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**雲白國際有限公司**  
**YNBY International Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00030)**

**UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “Board”) of directors (the “Directors”) of YNBY International Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months period from 1 January 2024 to 30 June 2024 (the “Reporting Period”), together with selected explanatory notes and comparative figures for the six months period from 1 April 2023 to 30 September 2023 as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	<i>Notes</i>	<b>Six months period from 1 January 2024 to 30 June 2024 HK\$ (Unaudited)</b>	<b>1 April 2023 to 30 September 2023 HK\$ (Unaudited)</b>
<b>Revenue</b>	4	<b>362,301,718</b>	368,155,231
Cost of sales		<u><b>(338,563,930)</b></u>	<u>(336,059,841)</u>
<b>Gross profit</b>		<b>23,737,788</b>	32,095,390
Other income, gains and losses		<b>133,552</b>	702,528
Net reversal of allowance for expected credit losses		<b>327,956</b>	604,420
Selling and distribution expenses		<b>(2,476,961)</b>	(313,842)
General and administrative expenses		<u><b>(16,024,498)</b></u>	<u>(10,540,779)</u>
<b>Profit from operations</b>		<b>5,697,837</b>	22,547,717
Finance costs	5	<b>(1,643,378)</b>	(2,419,585)
Share of loss of a joint venture		<u><b>(1,620)</b></u>	<u>(1,353)</u>
Profit before tax	6	<b>4,052,839</b>	20,126,779
Income tax expenses	7	<u><b>(2,644,499)</b></u>	<u>(1,618,532)</u>
<b>Profit for the period</b>		<u><b>1,408,340</b></u>	<u>18,508,247</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)**

		<b>Six months period from</b>	
		<b>1 January 2024 to 30 June 2024 HK\$ (Unaudited)</b>	<b>1 April 2023 to 30 September 2023 HK\$ (Unaudited)</b>
	<i>Notes</i>		
<b>Attributable to:</b>			
Owners of the Company		<b>1,408,340</b>	18,519,567
Non-controlling interests		<u>–</u>	<u>(11,320)</u>
		<b><u>1,408,340</u></b>	<b><u>18,508,247</u></b>
<b>Earnings per share:</b>			
Basic (HK cents per share)	8	<b><u>0.02</u></b>	<b><u>0.27</u></b>
Diluted (HK cents per share)		<b><u>0.02</u></b>	<b><u>0.24</u></b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

	<b>Six months period from</b>	
	<b>1 January 2024 to 30 June 2024 HK\$ (Unaudited)</b>	<b>1 April 2023 to 30 September 2023 HK\$ (Unaudited)</b>
<b>Profit for the period</b>	<b><u>1,408,340</u></b>	<b><u>18,508,247</u></b>
<b>Other comprehensive (expenses)/income after tax:</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	<u>(267,139)</u>	<u>5,340,037</u>
<b>Total comprehensive income for the period</b>	<b><u>1,141,201</u></b>	<b><u>23,848,284</u></b>
<b>Attributable to:</b>		
Owners of the Company	<b><u>1,141,201</u></b>	<b><u>23,921,709</u></b>
Non-controlling interests	<u>–</u>	<u>(73,425)</u>
	<b><u>1,141,201</u></b>	<b><u>23,848,284</u></b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		As at <b>30 June 2024</b> <i>HK\$</i> <b>(unaudited)</b>	As at 31 December 2023 <i>HK\$</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>3,378,998</b>	3,820,705
Right-of-use assets		<b>12,423,481</b>	14,235,984
Investment in a joint venture		<b>14,307</b>	15,927
		<b><u>15,816,786</u></b>	<u>18,072,616</u>
<b>Current assets</b>			
Inventories		<b>26,537,067</b>	39,747,819
Trade receivables	10	<b>103,893,156</b>	110,344,093
Loan and interest receivables		–	–
Other receivables, deposits and prepayments	11	<b>10,863,273</b>	13,709,416
Amount due from a joint venture		<b>70,655</b>	68,455
Tax recoverable		<b>8,739,001</b>	8,960,179
Cash and cash equivalents		<b>179,337,794</b>	199,324,292
		<b><u>329,440,946</u></b>	<u>372,154,254</u>
<b>Current liabilities</b>			
Trade and other payable	12	<b>45,727,163</b>	79,368,810
Bank borrowings		<b>7,669,718</b>	17,655,760
Lease liabilities		<b>3,976,897</b>	3,577,988
Contract liabilities		<b>2,024,366</b>	4,286,288
Amount due to a shareholder		<b>17,446,957</b>	17,447,343
Convertible bond		<b>14,207,024</b>	13,024,059
		<b><u>91,052,125</u></b>	<u>135,360,248</u>
<b>Net current assets</b>		<b><u>238,388,821</u></b>	<u>236,794,006</u>
<b>Total assets less current liabilities</b>		<b><u>254,205,607</u></b>	<u>254,866,622</u>

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

		<b>As at 30 June 2024 HK\$ (unaudited)</b>	<b>As at 31 December 2023 HK\$ (audited)</b>
<b>Non-current liabilities</b>			
Lease liabilities		<b>8,409,565</b>	10,211,781
Other payables	<i>12</i>	<b><u>1,500,000</u></b>	<u>1,500,000</u>
		<b><u>9,909,565</u></b>	<u>11,711,781</u>
<b>NET ASSETS</b>		<b><u>244,296,042</u></b>	<u>243,154,841</u>
<b>Capital and reserves</b>			
Share capital		<b>67,999,142</b>	67,999,142
Reserves		<b><u>176,296,900</u></b>	<u>175,155,699</u>
<b>TOTAL EQUITY</b>		<b><u>244,296,042</u></b>	<u>243,154,841</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months period from 1 January 2024 to 30 June 2024*

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

The principal activity of the Company is investment holding. 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.

## 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.

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the nine months ended 31 December 2023. 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 nine months ended 31 December 2023.

Referring to the announcement made by the Company on 13 October 2023, the Company resolved to change its financial year end date from 31 March to 31 December commencing from the financial period from 1 April 2023 to 31 December 2023 in order to enable the Group to rationalise its portfolio and mobilise its resources with higher efficiency for the preparation of results announcement as well as reports. Accordingly, the condensed consolidated financial statements for the current period covers the six months period from 1 January 2024 to 30 June 2024. The corresponding comparative amounts shown for the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes cover six months period from 1 April 2023 to 30 September 2023 and therefore may not be comparable with the amounts shown for the current period.

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

In the Reporting 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 January 2024. 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 Reporting 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 (the “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 reportable segments of the Group.

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

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

#### 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 Reporting Period (unaudited)

	Trading of goods and commodities HK\$	Others HK\$	Total HK\$
Revenue	<u>362,301,718</u>	<u>–</u>	<u>362,301,718</u>
Gross profit	<u>23,737,788</u>	<u>–</u>	<u>23,737,788</u>
Segment profit	<u>20,196,245</u>	<u>–</u>	<u>20,196,245</u>
Unallocated corporate income, gains and losses			205,636
Unallocated corporate expenses			(14,704,044)
Finance costs			(1,643,378)
Share of loss of a joint venture			<u>(1,620)</u>
Profit before tax			<u><u>4,052,839</u></u>

##### 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 profit	<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><u>20,126,779</u></u>



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

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.

##### Segment assets and liabilities

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

	<b>Trading of goods and commodities HK\$</b>	<b>Total HK\$</b>
<b>As at 30 June 2024 (Unaudited)</b>		
Segment assets	299,529,689	299,529,689
Unallocated assets		<u>45,728,043</u>
		<u><u>345,257,732</u></u>
Segment liabilities	(44,294,164)	(44,294,164)
Unallocated liabilities		<u>(56,667,526)</u>
		<u><u>(100,961,690)</u></u>
<b>As at 31 December 2023 (Audited)</b>		
Segment assets	326,618,282	326,618,282
Unallocated assets		<u>63,608,588</u>
		<u><u>390,226,870</u></u>
Segment liabilities	(82,365,991)	(82,365,991)
Unallocated liabilities		<u>(64,706,038)</u>
		<u><u>(147,072,029)</u></u>

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 to a shareholder, convertible bond and certain lease liabilities which are managed on a group basis.

## 5. FINANCE COSTS

	<b>Six months period from</b>	
	<b>1 January</b>	<b>1 April</b>
	<b>2024</b>	<b>2023</b>
	<b>to 30 June</b>	<b>to 30 September</b>
	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest expense from bank borrowings	212,467	76,630
Effective interest expense on convertible bond	1,182,965	2,282,795
Interest expenses on lease liabilities	247,946	60,160
	<u>1,643,378</u>	<u>2,419,585</u>

## 6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	<b>Six months period from</b>	
	<b>1 January</b>	<b>1 April</b>
	<b>2024</b>	<b>2023</b>
	<b>to 30 June</b>	<b>to 30 September</b>
	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Directors' emoluments	2,193,197	2,679,596
Cost of inventories recognised as expense	338,563,930	336,059,841
Depreciation of property, plant and equipment	466,946	265,087
Depreciation of right-of-use assets	2,086,822	1,934,527
Expenses relating to short-term lease	262,937	100,200
	<u>2,187,432</u>	<u>4,979,251</u>

## 7. INCOME TAX EXPENSES

	<b>Six months period from</b>	
	<b>1 January</b>	<b>1 April</b>
	<b>2024</b>	<b>2023</b>
	<b>to 30 June</b>	<b>to 30 September</b>
	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current tax:		
– The People's Republic of China (the "PRC")		
Enterprises Income Tax ("EIT")	(2,644,499)	(1,618,532)
	<u>(2,644,499)</u>	<u>(1,618,532)</u>

## 7. INCOME TAX EXPENSES (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%. No provision for Hong Kong profits Tax is required since the Group has no assessable profits for the Reporting Period and the six months ended 30 September 2023.
- (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 in the PRC is 25% during the Reporting Period (six months ended 30 September 2023: 25%).

## 8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	Six months period from	
	1 January 2024 to 30 June 2024 HK\$ (unaudited)	1 April 2023 to 30 September 2023 HK\$ (unaudited)
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share	1,408,340	18,519,567
Finance costs saving on conversion of convertible bond outstanding	—	2,282,795
	<u>1,408,340</u>	<u>20,802,362</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	6,799,914,160	6,799,914,160
Effect of dilutive potential ordinary shares arising from convertible bond outstanding	—	1,937,984,496
	<u>6,799,914,160</u>	<u>8,737,898,656</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>6,799,914,160</u>	<u>8,737,898,656</u>

The computation of diluted earnings per share for the Reporting Period does not assume the conversion of convertible bond as the conversion of convertible bond would result in an increase in earnings per share of the Company.

## 9. DIVIDEND

No dividend was paid or proposed during the Reporting Period and the six months ended 30 September 2023, nor has any dividend been proposed since the end of the Reporting Period.

## 10. TRADE RECEIVABLES

	<b>As at 30 June 2024 HK\$ (unaudited)</b>	<b>As at 31 December 2023 HK\$ (audited)</b>
Trade receivables	<b>103,893,156</b>	110,344,093
Less: net allowance for expected credit losses	<u>—</u>	<u>—</u>
	<b><u>103,893,156</u></b>	<b><u>110,344,093</u></b>

Trade receivables in relation to trading of goods and commodities has an average credit period of 90 days (31 December 2023: 90 days).

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

	<b>As at 30 June 2024 HK\$ (unaudited)</b>	<b>As at 31 December 2023 HK\$ (audited)</b>
0 to 90 days	<b>82,509,234</b>	101,650,176
91 to 180 days	<b>18,666,677</b>	8,693,917
181 to 365 days	<u><b>2,717,245</b></u>	<u>—</u>
	<b><u>103,893,156</u></b>	<b><u>110,344,093</u></b>

At the end of the Reporting Period, none of the Group's trade receivables was past due but not impaired 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.

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
Other receivables	3,538,002	5,920,283
Deposits	304,827,790	304,504,393
Prepayments	<u>1,322,214</u>	<u>2,109,473</u>
	<b>309,688,006</b>	312,534,149
Less: net allowance for expected credit losses	<u>(298,824,733)</u>	<u>(298,824,733)</u>
	<b><u>10,863,273</u></b>	<b><u>13,709,416</u></b>

## 12. TRADE AND OTHER PAYABLES

	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
Trade payables	38,211,032	54,393,370
Other payables and accrued charges	<u>9,016,131</u>	<u>26,475,440</u>
	<b><u>47,227,163</u></b>	<b><u>80,868,810</u></b>

The total is analysed for reporting purposes as:

Current	45,727,163	79,368,810
Non-current	<u>1,500,000</u>	<u>1,500,000</u>
	<b><u>47,227,163</u></b>	<b><u>80,868,810</u></b>

The non-current amount is related to the provision for reinstatement cost, under the lease agreement of leased office, on which the tenancy will expire in four years.

*Note:* The credit period for trade payables ranges 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.

**12. TRADE AND OTHER PAYABLES (Continued)**

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

	<b>As at 30 June 2024 HK\$ (unaudited)</b>	As at 31 December 2023 HK\$ (audited)
0 to 30 days	<b>35,460,414</b>	9,243,344
31 to 60 days	–	41,798,508
61 to 90 days	–	–
Over 90 days	<u><b>2,750,618</b></u>	<u>3,351,518</u>
	<u><b>38,211,032</b></u>	<u>54,393,370</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

For the six months period from 1 January 2024 to 30 June 2024 (the “Reporting Period”), the Group has recorded its business portfolio to include (i) the trading of goods and commodities business, encompassing (a) e-commerce trading business, (b) raw material trading business for healthcare products in the People’s Republic of China (the “PRC”), and (c) distribution of certain products (“YNBY Products”) manufactured and branded by the Company’s controlling shareholder Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司) (“Yunnan Baiyao”) to overseas markets; and (ii) other segment, mainly providing marketing services, product registration services, and sourcing for OEM/ODM services.

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

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

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 and overseas online platforms, such as Coupang, 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.

Starting from May 2023, in order to assist YNBY Products in expanding to overseas markets by utilizing the existing overseas distribution network and marketing experiences of the Group, the Group distributed YNBY Products to overseas markets. The new distribution network was not only in line with Yunnan Baiyao globalization strategy but also generating a new revenue stream for the Group. The synergistic effects were therefore achieved.

For the Reporting Period, the Group's trading segment recorded a total revenue of approximately HK\$362.3 million, which was slightly higher by approximately 1.6% than that for the six months period from 1 April 2023 to 30 September 2023 (the "2023 1H") of approximately HK\$356.7 million. For the Reporting Period, this segment recorded segment profit of approximately HK\$20.2 million (the 2023 1H: approximately HK\$26.6 million). The decrease in the segment profit was mainly attributable to narrower gross profit margin from approximately 8.5% in the 2023 1H to approximately 6.6% in the Reporting Period in trading of goods and commodities business as a result of downward pressures on the trading business in PRC.



### **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 utilise the global network and resources and improve the cost efficiency over the established overseas 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 did not generate any revenue (the 2023 1H: approximately HK\$11.5 million) and did not incur any profit or loss (the 2023 1H: profit of approximately HK\$1.9 million).

### **PROSPECTS**

In 2024, the Company faces a challenging economic landscape. A confluence of factors, including a significantly more complex, severe, and uncertain global environment, coupled with ongoing domestic and international structural adjustments, contribute to this challenging outlook. Specifically, the growth of China's e-commerce import business faced headwinds from rising international interest rates, intensified regional competition, a weakening RMB, and global political turmoil. On the other hand, the Chinese cosmetics and healthcare market demonstrates steady growth. In the first quarter of 2024, total retail sales of consumer goods in China reached RMB12.03 trillion, a year-on-year increase of 4.7%. Notably, retail sales of cosmetics from enterprises above the designated size reached RMB108.6 billion, marking a 3.4% year-on-year growth and highlighting the resilience of the Chinese cosmetics market.

Meanwhile, Traditional Chinese Medicine (TCM) is gaining increasing global recognition and presenting the Company with new growth opportunities. The Chinese government continues to promote TCM's scientific innovation and internationalization strategy. The National Administration of Traditional Chinese Medicine has been making significant strides in advancing the Belt and Road Initiative, leading to deepening intergovernmental cooperation and exchange for TCM within the international market. As a result, TCM is being incorporated into the healthcare systems of more countries, achieving positive and steady progress in overseas business development.

Building on the successful experience of our Group's existing business strategies since 2022, the management believes that the Group is well-positioned for favorable development prospect in the trading of goods and commodities, including e-commerce trading business, supply chain trading business, and TCM international trading business.

### **GENERAL AND ADMINISTRATIVE EXPENSES**

For the Reporting Period, the Group's general and administrative expenses amounted to approximately HK\$16.0 million (the 2023 1H: approximately HK\$10.5 million), representing an increase of approximately 52.0%. The increase was mainly due to strengthening geographic expansions in South Asia and Greater China.

### **FINANCE COSTS**

For the Reporting Period and the 2023 1H, finance costs of approximately HK\$1.6 million and approximately HK\$2.4 million were incurred respectively. The decrease in finance costs was primarily attributable to a decrease in effective interest expenses from approximately HK\$2.3 million for the 2023 1H to approximately HK\$1.2 million for the Reporting Period as a result of the different amortisation period on the effective interest of the convertible bond.

### **INCOME TAX EXPENSES**

For the Reporting Period, the Company incurred income tax expenses of approximately HK\$2.6 million (the 2023 1H: approximately HK\$1.6 million). The increase in income tax expenses was primarily caused by the increase in trading profits arising from raw material trading business for healthcare products in the PRC.

### **EARNINGS PER SHARE**

For the Reporting Period, the basic and diluted earnings per share amounted to 0.02 HK cents, as compared with the basic earnings per share of 0.27 HK cents and diluted earnings per share of 0.24 HK cents for the 2023 1H. The decrease in the basic and diluted earnings per share was mainly due to the decrease in gross profit margin and increase in general and administrative expenses during the Reporting Period.

### **FINANCIAL POSITION**

The shareholders' equity slightly increased from approximately HK\$243.2 million as at 31 December 2023 to approximately HK\$244.3 million as at 30 June 2024, which was mainly resulting from the net profit for the Reporting Period. Total assets decreased by approximately 11.5% from approximately HK\$390.2 million as at 31 December 2023 to approximately HK\$345.3 million as at 30 June 2024.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately HK\$179.3 million (31 December 2023: approximately HK\$199.3 million). As at 30 June 2024, the Group had bank borrowings of approximately HK\$7.7 million which were at fixed rate and short-term loans with 1-year maturity (31 December 2023: approximately HK\$17.7 million) and a convertible bond with carrying amount of approximately HK\$14.2 million (31 December 2023: approximately HK\$13.0 million) with coupon rate of 3% per-annum. The interest expenses for the year are calculated by applying an effective interest rate of approximately 18.8% per-annum to the liability component for 2-year period since the convertible bond were extended. The gearing ratio of the Group is approximately 9.0% as at 30 June 2024 (31 December 2023: approximately 12.6%), which was 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 (Six months ended 30 September 2023: nil).

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

As at 30 June 2024, the total number of issued ordinary shares (the "Shares") of the Company was 6,799,914,160 shares (31 December 2023: 6,799,914,160 shares).

In October 2020, the Company issued a convertible bond to Yunnan Baiyao with a principal of HK\$500 million (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. 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 June 2024, 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 unused 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 with a gross proceed of approximately HK\$100 million (net proceeds of approximately HK\$100 million) (the “Placing”) to Sunwah GreatWall Group Limited at subscription price HK\$0.285 per share (with a net price of 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 Placing Agreement (being 14 April 2022) was HK\$0.244. As at 30 June 2024, 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:

	<b>Unused balances of net proceeds as at 31 March 2023 <i>HK\$ million</i></b>	<b>Actual use of net proceeds during the period from 1 April 2023 to 31 December 2023 <i>HK\$ million</i></b>	<b>Unused balances of net proceeds as at 31 December 2023 <i>HK\$ million</i></b>	<b>Actual use of net proceeds during the six months period from 1 January 2024 to 30 June 2024 <i>HK\$ million</i></b>	<b>Unused balances of net proceeds as at 30 June 2024 <i>HK\$ million</i></b>
<b>Subscription</b>					
Purchase of CBD isolate inventory for trading purpose	5	–	5	–	5
Setting up of hemp cultivation and extraction and trading business	70	–	70	–	70
Expansion of CBD-related target business ( <i>Note 2</i> )	27	–	27	–	27
Total	<u>102</u>	<u>–</u>	<u>102</u>	<u>–</u>	<u>102</u>

	Actual use of net proceeds		Actual use of net proceeds	
Unused balances of net proceeds as at 31 March 2023 <i>HK\$ million</i>	during the nine months period from 1 April 2023 to 31 December 2023 <i>HK\$ million</i>	Unused balances of net proceeds as at 31 December 2023 <i>HK\$ million</i>	during the six months period from 1 January 2024 to 30 June 2024 <i>HK\$ million</i>	Unused balances of net proceeds as at 30 June 2024 <i>HK\$ million</i>

### Placing

Expansion of CBD-based cosmetics products and industrial cannabis trading business with ASEAN	40	–	40	–	40
Research and development of Chinese herbal medicine in the PRC and development the trading network in Thailand, Indonesia, Singapore, Korea and Malaysia, etc	10	–	10	–	10
Total	<u>50</u>	<u>–</u>	<u>50</u>	<u>–</u>	<u>50</u>

#### Note 1

As at 30 June 2024, 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 December 2025.

#### Note 2

As disclosed in the annual report 2021/22, annual report 2022/23 and annual report 2023 of the Company (the “Annual Reports”), in light of the changes in the government policies with respect to the public discussion on 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”. For further details, please refer to the section headed “Share Capital and Fund-Raising Activities” of the Annual Reports.

## **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**

The Group does not have any material subsequent events after 30 June 2024 and up to the date of this announcement.

## **PLEDGE OF ASSETS**

As at 30 June 2024, no assets of the Group were pledged to secure general banking facilities granted to the Group (31 December 2023: nil).

## **CAPITAL COMMITMENTS**

As at 30 June 2024, the Group had no material capital commitments (31 December 2023: nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: nil).

## **FOREIGN EXCHANGE EXPOSURE**

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, US dollars, Euro or Renminbi, and most of the Group's cash and bank balances are deposited in Hong Kong dollars, US dollars, Euro or Renminbi with licensed 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. 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 prices of commodity products are influenced by international and domestic market prices and changes in global supply and demand for such commodities. Both the international and domestic market prices of commodities as well as the volatility of their supply and demand are beyond the control of the Company. Therefore, the volatility of commodity prices may affect the revenue and comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts and prices arrangements to hedge the risk of volatility of commodity prices.

## **EMPLOYEE REMUNERATION POLICY**

As at 30 June 2024, the Group had 36 employees (31 December 2023: 34 employees). For the Reporting Period, the total salaries, commissions, incentives and all other staff related costs amounted to approximately HK\$7.0 million (the 2023 1H: approximately HK\$6.8 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 defined contribution mandatory provident funds in accordance with local laws and regulations and medical insurance.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

For the Reporting Period, the Group did not have any significant investments, material 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 June 2024. 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.

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

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the Reporting Period and the Company has not redeemed any of its securities.

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

In the opinion of the Directors, the Group had in the Reporting Period complied with the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the following deviation:

### **Code Provision F.2.2**

Code Provision F.2.2 stipulates that the chairman of the board should attend the annual general meeting of the Company.

Mr. Dong Ming, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 16 May 2024 due to other important business engagement. Mr. Tang Ming, an executive director, was appointed to preside over such annual general meeting at which he answered questions raised by the shareholders of the Company.



## **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 C3 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. 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 announcement.

## **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 establishing procedures of candidates’ selection based on a range of diversity perspectives including gender, age, cultural background, ethnicity, educational background, professional experience, skills and knowledge.

## **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 currently comprises Mr. Qian Yinghui (a non-executive director) and three independent non-executive directors, namely, Mr. Wong Hin Wing, Dr. Cheung Hoi Yu and Dr. Cecilia Wai Bing Pang. The interim results of the Company for the six months period from 1 January 2024 to 30 June 2024 have not been audited by the Company’s independent auditors. The Audit Committee has reviewed the unaudited condensed interim financial statements of the Group for the Reporting Period and is of the view that such financial information have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the Audit Committee.



## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.0030hk.com](http://www.0030hk.com)). The interim report of the Company for the Reporting Period, containing all the information required by the Listing Rules will be despatched to the shareholders and available on the aforesaid websites in due course.

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

Hong Kong, 16 August 2024

*As at the date of this announcement, the Board of the Company comprises: Executive Directors: Mr. Dong Ming (Chairman), Mr. Tang Ming (Chief Executive Officer) and Mr. Liu Zhouyang; Non-executive Directors: Mr. Qian Yinghui and Mr. Huang Bin; Independent Non-executive Directors: Mr. Wong Hin Wing, Dr. Cheung Hoi Yu and Dr. Cecilia Wai Bing Pang.*