



**卡森國際控股有限公司**

**KASEN INTERNATIONAL HOLDINGS LIMITED**

*(an exempted company incorporated in the Cayman Islands with limited liability)*

stock code : 496



Interim Report  
**2023**

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## BUSINESS REVIEW AND PROSPECTS

### RESULTS OVERVIEW

For the six months ended June 30, 2023, Kasen International Holdings Limited (the “Company”) together with its subsidiaries (collectively, the “Group”) recorded a consolidated turnover of approximately RMB381.8 million (six months ended June 30, 2022: RMB491.4 million), representing a decrease of approximately 22.3% when compared with the corresponding period in 2022. The decrease in turnover was mainly due to (i) the decline in the delivery of property for the Group’s property development projects; and (ii) the drop in revenue for the Group’s manufacturing segment due to the decrease in sales orders from overseas customers during the period under review.

The Group’s gross profit for the six months ended June 30, 2023 was approximately RMB131.2 million (six months ended June 30, 2022: RMB174.5 million), with an average gross profit margin of approximately 34.4% (six months ended June 30, 2022: 35.5%), representing a decrease of approximately 24.8% in gross profit when compared with the corresponding period in 2022.

The net profit attributable to owners of the Company for the first half of 2023 was approximately RMB32.7 million (six months ended June 30, 2022: RMB35.5 million), representing a decrease of approximately RMB2.8 million or 7.8%.

### Review by Business Segments

The Group’s reportable business segments principally consist of manufacturing and trading of upholstered furniture, property developments and others (mainly comprising provision of travel and related services, catering and entertainment services and provision of property management service).

The table below shows the total turnover by business segments for the six months ended June 30, 2023, together with the comparative figures for the corresponding period in 2022:

	2023		Six Months Ended June 30, 2022		Change %
	RMB'Million	%	RMB'Million	%	
Manufacturing and trading of upholstered furniture	<b>245.1</b>	<b>64.2</b>	335.0	68.2	-26.8
Property development	<b>75.3</b>	<b>19.7</b>	112.9	23.0	-33.3
Others	<b>61.4</b>	<b>16.1</b>	43.5	8.8	41.1
Total	<b>381.8</b>	<b>100.0</b>	491.4	100.0	-22.3



## BUSINESS REVIEW AND PROSPECTS (cont'd)

### RESULTS OVERVIEW (cont'd)

#### Review by Business Segments (cont'd)

##### **Manufacturing and Trading of Upholstered Furniture Business**

During the period under review, the Group's manufacturing and trading of upholstered furniture business, the principal products of which included finished sofa, realised a total turnover of approximately RMB245.1 million, representing a decrease of approximately 26.8% as compared to the total turnover of approximately RMB335.0 million in the corresponding period of 2022. As a result of the adverse impact of the fluctuating international political and economic situation, purchasers from the United States and Europe continued to reduce the import of furniture products from China, resulting in lower orders compared to the corresponding period of last year and a decrease in profits. The segment recorded an overall profit of approximately RMB28.4 million for the first half of 2023, representing a decrease of approximately 20.4% as compared to the profit of approximately RMB35.7 million in the corresponding period of 2022.

##### **Property Development Business**

As at June 30, 2023, the Group had in total seven property projects under different stages of development or held for sale in mainland China and Cambodia. During the six months ended June 30, 2023, the Group had no new property development project. During the period under review, due to the decrease in delivery of properties, the turnover recorded from the property development segment was approximately RMB75.3 million, representing a decrease of approximately 33.3% as compared to approximately RMB112.9 million in the corresponding period of 2022.

##### *Group's Property Project Portfolio as at June 30, 2023*

No.	Project Name	Location/Postal address	Interests Attributable to the Group	Total Site Area (sq.m.)	Status	Estimated year/actual year of completion <i>(Note)</i>	Usage
1	Asia Bay	Boao, Asia Bay, Binhai Avenue, Boao Town, Qionghai City, Hainan Province	92%	590,165	Under development	2025	Residential and tourism resort
2	Sanya Project	Dream Water Park, Shibui Nongchang Road, Tianya District, Sanya City, Hainan Province	80.5%	1,423,987	Under development	2028	Residential, hotel and tourism resort
3	Qianjiang Continent	No.66 Middle Dongjin Road, Tinghu District, Yancheng City, Jiangsu Province	100%	335,822	Completed	2015	Residential and commercial
4	Kasen Star City	No. 1 Haiyun Road, Haining City, Zhejiang Province	100%	469,867	Completed	2019	Residential and commercial
5	Changbai Paradise	Baihe Town, Er Dao, Antu County, Yanji City, Jilin Province	89%	118,195	Completed	2015	Residential and hotel
6	Qianjiang Oasis	No.29 Kaichuang Road, Yandu District, Yancheng City, Jiangsu Province	55%	108,138	Completed	2021	Residential and commercial
7	Phnom Penh Kasen Garden	Phnom Penh, Cambodia	49%	291,035	Under development	2026	Residential
Total				<u>3,337,209</u>			

*Note:* The estimated year of completion is derived based on the present situation and progress of each project, and is subject to change and adjustment as and when necessary.

## BUSINESS REVIEW AND PROSPECTS (cont'd)

### RESULTS OVERVIEW (cont'd)

#### Review by Business Segments (cont'd)

##### Property Development Business (cont'd)

Analysis of the Group's Property Development Projects

No.	Project Name	Total gross floor area ("GFA") (sq.m.)	GFA under development/ completed (sq.m.)	Total saleable GFA (sq.m.)	Accumulated GFA sold as at June 30, 2023 (sq.m.)	Accumulated GFA delivered as at June 30, 2023 (sq.m.)	Average selling price (RMB/sq.m.)
1	Asia Bay	718,665	404,709	590,165	214,488	193,353	18,734
2	Qianjiang Continent	775,292	775,292	670,065	670,065	666,397	13,679
3	Kasen Star City	957,224	957,224	708,730	708,730	708,730	—*
4	Changbai Paradise	122,412	122,412	122,010	42,516	39,896	—#
5	Qianjiang Oasis	334,899	334,899	282,323	265,828	265,689	8,753
Total		2,908,492	2,594,536	2,373,293	1,901,627	1,874,065	

\* This project was completed and all properties were delivered.

# No properties were delivered for this project during the period under review.

### Operating Expenses, Taxation and Profit Attributable to Owners

The Group's selling and distribution costs during the six months ended June 30, 2023 decreased to approximately RMB36.2 million, representing a decrease of approximately RMB9.4 million as compared to approximately RMB45.6 million in the first half of 2022. All selling and distribution costs compared to the revenue kept at same level as in 2022. The selling and distribution costs as a percentage of turnover in the first half of 2023 slightly increased to approximately 9.5% as compared to approximately 9.3% for the corresponding period in 2022.

The administrative costs for the six months ended June 30, 2023 were approximately RMB89.9 million, representing a small increase of approximately RMB0.1 million as compared to approximately RMB89.8 million for the corresponding period in 2022.

The Group's impairment loss on trade and other receivables, amounts due from non-controlling interests of subsidiaries and an associate slightly increased by approximately RMB0.1 million from approximately RMB3.1 million for the six months ended June 30, 2022 to approximately RMB3.2 million in the corresponding period of 2023 under the relevant management policies of the Group adopted in accordance with IFRS 9.

The Group's finance cost in the first half of 2023 was approximately RMB22.1 million, representing a small decrease of approximately RMB2.6 million as compared to approximately RMB24.7 million for the corresponding period of 2022.

The Group's income tax in the first half of 2023 was approximately RMB1.4 million, representing a decrease of approximately RMB2.1 million as compared to approximately RMB3.5 million for the corresponding period in 2022. The decrease was mainly resulted from a decrease of enterprise income tax charge of approximately RMB5.3 million which was offset by an increase of land appreciation tax charge of approximately RMB2.0 million. For details, please refer to note 7 to the Interim Condensed Consolidated Financial Statements as set out in this interim report.

## **BUSINESS REVIEW AND PROSPECTS (cont'd)**

### **RESULTS OVERVIEW (cont'd)**

#### **Operating Expenses, Taxation and Profit Attributable to Owners (cont'd)**

The Group recorded a net gain of approximately RMB32.3 million in other gains and losses in the first half of 2023, while it recorded a net gain of approximately RMB1.4 million during the corresponding period of 2022. For details of the other gains and losses, please refer to note 5 to the Interim Condensed Consolidated Financial Statements as set out in this interim report.

Based on the aforesaid factors, including changes in business revenue, operating expenses and taxation, etc., there was a decrease in profit, such that the net profit attributable to owners of the Company for the first half of 2023 was approximately RMB32.7 million (six months ended June 30, 2022: net profit of RMB35.5 million).

### **FINANCIAL RESOURCES AND LIQUIDITY**

As at June 30, 2023, the Group had cash and cash equivalent available for utilisation totalling approximately RMB451.7 million (as at December 31, 2022: RMB460.3 million) and total borrowings of approximately RMB782.9 million (as at December 31, 2022: RMB769.2 million). The gearing ratio (being total borrowings divided by shareholders' equity multiplied by 100%) was approximately 21.1% (as at December 31, 2022: 20.7%). In the first half of 2023, the Group's credit facilities were renewed on an on-going basis, which provided sufficient cash to finance the Group's working capital requirement during the period under review.

As at June 30, 2023, the Group's inventory was approximately RMB73.7 million, representing an increase of approximately RMB4.1 million as compared to approximately RMB69.6 million as of December 31, 2022. During the six months ended June 30, 2023, the Group endeavored to control the inventory level and the inventory turnover period of the Group's manufacturing and trading of upholstered furniture segment was 67 days as compared to 54 days as at December 31, 2022.

During the six months ended June 30, 2023, the Group continued to maintain a strict credit policy. The account receivable turnover days of the Group's manufacturing and trading of upholstered furniture segment increased to 48 days for the first half of 2023 (as at December 31, 2022: 24 days).

During the period under review, the accounts and bills payable turnover days of the Group's manufacturing and trading of upholstered furniture segment increased to 66 days for the six months ended June 30, 2023 (as at December 31, 2022: 44 days).

### **MATERIAL ACQUISITION AND DISPOSAL**

The Group did not have any material acquisitions or disposal of its subsidiaries, associates or joint ventures during the six months ended June 30, 2023.

### **SIGNIFICANT INVESTMENTS HELD**

Save as otherwise disclosed in this interim report, the Group did not have significant investments held during the six months ended June 30, 2023.

### **PLEDGE OF ASSETS**

During the six months ended June 30, 2023, the Group pledged deposits, property, plant and equipment, properties under development and held for sale and listed equity investments to banks to secure the bank borrowings and the bank facilities granted to the Group. The deposits carry an average interest rate of 0.2%-1.7%. There were no significant changes in the Group's pledge of assets at June 30, 2023 as compared with that of December 31, 2022.

## **BUSINESS REVIEW AND PROSPECTS (cont'd)**

### **FOREIGN EXCHANGE EXPOSURE**

The upholstered furniture export-related business of the Group (including sales and procurements) are mainly denominated in U.S. dollars, and trade receivables may be exposed to exchange rate fluctuation. During the period under review, there was a significant fluctuation in the exchange rate of Renminbi against U.S. dollars. The Group had cash or cash equivalent denominated in US dollars of approximately US\$10.8 million as at June 30, 2023. The Group did not implement any hedging measures, but will continue to monitor the situation and make necessary arrangement as and when appropriate.

### **CONTINGENT LIABILITIES**

As at June 30, 2023, the Group had certain contingent liabilities. For details, please refer to note 18 to the Interim Condensed Consolidated Financial Statements as set out in this interim report.

### **EMPLOYEES AND EMOLUMENTS POLICIES**

As at June 30, 2023, the Group employed a total of approximately 2,460 full time employees (as at December 31, 2022: approximately 2,117) including management staff, technicians, salespersons and workers. For the six months ended June 30, 2023, the Group's total expenses on the remuneration of employees were approximately RMB73.7 million (six months ended June 30, 2022: RMB85.0 million). The Group's emolument policies for employees are formulated on the performance of individual employees, which are reviewed regularly every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees), state-managed retirement pension scheme (for the PRC employees), national social security fund scheme (for Cambodia employees) and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

The Group's emolument policies of the employees are formulated by the board (the "Board") of directors (the "Directors", each the "Director") of the Company with reference to their respective qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for executives of similar position. The emoluments of the Directors are decided by the Board and the remuneration committee of the Company (the "Remuneration Committee"), who are authorized by the shareholders of the Company (the "Shareholders") in the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Group has also adopted a share option scheme for the purpose of providing incentives to Directors, eligible employees and third party service providers. Further details in relation to the share option scheme are set out in the section headed "Disclosure of Interests – Share Options Schemes" of this interim report.

### **ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY**

With the corporate mission of "To achieve green production, pioneer in the environmental protection aspect, leading company in China and among the best in the world", the Group is committed to reducing environmental pollution and carbon emissions in its upholstered furniture production, property development, hotel and resort operations, and has taken vigorous steps to continuously improve its environmental performance.

The Group's core value is to align the interests of its employees, the enterprise and society in a harmonious manner. Through its unremitting efforts, the Group has strived to enhance its value, grow and achieve its goals. The Group has set up an internal "Employee Care and Mutual Help Fund" to provide subsidies to employees in need in the spirit of mutual help and fellowship. The Group advocates the provision of social services to the communities in which it operates and to groups in need, and organises its employees to actively participate in social welfare activities and make regular donations to local charitable organisations.



## **BUSINESS REVIEW AND PROSPECTS (cont'd)**

### **FUTURE PLANS AND PROSPECTS**

Manufacturing and trading of upholstered furniture Business is the traditional competitive industries of the Group. Currently, the international situation is complex and volatile, and it is expected that the procurement volume of furniture products exported from China to purchasers in Europe and the United States will continue to decrease. In recent years, the Group has been taking proactive measures to cope with the aforementioned risks. At present, the Group is further optimizing the layout of production factories and integrating production resources domestically to reduce costs, meanwhile, it continues to expand the scale of its production base in Cambodia and increase the volume of exports from Cambodia to customers in Europe and the United States.

In the field of property development, in the context of the fundamental changes of the supply and demand relationship of properties in China, the Group will, instead of continuing to develop new domestic projects, focus on the sale and delivery of the projects already developed and accelerate the disposal of certain assets, to recover its funds. In the overseas, “Phnom Penh Kasen Garden”, a property project located in Phnom Penh, the capital of Cambodia, is under development and construction as scheduled, which will bring a new sales growth driver and enable the Group to explore new development opportunities for the property development business of the Group.

In the field of tourism resort business, following the end of the pandemic prevention and control in China, such business has recovered rapidly, and achieved satisfactory performance with the significant increase in the number of admissions and patrons of the water parks and hotels. The Group will seize the favorable opportunity arising from the recovery of domestic tourism resort business to optimize its management and services, and strive to create better economic benefits. At the same time, the Group will actively search for partners to promote the optimization and integration of related assets in a favorable industry environment.



## DISCLOSURE OF INTERESTS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2023, the interests of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

#### (1) Long positions in Shares

Name of Directors	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total number of shares interested	
Zhu Zhangjin ("Mr. Zhu") (Note 1)	12,360,000	555,645,113	568,005,113	39.36%
Zhou Xiaohong (Note 2)	9,514,561	–	9,514,561	0.66%

Notes:

- (1) Mr. Zhu, the chairman of the Company, as settlor, and together with persons acting in concert with him as beneficiaries of a family trust (a trust set up to hold interest of family of Mr. Zhu (excluding Mr. Zhu) in the Company), being the substantial Shareholders of the Company, are collectively holding 568,005,113 Shares or approximately 39.36% of the total number of issued Shares (including the 555,645,113 Shares or approximately 38.50% of the issued Shares held by Joyview Enterprises Limited ("Joyview") which in turn is wholly owned by the trustee of such family trust). This figure does not include the options granted to Mr. Zhu to subscribe for 1,000,000 Shares as at June 30, 2023 under the share option scheme adopted by a resolution of the Shareholders on September 24, 2005 and passed by a resolution of the Board on September 26, 2005 (the "2005 Share Option Scheme"), the grant of which was approved by the Board on May 26, 2015.
- (2) This figure does not include the options granted to Ms. Zhou Xiaohong to subscribe for 3,000,000 shares as at June 30, 2023 under the 2005 Share Option Scheme and approved by the Board on May 26, 2015 for the share option grant.

## **DISCLOSURE OF INTERESTS (cont'd)**

### **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)**

#### **(2) Long positions in underlying shares**

Long positions in underlying shares are separately disclosed in the paragraph "Share Options Schemes" below.

Save as disclosed herein, none of the Directors nor the chief executives of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at June 30, 2023.

#### **SHARE OPTION SCHEMES**

On October 20, 2005, the Company adopted the 2005 Share Option Scheme for the primary purpose of providing incentives to Directors, eligible employees and third party services providers. The 2005 Share Option Scheme became effective on October 20, 2005 and the options issued pursuant to the 2005 Share Option Scheme will expire no later than 10 years from the date of grant of the option. Under the 2005 Share Option Scheme, the Board may grant options to any employees of the Company or any of its subsidiaries to subscribe for shares of the Company. The 2005 Share Option Scheme was terminated on May 29, 2015. As at June 30, 2023, the Company had 10,850,000 outstanding options granted pursuant to the 2005 Share Option Scheme.

On the same date of the termination of the 2005 Share Option Scheme (i.e. May 29, 2015), a new share option scheme was adopted by the Company pursuant to a resolution of the Shareholders passed on May 29, 2015 (the "2015 Share Option Scheme") for the primary purpose of providing incentives to Directors and eligible employees. The 2015 Share Option Scheme became effective on May 29, 2015 and the options issued pursuant to the 2015 Share Option Scheme will expire no later than 10 years from the date of grant of the option. As at June 30, 2023, no options have been granted by the Company under the 2015 Share Option Scheme.

For any options granted to Directors, chief executives or substantial shareholders of the Company, options to be granted shall be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the proposed grantee of options).

The total number of Shares in respect of which options may be granted under the 2005 Share Option Scheme is not permitted to exceed 10% of the Shares in issue on October 20, 2005 (i.e. 101,404,536 Shares) and the total number of Shares of which options may be granted under the 2015 Share Option Scheme is not permitted to exceed 10% of the Shares in issue on May 29, 2015 (i.e. 116,232,298 Shares) without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the total Shares in issue at any point of time, without prior approval from the Shareholders.

In relation to any options granted under both the 2005 Share Option Scheme and the 2015 Share Option Scheme, the exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Shares on the date of grant; (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share. Each grantee shall pay the Company a consideration of HK\$1.00 upon acceptance of the option granted.

## DISCLOSURE OF INTERESTS (cont'd)

### SHARE OPTION SCHEMES (cont'd)

Both the 2005 Share Option Scheme and the 2015 Share Option Scheme do not contain any minimum period(s) for which an option must be held before it can be exercised. However, at the time of granting of the options, the Company may specify any such minimum period(s).

Unless otherwise terminated by the Board or the Shareholders in general meeting in accordance with the terms of the 2015 Share Option Scheme, the 2015 Share Option Scheme shall be valid and effective for a period of 10 years from the date (i.e. May 29, 2015) on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the 2015 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the 2015 Share Option Scheme.

As at June 30, 2023, the total numbers of Shares available for issue under the 2005 Share Option Scheme and the 2015 Share Option Scheme were 127,082,298 Shares in total, representing approximately 8.8% of the Shares in issue as at the date of this interim report. As at January 1, 2023 and June 30, 2023, the options available for grant under the 2015 Share Option Scheme is 116,232,298 Shares.

Details of movement of the share options during the six months ended June 30, 2023, being share options granted pursuant to the 2005 Share Option Scheme on May 26, 2015, were as follows:

Name of Director	Exercise price HK\$	Number of share options			Outstanding as at June 30, 2023	Percentage of total issued share capital	Exercisable period	Notes
		Granted from January 1, 2023 to June 30, 2023	Exercised from January 1, 2023 to June 30, 2023	Forfeited from January 1, 2023 to June 30, 2023				
Zhu Zhangjin	1.37	1,000,000	-	-	1,000,000	0.07%	1/1/2016 to 25/5/2025	1,2,3
Zhou Xiaohong	1.37	3,000,000	-	-	3,000,000	0.21%	1/1/2016 to 25/5/2025	1,2,3
		4,000,000	-	-	4,000,000	0.28%		
Other employees in aggregate	1.37	6,850,000	-	-	6,850,000	0.47%	1/1/2016 to 25/5/2025	1,2,3
		10,850,000	-	-	10,850,000	0.75%		

#### Notes:

- These share options were granted pursuant to the 2005 Share Option Scheme on May 26, 2015 and are exercisable at HK\$1.37 per Share from January 1, 2016 to May 25, 2025. The closing price of Shares immediately before the date of grant of share options was HK\$1.38.
- These share options represent personal interest held by the relevant participants as beneficial owner.
- During the six months ended June 30, 2023, none of these share options were exercised, forfeited, lapsed nor cancelled.

## DISCLOSURE OF INTERESTS (cont'd) DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than the schemes disclosed in the paragraph headed "Share Option Schemes" above, at no time during the six months ended June 30, 2023 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of, the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS

So far as is known to the Company, as at June 30, 2023, the following persons (other than the Directors or chief executives of the Company stated in the above paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures") had interests or short positions in the Shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity	Short position	Long position	Number of issued Shares held	Percentage of the Company's issued share capital
Joyview <sup>1</sup>	Beneficial owner	–	555,645,113	555,645,113	38.50%
Prosperity and Wealth Limited <sup>1</sup>	Trustee	–	555,645,113	555,645,113	38.50%
Team Ease Limited <sup>2</sup>	Beneficial owner	–	235,043,057	235,043,057	16.29%
Xu Helin <sup>2</sup>	Interest in controlled corporation	–	235,043,057	235,043,057	16.29%

*Notes:*

- Mr. Zhu, as settlor, and together with persons acting in concert with him as beneficiaries of a family trust (a trust set up to hold interest of family of Mr. Zhu (excluding Mr. Zhu) in the Company), being the substantial Shareholders of the Company, are collectively holding 568,005,113 Shares or approximately 39.36% of the total number of issued Shares (including the 555,645,113 Shares or approximately 38.50% of the issued Shares held by Joyview which in turn is wholly owned by the trustee of such family trust).
- Team Ease Limited is a company beneficially owned by Xu Helin.

Save as disclosed above, the Company had not been notified by any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the Shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at June 30, 2023.



## CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix 14 of the Listing Rules as its corporate governance code of practices. For the six months ended June 30, 2023, the Board is of the view that the Company has complied with the code provisions as set out in the CG Code except for the following deviation to code provisions C.2.1.

### CODE PROVISION C.2.1

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not at present separate the roles of chairman and chief executive. Mr. Zhu is the chairman and chief executive officer of the Company responsible for overseeing the operations of the Group. Mr. Zhu will provide solid and continuous leadership to the Group with his extensive experience and knowledge in management and maintain the continuous operation of business of the Group. Moreover, under the supervision of other existing members of the Board including the independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interest of the Company and its shareholders. As such, the Board considers that the deviation from Code Provision C.2.1 is appropriate in the current situation. The Company is still considering to appoint a new chief executive officer to replace Mr. Zhu if a candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group. However, due to the nature and extent of the Group’s operations, and the in-depth knowledge and experience in the leather and upholstery furniture market required for the position of chief executive officer, the Company is unable to determine as to when the appointment of a chief executive officer for the Company can be effected.

The Board will keep this matter under review. Following sustained development and growth of the Company, the Company will continue to monitor and revise the Company’s corporate governance policies in order to ensure that such policies can meet the general rules and standards required by the Stock Exchange.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding directors’ securities transactions. Specific enquiries had been made with all Directors, who had confirmed that, throughout the six months ended June 30, 2023, each of them had complied with the required standards as set out in the Model Code.

## AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”), comprises all the three independent non-executive Directors namely, Mr. Du Haibo, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang, has reviewed with the management and the external auditors on the accounting principles and practices adopted by the Group during the six months ended June 30, 2023. The Audit Committee held meetings with the Company’s senior management to review, supervise and discuss the Company’s financial reporting and internal control principles and risk management effectiveness and to make recommendations to improve the Company’s internal control and risk management effectiveness, and to ensure that management discharged its duty to have an effective internal control system during the six months ended June 30, 2023. This interim report has been reviewed and agreed by the Audit Committee.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, the majority of whom are independent non-executive Directors and Mr. Zhou Lingqiang, an independent non-executive Director, is the chairman of the Remuneration Committee. The Remuneration Committee is responsible for establishing policies in respect of remuneration structure for all Directors and senior management of the Company, reviewing and determining the remuneration of all Directors and senior management of the Company.

## NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) comprises of three members, the majority of whom are independent non-executive Directors and Mr. Du Haibo, an independent non-executive Director, is the chairman of the Nomination Committee. The Nomination Committee is responsible for nominating Directors, reviewing the structure and the composition of the Board regularly, and identifying and nominating qualified individuals to be appointed as new Directors of the Company.

## **OTHER INFORMATION INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend for the six months ended June 30, 2023 (six months ended June 30, 2022: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events has occurred in respect of for the Group after the reporting date of June 30, 2023.

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

During the six months ended June 30, 2023, the Company and any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is available to the Company and within the knowledge of its Directors, the Company had maintained sufficient public float as required under the Listing Rules throughout the six months ended June 30, 2023.

## **DIRECTORS**

As at the date of this interim report, the executive Directors are Mr. Zhu Zhangjin and Ms. Zhou Xiaohong, and the independent non-executive Directors are Mr. Du Haibo, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang.

By order of the Board  
**Kasen International Holdings Limited**  
**Zhu Zhangjin**  
*Chairman*

August 31, 2023

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



## TO THE BOARD OF DIRECTORS OF KASEN INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have reviewed the interim condensed consolidated financial statements of Kasen International Holdings Limited (the “Company”) and its subsidiaries set out on pages 15 to 38, which comprise the condensed consolidated statement of financial position as of June 30, 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six- month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The Directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34.

### Grant Thornton Hong Kong Limited

*Certified Public Accountants*

11<sup>th</sup> Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

August 31, 2023

**Lam Kam Fung**

Practising Certificate No.: P07822

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	NOTES	Six months ended June 30, 2023 RMB'000 (unaudited)	Six months ended June 30, 2022 RMB'000 (unaudited)
Revenue	3,4	381,786	491,387
Cost of sales		(250,540)	(316,909)
Gross profit		131,246	174,478
Other income		5,495	3,978
Selling and distribution costs		(36,233)	(45,582)
Administrative expenses		(89,903)	(89,830)
Impairment loss on trade and other receivables, amounts due from non-controlling interest of subsidiaries and an associate, net		(3,204)	(3,113)
Other gains and losses	5	32,271	1,391
Share of results of associates		7,408	–
Finance costs		(22,128)	(24,717)
Profit before income tax	6	24,952	16,605
Income tax expenses	7	(1,414)	(3,462)
Profit for the period		23,538	13,143
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on financial asset at fair value through other comprehensive income		160	(920)
Income tax relating to fair value change of financial asset at fair value through other comprehensive income		(40)	230
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation		4,481	6,863
Total comprehensive income for the period		28,139	19,316



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	<i>NOTES</i>	<b>Six months ended June 30, 2023 RMB'000 (unaudited)</b>	Six months ended June 30, 2022 RMB'000 (unaudited)
Profit for the period attributable to:			
– Owners of the Company		<b>32,723</b>	35,485
– Non-controlling interests		<b>(9,185)</b>	(22,342)
		<b>23,538</b>	13,143
Total comprehensive income for the period attributable to:			
– Owners of the Company		<b>37,324</b>	41,668
– Non-controlling interests		<b>(9,185)</b>	(22,352)
		<b>28,139</b>	19,316
Earnings per share			
– Basic and diluted	<i>9</i>	<b>RMB2.3 cents</b>	RMB2.4 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	NOTES	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	966,391	989,052
Right-of-use assets		132,249	140,908
Interests in associates		31,705	24,297
Intangible assets		58	96
Deferred tax assets		66,046	66,119
Prepayment for acquisition of property, plant and equipment	13	11,532	–
Financial asset at fair value through other comprehensive income	11	18,923	18,763
Financial asset at fair value through profit or loss	12	21,816	41,805
Prepayment for acquisition of freehold land		130,064	125,362
		<b>1,378,784</b>	1,406,402
<b>CURRENT ASSETS</b>			
Inventories		73,721	69,643
Properties under development for sale		1,874,801	1,786,540
Properties held for sale		746,031	765,677
Trade, bills and other receivables	13	1,098,498	1,193,026
Prepaid income tax		22,019	40,623
Prepaid land appreciation tax		6,862	6,711
Pledged bank deposits		88,750	88,750
Restricted bank deposit for property development business		3,441	4,024
Cash and cash equivalents		451,659	460,310
		<b>4,365,782</b>	4,415,304

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AS AT JUNE 30, 2023

	NOTES	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (audited)
<b>CURRENT LIABILITIES</b>			
Trade, bills and other payables	14	385,463	464,455
Lease liabilities – current portion		26,517	22,550
Contract liabilities		512,654	489,178
Bank and other borrowings – due within one year	15	244,072	217,764
Tax payable		182,011	236,190
Amounts due to non-controlling interests of subsidiaries		73,981	78,565
		<b>1,424,698</b>	1,508,702
<b>NET CURRENT ASSETS</b>			
		<b>2,941,084</b>	2,906,602
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>4,319,868</b>	4,313,004
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		19,598	19,786
Lease liabilities – non-current portion		21,318	29,793
Bank and other borrowings – due after one year	15	538,806	551,418
		<b>579,722</b>	600,997
<b>NET ASSETS</b>			
		<b>3,740,146</b>	3,712,007
<b>CAPITAL AND RESERVES</b>			
Share capital	16	1,654	1,654
Reserves		3,716,995	3,679,671
Equity attributable to owners of the Company		<b>3,718,649</b>	3,681,325
Non-controlling interests		21,497	30,682
<b>TOTAL EQUITY</b>			
		<b>3,740,146</b>	3,712,007

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Attributable to owners of the Company										Non-Controlling interests	Total
	Share capital	Share premium	Statutory reserve	Special reserve	Share option reserve	Other reserve	FVTOCI reserve	Translation reserve	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023 (audited)	1,654	1,452,456	171,276	167,983	4,618	(41,703)	10,951	2,541	1,911,549	3,681,325	30,682	3,712,007
Profit/(loss) for the period	-	-	-	-	-	-	-	-	32,723	32,723	(9,185)	23,538
Other comprehensive income	-	-	-	-	-	-	120	4,481	-	4,601	-	4,601
Total comprehensive income for the period	-	-	-	-	-	-	120	4,481	32,723	37,324	(9,185)	28,139
<b>At June 30, 2023 (unaudited)</b>	<b>1,654</b>	<b>1,452,456</b>	<b>171,276</b>	<b>167,983</b>	<b>4,618</b>	<b>(41,703)</b>	<b>11,071</b>	<b>7,022</b>	<b>1,944,272</b>	<b>3,718,649</b>	<b>21,497</b>	<b>3,740,146</b>

	Attributable to owners of the Company										Non-Controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Special reserve	Share option reserve	Other reserve	FVTOCI reserve	Translation reserve	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022 (audited)	1,712	1,470,892	171,276	167,983	4,618	(41,703)	11,581	(7,544)	1,843,270	3,622,085	31,905	3,653,990
Profit/(loss) for the period	-	-	-	-	-	-	-	-	35,485	35,485	(22,342)	13,143
Other comprehensive income	-	-	-	-	-	-	(690)	6,873	-	6,183	(10)	6,173
Total comprehensive income for the period	-	-	-	-	-	-	(690)	6,873	35,485	41,668	(22,352)	19,316
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	6,640	6,640
<b>At June 30, 2022 (unaudited)</b>	<b>1,712</b>	<b>1,470,892</b>	<b>171,276</b>	<b>167,983</b>	<b>4,618</b>	<b>(41,703)</b>	<b>10,891</b>	<b>(671)</b>	<b>1,878,755</b>	<b>3,663,753</b>	<b>16,193</b>	<b>3,679,946</b>



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Six months ended June 30, 2023 RMB'000 (unaudited)	Six months ended June 30, 2022 RMB'000 (unaudited)
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(3,576)</b>	42,912
<b>INVESTING ACTIVITIES</b>		
Withdrawal of pledged bank deposits	-	6,321
Repayment received from an associate	-	30,400
Purchases of property, plant and equipment	<b>(10,265)</b>	(5,318)
Prepayment made for construction of property, plant and equipment	-	(21,500)
Payment of subscription of unlisted investment fund	<b>(708)</b>	(14,127)
Proceeds from distribution of unlisted investment fund	<b>21,226</b>	-
Interest received	<b>976</b>	487
Proceeds from disposal of property, plant and equipment	<b>9,499</b>	94
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>20,728</b>	(3,643)
<b>FINANCING ACTIVITIES</b>		
Interest elements of lease liabilities paid	<b>(1,285)</b>	(992)
Capital elements of lease liabilities paid	<b>(9,688)</b>	(8,159)
Capital contribution from non-controlling interests	-	6,640
Repayments of bank and other borrowings	<b>(141,650)</b>	(180,066)
Bank and other borrowings raised	<b>153,961</b>	190,243
Interest paid	<b>(20,843)</b>	(23,725)
Decrease in amount due to non-controlling interests of subsidiaries	<b>(4,584)</b>	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(24,089)</b>	(16,059)
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,937)</b>	23,210
Effect of changes in exchange rates	<b>(1,714)</b>	4,712
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>460,310</b>	279,567
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> represented by bank balances and cash	<b>451,659</b>	307,489

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of Kasen International Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 annual report.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2022 annual financial statements, except for those that relate to amendments to standards or interpretations effective for the first time for periods beginning on or after January 1, 2023. Details of any changes in accounting policies are set out in note 2.

The preparation of these interim condensed consolidated financial statements in compliance with IAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These interim condensed consolidated financial statements are unaudited, but has been reviewed by Grant Thornton Hong Kong Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Grant Thornton Hong Kong Limited’s independent review report to the Board of Directors is included on page 14 of the interim report.

## 2. ADOPTION OF NEW OR AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The condensed consolidated interim financial statements for the six months ended June 30, 2023 have been prepared in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of the following new or amended IFRSs which are effective as of January 1, 2023.

IFRS 17	Insurance Contracts with related amendments
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

Except for those mentioned below, the adoption of these new and amended IFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 2. ADOPTION OF NEW OR AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (cont'd)

#### **Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”**

The amendments clarify that the initial recognition exemption of deferred tax in IAS 12 “Income Taxes” does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12 “Income Taxes”.

The Group adopted the amendments from January 1, 2023 and are required to recognise the associated deferred tax assets and liabilities from leases that occurred on or after January 1, 2022 from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings at that date.

Prior to the application of the amendments, the Group had recognised the deferred tax assets and liabilities arising from leases on a net basis. Following the requirements of the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets as at January 1, 2022. As the balances are qualified for offset under paragraph 74 of IAS 12, there is no material impact on the opening retained profits as at January 1, 2022 as a result of the amendments. However, the amendments require additional disclosure of deferred tax assets and liabilities which may have impact on the annual consolidated financial statements.

### 3. SEGMENT INFORMATION

The Group’s operating segments, based on information reported to the executive directors of the Company, who are the chief operating decision maker (the “CODM”) for the purpose of resource allocation and performance assessments, are as follows:

- Manufacturing and trading of upholstered furniture (“Manufacturing”);
- Properties development (“Properties development”); and
- Others, comprising mainly provision of travel and related services, catering and entertainment services and provision of property management service (“Others”).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 3. SEGMENT INFORMATION (cont'd)

#### Segment revenues and results

The following is an analysis of the Group's revenue that is disaggregated by primary geographical market, major products and service line and timing of revenue recognition and results by reportable segment.

#### Revenue

Six months ended June 30, 2023 (unaudited)

	Manufacturing RMB'000	Properties development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
<b>Revenue from external customers</b>	245,067	75,261	61,458	-	381,786
<b>Inter-segment revenue</b>	-	-	941	(941)	-
<b>Reportable segment revenue</b>	<b>245,067</b>	<b>75,261</b>	<b>62,399</b>	<b>(941)</b>	<b>381,786</b>
<b>Primary geographical markets</b>					
United States	172,695	-	-	-	172,695
The People's Republic of China ("PRC"), including HK	20,395	75,261	62,399	(941)	157,114
Europe	27,614	-	-	-	27,614
Others	24,363	-	-	-	24,363
<b>Total</b>	<b>245,067</b>	<b>75,261</b>	<b>62,399</b>	<b>(941)</b>	<b>381,786</b>
<b>Major products</b>					
Sales of upholstered furniture	245,067	-	-	-	245,067
Sales of properties	-	75,261	-	-	75,261
Travel & tourism services	-	-	46,179	-	46,179
Catering & entertainment	-	-	5,480	-	5,480
Property management services	-	-	10,740	(941)	9,799
	<b>245,067</b>	<b>75,261</b>	<b>62,399</b>	<b>(941)</b>	<b>381,786</b>
<b>Timing of revenue recognition</b>					
At a point in time	245,067	75,261	5,480	-	325,808
Transferred over time	-	-	56,919	(941)	55,978
	<b>245,067</b>	<b>75,261</b>	<b>62,399</b>	<b>(941)</b>	<b>381,786</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 3. SEGMENT INFORMATION (cont'd)

#### Segment revenues and results (cont'd)

#### Revenue (cont'd)

Six months ended June 30, 2022 (unaudited)

	Manufacturing RMB'000	Properties development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
<b>Revenue from external customers</b>	335,002	112,935	43,450	–	491,387
<b>Inter-segment revenue</b>	–	–	6,250	(6,250)	–
<b>Reportable segment revenue</b>	335,002	112,935	49,700	(6,250)	491,387
<b>Primary geographical markets</b>					
United States	293,147	–	–	–	293,147
PRC, including HK	37,045	112,935	49,700	(6,250)	193,430
Europe	4,526	–	–	–	4,526
Others	284	–	–	–	284
<b>Total</b>	335,002	112,935	49,700	(6,250)	491,387
<b>Major products</b>					
Sales of upholstered furniture	335,002	–	–	–	335,002
Sales of properties	–	112,935	–	–	112,935
Travel & tourism services	–	–	14,274	–	14,274
Catering & entertainment	–	–	11,946	–	11,946
Property management services	–	–	23,480	(6,250)	17,230
	335,002	112,935	49,700	(6,250)	491,387
<b>Timing of revenue recognition</b>					
At a point in time	335,002	112,935	–	–	447,937
Transferred over time	–	–	49,700	(6,250)	43,450
	335,002	112,935	49,700	(6,250)	491,387



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 3. SEGMENT INFORMATION (cont'd) Segment revenues and results (cont'd) Results

	Six months ended June 30, 2023 RMB'000 (unaudited)	Six months ended June 30, 2022 RMB'000 (unaudited)
<b>Segment profit/(loss)</b>		
– Manufacturing	28,377	35,701
– Properties development	(25,432)	4,783
– Others	3,836	(25,907)
	<b>6,781</b>	14,577
Unallocated corporate expenses	(10,593)	(13,005)
Unallocated other gains and losses	27,350	11,571
	<b>23,538</b>	13,143

Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of central administration costs, directors' salaries and exchange gain/(loss). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 3. SEGMENT INFORMATION (cont'd) Segment assets and liabilities

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

#### Segment assets

	<b>June 30, 2023 RMB'000 (unaudited)</b>	December 31, 2022 RMB'000 (audited)
Manufacturing	1,285,482	1,155,470
Properties development	4,022,971	4,126,012
Others	310,154	404,768
Total segment assets	5,618,607	5,686,250
Unallocated	125,959	135,456
Consolidated assets	5,744,566	5,821,706

#### Segment liabilities

	<b>June 30, 2023 RMB'000 (unaudited)</b>	December 31, 2022 RMB'000 (audited)
Manufacturing	315,214	350,665
Properties development	1,579,962	1,594,631
Others	83,574	100,029
Total segment liabilities	1,978,750	2,045,325
Unallocated	25,670	64,374
Consolidated liabilities	2,004,420	2,109,699

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 3. SEGMENT INFORMATION (cont'd) Segment assets and liabilities (cont'd)

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

- All assets are allocated to operating segments other than investment in associates, investment in financial assets, deferred tax assets and head office assets;
- All liabilities are allocated to operating segments other than deferred tax liabilities and head office liabilities; and
- All intergroup balances and investment costs have been eliminated in internal reports when presenting segment assets and liabilities to CODM.

### 4. REVENUE

The following is an analysis of the Group's revenue for the period:

	Six months ended June 30, 2023 RMB'000 (unaudited)	Six months ended June 30, 2022 RMB'000 (unaudited)
<b>Sale of goods</b>		
Upholstered furniture	245,067	335,002
Residential properties	75,261	112,935
	<b>320,328</b>	447,937
<b>Provision of services</b>		
Others (note)	61,458	43,450
	<b>381,786</b>	491,387

Note: Amounts mainly included income from provision of travel and tourism-related services, catering and entertainment services and provision of property management service.

### 5. OTHER GAINS AND LOSSES

	Six months ended June 30, 2023 RMB'000 (unaudited)	Six months ended June 30, 2022 RMB'000 (unaudited)
Net foreign exchange gain	18,073	18,940
Change in fair value of financial asset at fair value through profit or loss	(457)	(637)
Fair value of financial guarantee issued on initial recognition	-	(16,275)
Gain/(loss) on disposal of property, plant and equipment	2,316	(887)
Written back of other payables	10,447	-
Release of financial guarantees	2,713	2,713
Others	(821)	(2,463)
	<b>32,271</b>	1,391

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 6. PROFIT BEFORE INCOME TAX

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

	<b>Six months ended June 30, 2023 RMB'000 (unaudited)</b>	Six months ended June 30, 2022 RMB'000 (unaudited)
Amortisation of intangible assets	38	117
Depreciation of property, plant and equipment	27,396	39,049
Depreciation and amortisation of right-of-use assets	14,198	9,762
Total depreciation and amortisation	<b>41,632</b>	48,928
Costs of inventories under Manufacturing segment recognised as expenses (including net reversal of allowance of inventories of RMB587,420 (June 30, 2022: net reversal of allowance of inventories of RMB22,000))	<b>176,070</b>	232,027
Interest on lease liabilities	1,285	992
Interest on bank and other borrowings	20,843	23,725
	<b>22,128</b>	24,717
Government grants	(388)	(1,953)
Interest income	(976)	(487)

### 7. INCOME TAX EXPENSES

	<b>Six months ended June 30, 2023 RMB'000 (unaudited)</b>	Six months ended June 30, 2022 RMB'000 (unaudited)
Land appreciation tax ("LAT")		
– Current period	3,978	1,989
– Overprovision of LAT in previous periods	–	(12,111)
	<b>3,978</b>	(10,122)
The PRC enterprise income tax		
– Current period	6,904	12,193
– Overprovision of income tax in previous periods	(9,353)	(3,145)
	<b>(2,449)</b>	9,048
Deferred tax	(115)	4,536
	<b>1,414</b>	3,462

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 8. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period and no dividend will be paid in respect of the current interim period.

### 9. EARNINGS PER SHARE

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of RMB32,723,000 (six months ended June 30, 2022: RMB35,485,000) by the weighted average number of ordinary shares in issue during the periods ended June 30, 2023 and 2022. The earnings per share is calculated using the weighted average number of ordinary shares of 1,443,141,881 (six months ended June 30, 2022: 1,493,636,881) shares issued during the period.

#### Diluted earnings per share

The calculation of diluted earnings per share for the periods ended June 30, 2023 and 2022 do not assume the exercise of the Company's outstanding share options which had anti-dilutive effect and would result in an addition in earnings per share. Therefore, the diluted earnings per share is the same as the basic earnings per share for the periods ended June 30, 2023 and 2022.

### 10. PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group acquired property, plant and equipment at a consideration of approximately RMB10,265,000 (six months ended June 30, 2022: RMB5,318,000).

### 11. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>June 30, 2023</b>	December 31, 2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Financial asset at fair value through other comprehensive income		
– Listed equity investment (Note)	<b>18,923</b>	18,763

Note:

The listed equity investments represent 4,000,554 shares (0.31% equity interest) (December 31, 2022: 4,000,554 shares (0.31% equity interest)) in Haining China Leather Market Co., Ltd ("HCLM"). The principal activity of HCLM is the operation of department stores in the PRC. The shares of HCLM are listed in the Shenzhen Stock Exchange. The fair value as at June 30, 2023 and December 31, 2022 were based on market price quoted at Shenzhen Stock Exchange.

These shares have also been pledged to secure the banking facilities of the Group and certain connected parties.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 12. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>June 30, 2023</b>	December 31, 2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Financial asset at fair value through profit or loss		
– Unlisted investment fund A (Note)	<b>21,816</b>	41,805

Note:

On February 28, 2020, the Company's wholly owned subsidiary, Cardina International Company Limited ("Cardina") entered into a limited partnership agreement which committed to a capital contribution of US\$10,000,000 (equivalent to approximately RMB70,750,000) in Asia Greentech Fund I LP (the "Greentech Fund"). This Greentech Fund was established principally to achieve long-term capital appreciation primarily through investment in equity and/or equity oriented securities of companies operating in green energy sectors with focus on solar, hydro, waste to energy and other green energy projects that have applications in Asia.

Cardina is a limited partner in this Greentech Fund and the operational and financing decisions of Greentech Fund is responsible by the general partner. Up to June 30, 2023, the Group's capital contribution to the Greentech Fund was approximately US\$4,273,000 (December 31, 2022: US\$4,073,000).

During the six months ended June 30, 2023, Greentech Fund made a distribution to the Group, with a cash distribution of approximately RMB21,226,000.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 13. TRADE, BILLS AND OTHER RECEIVABLES

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (audited)
Trade and bills receivables	87,500	81,279
Less: allowance for impairment	<u>(15,545)</u>	<u>(17,341)</u>
	71,955	63,938
Deposits paid for acquisition of land for development for sale	603,988	603,988
Less: allowance for impairment	<u>(627)</u>	<u>(627)</u>
	603,361	603,361
Amount due from vendor in Malaysia for deposits paid for acquisition of land for development for sale	32,129	32,129
Less: allowance for impairment	<u>(32,129)</u>	<u>(32,129)</u>
	-	-
Advance payment for purchase of inventories	3,667	2,748
Prepaid other taxes	<u>111,315</u>	<u>85,476</u>
	114,982	88,224
Deposit, prepayments and other receivables	371,693	418,846
Receivables from disposal of a subsidiary	-	65,618
Less: allowance for impairment	<u>(51,961)</u>	<u>(46,961)</u>
	319,732	437,503
	<b>1,110,030</b>	<b>1,193,026</b>
Analysis of:		
- Non-current portion (note)	11,532	-
- Current portion	<u>1,098,498</u>	<u>1,193,026</u>
	<b>1,110,030</b>	<b>1,193,026</b>

Note: During the period ended June 30, 2023, the Group has made a prepayment of approximately RMB11,532,000 on acquisition of property, plant and equipment to upgrade the Group's manufacturing facilities. The balance is included in "Deposits, prepayments and other receivables".

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 13. TRADE, BILLS AND OTHER RECEIVABLES (cont'd)

The Group grants a credit period ranging from 30 days to 120 days to its trade customers. The aging analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period is as follows:

	<b>June 30, 2023 RMB'000 (unaudited)</b>	December 31, 2022 RMB'000 (audited)
Aged:		
Within 60 days	<b>44,512</b>	52,059
61–90 days	<b>1,901</b>	3,188
91–180 days	<b>22,178</b>	7,384
181–365 days	<b>5,586</b>	3,527
Over 1 year	<b>13,323</b>	15,121
	<b>87,500</b>	81,279

The Group expects that there is no significant credit risk associated with bills receivables since they are held with state-owned banks in the PRC. The Directors do not expect that there will be any significant credit losses from non-performance by these counterparties.

### 14. TRADE, BILLS AND OTHER PAYABLES

The aging analysis of trade and bills payables presented based on the invoice date at the end of the reporting period is as follows:

	<b>June 30, 2023 RMB'000 (unaudited)</b>	December 31, 2022 RMB'000 (audited)
Within 60 days	<b>153,134</b>	165,296
61–90 days	<b>9,231</b>	8,506
91–180 days	<b>1,567</b>	5,494
181–365 days	<b>2,904</b>	1,909
1–2 years	<b>1,891</b>	21,723
Over 2 years	<b>30,865</b>	34,810
	<b>199,592</b>	237,738

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 15. BANK BORROWINGS

During the current period, the Group obtained additional bank borrowings of approximately RMB153,961,000 (six months ended June 30, 2022: RMB190,243,800) and repaid bank borrowings RMB141,650,000 (six months ended June 30, 2022: approximately RMB180,066,000).

The bank borrowings included unsecured bank borrowings of RMB75,920,000 (December 31, 2022: RMB43,670,000), which were guaranteed by Mr. Zhu Zhangjin ("Mr. Zhu"), the executive director of the Company, a related company in which Mr. Zhu has significant influence and beneficial interests and certain independent third parties. The Group has complied with the loan covenants during the period ended June 30, 2023 and the year ended December 31, 2022.

### 16. SHARE CAPITAL

#### Authorised share capital of the Company

	Number of ordinary shares at US\$0.00015 each	US\$'000
At January 1, 2022, December 31, 2022 and June 30, 2023	266,666,666,666	40,000

#### Issued and fully paid

	June 30, 2023			December 31, 2022		
	Number of share	US\$	RMB'000	Number of share	US\$	RMB'000
Issued and fully paid:						
Ordinary shares of						
US\$0.00015 each	1,443,141,881	216,471	1,654	1,493,636,881	224,046	1,712
Repurchase of shares (note a)	-	-	-	(50,495,000)	(7,575)	(58)
	<b>1,443,141,881</b>	<b>216,471</b>	<b>1,654</b>	1,443,141,881	216,471	1,654

Note:

- a) During the year ended December 31, 2022, the Company had repurchased 50,495,000 ordinary shares in total on the Stock Exchange at an aggregate consideration of approximately HK\$20,868,000 and such shares were cancelled in November 2022.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 16. SHARE CAPITAL (cont'd) Issued and fully paid (cont'd)

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$
October 2022 (note i)	33,352,000	0.4000	0.3950	13,340,575
November 2022 (note ii)	17,143,000	0.4400	0.4350	7,527,730
	50,495,000			20,868,305

Notes: i) The share repurchased were cancelled on November 17, 2022.

ii) The share repurchased were cancelled on November 29, 2022.

### 17. CAPITAL AND OTHER COMMITMENTS

At the end of the reporting period, the Group had capital and other commitments as follows:

	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (audited)
Commitments for acquisition/addition of:		
– Property, plant and equipment	2,294,071	2,295,956
– Properties under development	370,643	391,733
– Contribution to investment funds	41,386	41,283
	<b>2,706,100</b>	2,728,972



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 18. FINANCIAL GUARANTEE CONTRACTS

#### (a) Guarantee in respect of mortgage facilities for certain properties customers

The Group provided guarantees of RMB61,419,000 at June 30, 2023 (December 31, 2022: RMB64,472,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's properties. These guarantees provided by the Group to the banks will be released not over a year upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted. The Directors of the Company consider that the fair value of the above guarantees is insignificant on initial recognition and at the report dates as it is not probable that an outflow in settlement will be required.

#### (b) Financial guarantee issued

During the year ended December 31, 2022, the Group renewed the financial guarantees ("Financial Guarantees") issued to banks in respect of banking facilities granted to Haining Schinder Leather Company Limited and Yancheng Dafeng Huasheng Leather Company Limited ("CCT Group") (the "CCT Master Guarantee") and an independent third party for three years between January 1, 2022 and December 31, 2024 with a maximum amounts of RMB393,000,000 and RMB370,000,000 respectively. The fair value of the Financial Guarantees at the date of initial recognition amounting to approximately RMB16,275,000 was recognised as liabilities in the condensed consolidated statement of financial position and the corresponding amount was debited to profit or loss. The fair value of Financial Guarantee provided for the CCT Group and an independent third party on initial recognition was determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a professional valuer independent to the Group. Subsequently approximately RMB2,713,000 (six months ended June 30, 2022: RMB2,713,000) was recorded as the release of Financial Guarantees recognised in profit or loss represented the income earned as the performance obligation (i.e. providing the guarantee) satisfied over the period of guarantees since initial recognition.

As at June 30, 2023 and December 31, 2022, the directors of the Company has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount to 12-month expected credit losses. No loss allowance was recognised in the profit or loss. Accordingly, the financial guarantee contracts are measured at its fair values initially recognised less cumulative amortization.

During the year ended December 31, 2022, the CCT Group had continued to negotiate with the relevant banks in the PRC and identify suitable parties to replace the Group as guarantor to part or all of the CCT Master Guarantee. As per the announcement made by the Company on June 30, 2022, the maximum guaranteed amount has been reduced to approximately RMB308,000,000. Details of the updates on 2021 CCT Master Agreement were disclosed in the announcement of the Company dated June 30, 2022.

The maximum amounts guaranteed by the Group as at June 30, 2023 in respect of the Financial Guarantees issued to CCT Group and an independent third party are RMB308,000,000 (December 31, 2022: RMB308,000,000) and RMB370,000,000 (December 31, 2022: RMB370,000,000) respectively.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>Financial assets</b>	<b>Fair value as at June 30, 2023 RMB'000</b>	Fair value as at December 31, 2022 RMB'000	<b>Fair value hierarchy</b>	<b>Valuation technique and key input</b>
Financial asset classified at fair value through other comprehensive income listed in a stock exchange	<b>18,923</b>	18,763	Level 1	Quoted bid prices in an active market
Unlisted investment funds classified at fair value through profit or loss	<b>21,816</b>	41,805	Level 3	Adjusted net assets value approach: fair value of net assets as key input for the valuation

The Directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated financial statements approximate their fair values.

#### Valuation techniques used and key inputs

The fair value of the financial assets at fair value through other comprehensive income listed in a stock exchange as at June 30, 2023 and December 31, 2022 was determined by using quoted bid price in an active market.

The fair value of unlisted investment funds classified at fair value through profit or loss is determined using adjusted net assets value. The fair value measurement is positively correlated to the underlying net assets' value. As at June 30, 2023, management consider the underlying net assets' values of the investment funds as significant unobservable input, and it is estimated that with other variables held constant, an increase/decrease in 5% of underlying net assets' values would have increased/decreased the Group's profit by approximately RMB1,091,000 (December 31, 2022: RMB2,090,000).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (cont'd)

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	<b>June 30, 2023 RMB'000 (unaudited)</b>	December 31, 2022 RMB'000 (audited)
At beginning of the period/year	<b>41,805</b>	55,970
Addition	<b>708</b>	3,941
Disposal	–	(30,000)
Distribution	<b>(21,226)</b>	–
(Decrease)/increase in fair value recognised in profit or loss (other gains and losses) during the period/year	<b>(457)</b>	9,177
Exchange differences	<b>986</b>	2,717
At end of the period/year	<b>21,816</b>	41,805

### 20. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Details of the amounts due from (to) related parties are as follows:

Name of related parties	Notes	Amounts due from related parties		Amounts due to related parties	
		June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (audited)	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (audited)
<b>Trade in nature</b>					
Starcorp Corporation Pty., Ltd.	(i)	<b>1,144</b>	1,103	–	–
Haining Yujie Material Recycling Co., Ltd. (“Yujie”)					
海寧宇潔物資回收有限公司	(i)	<b>403</b>	291	–	–
		<b>1,547</b>	1,394	–	–
<b>Non-trade in nature</b>					
Mr. Zhu	(ii)	–	–	<b>5,902</b>	5,689

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

### 20. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

#### (a) Details of the amounts due from (to) related parties are as follows: (cont'd)

Notes:

- (i) The amounts are trade in nature and unsecured, interest-free and settle according to agreed credit terms.
- (ii) Mr. Zhu is the controlling shareholder and director of the Company. The amount is unsecured, interest-free and repayable on demand. The balance is included in 'Trade, bills and other payables'.

#### (b) Details of the related parties transactions

Name of the related parties	Note	Nature of transactions	June 30,	June 30,
			2023	2022
			RMB'000	RMB'000
			(unaudited)	(unaudited)
Yujie	(i)	Sales of scrap materials by the Group	474	435

Note:

- (i) Mr. Zhu, controlling shareholder and director of the Company, indirectly controls more than 30% of the voting power at Zhejiang Sunbridge Industrial Group Company Limited ("Sunbridge")'s general meeting. Mr. Zhu has significant influence and beneficial interests in Yujie, through Sunbridge during the six months ended June 30, 2023 and 2022.

#### (c) Key management personnel compensation

The remuneration of the Directors and other members of key management during the periods was as follows:

	June 30,	June 30,
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Basic salaries and other benefits	2,027	2,429
Contribution to retirement benefits schemes	40	109
	<b>2,067</b>	<b>2,538</b>