

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 2023**

#### **FINANCIAL HIGHLIGHT**

- The Group's unaudited revenue for the six months ended 30 June 2023 was RMB324.7 million, representing a decrease of 17% as compared to that of RMB392.9 million for the corresponding period in 2022.
- The unaudited gross profit of the Group for the six months ended 30 June 2023 was RMB51.2 million, representing a decrease of 16% as compared to that of RMB60.9 million for the corresponding period in 2022.
- The unaudited profit for the period and attributable to owners of the parent for the six months ended 30 June 2023 was RMB10.6 million, representing a decrease of 56% as compared to that of RMB23.8 million for the corresponding period in 2022.
- The unaudited basic and diluted earnings per share was RMB0.02 (30 June 2022: RMB0.03).
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2023 (corresponding period in 2022: 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 2023 (the “**Period**”), together with the comparative figures for the corresponding period in 2022 (the “**Previous Period**”).

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

*For the six months ended 30 June 2023*

	<i>Notes</i>	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	2022 (Unaudited) RMB'000
<b>REVENUE</b>	4	<b>324,723</b>	392,903
Cost of sales		<b>(273,538)</b>	(332,006)
Gross profit		<b>51,185</b>	60,897
Other income and gains, net	4	<b>3,343</b>	4,028
Selling and distribution expenses		<b>(15,381)</b>	(13,183)
Administrative expenses		<b>(22,510)</b>	(20,033)
Other expenses		<b>(2,270)</b>	(2,541)
Finance costs		<b>(652)</b>	(297)
Share of profits and losses of: Associates		<b>1,742</b>	2,410
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>15,457</b>	31,281
Income tax expense	5	<b>(4,887)</b>	(7,501)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>10,570</b>	23,780
<b>PROFIT FOR THE PERIOD</b>		<b>10,570</b>	23,780

	<i>Notes</i>	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	2022 (Unaudited) RMB'000
Attributable to:			
Owners of the parent		<b>10,570</b>	23,780
Non-controlling interests		—	—
		<u><b>10,570</b></u>	<u>23,780</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:</b>			
Basic and diluted, profit for the period (expressed in RMB)	7	<b>0.02</b>	0.03
<b>OTHER COMPREHENSIVE INCOME</b>			
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><b>(4,143)</b></u>	<u>(5,776)</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><b>5,428</b></u>	<u>8,699</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<u><b>1,285</b></u>	<u>2,923</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><b>11,855</b></u>	<u>26,703</u>
Attributable to:			
Owners of the parent		<b>11,855</b>	26,703
Non-controlling interests		—	—
		<u><b>11,855</b></u>	<u>26,703</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	<i>Notes</i>	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		22,771	1,543
Right-of-use assets		33,771	35,446
Other intangible assets		133	6
Investments in an associate		102,847	102,795
Deferred tax assets		454	556
Pledged deposits		2,513	2,513
Other non-current assets		45	214
		<hr/>	<hr/>
Total non-current assets		162,534	143,073
<b>CURRENT ASSETS</b>			
Inventories		75,392	92,879
Trade receivables	8	100,662	83,281
Prepayments, deposits and other receivables		17,731	17,831
Due from related parties		6,738	5,703
Pledged deposits		28,404	27,880
Cash and cash equivalents		169,889	182,199
		<hr/>	<hr/>
Total current assets		398,816	409,773

	<i>Notes</i>	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	9	41,885	52,359
Other payables and accruals		16,193	14,660
Amounts due to related parties		2,571	2,423
Interest-bearing bank and other borrowings		40,000	20,000
Lease liabilities		711	1,020
Tax payable		3,880	6,986
		<hr/>	<hr/>
Total current liabilities		105,240	97,448
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		293,576	312,325
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		456,110	455,398
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		1,494	2,225
Deferred tax liabilities		100	1,750
		<hr/>	<hr/>
Total non-current liabilities		1,594	3,975
		<hr/>	<hr/>
<b>NET ASSETS</b>		454,516	451,423
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		5,681	5,681
Reserves		448,835	445,742
		<hr/>	<hr/>
Total equity		454,516	451,423
		<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 2023 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 2022.

### 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 2022, 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 HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract

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 RMB36,940,000 and RMB22,243,000 in the six months ended 30 June 2022 and 2023, 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:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contract with customers		
Sale of goods	<u><b>324,723</b></u>	<u>392,903</u>

## Revenue from contracts with customers

### (i) *Disaggregated revenue information*

For the six months 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)
<b>Type of goods or services</b>			
Sales of goods	<u>159,115</u>	<u>165,608</u>	<u>324,723</u>
<b>Geographical markets</b>			
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>
<b>Timing of revenue recognition</b>			
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 2022**

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>206,452</u>	<u>186,451</u>	<u>392,903</u>
----------------	----------------	----------------	----------------

**Geographical markets**

Mainland China	202,421	183,979	386,400
Thailand	1,650	986	2,636
Vietnam	<u>2,381</u>	<u>1,486</u>	<u>3,867</u>
	<u>206,452</u>	<u>186,451</u>	<u>392,903</u>

**Timing of revenue  
recognition**

Goods transferred at a point in time	<u>206,452</u>	<u>186,451</u>	<u>392,903</u>
---	----------------	----------------	----------------

**For the six months ended  
30 June**

	<b>2023</b> <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
<b>Other income and gains</b>		
Government grants*	<b>1,054</b>	2,591
Bank interest income	<b>1,053</b>	1,163
Exchange gains	<b>1,121</b>	—
Others	<u>115</u>	<u>274</u>
	<u><b>3,343</b></u>	<u>4,028</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	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Current income tax in the PRC	4,597	7,050
Current income tax in the Hong Kong	1,838	1,554
Deferred income tax expense relating to origination and reversal of temporary differences	<u>(1,548)</u>	<u>(1,103)</u>
Total tax charge for the period	<u><b>4,887</b></u>	<u><b>7,501</b></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**

<b>2023</b>	<b>2022</b>
<b>RMB'000</b>	<b>RMB'000</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>

Final declared — HK1.50 cent (approximately RMB1.34 cent) (30 June 2022: HK2.25 cent (approximately RMB1.93 cent)) per ordinary share	<b><u>8,762</u></b>	<b><u>13,141</u></b>
---	---------------------	----------------------

On 30 March 2023, the board of directors declared an interim dividend of HK1.50 cent (six months ended 30 June 2022: HK2.25 cent) per ordinary share, amounting to a total of approximately RMB8,762,000 (six months ended 30 June 2022: approximately RMB13,141,000).

## 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 (2022: 680,000,000), and the weighted average number of ordinary shares of 680,000,000 (2022: 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 2023 and 2022.

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

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Profit attributable to owners of the parent, used in the basic and diluted earnings per share calculations	<b>10,570</b>	23,780
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>680,000,000</b>	680,000,000
Basic earnings per share (RMB)	<b>0.02</b>	0.03
Diluted earnings per share (RMB)	<b>0.02</b>	0.03

## 8. TRADE RECEIVABLES

	<b>30 June 2023</b>	31 December 2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<b>101,953</b>	84,003
Impairment	<b>(1,291)</b>	(722)
	<b>100,662</b>	83,281

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:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within 3 months	<b>83,113</b>	76,840
3 to 6 months	<b>17,549</b>	6,441
	<b><u>100,662</u></b>	<b><u>83,281</u></b>

## 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:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within 3 months	<b><u>41,885</u></b>	<b><u>52,359</u></b>

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

The 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 on our research and development capability, we will continue to build long-term strategic alliance and co-develop with our customers, so as to stick with our mission “To be the Most Reliable Partner in Food Industry”.

For the Period, our Group recorded a revenue of approximately RMB324.7 million, representing a decrease of 17% as compared with that of RMB392.9 million for the Previous Period. The profit for the Period decreased by RMB13.2 million, or 56%, from RMB23.8 million for the Previous Period to RMB10.6 million for the Period; while our Group’s basic earnings per share were RMB0.02, representing a decrease of RMB0.01 as compared with the Previous Year (RMB0.03).

### China Operations

Over the years, we have built strong relationships with our suppliers worldwide. Major suppliers like Nestlé from Switzerland, Mitsubishi from Japan, Sensient from the US, and Rettenmaier from Germany have been cooperating with us for 2 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:

<b>Categories</b>	<b>Business nature</b>	<b>Key customers</b>
Dairy products manufacturers	manufacturing dairy products and ice cream	Bright Dairy (光明), Nestlé (雀巢), New Hope (新希望), Yili (伊利), Chicecream (鍾薛高)
Beverage manufacturers	manufacturing beverage	Coca-Cola (可口可樂), Suntory (三得利), Wahaha (娃哈哈), Want Want (旺旺), and Uni-President (統一), Nongfu Spring (農夫山泉), 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), PepsiCo (百事)
Oil and grease manufacturers	manufacturing margarine and shortening	AAK, Cargill (嘉吉), COFCO (中糧), Kerry Grain and Oil (嘉里糧油)
Food service providers	Catering providers (mainly restaurants and teahouses) and upstream suppliers	Boduo (博多), Daka (大咖國際), Tsit Wing (捷榮), McCormick (味可美), Jidong (悸動), inm (一鳴), Babi Mantou (巴比饅頭)

### **South East Asia Operations**

Outside China, we established our overseas subsidiaries in Ho Chi Minh City, Vietnam, and Bangkok, Thailand in late 2019. Although the operation had been hit by the pandemic in the past few years, the recovery of consumption and tourism during the Period 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 the global economic uncertainty, we anticipate we will continue to achieve strong revenue growth. 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 care 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 late 2024, 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 RMB324.7 million, representing a decrease of 17% as compared with that of RMB392.9 million for the Previous Period. The decrease in revenue is due to the slower-than expected recovery of the PRC food and consumer goods market in the Period, during which the company experienced a decline in market sales from some of its key customers.

An analysis of revenue, net is as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>		
Food ingredients	<b>159,115</b>	206,452
Food additives	<b>165,608</b>	186,451
	<u><b>324,723</b></u>	<u>392,903</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 RMB273.5 million, representing a decline of 18% as compared with that of RMB332.0 million for the Previous Period. The decline in cost of sales is due to decrease of sale revenue.

### **Gross profit and gross profit margin**

Gross profit of the Group for the Period declined by RMB9.7 million to RMB51.2 million (Previous Period: RMB60.9 million), and the gross profit margin increased to 15.8% for the Period (Previous Period: 15.5%). The increase in the gross profit margin was mainly due to decrease in short term products sold at discount.

## Other income and gains

Other income decreased by RMB0.7 million or 17% from RMB4.0 million for the Previous Period to RMB3.3 million for the Period primarily due to the decrease in government grants.

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	1,053	1,163
Government grants*	1,054	2,591
Others	115	274
Exchange gains	1,121	—
	<u>3,343</u>	<u>4,028</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 increased by RMB2.2 million, a 17% increase to RMB15.4 million for the Period from RMB13.2 million for the Previous Period. The increase was mainly attributed to the participation of re-opened exhibitions and the expansion of sales channels using e-commerce.

## 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 increased by RMB2.5 million, a 12% increase to RMB22.5 million for the Period from RMB20.0 million for the Previous Period. The increase was mainly attributed to the increase in personnel costs and the expansion of e-commerce channels.

## Finance costs

The finance costs represented interests on other loans and lease liabilities. Finance costs increased by RMB0.4 million to RMB0.7 million for the Period from RMB0.3 million for the Previous Period. The increase was mainly due to the increase in loan interest.

## Income tax expenses

The Group's income tax expenses decreased by RMB2.6 million from RMB7.5 million for the Previous Period to RMB4.9 million for the Period. The decrease was primarily due to pre-tax profit of the Period was lower than that of the Previous Period.

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax in the PRC	4,597	7,050
Current income tax in HK	1,838	1,554
Deferred income tax expense relating to origination and reversal of temporary differences	<u>(1,548)</u>	<u>(1,103)</u>
Total tax charge for the period	<u><u>4,887</u></u>	<u><u>7,501</u></u>

## Profit for the Period

As a result of the foregoing, the profit for the Period decreased by RMB13.2 million, or 56%, from RMB23.8 million for the Previous Period to RMB10.6 million for the Period.

## CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2023.

## CAPITAL COMMITMENTS

As at 30 June 2023, the Group had the following capital commitments at the end of the reporting period:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Contracted, but not provided for:		
Land	—	25,128
Buildings	146,392	397
	<u>146,392</u>	<u>25,525</u>

## CAPITAL STRUCTURE

There has been no change in the capital structure of the Company during the Period. As at 30 June 2023, the capital of the Company comprises RMB454.5 million, representing an increase of RMB27.1 million as compared to RMB427.4 million as at 30 June 2022, which was attributable to the continuous profit.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group's receivable turnover days as at 30 June 2023 decreased to 63 days as compared to 69 days as at 31 December 2022.

### Cash position

The Group's cash and cash equivalents balances as at 30 June 2023 amounted to RMB169.9 million, representing a decrease of RMB12.3 million as compared to RMB182.2 million as at 31 December 2022, which was attributable to the payment of Shineroad international global research and development centre construction project.

As at 30 June 2023, the Group's indebtedness comprised bank borrowings of RMB40.0 million, lease liabilities of RMB2.2 million and amount due to related companies of RMB2.6 million. The Group's indebtedness comprised bank borrowings of RMB20.0 million, lease liabilities of RMB3.2 million and amount due to related companies of RMB2.4 million as at 31 December 2022.

As at 30 June 2023, the gearing ratio, calculated as debt divided by total assets, was 19.0%, as compared with 18.3% as at 31 December 2022. 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 RMB454.5 million as at 30 June 2023 from that of RMB451.4 million as at 31 December 2022, which was attributable to the continuous profit.

### **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 2023, there were no charges on the Group's assets (as at 30 June 2022: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 174 employees as at 30 June 2023 (as at 31 December 2022: 176). 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 2023, 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 2023, the Group’s investments in associates of Tianye amounted to RMB102.8 million, representing approximately 18.3% of the Group’s total asset as at 30 June 2023. The Group recorded a realised gain of RMB1.7 million, loss on deemed sales of RMB1.7 million due to the shareholdings dilution and did not receive any dividend 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 have 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 2023.

## **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 14 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 10 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 had 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](http://www.hkexnews.hk) and the Company's website at [www.shineroad.com](http://www.shineroad.com). The 2023 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 2023

*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.*