, Thailand, Laos, Canada, North America, Switzerland and France.

For the Reporting Period, the Group's trading of goods and commodities segment recorded a total revenue of approximately HK\$139.6 million (for the six months ended 30 September 2021 ("2021 1H"): approximately HK\$423.2 million). The decrease in total revenue was primarily attributable to the suspension of operation of Wan Long Shenzhen during the year.

PROSPECTS

According to General Administration of Customs of People's Republic of China, China's cross-border e-commerce imports and exports climbed 15% year-on-year to RMB1.98 trillion in 2021. The scale of the cross-border e-commerce market with expected growth in the coming years provides great opportunities for the e-commerce trading business of the Group. The management will continuously strengthen the sourcing network and the understanding on the market trend, taking better advantages of market opportunities from China.

GENERAL AND ADMINISTRATIVE EXPENSES

For the Reporting Period, the Group's general and administrative expenses (which mainly comprises legal and professional fees, staff salaries, directors' fees and depreciation of right-of-use assets) amounted to approximately HK\$21.9 million (2021 1H: approximately HK\$21.4 million), representing a slight increase of 2.3%.

FINANCE COSTS

For the Reporting Period and 2021 1H (restated), finance costs of approximately HK\$1.2 million and approximately HK\$2.8 million were incurred respectively. The reduction in finance costs was primarily attributable to a decrease in effective interest expenses from approximately HK\$2.0 million for 2021 1H (restated) to approximately HK\$1.1 million for the Reporting Period in respect of the convertible bonds.

INCOME TAX EXPENSES/CREDIT

For the Reporting Period, the Company incurred income tax expenses of approximately HK\$58,000. This figure contrasts with the tax credit of approximately HK\$6.7 million recorded for 2021 1H (restated). The reduction in Hong Kong Profits Tax is primarily attributable to the loss generated from the money lending segment during the Reporting Period as the Group has suspended such operations in the Reporting Period.

In addition, for 2021 1H (restated), a deferred tax asset of approximately HK\$11.9 million was recognised while no deferred tax asset was recognized due to loss for the period made during the Reporting Period.

LOSS PER SHARE

For the Reporting Period, the basic and diluted loss per share amounted to 2.26 HK cents, as compared to the basic and diluted loss per share of 1.10 HK cents in 2021 1H (restated), mainly resulted from the decrease in gross profit and the increase in net allowance for expected credit losses.

FINANCIAL POSITION

The shareholders' equity decreased from approximately HK\$203.2 million as at 31 March 2022 to approximately HK\$150.8 million as at 30 September 2022, which is mainly resulting from the combined effect of total comprehensive loss incurred for the Reporting Period and net proceeds arising from the issuance of shares of approximately HK\$100.3 million. Total assets increased by 7.5% from approximately HK\$321.8 million as at 31 March 2022 to approximately HK\$346.0 million as at 30 September 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2022, the Group's cash and cash equivalents amounted to approximately HK\$225.9 million (31 March 2022: approximately HK\$203.9 million). As at 30 September 2022, the Group had a convertible bond with carrying amount of approximately HK\$14.8 million (31 March 2022: approximately HK\$13.8 million) with coupon rate of 3% per-annum. The interest expenses for the Reporting Period are calculated by applying an effective interest rate of 16.48% per-annum to the liability component for 2-year period since the Convertible Bond was issued. The gearing ratio of the Group was 9.8% as at 30 September 2022 (31 March 2022: 6.8%), which is calculated by the total interest-bearing borrowings divided by the net assets of the Group.

DIVIDEND

The board (the “Board”) of the directors (the “Directors”) of the Company did not propose an interim dividend for the Reporting Period (2021 1H: nil).

SHARE CAPITAL AND FUND-RAISING ACTIVITIES

As at 30 September 2022, the total number of issued ordinary shares (the “Shares”) of the Company was 6,799,914,160 shares (31 March 2022: 6,448,152,160 shares).

In October 2020, the Company issued a convertible bond to Yunnan Baiyao Group with a principal of HK\$500 million (with a net proceeds of approximately HK\$498 million, equivalent to a net price of approximately HK\$0.257) (the “Subscription”) in order to provide financial resources for exploring opportunities to diversify the businesses. A total of 1,937,984,496 ordinary shares of nominal value of HK\$0.01 per share could be converted and issued at conversion price of HK\$0.258 per share upon maturity. The closing price per share on the date of the subscription agreement (being 14 October 2019) was HK\$0.260. Please refer to the circular of the Company dated 11 September 2020 for further details. As at 30 September 2022, approximately HK\$396 million of the Subscription proceeds had been used from the date of Subscription in accordance with its intended use as stated in the circular of the Company dated 11 September 2020 (for further details in relation to the use of proceeds, please refer to the breakdown set out in the paragraph below), and the unused balance of the Subscription proceeds was approximately HK\$102 million.

In June 2022, the Company placed 351,762,000 ordinary shares of nominal value of HK\$0.01 per share (the “Placing”) to Sunwah GreatWall Group Limited at subscription price HK\$0.285 per share (with a net price of approximately HK\$0.284) in order to supplement the Group’s long-term funding of its expansion plan and growth strategies and broaden the shareholder base. The closing price per share on the date of the subscription agreement (being 14 April 2022) was HK\$0.244. As at 30 September 2022, no Placing proceeds had been used from the date of the Placing in accordance with its intended use as stated in the announcement of the Company dated 14 April 2022 and 16 May 2022, and the unused balance of the Placing proceeds was approximately HK\$100 million.

The Company applied the net proceeds from the Subscription and Placing as follows:

	Planned use of proceeds HK\$ million	Utilised amount up to 30 September 2022 HK\$ million	Difference between the planned allocation net proceeds and actual usage of the net proceeds HK\$ million (Note 1)	Unused balance from the net proceeds as at 30 September 2022 HK\$ million (Note 2)
Subscription				
Expansion of existing trading business in cosmetics and personal care products	100	100	-	-
Expansion of CBD-based cosmetics and personal care product trading business	90	58	(32)	-
Purchase of CBD isolate inventory for trading purpose	20	15	-	5
Setting up of hemp cultivation and extraction and trading	70	-	-	70
Expansion of CBD-related target business	40	-	(13)	27
Expansion of existing money lending business	50	43	(7)	-
Repayment of bonds issued by the Company in 2014	70	70	-	-
Repayment of interests derived from the Convertible Bonds	-	28	28	-
General working capital	58	74	16	-
Total	498	396	-	102

	Planned use of proceeds HK\$ million	Utilised amount up to 30 September 2022 HK\$ million	Difference between the planned allocation net proceeds and actual usage of the net proceeds HK\$ million (Note 1)	Unused balance from the net proceeds as at 30 September 2022 HK\$ million (Note 2)
Placing				
Expansion of CBD-based cosmetics products and industrial cannabis trading business with ASEAN	45	–	–	45
Research and development of Chinese herbal medicine in the PRC and development the trading network in Thailand, Indonesia, Singapore, Korea and Malaysia, etc	25	–	–	25
Development of the health food products network in Thailand and the trade with ASEAN	25	–	–	25
General working capital	<u>5</u>	<u>–</u>	<u>–</u>	<u>5</u>
Total	<u>100</u>	<u>–</u>	<u>–</u>	<u>100</u>

Note 1

In light of the recent changes in the government policies with respect to the public discussion on the ban of CBD products in Hong Kong and the overall market environment, the Company has reallocated its net proceeds from “Expansion of CBD-based cosmetics and personal care product trading business” to “Repayment of interests derived from the Convertible Bonds”. In particular, the Company allocated approximately HK\$28 million of its net proceed to the repayment of interests derived from the Convertible Bonds and allocated approximately HK\$24 million to its general working capital.

Note 2

As at 30 September 2022, the Company had no further plan to change the application of the remaining net proceeds for the purpose as disclosed. The Company intends to fully utilised the net proceeds from the Subscription and Placing by 31 March 2024.

SHARE OPTION SCHEME

In order to continue to provide the Company with a flexible means of giving incentive to eligible participants to recognize and acknowledge the contributions that eligible participants made or may make to the Group, The new share option scheme of the Company was adopted on 30 September 2013 (the “New Option Scheme”). Pursuant to the New Option Scheme, the Directors are authorised to grant options to any executive or non-executive Directors, any executives and employees and those persons who have contributed or will contribute to the Group as incentive schemes and rewards. Apart from the New Option Scheme, the Company did not adopt any other share option scheme. During the Reporting Period, no options were granted, exercised, cancelled or lapsed under the New Option Scheme. The number of option available for grant under the scheme mandate of the New Option Scheme at the beginning and end of the reporting period were 137,945,720 shares.

FUNDING AND TREASURY POLICY

The Group adopts prudent treasury policies. The Group’s management performs an ongoing credit evaluation of the financial conditions of its customers in order to reduce the Group’s exposure of credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and commitments can meet its funding requirements.

EVENTS AFTER THE REPORTING PERIOD

For the details of events after the Reporting Period, please refer to note 18 to the consolidated financial statements in this interim report.

PLEDGE AND/OR CHARGED OF ASSETS

As at 30 September 2022, no assets of the Group were pledged and/or charged to secure general banking facilities granted to the Group (31 March 2022: nil).

CAPITAL COMMITMENTS

As at 30 September 2022, the Group had no material capital commitments (31 March 2022: nil).

CONTINGENT LIABILITIES

As at 30 September 2022 the Group had no material contingent liabilities (31 March 2022: nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group’s assets and liabilities are denominated in Hong Kong dollars, US dollars and Renminbi, and most of the Group’s cash balances are deposited in Hong Kong dollars , US dollars or Renminbi with banks in Hong Kong and the PRC. Certain portion of the Group’s sales, purchases and expenses were denominated in foreign currencies which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered not significant. The Group has not used any financial instruments for hedging purpose for 2022 1H (2021 1H: Nil). However, the management will continue to closely monitor the Group’s foreign exchange risk exposure and may consider hedging significant foreign exchange exposure if and when necessary.

COMMODITY PRICE RISK

The price of commodity products is influenced by international and domestic market prices and changes in global supply and demand for such products. Both the international and domestic market price of commodities as well as the volatility of their supply and demand are beyond the control of the Company. Therefore, the volatility of commodity price may affect the revenue and comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts and price arrangements to hedge the risk of volatility of commodity prices.

EMPLOYEE REMUNERATION POLICY

As at 30 September 2022, the Group had 34 employees (31 March 2022: 35 employees). For the Reporting Period, the total salaries, commissions, incentives and all other staff related costs amounted to approximately HK\$5.8 million (2021 1H: approximately HK\$7.5 million). Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical insurance. On-job training and regular seminars related to the employee's job duties were provided during the year. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the Reporting Period, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 September 2022. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Listing Rules as and when appropriate.

PRIOR PERIOD ADJUSTMENTS

As disclosed in note 2 to the condensed financial statements in this interim report, the prior period adjustments is to recognise convertible bond issued on 30 October 2020 in proper classification between liabilities and equity portion and valuation. The corresponding impact on convertible bond, convertible bond reserve, loss on initial recognition of convertible bond and finance cost have been adjusted accordingly.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW BY AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the Group's interim report ended 30 September 2022. The audit committee has no disagreement with the accounting treatment adopted by the Company.

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

As at 30 September 2022, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debenture of the Company and its associated corporations, as recorded in the registered maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Names of Directors	Capacity	Number of Shares held (long position)	Percentage of the total number of issued Shares
Huang Bin	Interest in a controlled corporation	351,762,000 (Note 1)	5.17%

Note:

- (1) This represents the interest in 351,762,000 shares of the Company directly held by Sunwah GreatWall Group Limited, being a wholly-owned subsidiary of China United International Group Limited which is owned as to 50% by Goldstone Investment Management Limited. Goldstone Investment Management Limited is wholly-owned by Radiant Assets Management International Limited which is owned as to 60% by Radiant Goldstone Holdings Limited, and Radiant Goldstone Holdings Limited is wholly-owned by Huang Bin. Accordingly, Huang Bin is deemed to be interested in the same number of shares of the Company held by Sunwah GreatWall Group Limited.

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executives of the Company had any interest or short position in any shares, underlying shares or debenture of the Company or any of its associated corporations (within meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which Directors have taken or deemed to have under such provisions of SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2022, the following persons and entities (other than a Director or chief executives of the Company) had an interest or short position in the shares and underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Names of Shareholders	Capacity	Number of Shares held (long position)	Percentage of the total number of issued Shares
China CITIC Bank Corporation Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
CITIC International Financial Holdings Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
CITIC Corporation Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
CITIC Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
CITIC Polaris Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
CITIC Group Corporation	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
Radiant Goldstone Holdings Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
CITIC International Assets Management Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
Radiant Assets Management International Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
Goldstone Investment Management Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
Choi Chit Sze, Jackson	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
Mega Empire Holdings Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
China United International Group Limited	Interest in a controlled corporation	351,762,000 <i>(Note 3)</i>	5.17%
Sunwah GreatWall Group Limited	Beneficial owner	351,762,000 <i>(Note 3)</i>	5.17%
Yunnan Baiyao Group	Beneficial owner	1,908,025,360 <i>(Note 2)</i>	28.06%
Yunbaiyao Hong Kong Co., Limited	Beneficial owner	3,101,911,000 <i>(Note 2)</i>	45.62%
Shanghai International Trust Corp., Ltd. ("Shanghai Trust")	Trustee	1,937,984,496 <i>(Note 1)</i>	28.50%

Notes:

1. The Company entered into a subscription agreement with Yunnan Baiyao Group on 14 October 2019 (the "Subscription Agreement"). Pursuant to the Subscription Agreement and the supplemental subscription agreements (collectively, the "Subscription Agreements"), the Company has conditionally agreed to issue, and Yunnan Baiyao Group has conditionally agreed to subscribe for, through its trustee, Shanghai Trust, the Convertible Bond (the "Subscription"). The completion of the Subscription took place on 30 October 2020 in accordance with the terms and conditions of the Subscription Agreements. The principal amount of the Convertible Bond was HK\$500 million with coupon rate of 3% per-annum for 2 years. Under the Subscription, the Convertible Bond has been issued to Shanghai Trust, which subscribes and holds the Convertible Bond on behalf of and as a trustee of Yunnan Baiyao Group. Yunnan Baiyao Group remains as the beneficial owner of the Convertible Bond.

Based on the initial conversion price of HK\$0.258 per conversion share and assuming there is no other change in the issued share capital of the Company between the date of this report and the date of the full conversion of the Convertible Bond, 1,937,984,496 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bond, representing approximately 30.05% of the existing issued share capital of the Company. As at the date of this report, there has not been any exercise of any of the Convertible Bond.

For further details of the Subscription, please refer to the announcements of the Company dated 14 October 2019, 4 November 2019, 18 November 2019, 2 December 2019, 16 December 2019, 31 December 2019, 31 January 2020, 14 February 2020, 28 February 2020, 31 March 2020, 3 May 2020, 31 July 2020, 31 August 2020, 10 September 2020, 29 October 2020 and the circular of the Company dated 11 September 2020, respectively.

2. On 9 September 2021, New Huadu HK acquired 56,000,000 Shares (namely the Acquisition Shares, which comprise approximately 0.87% of the Shares in issue as at the date of the joint announcement) for a consideration of HK\$0.285 per Share on the secondary market. New Huadu HK is wholly-owned by New Huadu Industrial, which is held as to approximately 93.69% by Mr. Chen Fashu, through his shareholding in Xiamen Huadu and through such shareholding held by him in his own capacity. Mr. Chen Fashu is a director of YNBY Group Co. and together with parties acting in concert with him, holds approximately 25.04% of YNBY Group Co.. Yunbaiyao Hong Kong Co., Limited (the "Offeror") is an indirect wholly-owned subsidiary of YNBY Group Co.. Accordingly, the Offeror, Mr. Chen Fashu, New Huadu HK, Xiamen Huadu, New Huadu Industrial and YNBY Group Co. are presumed to be parties acting in concert under the Takeovers Code. the Offeror and parties acting in concert with it were interested in 1,908,025,360 Shares, representing approximately 29.59% of the entire issued share capital of the Company. As a result of the Acquisition, the Offeror and parties acting in concert with it, became collectively interested in 1,964,025,360 Shares, representing approximately 30.46% of the total issued Shares immediately after the Acquisition and as at the date of the joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, a mandatory conditional general offer in cash for all the issued Shares held by the Independent Shareholders is required to be made.

On 18 January 2022, the Offeror had received valid acceptances in respect of 3,101,911,000 Offer Shares under the Offer as at the date of such announcement. Taking into account the Acceptance Shares and Shares already owned by the Offeror and parties acting in concert with it, the Offeror and the parties acting in concert with it are interested in an aggregate of 5,065,936,360 Shares as at the date of such announcement.

Please refer to the announcements dated 11 November 2021, 15 December 2021, 4 January 2022 and 18 January 2022.

3. On 6 June 2022, 351,762,000 new ordinary shares of the Company have been issued and allotted to Sunwah GreatWall Group Limited under general mandate and pursuant to the terms of the subscription agreement dated 14 April 2022 (the "Subscription") (details of which are disclosed in the announcements of the Company dated 14 April 2022, 16 May 2022 and 6 June 2022). China United International Group Limited is the sole shareholder of Sunwah GreatWall Group Limited. As such, each of (i) China United International Group Limited (as the sole shareholder of Sunwah GreatWall Group Limited); (ii) Media Empire Holdings Limited (which owned 50% of China United International Group Limited); (iii) Goldstone Investment Management Limited (which owned 50% of China United International Group Limited); (iv) Choi Chit Sze, Jackson (as the sole shareholder of Media Empire Holdings Limited); (v) Radiant Assets Management International Limited (as the sole shareholder of Goldstone Investment Management Limited); (vi) CITIC International Assets Management Limited (which owned 40% of Radiant Assets Management International Limited); (vii) Radiant Goldstone Holdings Limited (which owned 60% of Radiant Assets Management International Limited); (viii) CITIC International Financial Holdings Limited (which owned 46% of CITIC International Assets Management Limited); (ix) China CITIC Bank Corporation Limited (as the sole shareholder of CITIC International Financial Holdings Limited); (x) CITIC Corporation Limited (which owned 65.37% of China CITIC Bank Corporation Limited); (xi) CITIC Limited (as the sole shareholder of CITIC Corporation Limited), (xii) CITIC Polaris Limited (which owned 32.53% of CITIC Limited) and (xiii) CITIC Group Corporation (which is the sole shareholder of CITIC Polaris Limited) is deemed to be interested in the same number of shares of the Company held by Sunwah GreatWall Group Limited.

Save as disclosed above, as at 30 September 2022, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Group had complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules during the Reporting Period and up to the date of this report, except for the following deviation:

Code Provision B.2.2

Code provision B.2.2 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The non-executive Directors and independent non-executive Directors were not appointed for a specific term, but are subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-laws. The management experience, expertise and commitment of the re-electing Directors will be considered by the Nomination Committee before their reelection proposals are put forward to Shareholders. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices regarding Directors' appointment are no less exacting than those in the CG Code.

Insufficient number of independent non-executive directors

Pursuant to the announcement of the Company dated 10 November 2023:

- (i) Mr. Jiang Zhi (“Mr. Jiang”) has tendered his resignation as independent non-executive director of the Company, member of the audit committee, member of the nomination committee, and member of the remuneration committee on 10 November 2023;
- (ii) Mr. Leung Ka Kui, Johnny (“Mr. Leung”) has tendered his resignation as independent non-executive director of the Company, member of the audit committee, member of the nomination committee, and chairman of the remuneration committee, and member of the independent investigation committee on 10 November 2023; and
- (iii) Ms. Wong Chui San, Susan (“Ms. Wong”) has tendered her resignation as independent non-executive director of the Company, chairman of the audit committee, member of the nomination committee, and member of the remuneration committee, and member of the independent investigation committee on 10 November 2023.

Following the resignation of the Departing Directors, the composition of the Board comprises of three executive directors and two non-executive directors at that time. As such, the number of independent non-executive directors and the number of the members of each of the audit committee, remuneration committee and nomination committee had fallen below the minimum number as required under Rules 3.10(1), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules.

As a remedial measure, the Board has used its best effort to identify suitable candidates to fill the vacancies as soon as practicable and, in any event, within three-months from 10 November 2023 pursuant to Rules 3.11, 3.23 and 3.27 of the Listing Rules. As at 21 November 2023:

- (i) Mr. Wong Hin Wing (“Mr. Wong”), MH, has been appointed as an independent nonexecutive director, the chairman of the audit committee (the “Audit Committee”) and a member of the remuneration committee (the “Remuneration Committee”) and the nomination committee (the “Nomination Committee”) with effect from 21 November 2023;
- (ii) Dr. Cheung Hoi Yu (“Dr. Yu”), JP, has been appointed as an independent non-executive director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee with effect from 21 November 2023; and
- (iii) Dr. Cecilia Wai Bing Pang (“Dr. Pang”), BBS, has been appointed as an independent nonexecutive director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 21 November 2023.

Following the appointment of Mr. Wong, Dr. Yu and Dr. Pang as independent non-executive directors and the change in composition of the Board committees as described above, the Company has re-complied with Rules 3.10(1), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the full set of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”) as the code of conduct regarding securities transactions by the Directors. The prohibitions on securities dealing and disclosure requirements in the Model Code also apply to the Group’s senior management and persons who are privy to price sensitive information of the Group. The Company has made specific enquiry of all Directors, and all Directors confirmed to the Company that they have complied with the Model Code during the Reporting Period and up to the date of publication of this report.

BOARD DIVERSITY POLICY

With an aim to achieve diversity on the Board, the Board has approved and adopted a Board Diversity Policy (the “Policy”) and revision to the terms of reference of the nomination committee of the Company (the “Nomination Committee”) to ensure the appropriate implementation of the Policy. The Policy was made with a view to achieve a sustainable and balanced development of the Company, through the invitation and selection of different talents to join the Board having due regard to the importance of Board diversity.

The Company is committed to established procedures of candidates’ selection based on a range of diversity perspectives including gender, age, cultural background, ethnicity, educational background, professional experience, skills and knowledge.

NOMINATION COMMITTEE

The Nomination Committee was established with specific terms of reference, whose purposes include the reviewing of the Board composition, advising the Board on the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. The Company has adopted a nomination policy for Directors, details of which has been disclosed in the annual report of the Company for the year ended 31 March 2022.

During the Reporting Period, the Nomination Committee consisted of the following members:

Independent Non-executive Directors

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Ms. Wong Chui San, Susan

Executive Directors

Mr. Dong Ming (*Chairman*)

Mr. Yin Pinyao

Up to the publication date of this report, the Nomination Committee consisted of the directors as follows:

Independent Non-executive Directors

Dr. Cheung Hoi Yu (*appointed on 21 November 2023*)
Dr. Cecilia Wai Bing Pang (*appointed on 21 November 2023*)
Mr. Wong Hin Wing (*appointed on 21 November 2023*)
Mr. Leung Ka Kui, Johnny (*ceased as Director on 10 November 2023*)
Mr. Jiang Zhi (*ceased as Director on 10 November 2023*)
Ms. Wong Chui San, Susan (*ceased as Director on 10 November 2023*)

Executive Directors

Mr. Dong Ming (*Chairman*)
Mr. Yin Pinyao (*ceased as Director on 8 August 2023*)

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) was established by the Board with specific terms of reference, whose purposes include the reviewing of the remuneration of Directors and the remuneration policies of the Group.

During the Reporting Period, the Remuneration Committee consisted of the following members:

Independent Non-executive Directors

Mr. Leung Ka Kui, Johnny (*Chairman*)
Mr. Jiang Zhi
Ms. Wong Chui San, Susan

Executive Directors

Mr. Liu Zhouyang
Mr. Yin Pinyao

Up to the publication date of this report, the Remuneration Committee consisted of the directors as follows:

Independent Non-executive Directors

Dr. Cheung Hoi Yu (*Chairman*) (*appointed on 21 November 2023*)
Dr. Cecilia Wai Bing Pang (*appointed on 21 November 2023*)
Mr. Wong Hin Wing (*appointed on 21 November 2023*)
Mr. Leung Ka Kui, Johnny (*ceased as Director on 10 November 2023*)
Mr. Jiang Zhi (*ceased as Director on 10 November 2023*)
Ms. Wong Chui San, Susan (*ceased as Director on 10 November 2023*)

Executive Directors

Mr. Tang Ming (*appointed on 3 February 2023*)

Mr. Yin Pinyao (*ceased as Director on 8 August 2023*)

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the "Audit Committee") was established by the Board with specific terms of reference, whose purposes include the reviewing of the accounting principles and practices adopted by the Group and discussing auditing, internal control, risk management and financial reporting matters. The Audit Committee has reviewed the unaudited condensed interim financial statements of the Group for the Reporting Period.

During the Reporting Period, the Audit Committee consisted of the following Directors, of which Ms. Wong Chui San, Susan is a certified public accountant:

Independent Non-executive Directors

Ms. Wong Chui San, Susan (*Chairman*)

Mr. Jiang Zhi

Mr. Leung Ka Kui, Johnny

Non-executive Director

Mr. Qian Yinghui

Up to the publication date of this report, the Audit Committee currently consists of the following Directors, of which Mr. Wong Hin Wing is a certified public accountant:

Independent Non-executive Directors

Mr. Wong Hin Wing (*Chairman*) (*appointed on 21 November 2023*)

Dr. Cheung Hoi Yu (*appointed on 21 November 2023*)

Dr. Cecilia Wai Bing Pang (*appointed on 21 November 2023*)

Mr. Leung Ka Kui, Johnny (*ceased as Director on 10 November 2023*)

Mr. Jiang Zhi (*ceased as Director on 10 November 2023*)

Ms. Wong Chui San, Susan (*ceased as Director on 10 November 2023*)

Non-executive Director

Mr. Qian Yinghui

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Directors for the Reporting Period and up to the date hereof is set out below:

- (1) Mr. Chow Wang ("Mr. Chow") resigned as the chief executive officer of the Company (the "CEO") with effect from 15 April 2022 due to a redesignation of duties in the Group. Mr. Chow remained as the executive Director and the deputy chairman of the Board.
- (2) Mr. Tang Ming ("Mr. Tang") has been appointed as the CEO with effect from 15 April 2022.
- (3) Mr. Chow ceased to be (i) the authorised representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Authorised Representative"); and (ii) the authorised representative for accepting the service of process and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("Process Agent"), with effect from 20 April 2022. Mr. Liu Zhouyang had been appointed as the Authorised Representative and Process Agent with effect from 20 April 2022.
- (4) Mr. Luk Chi Sing resigned as the chief financial officer of the Company with effect from 30 April 2022 while Mr. Liu Huaiyu has been appointed as the chief financial officer of the Company with effect from 22 June 2022.
- (5) According to the special general meeting held on 16 August 2022, the removal of each of Mr. Chow and Mr. Wang Zhaoqing as director of the Company were duly passed, with effect from 16 August 2022.
- (6) Mr. Tang and Mr. Huang Bin ("Mr. Huang") were respectively appointed as the executive director and the non-executive director of the Company with effect from 19 August 2022. Ms. Li Wing Sze was no longer the Company secretary while Mr. Liu Huaiyu has been further appointed as the Company secretary, with effect from 19 August 2022.
- (7) Mr. Dong Ming ceased to be the Authorised Representative while Mr. Tang has been appointed as the Authorised Representative, with effect from 5 September 2022.
- (8) Mr. Liu Zhouyang, an executive director of the Company, ceased to be a member of the remuneration committee and Mr. Tang, an executive director of the Company, has been appointed as a member of the Remuneration committee, with effect from 3 February 2023.
- (9) Mr. Yin Pinyao resigned as executive director of the Company, member of the Remuneration committee, and member of the Nomination committee, with effect from 8 August 2023.

- (10) With effect from 10 November 2023,
- (i) Mr. Jiang Zhi resigned as independent non-executive director of the Company, member of the Audit committee, member of the Nomination committee, and member of the Remuneration committee.
 - (ii) Mr. Leung Ka Kui, Johnny resigned as independent non-executive director of the Company, member of the Audit committee, member of the Nomination Committee, and chairman of the Remuneration Committee, and member of the independent investigation committee.
 - (iii) Ms. Wong Chui San, Susan resigned as independent non-executive director of the Company, chairman of the Audit committee, member of the Nomination committee, and member of the Remuneration committee, and member of the independent investigation committee.
- (11) With effect from 21 November 2023,
- (i) Mr. Wong Hin Wing, MH, has been appointed as an independent non-executive director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.
 - (ii) Dr. Cheung Hoi Yu, JP, has been appointed as an independent non-executive director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.
 - (iii) Dr. Cecilia Wai Bing Pang, BBS, has been appointed as an independent nonexecutive director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.
- (12) With effect from 29 November 2023, Mr. Liu Zhouyang ceased to be the Authorised Representative and Process Agent while Mr. Liu Huaiyu has been appointed as the Authorised Representative and Process Agent.

By Order of the Board
YNBY International Limited
Tang Ming
Executive Director
& *Chief Executive Officer*

Hong Kong, 15 January 2024