



雲白國際有限公司

**YNBY International Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00030)**

**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](http://www.0030.com.hk)

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

For the six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
		HK\$	HK\$
		(unaudited)	(unaudited)
	Notes		
<b>Revenue</b>	4	<b>368,155,231</b>	139,562,008
Cost of sales		<b>(336,059,841)</b>	(133,189,795)
<b>Gross profit</b>		<b>32,095,390</b>	6,372,213
Other income, gains and losses		<b>702,528</b>	1,256,708
Net reversal of allowance/(allowance) for expected credit losses		<b>604,420</b>	(134,208,524)
Selling and distribution expenses		<b>(313,842)</b>	(857,076)
General and administrative expenses		<b>(10,540,779)</b>	(21,891,822)
<b>Profit/(loss) from operations</b>		<b>22,547,717</b>	(149,328,501)
Finance costs	5	<b>(2,419,585)</b>	(1,189,281)
Share of loss of a joint venture		<b>(1,353)</b>	(42,720)
Profit/(loss) before tax	6	<b>20,126,779</b>	(150,560,502)
Income tax expenses	7	<b>(1,618,532)</b>	(57,948)
Profit/(loss) for the period		<b>18,508,247</b>	(150,618,450)
<b>Attributable to:</b>			
Owners of the Company		<b>18,519,567</b>	(150,588,622)
Non-controlling interests		<b>(11,320)</b>	(29,828)
		<b>18,508,247</b>	(150,618,450)
<b>Earnings/(loss) per share</b>	8		
Basic (HK cents per share)		<b>0.27</b>	(2.26)
Diluted (HK cents per share)		<b>0.24</b>	(2.26)

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

For the six months ended 30 September 2023

	<b>Six months ended 30 September</b>	
	<b>2023 HK\$ (unaudited)</b>	2022 HK\$ (unaudited)
<b>Profit/(loss) for the period</b>	<b>18,508,247</b>	<b>(150,618,450)</b>
<b>Other comprehensive income/(loss) after tax:</b> <i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>5,340,037</b>	<b>(3,418,242)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>23,848,284</b>	<b>(154,036,692)</b>
<b>Attributable to:</b>		
Owners of the Company	<b>23,921,709</b>	<b>(153,988,018)</b>
Non-controlling interests	<b>(73,425)</b>	<b>(48,674)</b>
	<b>23,848,284</b>	<b>(154,036,692)</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	<i>Notes</i>	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	693,644	976,207
Right-of-use assets		1,796,261	2,750,928
Investment in a joint-venture		15,927	17,280
		<b>2,505,832</b>	<b>3,744,415</b>
<b>Current assets</b>			
Inventories		41,091,252	50,290,472
Trade receivables	11	89,771,128	72,979,248
Loan and interest receivables	12	-	-
Other receivables, deposits and prepayments	13	8,981,168	24,434,492
Amount due from a joint-venture		68,455	61,200
Amount due from a non-controlling shareholder of a subsidiary		1,282,442	-
Tax recoverable		8,833,737	9,525,322
Cash and cash equivalents		207,723,790	159,003,957
		<b>357,751,972</b>	<b>316,294,691</b>
<b>Current liabilities</b>			
Trade and other payable	14	148,264,994	126,582,036
Borrowings	15	10,898,000	-
Lease liabilities		1,399,151	2,753,903
Contract liabilities		33,344,403	34,950,735
Amount due to a shareholder		2,392,891	17,392,891
Convertible bond	16	12,435,861	13,615,541
		<b>208,735,300</b>	<b>195,295,106</b>
<b>Net current assets</b>		<b>149,016,672</b>	<b>120,999,585</b>
<b>Total assets less current liabilities</b>		<b>151,522,504</b>	<b>124,744,000</b>

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

At 30 September 2023

	<i>Notes</i>	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
<b>Non-current liabilities</b>			
Lease liabilities		472,139	98,172
Convertible bond	16	<u>14,805,006</u>	<u>11,342,531</u>
		<u>15,277,145</u>	<u>11,440,703</u>
<b>NET ASSETS</b>		<u><b>136,245,359</b></u>	<u>113,303,297</u>
<b>Capital and reserves</b>			
Share capital	17	67,999,142	67,999,142
Reserves		<u>66,963,775</u>	<u>43,042,066</u>
Equity attributable to owners of the Company		<u>134,962,917</u>	111,041,208
Non-controlling interests		<u>1,282,442</u>	<u>2,262,089</u>
<b>TOTAL EQUITY</b>		<u><b>136,245,359</b></u>	<u>113,303,297</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Convertible bond reserve	Exchange reserve	Accumulated losses	Sub-total			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
At 1 April 2023 (audited)	67,999,142	1,085,013,367	176,000	56,168,231	10,512,532	(1,108,828,064)	111,041,208	2,262,089	113,303,297	
Profit/(loss) for the period	-	-	-	-	-	18,519,567	18,519,567	(11,320)	18,508,247	
Other comprehensive income/(loss) for the period:										
Exchange differences arising on translating foreign operation	-	-	-	-	5,402,142	-	5,402,142	(62,105)	5,340,037	
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	5,402,142	18,519,567	23,921,709	(73,425)	23,848,284	
Deregistration of a subsidiary	-	-	-	-	-	-	-	(906,222)	(906,222)	
<b>At 30 September 2023 (unaudited)</b>	<b>67,999,142</b>	<b>1,085,013,367</b>	<b>176,000</b>	<b>56,168,231</b>	<b>15,914,674</b>	<b>(1,090,308,497)</b>	<b>134,962,917</b>	<b>1,282,442</b>	<b>136,245,359</b>	
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 loss for the period:										
Exchange differences arising on translating foreign operation	-	-	-	-	(3,399,396)	-	(3,399,396)	(18,846)	(3,418,242)	
<b>Total comprehensive loss for the period</b>	-	-	-	-	(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 a subsidiary	-	-	-	-	-	-	-	1,388,654	1,388,654	
<b>At 30 September 2022 (unaudited)</b>	<b>67,999,142</b>	<b>1,085,013,367</b>	<b>176,000</b>	<b>554,296,709</b>	<b>9,228,585</b>	<b>(1,568,189,793)</b>	<b>148,524,010</b>	<b>2,256,840</b>	<b>150,780,850</b>	



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Net cash generated from/(used in) operating activities	<b>56,365,433</b>	(75,201,718)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in a joint venture	–	(60,000)
Advance to a joint venture	<b>(7,255)</b>	(11,200)
Purchase of property, plant and equipment	–	(23,198)
Interest received	<b>92,125</b>	41,949
Net cash generated from/(used in) investing activities	<b>84,870</b>	(52,449)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of shares	–	100,252,170
New bank borrowing raised	<b>11,050,163</b>	–
Capital injection from a non-controlling shareholder of a subsidiary	–	1,388,654
Capital element of lease rentals paid	<b>(1,960,178)</b>	(2,987,103)
Interest element of lease rentals paid	<b>(60,160)</b>	(125,167)
Convertible bond interest paid to a shareholder	<b>(15,000,000)</b>	–
Interest paid	<b>(76,630)</b>	–
Net cash (used in)/generated from financing activities	<b>(6,046,805)</b>	98,528,554
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<b>50,403,498</b>	23,274,387
Effect of foreign exchange rate changes	<b>(1,683,665)</b>	(1,267,413)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		
	<b>159,003,957</b>	203,861,996
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
	<b>207,723,790</b>	225,868,970
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	<b>207,723,790</b>	225,868,970

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

*For the six months ended 30 September 2023*

## 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 trading of goods and commodities.

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.

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 2023 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 2023.

## **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 2023. 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.

#### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

- (i) Trading segment engages in the trading of goods and commodities.
- (ii) Others segment engages in the provision of marketing services, product registration services and sourcing of OEM/ODM services.

#### 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 2023 (unaudited)

	Trading of goods and commodities HK\$	Others HK\$	Total HK\$
Revenue	<u>356,655,231</u>	<u>11,500,000</u>	<u>368,155,231</u>
Gross profit	<u>30,228,567</u>	<u>1,866,823</u>	<u>32,095,390</u>
Segment result	<u>26,641,828</u>	<u>1,866,823</u>	<u>28,508,651</u>
Unallocated corporate income, gains and losses			126,888
Unallocated corporate expenses			(6,087,822)
Finance costs			(2,419,585)
Share of loss of a joint venture			<u>(1,353)</u>
Profit before tax			<u>20,126,779</u>

#### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

##### Segment revenues and results *(Continued)*

For the six months ended 30 September 2022 (unaudited)

	Trading of goods and commodities HK\$	Others HK\$	Total HK\$
Revenue	<u>139,562,008</u>	<u>–</u>	<u>139,562,008</u>
Gross profit	<u>6,372,213</u>	<u>–</u>	<u>6,372,213</u>
Segment result	<u>(133,375,587)</u>	<u>–</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>

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:

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
<b>Segment assets</b>		
Trading of goods and commodities	<b>319,365,135</b>	283,896,559
Others	<b>2,300,000</b>	–
Unallocated corporate assets	<b>38,592,669</b>	36,142,547
	<b><u>360,257,804</u></b>	<u>320,039,106</u>

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
<b>Segment liabilities</b>		
Trading of goods and commodities	<b>176,432,765</b>	147,600,075
Others	<b>–</b>	–
Unallocated corporate liabilities	<b>47,579,680</b>	59,135,734
	<b><u>224,012,445</u></b>	<u>206,735,809</u>

#### 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, non-control interest subsidiary and certain bank balances and cash which are managed on space a group basis.
- all liabilities are allocated to reportable and operating segments other than certain other payables, amount due to a shareholder, convertible bond and certain lease liabilities which are managed on a group basis.

#### 5. FINANCE COSTS

	Six months ended 30 September	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Interest expense from bank borrowings	76,630	–
Effective interest expense on convertible bond <i>(note 16)</i>	2,282,795	1,064,114
Interest expenses on lease liabilities	60,160	125,167
	<b>2,419,585</b>	<b>1,189,281</b>

## 6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging:

	Six months ended 30 September	
	2023	2022
	HK\$	HK\$
	(unaudited)	(unaudited)
Directors' emoluments	2,679,596	1,688,502
Cost of inventories recognised as expense	336,059,841	133,189,795
Depreciation of property, plant and equipment	265,087	432,697
Depreciation of right-of-use assets	1,934,527	2,976,538
Expenses relating to short-term lease	100,200	100,200

## 7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2023	2022
	HK\$	HK\$
	(unaudited)	(unaudited)
Current tax:		
– The People's Republic of China ("the PRC") Enterprises Income Tax ("EIT")	(1,618,532)	(57,948)

- (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 2023 (six months ended 30 September 2022: 25%).



## 8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$</b>	HK\$
	<b>(unaudited)</b>	(unaudited)
<b>Earnings/(loss)</b>		
Earnings/(loss) for the purpose of calculating basic earnings per share	<b>18,519,567</b>	(150,588,622)
Finance costs saving on conversion of convertible bond outstanding	<b>2,282,795</b>	—
	<b>20,802,362</b>	(150,588,622)
Earnings/(loss) for the purpose of calculating diluted earnings per share	<b>20,802,362</b>	(150,588,622)

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>(unaudited)</b>	(unaudited)
<b>Number of shares</b>		
Issued ordinary shares at 1 April	<b>6,799,914,160</b>	6,448,152,160
Effect of new shares issued	—	224,897,016
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>6,799,914,160</b>	6,673,049,176
Effect of dilutive potential ordinary shares arising from convertible bond outstanding	<b>1,937,984,496</b>	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>8,737,898,656</b>	6,673,049,176

## 9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2023 and 2022, 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 2023, the Group has not acquired any property, plant and equipment (six months ended 30 September 2022: acquired with a cost of HK\$23,198).

## 11. TRADE RECEIVABLES

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
Trade receivables	<b>101,724,129</b>	85,508,072
Less: net allowance for expected credit losses	<b><u>(11,953,001)</u></b>	<u>(12,528,824)</u>
	<b><u>89,771,128</u></b>	<u>72,979,248</u>

Trade receivables in relation to trading of goods and commodities are having an average credit period of 90 days (31 March 2023: 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:

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
0 to 90 days	<b>89,717,723</b>	72,979,248
181 to 365 days	<b>53,405</b>	–
Over 365 days	<b>11,953,001</b>	12,528,824
	<b>101,724,129</b>	85,508,072

At the end of the reporting period, none of the Group's trade receivables was past due but not impaired at the end of the reporting period 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

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
Loan receivables		
Secured	<b>273,656,465</b>	274,256,465
Unsecured	<b>203,519,302</b>	203,519,302
	<b>477,175,767</b>	477,775,767
Less: net allowance for expected credit losses	<b>(477,175,767)</b>	(477,775,767)
	–	–

## 12. LOAN AND INTEREST RECEIVABLES (Continued)

The maturity profile of the loan receivables (before net allowance for expected credit losses) at the end of the reporting period, analysed by the maturity date, is as follows:

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
Overdue	<b><u>477,175,767</u></b>	<u>477,775,767</u>
Gross amount analysed for reporting purpose: Current assets	<b><u>477,175,767</u></b>	<u>477,775,767</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 2023: 3 months to 5 years). The loans provided to customers bore fixed interest rate ranging from 0.6%–1.6% per month (31 March 2023: 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

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
Other receivables	<b>367,236,178</b>	380,135,038
Deposits	<b>299,044,553</b>	313,695,181
Prepayments	<b>885,378</b>	6,105,593
	<b>667,166,109</b>	699,935,812
Less: net allowance for expected credit losses	<b>(658,184,941)</b>	(675,501,320)
	<b>8,981,168</b>	24,434,492

### 14. TRADE AND OTHER PAYABLE

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
Trade payables	<b>50,391,618</b>	15,067,996
Other payables and accrued charges	<b>97,873,376</b>	111,514,040
	<b>148,264,994</b>	126,582,036

*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:

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
0 to 30 days	<b>45,625,679</b>	191,845
31 to 60 days	<b>336,960</b>	14,869,103
61 to 90 days	<b>40,070</b>	–
Over 90 days	<b>4,388,909</b>	7,048
	<b>50,391,618</b>	15,067,996

#### 15. BORROWINGS

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
Bank loans (unsecured and unguaranteed)	<b>10,898,000</b>	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(10,898,000)</b>	–
Amount due for settlement after 12 months	–	–
The borrowings are repayable as follows: On demand or within one year	<b>10,898,000</b>	–

The carrying amounts of the Group's borrowings are denominated in RMB.

## 15. BORROWINGS (Continued)

The average interest rates at 30 September 2023 were as follows:

	<b>As at 30 September 2023 HK\$ (unaudited)</b>	As at 31 March 2023 HK\$ (audited)
Bank loans	<b>3.3%</b>	N/A

## 16. 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 2023.

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

	<b>Liability component HK\$</b>
Carrying amount at 1 April 2023	24,958,072
Effective interest expenses ( <i>note 5</i> )	<u>2,282,795</u>
Carrying amount at 30 September 2023 (unaudited)	<u>27,240,867</u>
Current portion	12,435,861
Non-current portion	<u>14,805,006</u>
	<u>27,240,867</u>

## 16. CONVERTIBLE BOND *(Continued)*

The interest expenses for the reporting period are calculated by applying an effective interest rate of 18.79% per-annum to the liability component for 2-year period since the Convertible Bond was issued.

## 17. SHARE CAPITAL

	<b>No. of shares</b>	<b>Amount</b> HK\$
Authorised:		
Ordinary shares of HK\$0.01 each	<u>20,000,000,000</u>	<u>200,000,000</u>
<b>As at 1 April 2023 (audited) and 30 September 2023 (unaudited) (ordinary shares of HK\$0.01 each)</b>	<b><u>6,799,914,160</u></b>	<b><u>67,999,142</u></b>

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.



## 18. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following material transactions with related parties:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$</b>	HK\$
	<b>(unaudited)</b>	(unaudited)
Purchases of goods and commodities <i>(note (i))</i>	<b>6,740,684</b>	–
Sales of goods and commodities <i>(note (i))</i>	<b>13,553,563</b>	–
Professional services <i>(note (i))</i>	<b>11,500,000</b>	–
Effective interest expense from the convertible bond with Yunnan Baiyao Group	<b>2,282,795</b>	1,064,114
Compensation to key management	<b>720,000</b>	651,447

*Note:*

- (i) Reference is made to the announcements of Company dated 13 December 2022 and 27 April 2023, the Yunnan Baiyao Group and the Group entered into a Framework Agreement, pursuant to which (i) Yunnan Baiyao Group agreed to purchase (a) Product Registration and Promotion Services, (b) Global Supply Chain Integration Services, and (c) Professional Supporting Services from the Group, and (ii) the Parties agreed to cooperate in the sales and distribution of the Products, in which the Group will distribute YNBY Products in overseas and Yunnan Baiyao Group will distribute the Group Products in the PRC.

## 19. EVENTS AFTER THE REPORTING PERIOD

- (a) 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.
- (b) 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 recorded its portfolio to include (i) the trading of goods and commodities business, encompassing (a) e-commerce trading business and (b) raw material trading business for healthcare products in the People's Republic of China (the "PRC"); and (ii) other segment, mainly providing marketing services, product registration services, and sourcing for OEM/ODM services.

#### **Trading of goods and commodities segment**

The trading of goods and commodities segment was mainly consisted of the e-commerce trading business and trading of 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.

We are fully equipped with the resources, experience, and subsidiaries needed to effectively navigate the healthcare product industry and are deeply confident that trading raw materials for healthcare products will be a significant contributor to the Group's profitability. Our management team is committed to leveraging these assets to continue driving growth and success in our operations.

For the reporting period, the Group's trading segment recorded a total revenue of approximately HK\$356.7 million (for the six months ended 30 September 2022 ("2022 1H"): approximately HK\$139.6 million). The increase in the revenue by approximately HK\$217.1 million was mainly attributable to the success of the business strategies on e-commerce trading business and raw material trading business adopted by the new management since the middle of 2022.

#### **Other Segment – marketing services, product registration services and sourcing for OEM/ODM services**

The Group is playing a pivotal role in connecting Chinese medical/pharmaceutical companies with global resources. These resources include an international supply chain, Contract Research Organizations (CROs), industry experts, and global product registration services. The Group aids its domestic partners in expanding their businesses onto the global stage. The Group can better utilize the global network and resources and improve the cost efficiency over the established oversea platform by providing the professional services.

Leveraging its global resources, the Group is forging an international platform for the development and distribution of healthcare products. With its base in Hong Kong, the Group collaborates closely with global partners to introduce quality healthcare products/services to Asian markets. By establishing distribution channels, providing product registration services, and conducting marketing promotion for pharmaceutical and healthcare companies/brands from around the world in various Asian markets, the Group aims to offer a comprehensive range of healthcare products and services. It further strives to aid its partners in expanding their businesses into diverse regions.

For the reporting period, the Group's other segment began to generate revenue of approximately HK\$11.5 million (2022 1H: nil), resulting in a segment profit of approximately HK\$1.9 million for that period.

## **PROSPECTS**

According to the Department of E-Commerce of the Ministry of Commerce, in 2022, the China's online e-commerce business grew steadily, of which some of products grew by double-digit percentage. The cross-border e-commerce developed rapidly. In 2022, online retail sales in China reached RMB13.79 trillion, representing a year-on-year increase of 4%, while the cross-border e-commerce in China import and export (including B2B) reached RMB2.11 trillion, representing a year-on-year increase of 9.8%. The prosperous e-commerce market in China provides the Group with great potential. With successful experience on the existing business strategies since 2022, the management is confident that the Group will have bright future in trading of goods and commodities, especially in e-commerce trading business, by capturing the opportunities in 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\$10.5 million (2022 1H: approximately HK\$21.9 million), representing a sharp decrease of 51.9%. The decrease was mainly due to the reduction in legal & professional fees and tight cost control measures.

## **FINANCE COSTS**

For the reporting period and 2022 1H, finance costs of approximately HK\$2.4 million and approximately HK\$1.2 million were incurred respectively. The increase in finance costs was primarily attributable to a increase in effective interest expenses from approximately HK\$1.1 million for 2022 1H to approximately HK\$2.3 million for the reporting period as a result of extension of maturity date of the convertible bonds during the year in respect of the convertible bonds.

## **INCOME TAX EXPENSES/CREDIT**

For the reporting period, the company incurred income tax expenses of approximately HK\$1.62 million (2022 1H: approximately HK\$58,000). The increase in income tax expenses was primarily attributable to the increase in trading profits arising from the trading of goods and commodities segment to approximately HK\$26.6 million for the reporting period.

## **EARNINGS/(LOSS) PER SHARE**

For the reporting period, the basic earnings per share amounted to 0.27 HK cents, and diluted earnings per share amounted to 0.24 cents, as compared to the basic and diluted loss per share of 2.26 HK cents in 2022 1H. The increase in the basic and diluted earnings per share was mainly due to the improvement in the trading of goods and commodity and no further recognition on net allowance on expected credit losses.

## **FINANCIAL POSITION**

The shareholders' equity gradually restated from approximately HK\$113.3 million as at 31 March 2023 to approximately HK\$136.2 million as at 30 September 2023, which is mainly resulting from the total comprehensive income incurred for 2022 1H. Total assets increased by 12.6% from approximately HK\$320.0 million as at 31 March 2023 to approximately HK\$360.2 million as at 30 September 2023.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2023, the Group's cash and cash equivalents amounted to approximately HK\$207.7 million (31 March 2023: approximately HK\$159.0 million). As at 30 September 2023, the Group had a convertible bond and bank borrowings with carrying amount of approximately HK\$27.2 million and approximately HK\$10.9 million, respectively (31 March 2023: approximately HK\$25.0 million and nil, respectively). The interest expenses for the reporting period are calculated by applying an effective interest rate of 18.79% per-annum to the liability component for 2-year period since the Convertible Bond was issued. Except for the Convertible Bonds, the Group's interest bearing borrowings carried a floating interest rate. The gearing ratio of the Group was 28.0% as at 30 September 2023 (31 March 2023: 22.0%), 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 (2022 1H: nil).

## **SHARE CAPITAL AND FUND-RAISING ACTIVITIES**

As at 30 September 2023, the total number of issued ordinary shares (the “Shares”) of the Company was 6,799,914,160 shares (31 March 2023: 6,799,914,160 shares).

In October 2020, the Company issued a convertible bond to Yunnan Baiyao Group with a principal of HK\$500 million (with a net proceed 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 2023, approximately HK\$396 million 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 Great Wall Group Limited at subscription price HK\$0.285 per share (with a net price of HK\$0.284 per share) 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 2023, approximately HK\$50 million had been used from the date of Placing in accordance with its intended use as stated in the announcements of the Company dated 14 April 2022 and 16 May 2022, and the unused balance of the Placing proceeds was approximately HK\$50 million.

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

	Planned use of proceeds	Utilised amount up to 30 September 2023	Difference between the planned allocation net proceeds and actual usage of the net proceeds (Note 1)	Unused balance from the net proceeds as at 30 September 2023 (Note 2)
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
<b>Subscription</b>				
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	82	24	-
<b>Total</b>	<b>498</b>	<b>396</b>	<b>0</b>	<b>102</b>

	<b>Planned use of proceeds</b>	<b>Utilised amount up to 30 September 2023</b>	<b>Difference between the planned allocation net proceeds and actual usage of the net proceeds (Note 1)</b>	<b>Unused balance from the net proceeds as at 30 September 2023 (Note 2)</b>
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
<b>Placing</b>				
Expansion of CBD-based cosmetics products and industrial cannabis trading business with ASEAN	45	5	-	40
Research and development of Chinese herbal medicine in the PRC and development the trading network in Thailand, Indonesia, Singapore, Korea and Malaysia, etc	25	15	-	10
Development of the health food products network in Thailand and the trade with ASEAN	25	25	-	-
General working capital	5	5	-	-
<b>Total</b>	<b>100</b>	<b>50</b>	<b>-</b>	<b>50</b>

*Note 1*

In light of the recent changes in the government policies with respect to 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 2023, 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 the 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 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 19 to the consolidated financial statements in this interim report.

## **PLEDGE AND/OR CHARGED OF ASSETS**

As at 30 September 2023, no assets of the Group were pledged and/or charged to secure general banking facilities granted to the Group (31 March 2023: nil).

## **CAPITAL COMMITMENTS**

As at 30 September 2023, the Group had no material capital commitments (31 March 2023: nil).

## **CONTINGENT LIABILITIES**

As at 30 September 2023 the Group had no material contingent liabilities (31 March 2023: 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 2023 1H (2022 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 2023, the Group had 43 employees (31 March 2023: 37 employees). For the reporting period, the total salaries, commissions, incentives and all other staff related costs amounted to approximately HK\$6.8 million (2022 1H: approximately HK\$5.8 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 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 2023. 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.

## **OTHER INFORMATION**

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

For the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **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 2023, 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 Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (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 for the Securities Transactions by Directors of Listed Issuers (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 2023, 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:

<b>Names of Shareholders</b>	<b>Capacity</b>	<b>Number of Shares held (long position)</b>	<b>Percentage of the total number of issued Shares</b>
LUO GA	Interest in a controlled corporation	351,762,000 (Note 3)	5.17%
Gold Bricks Holdings Limited	Interest in a controlled corporation	351,762,000 (Note 3)	5.17%
Sunwah GreatWall Group Limited	Beneficial Owner	351,762,000 (Note 3)	5.17%
Yunnan Baiyao Group	Beneficial owner	1,908,025,360 (Note 2)	28.06%
Yunbaiyao Hong Kong Co., Limited	Beneficial owner	3,101,911,000 (Note 2)	45.62%
Shanghai International Trust Corp., Ltd. ("Shanghai Trust")	Trustee	1,937,984,496 (Note 1)	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.

- 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.

- 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). Sunwah GreatWall Group Limited is owned as to 99% by Gold Bricks Holdings Limited, which is in turn wholly-owned by Luo Ga. As such, each of Gold Bricks Holdings Limited and Luo Ga 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 2023, 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.

## **SHARE OPTION SCHEME**

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 or exercised under the New Option Scheme.

## **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 2023.

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 (*ceased as Director on 8 August 2023*)

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 Director**

Mr. Dong Ming (*Chairman*)



## 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 (*ceased as Director on 8 August 2023*)

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 Director

Mr. Tang Ming

## 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. 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.
- (2) 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.
- (3) 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.
- (4) 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