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Shineroad International Holdings Limited

欣融國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1587)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHT

- The Group's unaudited revenue for the six months ended 30 June 2024 was RMB298.6 million, representing a decrease of 8% as compared to that of RMB324.7 million for the corresponding period in 2023.
- The unaudited gross profit of the Group for the six months ended 30 June 2024 was RMB57.2 million, representing an increase of 19% as compared to that of RMB51.2 million for the corresponding period in 2023.
- The unaudited profit for the period and attributable to owners of the parent for the six months ended 30 June 2024 was RMB18.9 million, representing an increase of 78% as compared to that of RMB10.6 million for the corresponding period in 2023.
- The unaudited basic and diluted earnings per share was RMB0.03 (30 June 2023: RMB0.02).
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (corresponding period in 2023: Nil).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Shineroad International Holdings Limited (the “**Company**”) would like to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023 (the “**Previous Period**”).

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

For the six months ended 30 June 2024

	<i>Notes</i>	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	4	298,601	324,723
Cost of sales		(241,432)	(273,538)
Gross profit		57,169	51,185
Other income and gains, net	4	1,212	3,343
Selling and distribution expenses		(12,782)	(15,381)
Administrative expenses		(19,598)	(22,510)
Other expenses		(1,895)	(2,270)
Finance costs		(345)	(652)
Share of profit of an associate		2,306	1,742
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		26,067	15,457
Income tax expense	5	(7,128)	(4,887)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		18,939	10,570
PROFIT FOR THE PERIOD		18,939	10,570

	<i>Notes</i>	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Attributable to:			
Owners of the parent		18,939	10,570
Non-controlling interests		—	—
		<u>18,939</u>	<u>10,570</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted, profit for the period (expressed in RMB)	7	0.03	0.02
OTHER COMPREHENSIVE INCOME			
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements into presentation currency		<u>(1,820)</u>	<u>(4,143)</u>
Net other comprehensive income that may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements into presentation currency		<u>1,268</u>	<u>5,428</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>(552)</u>	<u>1,285</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>18,387</u>	<u>11,855</u>
Attributable to:			
Owners of the parent		18,387	11,855
Non-controlling interests		—	—
		<u>18,387</u>	<u>11,855</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	<i>Notes</i>	30 June 2024	31 December 2023
		(Unaudited)	(Audited)
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		145,808	86,227
Right-of-use assets		34,628	35,295
Other intangible assets		—	60
Investments in an associate		106,402	104,232
Deferred tax assets		3,820	3,580
Long-term time deposit		30,000	30,000
Pledged deposits		—	1,256
		<hr/>	<hr/>
Total non-current assets		320,658	260,650
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		51,166	57,107
Trade and bills receivables	8	64,897	84,341
Prepayments, deposits and other receivables		21,306	12,306
Due from related parties		6,257	5,172
Pledged deposits		12,734	16,576
Cash and cash equivalents		176,536	157,502
		<hr/>	<hr/>
Total current assets		332,896	333,004
		<hr/>	<hr/>

	<i>Notes</i>	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	9	24,409	27,457
Other payables and accruals		66,438	41,664
Amounts due to related parties		4,538	7,314
Interest-bearing bank and other borrowings		20,000	20,000
Lease liabilities		1,392	1,267
Tax payable		4,349	5,034
		<hr/>	<hr/>
Total current liabilities		121,126	102,736
		<hr/>	<hr/>
NET CURRENT ASSETS		211,770	230,268
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		532,428	490,918
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		2,275	2,343
Interest-bearing bank borrowings		57,573	24,708
Deferred tax liabilities		500	1,059
		<hr/>	<hr/>
Total non-current liabilities		60,348	28,110
		<hr/>	<hr/>
NET ASSETS		472,080	462,808
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		5,681	5,681
Reserves		466,399	457,127
		<hr/>	<hr/>
Total equity		472,080	462,808
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Shineroad International Holdings Limited (the “**Company**”) was incorporated as an investment holding company in the Cayman Islands with limited liability under the laws of the Cayman Islands. The registered office address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

During the year, Shineroad International Holdings Limited and its subsidiaries (collectively the “**Group**”) was principally engaged in the distribution of food ingredients and food additives.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with HKASs 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ 2020 Amendments ”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the above amendments to HKASs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in the Group's interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group's principal business is the distribution of food ingredients and food additives. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the distribution of food additives.

Information about geographical area

Since all of the Group's revenue was generated from the distribution of food ingredients and food additives in Mainland China and over 95% of the Group's identifiable non-current assets were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

Revenue from continuing operations of approximately RMB22,243,000 and RMB26,432,000 in the six months ended 30 June 2023 and 2024, respectively was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contract with customers		
Sale of goods	<u>298,601</u>	<u>324,723</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the six months ended 30 June 2024

Segments	Food ingredients <i>RMB'000</i> (Unaudited)	Food additives <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Type of goods or services			
Sales of goods	<u>148,751</u>	<u>149,850</u>	<u>298,601</u>
Geographical markets			
Mainland China	140,270	147,383	287,653
Thailand	6,839	173	7,012
Vietnam	<u>1,642</u>	<u>2,294</u>	<u>3,936</u>
	<u>148,751</u>	<u>149,850</u>	<u>298,601</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>148,751</u>	<u>149,850</u>	<u>298,601</u>

For the year ended 30 June 2023

Segments	Food ingredients <i>RMB'000</i> (Unaudited)	Food additives <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Type of goods or services			
Sales of goods	<u>159,115</u>	<u>165,608</u>	<u>324,723</u>
Geographical markets			
Mainland China	149,703	163,584	313,287
Thailand	6,208	327	6,535
Vietnam	<u>3,204</u>	<u>1,697</u>	<u>4,901</u>
	<u>159,115</u>	<u>165,608</u>	<u>324,723</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>159,115</u>	<u>165,608</u>	<u>324,723</u>
For the six months ended 30 June			
	2024	2023	
	<i>RMB'000</i>	<i>RMB'000</i>	
	(Unaudited)	(Unaudited)	
Other income and gains			
Government grants*	420	1,054	
Bank interest income	659	1,053	
Exchange gains	—	1,121	
Others	<u>133</u>	<u>115</u>	
	<u>1,212</u>	<u>3,343</u>	

* There were no unfulfilled conditions and other contingencies attaching to government grants that had been recognised.

5 INCOME TAX EXPENSE

The major components of income tax expense of the Group in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax in the PRC	7,693	4,597
Current income tax in the Hong Kong	234	1,838
Deferred income tax expense relating to origination and reversal of temporary differences	(799)	(1,548)
Total tax charge for the period	<u>7,128</u>	<u>4,887</u>

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Company and certain of its subsidiaries are not subject to any income tax in the Cayman Islands and BVI.

The provision for current income tax in the PRC is based on a statutory rate of 25% of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

The first HK\$2,000,000 of assessable profits of the subsidiary in Hong Kong are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

6. DIVIDENDS

	For the six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Final declared — HK1.50 cent (approximately RMB1.37 cent) (30 June 2023: HK1.50 cent (approximately RMB1.34 cent)) per ordinary share	<u>9,288</u>	<u>8,762</u>

On 27 March 2024, the board of directors declared a final dividend of HK1.50 cent (six months ended 30 June 2023: HK1.50 cent) per ordinary share, amounting to a total of approximately RMB9,288,000 (six months ended 30 June 2023: RMB8,762,000).

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of 680,000,000 (2023: 680,000,000), and the weighted average number of ordinary shares of 680,000,000 (2023: 680,000,000) in issue during the period, as adjusted to reflect the rights issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the parent, used in the basic and diluted earnings per share calculations	18,939	10,570
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	680,000,000	680,000,000
Basic earnings per share (RMB)	0.03	0.02
Diluted earnings per share (RMB)	0.03	0.02

8. TRADE AND BILLS RECEIVABLES

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	75,353	92,269
Impairment	(12,059)	(11,751)
	63,294	80,518
Bills receivable	1,603	3,823
	64,897	84,341

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 3 months	55,426	75,664
3 to 6 months	7,192	4,074
6 months to 1 year	676	780
	<u>63,294</u>	<u>80,518</u>

9. TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of reporting period, based on the transaction date, is as follows:

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 3 months	<u>24,409</u>	<u>27,457</u>

The trade payables are non-interest-bearing and are normally settled on terms of 7 to 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Our Group is one of the leading distributors of food ingredients and food additives in Asia with outstanding research and development capacity, which distinguishes us from other competitors in the industry and provides us with a unique edge to develop our reputation and diversified customer networks. Leveraging our research and development capability, we will continue to build long-term strategic alliances and co-develop with our customers, so as to stay on course with our mission “To be the Most Reliable Partner in the Food Industry”.

For the Period, our Group recorded a revenue of approximately RMB298.6 million, representing a decrease of 8% as compared with that of RMB324.7 million for the Previous Period. The profit for the Period increased by RMB8.3 million, or 78%, from RMB10.6 million for the Previous Period to RMB18.9 million for the Period; while our Group’s basic earnings per share were RMB0.03, representing an increase of RMB0.01 as compared with the Previous Year (RMB0.02).

China Operations

Over the years, we have built strong relationships with our suppliers worldwide. Major suppliers, such as Nestlé from Switzerland, Mitsubishi from Japan, Sensient from the US, and Kerry from Ireland, have been cooperating with us for decades.

On the other hand, our Group has established and maintained a solid customer base over the years across different provinces in the PRC. Our core customers, categorised by food applications, are as follows:

Categories	Business nature	Key customers
Dairy products manufacturers	manufacturing dairy products and ice cream	Bright Dairy (光明), Nestlé (雀巢), New Hope (新希望), Weigang (衛崗), and Green's (綠雪)
Beverage manufacturers	manufacturing beverage	Coca-Cola (可口可樂), Suntory (三得利), Wahaha (娃哈哈), Want Want (旺旺), Uni-President (統一), Nongfu Spring (農夫山泉), Master Kong (康師傅), and Genki Spring (元氣森林)
Snacks manufacturers	manufacturing confectionery, chocolate, and snacks	Fujiya (不二家), Glico (格力高), Hsu Fu Chi (徐福記), Mars (瑪氏), Orion (好麗友) and PepsiCo (百事)
Oil and grease manufacturers	manufacturing margarine and shortening	AAK, Cargill (嘉吉), COFCO (中糧), and Kerry Grain and Oil (嘉里糧油)
Food service providers	Catering providers (mainly restaurants and teahouses) and upstream suppliers	Auntea Jenny (滬上阿姨), Cezanne (塞尚), Daka (大咖國際), Delthin (德馨), FreeNow (菲諾), inm (一鳴), Jidong (悸動), Nayuki (奈雪的茶), and Pan Pan (盼盼)

South East Asia Operations

Outside China, we have established overseas subsidiaries in Ho Chi Minh City, Vietnam, and Bangkok, Thailand. Although the operation had been hit by the pandemic in the past few years, the recovery of consumption and tourism during the Reporting Year has eased the food industry, our customers, and us.

We anticipate our local offices will provide us a competitive edge by bringing scale benefit and introducing more local South East Asian tastes and appetites to the PRC market going forward.

Outlook and prospects

We remain confident in our future prospects. Despite having global economic uncertainties, we anticipate to achieve strong revenue growth and to create value for the Shareholders. Going forward, our development initiatives mainly include:

- Continue to increase the sales of products with existing and new distribution rights: With focus on the food service industry and the nutrition and health industry, we are looking into cooperations with distinctive brands to reinforce our competitive advantage.
- Continue to widen our brands and portfolio of self-developed formulated products and potential food ingredients.
- Continue to enhance our research and development capabilities:

Our Asia-Pacific Innovation Center with a total construction area of 40,816.13 sq. metres is expected to commence operation in early 2025, where we plan to set up food solutions laboratory, product incubation center, production lines, logistics, and sales functions. The Company considers the construction of the Asia-Pacific Innovation Center can further expand the Group's business, widen the portfolio of its self-developed formulated products and potential food ingredients, and is beneficial to the Group's future development.

- Continue to extensively identify potential strategic investment opportunities and seek to acquire high-quality target businesses and assets that create synergies for the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group represents the net invoiced value of goods sold, after allowances for returns and trade discounts. The Group derives its revenue mainly from the distribution of food ingredients, food additives and packaging materials in the PRC. The Group's revenue for the Period was RMB298.6 million, representing a decrease of 8% as compared with that of RMB324.7 million for the Previous Period. The decrease in revenue is due to the decline in sales from some key customers.

An analysis of revenue, net is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
REVENUE		
Food ingredients	148,751	159,115
Food additives	149,850	165,608
	<u>298,601</u>	<u>324,723</u>

Cost of sales

The Group's cost of sales solely represented cost of goods sold, which mainly represented the cost of food ingredients and food additives purchased from suppliers. The Group's cost of sales for the Period was RMB241.4 million, representing a decline of 12% as compared with that of RMB273.5 million for the Previous Period. The decline in cost of sales is due to the decrease of revenue and the increase of gross profit margin.

Gross profit and gross profit margin

Gross profit of the Group for the Period rose by RMB6.0 million to RMB57.2 million (Previous Period: RMB51.2 million), and the gross profit margin increased to 19.1% for the Period (Previous Period: 15.8%). The increase in the gross profit margin was mainly due to the increase of high-profit margin products in the overall sales proportion.

Other income and gains

Other income and gains primarily consist of bank interest income, government grants and others. Other income decreased by RMB2.1 million or 64% from RMB3.3 million for the Previous Period to RMB1.2 million for the Period primarily due to the decrease in exchange gain and government grants.

An analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	659	1,053
Government grants*	420	1,054
Others	133	115
Exchange gains	—	1,121
	<u>1,212</u>	<u>3,343</u>

* There were no unfulfilled conditions and other contingencies attaching to government grants that had been recognised.

Selling and distribution expenses

Selling and distribution expenses primarily consist of staff salaries and benefits, transportation expenses, travelling expenses, rent and rates and others. The selling and distribution expenses decreased by RMB2.6 million, a 17% decrease to RMB12.8 million for the Period from RMB15.4 million for the Previous Period. The decrease was mainly attributed to the decrease in labor costs and logistics service costs.

Administrative expenses

Administrative expenses primarily consist of depreciation, entertainment, listing expense, rent and rates, research and development, staff salaries and benefits and others. The administrative expenses decreased by RMB2.9 million, a 13% decrease to RMB19.6 million for the Period from RMB22.5 million for the Previous Period. The decrease was mainly attributed to the decrease in labor costs.

Finance costs

The finance costs represented interests on other loans and lease liabilities. Finance costs decreased by RMB0.4 million to RMB0.3 million for the Period from RMB0.7 million for the Previous Period. The decrease was mainly due to the decrease of short-term bank loans.

Income tax expenses

The Group's income tax expenses increased by RMB2.2 million from RMB4.9 million for the Previous Period to RMB7.1 million for the Period. The increase was primarily due to pre-tax profit of the Period was higher than that of the Previous Period.

The major components of income tax expense of the Group in the interim condensed consolidated statement of profit or loss are:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax in the PRC	7,693	4,597
Current income tax in HK	234	1,838
Deferred income tax expense relating to origination and reversal of temporary differences	(799)	(1,548)
Total tax charge for the period	<u>7,128</u>	<u>4,887</u>

Profit for the Period

As a result of the foregoing, the profit for the Period increased by RMB8.3 million, or 78%, from RMB10.6 million for the Previous Period to RMB18.9 million for the Period. The Group remains in a healthy and sound liquidity position during the Period.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2024.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had the following capital commitments at the end of the Period:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Contracted, but not provided for:		
Buildings	<u>53,792</u>	<u>146,392</u>

CAPITAL STRUCTURE

There has been no change in the capital structure of the Company during the Period. As at 30 June 2024, the capital of the Company comprises RMB472.1 million, representing an increase of RMB17.6 million as compared to RMB454.5 million as at 30 June 2023, which was attributable to the continuous profit.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group's receivable turnover days as at 30 June 2024 increased to 53 days as compared to 48 days as at 31 December 2023.

Cash position

The Group's cash and cash equivalents balances as at 30 June 2024 amounted to RMB176.5 million, representing an increase of RMB19.0 million as compared to RMB157.5 million as at 31 December 2023, which was attributable to cash generated from operating cash flow.

As at 30 June 2024, the Group's indebtedness comprised bank borrowings of RMB77.6 million, lease liabilities of RMB3.7 million and amount due to related companies of RMB4.5 million. The Group's indebtedness comprised bank borrowings of RMB44.7 million, lease liabilities of RMB3.6 million and amount due to related companies of RMB7.3 million as at 31 December 2023. None of the indebtedness was secured at 30 June 2024 and 31 December 2023.

As at 30 June 2024, the gearing ratio, calculated as debt divided by total assets, was 27.8%, as compared with 22.0% as at 31 December 2023. Debt includes interest-bearing loan and other borrowings. Total equity includes equity attributable to owners of the parent and non-controlling interests.

The Group's equity balance increased to RMB472.1 million as at 30 June 2024 from that of RMB462.8 million as at 31 December 2023, which was attributable to the net profit during the Period.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign Currency Risk

The Group's operational activities are mainly denominated in RMB. The Group is exposed to foreign currency risk primarily arising from purchase of goods by foreign currencies and bank deposits denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy but it monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2024, there were no charges on the Group's assets (as at 30 June 2023: Nil).

EMPLOYEES AND REMUNERATION POLICIES

The Group had 126 employees as at 30 June 2024 (as at 31 December 2023: 157). Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee.

The Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate. The local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group.

EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the Period and up to the date of the approval of the unaudited interim condensed consolidated financial statements.

SHARE OPTION SCHEME

On 31 May 2018, the then shareholders of the Company approved and conditionally adopted a share option scheme (the “**Share Option Scheme**”) to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. The principal terms of the Share Option Scheme were summarised in the section headed “Share Option Scheme” in Appendix IV to the prospectus of the Company dated 14 June 2018. No option has been granted during the Period.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2024, the Group held 28,125,200 shares, representing approximately 8.59% equity interest in Tianye Innovation Company (“**Tianye**”) which is principally engaged in planting, processing and sales of agricultural food including tropical fruits and vegetables. The investment cost incurred by the Group, being the consideration for acquiring the said shares in Tianye, was RMB78.8 million. On 2 February 2023, Tianye’s shares were delisted from the National Equities Exchange And Quotations Co., Ltd. (NEEQ) and were transferred to the Beijing Stock Exchange Co. Ltd. (BSE stock code: 832023).

As at 30 June 2024, the Group’s investments in associates of Tianye amounted to RMB106.4 million, representing approximately 16.3% of the Group’s total asset as at 30 June 2024. The Group recorded a realised gain of RMB2.3 million and received dividends of RMB0.3 million during the Period. The Group considers the performance of Tianye was satisfactory during the Period. Looking forward, the Group holds positive view on the prospect of this investment and has no plan to change in the current investment.

Save as disclosed above, the Company did not hold any other significant investment with a value greater than 5% of the Company’s total assets as at 30 June 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintain high standards of corporate governance to protect the interests of its Shareholders and to enhance corporate value and accountability. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules for the Period. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with the CG Code and align with the latest developments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the Period.

DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend payment of any dividend in respect of the Period.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**"), comprising three independent non-executive Directors, namely Mr. Tan Wee Seng, Mr. Chan Ka Kit and Mr. Meng Yuecheng, has reviewed with the management the interim results for the Period, accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited interim financial information.

The Audit Committee considered that the interim results have complied with all applicable accounting standard and the Listing Rules. The Audit Committee has also reviewed this interim announcement.

PUBLICATION OF THE DETAILED INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.shineroad.com. The 2024 interim report of the Company containing all the information required by the Listing Rules will be dispatched to its shareholders and published on the above websites in due course.

By order of the Board
Shineroad International Holdings Limited
Huang Haixiao
Chairman

Hong Kong, 16 August 2024

As at the date of this announcement, the executive Directors are Mr. Huang Haixiao, Ms. Huang Xin Rong and Mr. Dai Yihui and the independent non-executive Directors are Mr. Tan Wee Seng, Mr. Chan Ka Kit and Mr. Meng Yuecheng.