



**GLOBAL NEW MATERIAL  
INTERNATIONAL HOLDINGS LIMITED**

**环球新材国际控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 06616


Interim Report  
**2022**





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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. SU Ertian (*Chairman and Chief Executive Officer*)  
Mr. ZHENG Shizhan (*Resigned on 20 July 2022*)  
Mr. JIN Zengqin  
Mr. ZHOU Fangchao (*Joint company secretary*)  
Ms. ZENG Zhu (*Appointed on 24 June 2022*)

#### Non-executive Directors

Mr. QIN Min (*Resigned on 25 April 2022*)  
Mr. HU Yongxiang

#### Independent non-executive Directors

Mr. MAK Hing Keung, Thomas  
Professor HAN Gaorong  
Mr. LEUNG Kwai Wah Alex

### AUDIT COMMITTEE

Mr. MAK Hing Keung, Thomas (*Chairman*)  
Professor HAN Gaorong  
Mr. LEUNG Kwai Wah Alex

### REMUNERATION COMMITTEE

Mr. LEUNG Kwai Wah Alex (*Chairman*)  
Professor HAN Gaorong  
Mr. ZHOU Fangchao

### NOMINATION COMMITTEE

Mr. SU Ertian (*Chairman*)  
Professor HAN Gaorong  
Mr. MAK Hing Keung, Thomas

### JOINT COMPANY SECRETARIES

Mr. ZHOU Fangchao  
Mr. NG Cheuk Ming (*Resigned on 29 April 2022*)  
Ms. CHEUNG Ka Lun Karen  
(*Appointed on 29 April 2022*)

### AUDITOR

RSM Hong Kong  
*Certified Public Accountants*  
(*Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance*)

### HONG KONG LEGAL ADVISER

Squire Patton Boggs

### COMPLIANCE ADVISER

Essence Corporate Finance (Hong Kong) Limited

### PRINCIPAL BANKERS

*In Hong Kong, China:*  
Citibank (Hong Kong) Limited

*In the Mainland China:*  
Bank of Liuzhou Co., Ltd.  
Liuzhou Urban Rural Credit Cooperative Union

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG, CHINA

Unit A, 10th Floor, Neich Tower  
128 Gloucester Road, Wanchai  
Hong Kong

### PRINCIPAL PLACE OF BUSINESS IN THE MAINLAND CHINA

Pearlescent Industrial Park  
No. 380, Feilu Road  
Luzhai Town, Luzhai County  
Liuzhou City  
Guangxi Zhuang Autonomous Region  
PRC

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### COMPANY'S WEBSITE

[www.chesir.net](http://www.chesir.net)

### STOCK CODE

06616

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Global New Material International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present the interim results of the Group for the six months ended 30 June 2022 (the "**1H2022**") and the comparative figures for the six months ended 30 June 2021 (the "**1H2021**").

Under the leadership of the Board and senior management, the business of the Group will follow the national development strategies and initiatives in spite of uncertainty caused by the recurrence of coronavirus disease 2019 and international geopolitical conflicts in the 1H2022. We will continue to uphold its mission of "Create Beautiful Colours for the World through Dedication of Premium Quality Products (奉獻精品,為世界創造美麗色彩)" and adhere to the corporate value of "Integrity, Innovation, Leadership and Harmony (誠信、創新、領先、和諧)" to promote the sustainable development of the Group's business.

According to Frost & Sullivan Report, we are the largest pearlescent pigment producer in the market of People's Republic of China (the "**PRC**") in terms of revenue in 2021 with a market share of 11.01%. In the global market, we are the fourth largest pearlescent pigment producer in terms of revenue in 2021 with a market share of 3.09%. During the 1H2022, the Group's operating revenue amounted to RMB382.0 million, representing an increase of 24.4% as compared to the same period of last year, and the net profit amounted to RMB110.8 million, representing an increase of 12.8% as compared to the same period of last year. During the 1H2022, impacted by the global inflation, coupled with geopolitical conflicts, the prices of upstream raw materials increased, as well as the Company constantly adjusted and optimized its product structure, which has pushed up the prices of pearlescent pigment products. At policy level, the production of high-temperature resistant and high-insulating synthetic crystals, i.e. synthetic mica, and the production of pearlescent pigment products have been listed as encouraged industries by the National Development and Reform Commission (國家發展和改革委員會) of the PRC, which falls within new energy materials manufacturing sector, functional fillers manufacturing sector and pigment manufacturing sector in strategic emerging industries, together with the implementation of several new industry standards, both of which have promoted the applications of pearlescent pigment products in the fields of cosmetics and automotive coatings. Meanwhile, the stable supply of key production elements of pearlescent pigment products was beneficial to our business development.

During the 1H2022, we continued to increase the investments in technical research and development, and as a result, the number of pearlescent pigment products we offered continued to augment. During the 1H2022, we have newly launched 23 natural mica-based pearlescent pigment products, 22 synthetic mica-based pearlescent pigment products and seven glass flake-based pearlescent pigment products. As of 30 June 2022, the total number of types of pearlescent pigment products we offered amounted to 915. In addition, during the 1H2022, two patents were successfully obtained, and three invention patent applications were submitted.

During the 1H2022, the Group continued to expand its production capacity to further strengthen its market position. As of 30 June 2022, the construction of the first stage of the Phase 2 Production Plant has been substantially completed, and the equipment and machines have been installed and commissioned successively. Commercial production of the first stage is expected to commence in the third quarter of 2022, with an expected increase of 6,000 tonnes of production capacity.

## CHAIRMAN'S STATEMENT

Looking forward, we will follow the business philosophy of paralleling organic growth with external expansion specified by the Board to speed up the Company's strategic layout. We will continue to focus on three core tasks: expanding the production capacity of pearlescent pigment products, strengthening research and development capabilities, and enhancing brand influence. Firstly, the applications of green production and low-carbon technologies in the manufacturing industry will become an important trend as driven by the policies. We will adopt more eco-friendly production technologies and production processes with clean, heavy metal-free raw materials to accelerate the replacement of traditional chemical pigments products and achieve energy saving and emission reduction. Secondly, with the individual image demand rising and the research and development technology of synthetic mica upgrading, the application of downstream products is expected to improve the penetration rate of pearlescent pigments in cosmetics and automotive fields. We will also continue to develop new products and improve production technology and processes in line with industrial development trends and customer needs, so as to continuously improve the Company's overall competitive advantages.

On behalf of the Board, I would like to express my sincere gratitude to our management and employees for their continuous dedicated contributions and to all shareholders and business partners for their generous support.

**SU Ertian**

*Chairman and Chief Executive Officer*

27 August 2022

## BUSINESS REVIEW

Since the beginning of 2022, in the face of the combined effects of the unprecedented transformation in a century and the COVID-19 pandemic, together with the global inflation and the geopolitical conflicts, the global economy has struggled to recover and faced complicated risks and challenges and volatile conditions. As part of policies and measures to stabilise the economy have been implemented and became effective at a faster pace, China's GDP growth during the first half of the year has increased by 2.5% year-on-year, including 0.4% in the second quarter of 2022. Thus, the economy saw a steady recovery progress. During the 1H2022, the consumer prices index has increased by 1.7% year-on-year, significantly lower than the price increases in certain European countries and the United States. At the same time, the per capita disposable income in China has increased by 3% year-on-year, which is higher than the economic growth rate. Although affected by the overall global economic conditions, the pearlescent material industry has maintained a steady growth due to certain favourable factors, such as increasing range of applications and the support from the national industrial policy.

Under the leadership of the Directors, the Group has adopted various measures and has been developing its business firmly towards its predetermined goals. During the 1H2022, the revenue of the Group amounted to RMB382.0 million, representing an increase of 24.4% as compared to the 1H2021, and the net profit amounted to RMB110.8 million, representing an increase of 12.8% as compared to the 1H2021. During the 1H2022, the Company seized market opportunities and further upgraded and optimised its sales channels, excavated the capacity of the Phase 1 Production Plant<sup>1</sup> and actively adjusted the product mix, whereby maintaining a sustainable and steady development during the 1H2022. The construction of the Phase 2 Production Plant<sup>2</sup> is in progress. The installation of the first phase of the Phase 2 Production Plant and the production lines have been substantially completed, which are expected to be put into commercial operation in the third quarter of 2022. The research and development of new energy battery materials of the Company is also in progress as planned. The research and development of synthetic mica-based new energy battery materials has achieved regular progress. The pre-application tests are conducted smoothly. The high temperature resistance parameter of the tested products reaches 1,150°C, and the high voltage resistance breakdown parameter reaches 20KV/mm, indicating that they are of excellent product quality.

- (1) The production plant currently used by the Group for the research and development and production of the pearlescent pigment products and synthetic mica powder is located in Liuzhou City, Guangxi Zhuang Autonomous Region, the PRC with a total site area of 99,688.2 square meters ("**sq.m.**") and an aggregate gross floor area of 56,445.6 sq.m. with designed annual production capacity of 18,740 tonnes of pearlescent pigment products and designed annual production capacity of 12,470 tonnes of synthetic mica powder.
- (2) The production plant planned to be constructed with an estimated total site area of 148,713.7 sq.m. for the production of the Group's pearlescent pigment products with an estimated designed annual production capacity of 30,000 tonnes.

## BUSINESS REVIEW

### PRC national policy support

Since the inception of the 14th Five-Year Plan, the new material industry has attracted much attention from the market, and it is one of the seven strategic emerging industries in the PRC. The new material industry is considered a high-tech industry with high development potential in the 21st century and has a significant impact on future development. The 14th Five-Year Plan promoted the research and development and manufacturing of high-end new materials and the demand for domestic substitution. As one of the basic materials in the new material industry, mica is currently used in the industry expressly under the policies. The synthetic mica is listed by the Ministry of Industry and Information Technology of the PRC as one of the new materials for strengthening the industrial basic capabilities, which is used in the manufacturing of new energy materials and functional fillers in the strategic emerging industries. According to the “Classification of Emerging Sectors of Strategic Importance (2018) (戰略性新興產業分類 (2018))” (Order No. 23 of the National Bureau of Statistics), mica pearlescent pigments that are classified as other new functional materials belong to the pigment manufacturing sector in the strategic emerging industries. The market size of the traditional pigments that may be replaced by pearlescent materials exceeds RMB200 billion, while the current market share of the Group of pearlescent pigments is only 11%.

New industry standards, such as the “UV-curable Coatings for Cosmetic Packaging Materials”, “Coatings for Railway Vehicles” and “Marine Fouling Self-peeling Anti-fouling Coatings”, which are promulgated by the National Technical Committee on Paints and Pigments of Standardisation Administration, set out the requirements, testing methods and the inspection rules of coatings. The release of all these new industry standards further enhance the applications of pearlescent pigments in cosmetics and automotive coatings due to its hydrophilicity and safety.

According to the “Notice of Raising Tax Rebates for Certain Exports” jointly announced by the Ministry of Finance and the State Taxation Administration of the PRC, pigments and finished products made of pigments are included in the list of export goods entitling to tax rebates and that the export tax rebate rate of pearlescent pigments, an important part of pigments, has been increased to 13%. The increased export tax rebate rate for pearlescent materials is expected to promote the export of the pigment products and improve its competitiveness in the overseas markets.

### High growth in terms of industry market size

According to the Frost & Sullivan Report, the global market size of the pearlescent materials has grown steadily over the past few years. In 2021, the global market size of the pearlescent materials amounted to RMB21.6 billion. It expects that the CAGR (compound annual growth rate) is 14.4% from 2022 to 2025 and the global market size of the pearlescent materials will reach RMB37.6 billion by 2025, in which the market size of synthetic mica-based pearlescent materials will reach RMB7.1 billion.

According to the Frost & Sullivan Report, the Group is the largest pearlescent pigment producer in the PRC by revenue in 2021 with a market share of 11.0%. In the global market, the Group is the fourth largest pearlescent pigment producer by revenue in 2021 with a market share of 3.09%. The Group’s products are sold to the customers in China and more than 30 countries and territories in Asia, Europe, Africa and South America.

## BUSINESS REVIEW

### Steady progress in terms of the Group's business development

#### Comprehensive product portfolio to ensure customer demands

The pearlescent pigment products of the Group can be broadly divided into: (a) natural mica-based pearlescent pigment products; (b) synthetic mica-based pearlescent pigment products; (c) glass flake-based pearlescent pigment products; and (d) silicon oxide-based pearlescent pigment products. The Group's pearlescent pigment products are used as colourant in diverse applications and industries, including industrial coatings, plastics, textiles and leather, cosmetics and automotive coatings. As of 30 June 2022, the Group offered four principal categories of pearlescent pigment products under different product series with different colours, particle sizes and glossiness as follows:

- (a) 521 natural mica-based pearlescent pigment products in 17 series of different colours, textures and glossiness;
- (b) 333 synthetic mica-based pearlescent pigment products in 14 series of different colours, textures and glossiness;
- (c) 43 glass flake-based pearlescent pigment products in three series of different transparency, refractive index and flake structure; and
- (d) 18 silicon oxide-based pearlescent pigment products.

#### Continue to increase investment in research and development and research and development have generated exceptional results

The Group continued to increase the investment in technological research and development and expand the number of pearlescent pigment products offered. During the 1H2022, the Group newly launched 23 natural mica-based pearlescent pigment products, 22 synthetic mica-based pearlescent pigment products and seven glass flake-based pearlescent pigment products, bringing the total number of pearlescent pigment products offered by the Group to 915 as of 30 June 2022.

In addition, two patents were successfully obtained and three invention patent applications were submitted during the 1H2022. As of 30 June 2022, the Group had a total of 35 patented technologies, four software copyrights and 27 registered trademarks and was accredited as a "National Intellectual Property Superior Enterprise (國家知識產權優勢企業)" by China National Intellectual Property Administration.

The Chesir Pearlescent New Material Research and Development Centre of the University of Zhejiang (浙江大學七色珠光新材料聯合研發中心), which commenced operation in September 2021, has achieved progress in research and development with the joint efforts of both parties in the past year. At present, the research and development of battery separator materials, insulation materials and other aspects has achieved results, and a variety of synthetic mica-based new energy battery insulation and flame retardant materials have been developed. Some research and development products are undergoing pre-application testing with a number of new energy battery manufacturers and the laboratory of Zhejiang University, and the overall progress is smooth.



## BUSINESS REVIEW

### Capture market opportunities with the commencement of the Phase 2 Production Plant

During the 1H2022, the Group continued to expand the production capacity to further consolidate the market position. As of 30 June 2022, the construction of the first stage of the Phase 2 Production Plant has been substantially completed, and the plant and equipment have been installed and tested gradually. The first stage of the commercial production is expected to commence during the third quarter of 2022, with an expected increase of 6,000 tonnes of production capacity. The new plant will focus on the production of high-end automotive graded and cosmetic graded products.

This project is a major project in Guangxi and a “Double Hundred and Double New (雙百雙新)” project. It is a green production base built with global advanced technology and the highest environmental protection standards. The Phase 2 Production Plant has adopted advanced production equipment and established an advanced production management platform data centre to realise the integration of business information, physical information and management control information, and realised intensive, procedural, standardised and intelligent management. The completion and operation of the project further improved the comprehensive competitiveness of the Group and laid a solid foundation for the increase in the market share in the future.

## FINANCIAL REVIEW

The following sets forth the management discussion and analysis of the performance of the Group during the 1H2022. Comparison has also been made to the performance of the Group during the 1H2021. Please refer to note 1 to the condensed consolidated financial statements on the bases upon which the results of the Group are prepared for the 1H2022 and 1H2021.

### REVENUE

The Group is principally engaged in the business of the production and sales of pearlescent pigment products and synthetic mica powder. The assets of the Group are substantially located in the PRC, and the Group operates one single reportable business segment, which is a strategic business unit centrally managed with the required technology and marketing strategies, and offers to its customers, a range of pearlescent pigment products, namely (a) natural mica-based pearlescent pigment products; (b) synthetic mica-based pearlescent pigment products; (c) glass flake-based pearlescent pigment products; and (d) silicon oxide-based pearlescent pigment products.

The revenue of the Group is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties.

The table below sets forth an analysis of revenue by major products:

	Six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
<b>Pearlescent pigment products</b>				
– Natural mica-based	198,592	52.0	169,788	55.3
– Synthetic mica-based	149,493	39.1	113,161	36.9
– Glass flake-based	23,635	6.2	21,937	7.1
– Silicon oxide-based	2,358	0.6	1,229	0.4
	<b>374,078</b>	<b>97.9</b>	306,115	99.7
<b>Synthetic mica powder<sup>(1)</sup></b>	<b>7,971</b>	<b>2.1</b>	912	0.3
<b>Total</b>	<b>382,049</b>	<b>100.0</b>	307,027	100.0

Note:

- (1) The Group produces synthetic mica powder of different granule sizes, which can be used by the Group for the production of synthetic mica-based pearlescent pigment products. The synthetic mica powder can also be sold to the customers of the Group, in most cases upon the customers' requests, as their raw materials for the production of functional fillers, insulating materials, refractory materials and nickel-hydrogen batteries.

The customers of the Group may be broadly divided into trading company customers and end user customers. The former will re-sell the products to their own customers with whom the Group does not have direct contractual relationship. End user customers are customers using the products of the Group for their own use and production purpose.

## FINANCIAL REVIEW

The table below sets forth an analysis of the Group's sales to trading company customers and end user customers by products:

	Six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
<b>Trading company customers</b>				
– Pearlescent pigment products	309,838	81.1	254,318	82.8
– Synthetic mica powder	—	—	143	— *
	<b>309,838</b>	<b>81.1</b>	254,461	82.8
<b>End user customers</b>				
– Pearlescent pigment products	64,240	16.8	51,797	16.9
– Synthetic mica powder	7,971	2.1	769	0.3
	<b>72,211</b>	<b>18.9</b>	52,566	17.2
<b>Total</b>	<b>382,049</b>	<b>100.0</b>	307,027	100.0

\* Value insignificant

The table below sets forth an analysis of the Group's sales to customers by locations:

	Six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
PRC	369,167	96.6	295,441	96.2
Asia <sup>(1)</sup>	2,764	0.7	5,075	1.7
Europe <sup>(2)</sup>	4,017	1.1	3,466	1.1
Africa <sup>(3)</sup>	6,101	1.6	2,884	0.9
South America <sup>(4)</sup>	—	—	161	0.1
<b>Total</b>	<b>382,049</b>	<b>100.0</b>	307,027	100.0

Notes:

- (1) Countries and territories in Asia include Pakistan, Hong Kong, Macau and Taiwan, Korea, Bangladesh, Japan, Saudi Arabia, Thailand, Turkey, Israel, India, Indonesia, Jordan and Vietnam.
- (2) European countries include Estonia, Belgium, Poland, Germany, Russia, Ukraine, Finland, Netherlands, Serbia, Switzerland, Spain, Italy and United Kingdom.
- (3) Countries in Africa include Algeria, Morocco, Tunisia and Egypt.
- (4) Countries in South America include Brazil and Chile.

## FINANCIAL REVIEW

### Sales of pearlescent pigment products

The revenue generated from sales of pearlescent pigment products increased to RMB374.1 million during the 1H2022 from RMB306.1 million during the 1H2021, representing an increase of RMB68.0 million or 22.2%. Sales of natural mica-based pearlescent pigment products increased by RMB28.8 million, or 17.0%, as compared to the 1H2021. The Group expanded its sales product mix of natural mica-based pearlescent pigment products from 164 during the 1H2021 to 272 during the 1H2022. Sales of synthetic mica-based pearlescent pigment products increased by RMB36.3 million, or 32.1%, as compared to the 1H2021. The Group expanded its sales product mix of synthetic mica-based pearlescent pigment products from 187 during the 1H2021 to 312 during the 1H2022. Sales of glass flake-based pearlescent pigment products increased by RMB1.7 million, or 7.7%, as compared to the 1H2021. The Group expanded its sales product mix of glass flake-based pearlescent pigment products from 30 during the 1H2021 to 43 during the 1H2022. Sales of silicon oxide-based pearlescent pigment products increased by RMB1.1 million, or 91.9%, as compared to the 1H2021.

### Sales of synthetic mica powder

The sales of synthetic mica powder increased to RMB8.0 million for the 1H2022 from RMB0.9 million for the 1H2021. The increase was due to the increasing demand for the synthetic mica-based pearlescent pigment products and the increase in the production of synthetic mica-based pearlescent pigment products as a result of technological improvement and the commercial operation of the additional equipment of Phase 1 Production Plant.

### Cost of goods sold

The cost of goods sold increased by 28.2% from RMB143.1 million for the 1H2021 to RMB183.5 million for the 1H2022. The increase in cost of goods sold was mainly due to the increase in the sales volume of pearlescent pigment products by 3.2% from 7,717 tonnes for the 1H2021 to 7,963 tonnes for the 1H2022 and the increase in the sales volume of synthetic mica powder by 751.5% from 22.6 tonnes for the 1H2021 to 192.45 tonnes for the 1H2022.

### Gross profit and gross profit margin

The gross profit increased to RMB195.6 million during the 1H2022 from RMB161.9 million during the 1H2021, representing an increase of 20.8%. The increase in the amount of the gross profit was primarily due to the increase in the amount of revenue. The gross profit margin for the 1H2022 was 51.2%, as compared to 52.7% for the 1H2021. The difference in the gross profit margin for the 1H2022 and the 1H2021 was insignificant.

## FINANCIAL REVIEW

### Other income and other gains and losses

The amount of other income and other gains and losses during the 1H2022 was RMB3.3 million, as compared to RMB4.4 million during the 1H2021. The decrease was primarily due to the decrease in the PRC government grants received by the Group for the research and development activities/projects undertaken by the Group by RMB1.1 million during the 1H2022.

### Reversals of impairment losses for trade and other receivables

The amount of reversals of impairment losses under the expected credit loss model during the 1H2022 was RMB43,000, as compared to RMB3.4 million during the 1H2021.

### Selling expenses

The selling expenses increased to RMB18.5 million during the 1H2022 from RMB12.5 million during the 1H2021, representing an increase of 48.5%. The increase in the amount of selling expenses was mainly due to the increase in the rental expenses of the Group's sales offices of RMB2.55 million.

### Administrative and other operating expenses

The administrative and other expenses increased to RMB45.6 million during the 1H2022 from RMB40.9 million during the 1H2021, representing an increase of 11.4%. The increase was primarily due to the increase in the expenses incurred on research and development activities of RMB5.7 million. During the 1H2022, the Group spent RMB23.7 million for its research and development activities, as compared to RMB18.0 million during the 1H2021.

### Finance costs

The finance costs decreased to RMB5.0 million during the 1H2022 from RMB6.1 million during the 1H2021, representing a decrease of 18.3%. Such decrease was primarily due to the decrease in interest payments as a result of the repayment of other borrowings of RMB1.5 million during the 1H2022.

### Income tax expense

The income tax expense increased to RMB19.2 million during the 1H2022 from RMB12.2 million during the 1H2021. The increase was primarily due to the increase in the profit before tax during the 1H2022.

### Profit for the period

As a result of the foregoing, the profit for the 1H2022 amounted to RMB110.8 million, representing an increase of 12.8%, as compared with RMB98.2 million during the 1H2021. Net profit margin decreased to 29.0% for the 1H2022, as compared to 32.0% for the 1H2021.

## FINANCIAL REVIEW

### USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

The shares (the “**Shares**”) of the Company have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 July 2021 (the “**Listing Date**”). The Over-allotment Option (as defined and described in the prospectus (the “**Prospectus**”) of the Company dated 30 June 2021) was partially exercised on 5 August 2021. The total number of new Shares issued by the Company under the global offering (the “**Global Offering**”) was 319,742,000 and the amount of the net proceeds received by the Company from the Global Offering amounted to HK\$970.2 million. The Company received the amount of the net proceeds from the Global Offering in July 2021 and August 2021, respectively.

The table below sets forth the intended use of the net proceeds from the Global Offering and actual usage for the 1H2022:

Prescribed usage	Allocation of the net proceeds from the Global Offering and the Over-allotment Option HK\$' million	Percentage to the total net proceeds %	Remaining balance as of 31 December 2021 HK\$' million	Amount utilised up to 30 June 2022	Remaining balance as of 30 June 2022	Expected timeline for the intended use
				HK\$' million	HK\$' million	
Construction of the Phase 2 Production Plant	539.5	55.6	539.5	81.6	457.9	By the first quarter of 2025
Construction of the Luzhai Synthetic Mica Plant	330.8	34.1	330.8	— <sup>(1)</sup>	330.8	By the second quarter of 2025
Increase investment in research and development facilities and testing equipment of the research and development centre	68.9	7.1	65.2	0.3	64.9	By end of 2022
Sales and marketing activities and building sales network	31.0	3.2	28.5	3.3	25.2	By end of 2023
<b>Total</b>	<b>970.2</b>	<b>100.0</b>	<b>964.0</b>	<b>85.2</b>	<b>878.8</b>	

Note:

- (1) The net proceeds from the Global Offering that would be used for the construction of a synthetic mica plant in Luzhai (the “**Luzhai Synthetic Mica Plant**”) amounted to HK\$330.8 million. During the 1H2022, however, the Group did not use any of such amount for the purpose primarily due to certain structures built on the land by a corporation could not be relocated as scheduled. The Group is liaising with the relevant government for accelerating the relocation arrangement and expects the construction can be resumed in the third quarter of 2022. The Board confirms that the proposed use of the net proceeds from the Global Offering remains unchanged and that the unutilised portion of such amount in the 1H2022 would be used during the second half of 2022 for the same purpose. There are no other changes in the completion time and the use of the net proceeds for the construction of the Luzhai Synthetic Mica Plant as originally planned.

As of the date of this report, the unutilised balance of the net proceeds from the Global Offering are deposited in licensed banks in Hong Kong and the PRC.

## FINANCIAL REVIEW

### INTERIM DIVIDEND

The Board has decided not to declare and pay any interim dividend for the 1H2022 (1H2021: Nil).

### LIQUIDITY AND FINANCIAL RESOURCES

#### Liquidity and indebtedness

The Group's business operation is generally financed by its internal financial resources and bank and other borrowings.

As of 30 June 2022 and 31 December 2021, the restricted bank balances and the bank and cash balances amounted to RMB1,644.2 million and RMB1,605.5 million, respectively. These balances were maintained at a prudent level for the purpose of satisfying the requirements for daily business operations of the Group. The increase in the bank and cash balances as of 30 June 2022 was mainly due to the increase in the cash generated from operating activities.

As of 30 June 2022 and 31 December 2021, the borrowings amounted to RMB160.3 million and RMB157.9 million, respectively. The increase in the borrowings was attributable to the new other borrowings of RMB3.9 million, offset by the repayment of other borrowings of RMB1.5 million in 1H2022.

#### Gearing ratio

The gearing ratio (calculated as total liabilities divided by total equity) of the Group was 11.7% as of 30 June 2022 (31 December 2021: 11.2%). There was no significant difference in the gearing ratio as of 30 June 2022 and 31 December 2021.

#### Net asset value

As of 30 June 2022 and 31 December 2021, the net assets of the Group amounted to RMB2,453.4 million and RMB2,342.7 million, respectively. Net asset value per Share contributed to owners of the Company as of 30 June 2022 amounted to RMB1.91, as compared to RMB1.82 as of 31 December 2021.

#### Contingent liabilities

As of 30 June 2022, the Group did not have any significant contingent liabilities.

#### Pledge of assets

As of 30 June 2022, certain property, plant and equipment, right-of-use assets and cash deposits with aggregate net book value of RMB98.6 million, as compared to RMB112.0 million as of 31 December 2021, were pledged to financial institutions as collaterals for bills payables and bank and other borrowings.

## FINANCIAL REVIEW

### CAPITAL STRUCTURE

During the 1H2022, there has been no material change in the capital structure of the Company. The capital of the members of the Group comprises ordinary shares.

Information about the share options of the Company and details of changes in the share options granted by the Company for the 1H2022 is set forth in the paragraphs under "Share Option Scheme" in the "Other Information" in this report.

### CAPITAL EXPENDITURE AND COMMITMENTS

Capital commitments represent the amount of capital expenditure contracted for as of a particular date but not yet incurred. As of 30 June 2022 and 31 December 2021, the capital commitments amounted to RMB565.3 million and RMB635.0 million, respectively, which represent the commitments to purchase property, plant and equipment and include (a) the modifications and expansions of the Phase 1 Production Plant and (b) the construction of the Phase 2 Production Plant and the Luzhai Synthetic Mica Plant and the acquisition of the related production facilities.

### FOREIGN EXCHANGE EXPOSURE

The Group has limited exposure to foreign currency risk as most of its business transactions, assets and liabilities are denominated in Renminbi, while payment for the purchase of certain imported raw materials are required to be settled in US dollars. The Group has not maintained any long-term hedging arrangement for this limited exposure as it monitors the exchange rates between Renminbi and US dollars from time to time and maintain sufficient amount of US dollars for settlement purpose.

### SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in the paragraphs under "Use of the Net Proceeds from the Global Offering" in this report, the Group did not have any significant investment, material acquisition or disposal for the 1H2022.



## FINANCIAL REVIEW

### EMPLOYEES AND REMUNERATION POLICY

Employees are one of the most important assets of the Group and their contribution and support are valuable. The Group would regularly review the employees' compensation and benefits packages to reward and recognise those with outstanding performance. Other fringe benefits, such as employees' provident fund and share options, if applicable, are provided to attract and retain talents helping the Group in success.

The Group had 553 employees in the PRC and two employees in Hong Kong as of 30 June 2022 (31 December 2021: 501 and two, respectively). The Group encourages high productivity and remunerates its employees based on their qualifications, work experience, prevailing market rates and individual contribution to the Group. Incentives in the form of bonuses and share options may also be offered to eligible employees based on individual performance. Pursuant to applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administered by responsible government authorities in the PRC for its employees there and provided a mandatory provident fund scheme to employees in Hong Kong.

### SUBSEQUENT EVENT

There was no significant event affecting the Group which occurred after 30 June 2022 and up to the date of this report.

## BUSINESS OUTLOOK

Under the leadership of the Directors and the management, the Group will follow the PRC national development strategies, maintain the strategic focus, insist on making progress while maintaining stability and work together to overcome the difficulties amid the repeated outbreak of the COVID-19 pandemic and the uncertainty caused by international geopolitical conflicts during the 1H2022. The Group will continue to uphold the mission of "Create Beautiful Colours for the World through Dedication of Premium Quality Products (奉獻精品，為世界創造美麗色彩)" and adhere to the corporate value of "Integrity, Innovation, Leadership and Harmony (誠信、創新、領先、和諧)", thereby promoting the sustainable development of the Group's business by the following strategies:

### Steady growth in pearlescent pigment industry

The Directors expect that the penetration rate of pearlescent pigment products in various industrial sectors will increase. According to Frost & Sullivan's research report, by the end of 2025, the global automotive pearlescent pigment market will reach RMB4.5 billion at a compound annual growth rate of 47.1% and the global cosmetic pearlescent pigment market will reach RMB8.7 billion at a compound annual growth rate of 32.8%. The Directors are optimistic on the long-term prospects of the industry.

### Expand new sales and distribution channel actively

The Group will actively expand marketing activities offline and online to promote newly released pearlescent pigment products and other pearlescent pigment products. The Group will actively host or participate in new product launch meetings, trade fairs, technology exchange meetings and so on. In addition, the Group has established a marketing centre in Shanghai and an online marketing team to carry out online marketing and brand popularisation on short video platforms such as TikTok and Weixin.

### Continue to increase investments in research and development

As the first stage of Phase 2 Production Plant is expected to be commenced commercial operation in the third quarter of 2022, based on the production and market positioning of the Phase 2 Production Plant, the Group's research and development initiatives will focus on the research and development of vehicle weather-resistant, cosmetic graded and functional pearlescent materials, for the purpose of preparing for the commercial operation of the Phase 2 Production Plant.

In addition, the research and development of synthetic mica-based new energy battery materials has made some progress at present. The pre-application tests are conducted smoothly. The high temperature resistance parameter of the tested products reaches 1,150°C, and the high voltage resistance breakdown parameter reaches 20KV/mm, indicating that they are of excellent product quality.

## BUSINESS OUTLOOK

### Completion of the first stage of the Phase 2 Production Plant

To further enhance the Group's production capacity, the Group will complete the construction of the Phase 2 Production Plant and the Luzhai Synthetic Mica Plant<sup>3</sup> as scheduled. The operation of the first stage of the Phase 2 Production Plant will be commenced in the third quarter of 2022, the production capacity of which is expected to be increased by 6,000 tonnes. The Group will also adjust the sales strategy based on the increase in production capacity to ensure the smooth sales of the products.

### Capture of new business opportunities

The Group will leverage the capital market platform fully in implementing the strategic measures of maintaining the balance between "organic growth with external expansion" and accelerate the implementation of the Group's various strategic layout and accelerate the business expansion by engaging in merger and acquisition activities as and when appropriate.

3 The production plant planned to be constructed with an estimated site area of 42,467.2 sq.m. for the production of synthetic mica flakes with an estimated designed annual production capacity of 30,000 tonnes.

# INDEPENDENT REVIEW REPORT



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TO THE BOARD OF DIRECTORS OF  
**GLOBAL NEW MATERIAL INTERNATIONAL HOLDINGS LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 33 which comprises the condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2022 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies 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 “IASB”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information 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 interim financial information 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.

## INDEPENDENT REVIEW REPORT

### CONCLUSION

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

### **RSM Hong Kong**

*Certified Public Accountants*

Hong Kong

27 August 2022

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Revenue</b>	4	<b>382,049</b>	307,027
Cost of goods sold		(183,488)	(143,084)
Sales related tax and auxiliary charges		(2,946)	(2,009)
<b>Gross profit</b>		<b>195,615</b>	161,934
Other income and other gains and losses		3,304	4,425
Reversals of impairment losses on trade and other receivables		43	3,435
Selling expenses		(18,516)	(12,469)
Administrative and other operating expenses		(45,558)	(40,909)
<b>Profit from operations</b>		<b>134,888</b>	116,416
Finance costs		(4,961)	(6,073)
<b>Profit before tax</b>		<b>129,927</b>	110,343
Income tax expense	5	(19,150)	(12,162)
<b>Profit for the period</b>	6	<b>110,777</b>	98,181
<b>Attributable to:</b>			
Owners of the Company		106,289	94,115
Non-controlling interests		4,488	4,066
		<b>110,777</b>	98,181
<b>Earnings per share</b>	8		
– Basic (RMB)		0.09	0.11
– Diluted (RMB)		0.09	0.11

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

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>110,777</b>	98,181
<b>Other comprehensive income:</b>		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	—	(1)
<b>Other comprehensive income for the period, net of tax</b>	<b>—</b>	(1)
<b>Total comprehensive income for the period</b>	<b>110,777</b>	98,180
<b>Attributable to:</b>		
Owners of the Company	106,289	94,114
Non-controlling interests	4,488	4,066
	<b>110,777</b>	98,180

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Note	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	630,891	571,196
Right-of-use assets		65,237	66,237
Deposits paid for acquisition of property, plant and equipment		184	184
Deferred tax assets		1,190	1,190
<b>Total non-current assets</b>		<b>697,502</b>	638,807
<b>Current assets</b>			
Inventories		142,360	101,815
Trade receivables	10	245,437	237,979
Deposits, prepayments and other receivables		10,695	20,309
Restricted bank deposits		—	40,000
Bank and cash balances		1,644,188	1,565,463
<b>Total current assets</b>		<b>2,042,680</b>	1,965,566
<b>TOTAL ASSETS</b>		<b>2,740,182</b>	2,604,373



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Note	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the Company			
Share capital	12	99,319	99,319
Reserves		2,176,459	2,070,170
		<b>2,275,778</b>	2,169,489
Non-controlling interests		177,652	173,164
<b>Total equity</b>		<b>2,453,430</b>	2,342,653
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		1,111	1,401
Deferred revenue		3,179	3,903
Deferred tax liabilities		2,992	1,369
<b>Total non-current liabilities</b>		<b>7,282</b>	6,673
<b>Current liabilities</b>			
Bank loans and other borrowings		160,291	157,889
Lease liabilities		605	629
Trade payables	11	68,479	37,563
Accruals and other payables		41,132	56,520
Contract liabilities		528	13
Deferred revenue		1,448	1,448
Current tax liabilities		6,987	985
<b>Total current liabilities</b>		<b>279,470</b>	255,047
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,740,182</b>	2,604,373

Approved by the Board of Directors on 27 August 2022 and are signed on its behalf by:

**SU Ertian**  
Director

**ZHOU Fangchao**  
Director

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Unaudited									
	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Merger reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	12,342	—	726,299	137,549	16	45,500	259,533	1,181,239	166,074	1,347,313
Total comprehensive income for the period	—	—	—	—	(1)	—	94,115	94,114	4,066	98,180
Changes in equity for the period	—	—	—	—	(1)	—	94,115	94,114	4,066	98,180
At 30 June 2021	12,342	—	726,299	137,549	15	45,500	353,648	1,275,353	170,140	1,445,493
At 1 January 2022	99,319	739,278	726,299	137,549	(15)	60,778	406,281	2,169,489	173,164	2,342,653
Total comprehensive income for the period	—	—	—	—	—	—	106,289	106,289	4,488	110,777
Changes in equity for the period	—	—	—	—	—	—	106,289	106,289	4,488	110,777
At 30 June 2022	99,319	739,278	726,299	137,549	(15)	60,778	512,570	2,275,778	177,652	2,453,430

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>108,479</b>	86,432
Purchase of property, plant and equipment	(75,262)	(83,425)
Release of restricted bank deposits	40,000	—
Interest received	3,418	1,276
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(31,844)</b>	(82,149)
Bank loans and other borrowings raised	3,902	6,992
Repayment of bank loans and other borrowings	(1,500)	(17,681)
Principal elements of lease payments	(310)	(291)
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>2,092</b>	(10,980)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>78,727</b>	(6,697)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(2)</b>	(1)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>1,565,463</b>	747,582
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>1,644,188</b>	740,884

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2021.

## 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies applied in these condensed consolidated financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2021. In the current period, the Group has adopted all the new and revised International Financial Reporting Standards (“**IFRSs**”) issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2022 but they do not have a material effect on the Group’s consolidated financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 3. SEGMENT INFORMATION

The Group has carried on a single business in a single geographical location, which is manufacturing and sales of pearlescent pigment products and synthetic mica powder in the People's Republic of China (the "PRC"), and all the assets are substantially located in the PRC. Accordingly, there is only one single business reportable segment which is regularly reviewed by the chief operating decision maker.

The Group's reportable segment is a strategic business unit that offers different products. It is centrally managed with the required technology and marketing strategies.

#### Geographical information:

The Group's revenue from external customers by location of operations are detailed below:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
The PRC	369,167	295,441
Others	12,882	11,586
Total	382,049	307,027

### 4. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products		
Pearlescent pigment products	374,078	306,115
Synthetic mica powder	7,971	912
Total	382,049	307,027

The Group derives revenue from the transfer of goods at a point in time.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax - PRC		
Provision for the period	16,548	12,141
Under-provision in prior period	979	21
	17,527	12,162
Deferred tax	1,623	—
	19,150	12,162

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of qualifying corporations established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%.

PRC Enterprise Income Tax has been provided at a rate of 25% for the six months ended 30 June 2022 (six months ended 30 June 2021: 25%).

France Corporation Tax is calculated at the applicable rate of 33.33% in accordance with the relevant law and regulations in France for the six months ended 30 June 2022 (six months ended 30 June 2021: 33.33%).

The Company and those subsidiaries incorporated in the Cayman Islands and the British Virgin Islands are not subject to income tax.

Those subsidiaries incorporated in Hong Kong and France have had no assessable profit subject to Hong Kong Profits Tax or France Corporation Tax during the six months ended 30 June 2022 and the six months ended 30 June 2021, respectively.

The income tax expense for the six months ended 30 June 2022 represents the PRC Enterprise Income Tax which is calculated at the prevailing tax rate on the taxable income of the group entities in the PRC.

Guangxi Chesir Pearl Material Co., Ltd. (廣西七色珠光材料股份有限公司) (“**Chesir Pearl**”) obtained the High and New Technology Enterprise Certificate to entitle to a preferential tax rate of 15% for the PRC Enterprise Income Tax during the six months ended 30 June 2022 (six months ended 30 June 2021: 15%), subject to annual review by the relevant authority.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 6. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Depreciation on property, plant and equipment	15,567	11,610
Depreciation on right-of-use assets	998	1,004
Research and development expenditures	23,702	17,966
Cost of inventories sold	183,488	143,084
Reversals of impairment losses on trade and other receivables	(43)	(3,435)
Listing expenses	—	8,608
Operating lease charge	2,685	477

### 7. DIVIDENDS

The Board of Directors has decided not to declare and pay any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

On 24 June 2022, a final dividend for the year ended 31 December 2021 of 3.5 HK cents per ordinary share has approved.

### 8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	106,289	94,115

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	1,191,763,586	872,021,586

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the six months ended 30 June 2021 has been adjusted for the effect of the Capitalisation Issue as more fully explained in note 12 (a) to the condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately RMB75,262,000 (six months ended 30 June 2021: RMB83,425,000).

### 10. TRADE RECEIVABLES

The aging analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance, is as follow:

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
0 to 90 days	196,842	190,817
91 to 180 days	48,469	47,160
181 to 365 days	30	—
Over 365 days	96	2
	<b>245,437</b>	<b>237,979</b>

### 11. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
0 to 90 days	67,820	36,695
91 to 180 days	272	226
181 to 365 days	108	374
Over 365 days	279	268
	<b>68,479</b>	<b>37,563</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 12. SHARE CAPITAL

	Number of shares in issue	Authorised HK\$'000	Issued and fully paid RMB'000
Share capital of the Company			
Ordinary shares of HK\$0.1 each			
At 1 January 2021 (audited)	145,336,931	8,000,000	12,342
– Share issued under the Capitalisation Issue (note (a))	726,684,655	—	60,402
– Share issued under Global Offering (note (b))	290,674,000	—	24,161
– Share issued under Over-allotment (note (c))	29,068,000	—	2,414
At 31 December 2021 (audited), 1 January 2022 (unaudited) and 30 June 2022 (unaudited)	<b>1,191,763,586</b>	<b>8,000,000</b>	<b>99,319</b>

Notes:

- (a) Pursuant to the written resolutions approved by the shareholders of the Company on 2 June 2021 and the resolutions of the directors of the Company passed on 2 June 2021, subject to the conditions set forth therein (as referred to in the paragraphs under "A. Further information about our Group — 4. Written resolutions approved by our Shareholders on 2 June 2021" in Appendix V "Statutory and General Information" to the Company's prospectus dated 30 June 2021 (the "**Prospectus**")), the directors of the Company are authorised to allot and issue a total of 726,684,655 ordinary shares of the Company (the "**Capitalisation Issue**") credited as fully paid at par to the shareholders of the Company whose names appear on the register of members of the Company as of the date of the passing of the relevant resolution approving the Capitalisation Issue, on a pro rata basis, by way of capitalisation of the sum of HK\$72,668,465.5 standing to the credit of the share premium account of the Company, and the ordinary shares of the Company to be allotted and issued pursuant to this resolution shall rank equally in all respects with the existing issued ordinary shares of the Company. The Capitalisation Issue were allotted and issued on 16 July 2021.
- (b) On 15 July 2021, 290,674,000 ordinary shares of par value of HK\$0.1 each were issued at a price of HK\$3.25 in connection with the Global Offering for a total proceeds of approximately RMB750,526,000, net of listing expenses of approximately RMB34,700,000, of which HK\$29,067,000 (equivalent to approximately RMB24,161,000) were credited to the Company's share capital and the remaining proceeds of approximately RMB726,365,000 were credited to the share premium account. The shares of the Company have been listed on the Main Board of the Stock Exchange since 16 July 2021.
- (c) On 5 August 2021, 29,068,000 ordinary shares of par value of HK\$0.1 each were issued at a price of HK\$3.25 in connection with the Global Offering under the Over-allotment Option for a total proceeds of approximately RMB75,729,000, net of listing expenses of approximately RMB2,747,000, of which HK\$2,907,000 (equivalent to approximately RMB2,414,000) were credited to the Company's share capital and the remaining proceeds of approximately RMB73,315,000 were credited to the share premium account.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 13. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2022 (as at 31 December 2021: Nil).

### 14. CAPITAL COMMITMENTS

	<b>At 30 June 2022 RMB'000 (Unaudited)</b>	<b>At 31 December 2021 RMB'000 (Audited)</b>
Contracted but not provided for:		
Property, plant and equipment	565,303	635,046

### 15. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 August 2022.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As of 30 June 2022, the interests and short positions of the Directors and chief executive of the Company or any of their associates in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) to be recorded into the register kept by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), were as follows:

Name of Directors	Nature of interest and capacity	Number of Shares or underlying Shares held	Approximate percentage of shareholding
Mr. SU Ertian (" <b>Mr. SU</b> ")	Interest in controlled corporation <sup>(1)</sup>	298,546,800	25.05%
	Interest in controlled corporation <sup>(2)</sup>	44,958,828	3.78%
	Interest in controlled corporation <sup>(3)</sup>	27,041,172	2.27%
	Interest in controlled corporation <sup>(4)</sup>	1,368,000	0.11%
	Interest in controlled corporation <sup>(5)</sup>	27,307,200	2.29%
	Interest in controlled corporation <sup>(6)</sup>	26,988,948	2.26%
Mr. ZHENG Shizhan (" <b>Mr. ZHENG</b> ")	Interest in controlled corporation <sup>(1)</sup>	298,546,800	25.05%
Mr. JIN Zengqin (" <b>Mr. JIN</b> ")	Interest in controlled corporation <sup>(5)</sup>	27,307,200	2.29%
	Interest in controlled corporation <sup>(6)</sup>	26,988,948	2.26%
Mr. HU Yongxiang (" <b>Mr. HU</b> ")	Interest in controlled corporation <sup>(7)</sup>	19,285,200	1.62%

Notes:

- (1) Guangxi Hongzun Investment Group Co., Ltd. ("**Hongzun Investment**") is owned as to 51.0% and 49.0% by Mr. SU and Mr. ZHENG, respectively. Therefore, Mr. SU and Mr. ZHENG is deemed to be interested in all the Shares held by Hongzun Investment for the purpose of the SFO. Mr. SU and Mr. ZHENG are also chairman and vice chairman of Hongzun Investment, respectively.
- (2) Ertian International Investment Limited ("**Ertian International**") is wholly-owned by Mr. SU. Therefore, Mr. SU is deemed to be interested in all the Shares held by Ertian International for the purpose of the SFO. Mr. SU is the sole director of Ertian International.
- (3) Seven Color Pearl Investment Limited ("**Seven Color Pearl Investment**") is wholly-owned by Mr. SU. Therefore, Mr. SU is deemed to be interested in all the Shares held by Seven Color Pearl Investment for the purpose of the SFO. Mr. SU is the sole director of Seven Color Pearl Investment.

## OTHER INFORMATION

- (4) The general partner of Liuzhou Lianrun Enterprise Management Partnership Enterprise (Limited Partnership) ("**Liuzhou Lianrun LP**") is Mr. SU who owns 11,000 shares of Liuzhou Lianrun LP. The original 24 individual equity holders of Guangxi Chesir Pearl Material Co., Ltd. (廣西七色珠光材料股份有限公司) ("**Chesir Pearl**"), who are limited partners and independent third parties, own 217,000 shares of Liuzhou Lianrun LP. Therefore, Mr. SU is deemed to be interested in all the Shares held by Liuzhou Lianrun LP for the purpose of the SFO. For the avoidance of doubt, there is no individual limited partner contributed more than one-third of the capital contribution of Liuzhou Lianrun LP.
- (5) The general partner of Liuzhou Qise Enterprise Management Partnership Enterprise (Limited Partnership) ("**Liuzhou Qise LP**") is Mr. SU who owns 10,000 shares of Liuzhou Qise LP. Mr. JIN, being one of the limited partners, owns 1,565,200 shares of Liuzhou Qise LP and the original 18 individual equity holders of Chesir Pearl, who are limited partners and independent third parties, own 2,976,000 shares of Liuzhou Qise LP. Therefore, Mr. SU and Mr. JIN are deemed to be interested in all the Shares held by Liuzhou Qise LP for the purpose of the SFO. For the avoidance of doubt, there is no individual limited partner (except Mr. JIN) contributed more than one-third of the capital contribution of Liuzhou Qise LP.
- (6) The general partner of Liuzhou Colorful Enterprise Management Partnership Enterprise (Limited Partnership) ("**Liuzhou Colorful LP**") is Mr. SU who owns 10,000 shares of Liuzhou Colorful LP. Mr. JIN, being one of the limited partners, owns 1,500,000 shares of Liuzhou Colorful LP and the original 18 individual equity holders of Chesir Pearl, who are limited partners and independent third parties, own 2,988,158 shares of Liuzhou Colorful LP. Therefore, Mr. SU and Mr. JIN are deemed to be interested in all the Shares held by of Liuzhou Colorful LP for the purpose of the SFO. For the avoidance of doubt, there is no individual limited partner (except Mr. JIN) contributed more than one-third of the capital contribution of Liuzhou Colorful LP.
- (7) Mr. HU is the sole director of China Banyan Capital INT Holdings Limited who owns 50 shares of China Banyan Capital INT Holdings Limited. The original 12 individual equity holders of Chesir Pearl, who are independent third parties, hold 49,950 shares of China Banyan Capital INT Holdings Limited. Therefore, Mr. HU is deemed to be interested in the Shares held by China Banyan Capital INT Holdings Limited.

Save as disclosed above, as of 30 June 2022, none of the Directors or the chief executive of the Company and any of their associates had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which was required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be recorded into the register kept by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 30 June 2022, the persons or corporations (not being a Director or chief executive of the Company) who had an interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of Shareholders	Nature of interest and capacity	Number of Shares or underlying Shares held	Approximate percentage of shareholding
Hongzun Int Investment Group Ltd. ("Hongzun International")	Beneficial owner	298,546,800	25.05%
Hongzun Investment	Interest in controlled corporation <sup>(1)</sup>	298,546,800	25.05%
Guangxi Guidong Electric Power Co., Ltd. ("Guidong Electric")	Beneficial owner <sup>(2)</sup>	108,000,000	9.06%
Guangxi Zhengrun Development Group Co., Ltd.	Interest in controlled corporation <sup>(2)</sup>	108,000,000	9.06%
Guangxi Investment Group Co., Ltd.	Interest in controlled corporation <sup>(2)(3)</sup>	184,762,344	15.50%
GX Land & Sea Connectivity Holding Ltd ("GX Land & Sea")	Beneficial owner <sup>(3)</sup>	76,726,344	6.44%
Guangxi Land & Sea Connectivity Fund (Limited Partnership)	Interest in controlled corporation <sup>(3)</sup>	76,726,344	6.44%
Guangtou Capital Management Group Co., Ltd.	Interest in controlled corporation <sup>(3)</sup>	76,726,344	6.44%
China Development Bank Capital Co., Ltd.	Interest in controlled corporation <sup>(3)</sup>	76,726,344	6.44%
Guangxi Luhai New Channel Equity Investment Management Center (Limited Partnership)	Interest in controlled corporation <sup>(3)</sup>	76,726,344	6.44%
Yououbi Investment Management (Shanghai) Co., Ltd.	Interest in controlled corporation <sup>(3)</sup>	76,726,344	6.44%
Guangxi Luhai New Channel Equity Investment Management Co., Ltd.	Interest in controlled corporation <sup>(3)</sup>	76,726,344	6.44%
Guangxi Financial Investment Group Co., Ltd.	Interest in controlled corporation <sup>(3)</sup>	76,726,344	6.44%
China Development Bank	Interest in controlled corporation <sup>(3)</sup>	76,726,344	6.44%
Central Huijin Investment Ltd.	Interest in controlled corporation <sup>(3)</sup>	76,726,344	6.44%

Notes:

- (1) Hongzun International is wholly-owned by Hongzun Investment. Therefore, Hongzun Investment is deemed to be interested in all the Shares held by Hongzun International for the purpose of the SFO. Mr. SU is the sole director of Hongzun International.

## OTHER INFORMATION

- (2) Guidong Electric is a listed company on the Shanghai Stock Exchange (stock code: 600310) and is owned as to 33.91% by Guangxi Zhengrun Development Group Co., Ltd. (which in turn is owned by Guangxi Investment Group Co., Ltd. as to 85.0%). Therefore, Guangxi Zhengrun Development Group Co., Ltd and Guangxi Investment Group Co., Ltd are deemed to be interested in all the Shares held by Guidong Electric. Guangxi Investment Group Co., Ltd. is wholly-owned by the PRC government.
- (3) GX Land & Sea is wholly-owned by Guangxi Land & Sea Connectivity Fund (Limited Partnership), which is a limited partnership established in the PRC. Guangxi Land & Sea Connectivity Fund (Limited Partnership) is owned as to 49.5% by Guangtou Capital Management Group Co., Ltd. and 49.5% by China Development Bank Capital Co., Ltd. and its general partner is Guangxi Luhai New Channel Equity Investment Management Center (Limited Partnership). Guangxi Luhai New Channel Equity Investment Management Center (Limited Partnership) is owned as to 39.6% by Yououbi Investment Management (Shanghai) Co., Ltd. and its general partner is Guangxi Luhai New Channel Equity Investment Management Co., Ltd., which in turn is owned as to 35.0% by China Development Bank Capital Co., Ltd. and 35.0% by Guangtou Capital Management Group Co., Ltd. Guangtou Capital Management Group Co., Ltd. is owned as to 51.0% by Guangxi Financial Investment Group Co., Ltd. and 49.0% by Guangxi Investment Group Co., Ltd. Guangxi Investment Group Co., Ltd is also the sole shareholder of Guangxi Financial Investment Group Co., Ltd, and is wholly-owned by the PRC government. China Development Bank Capital Co., Ltd. is wholly-owned by China Development Bank, which is owned as to 36.5% by the Ministry of Finance of the PRC and 34.7% by Central Huijin Investment Ltd. Central Huijin Investment Ltd. is wholly-owned by China Investment Co., Ltd., which in turn is wholly-owned by the PRC government. Therefore, Guangxi Land & Sea Connectivity Fund (Limited Partnership), Guangtou Capital Management Group Co., Ltd., China Development Bank Capital Co., Ltd., Guangxi Luhai New Channel Equity Investment Management Center (Limited Partnership), Yououbi Investment Management (Shanghai) Co., Ltd., Guangxi Luhai New Channel Equity Investment Management Co., Ltd., Guangxi Investment Group Co., Ltd., Guangxi Financial Investment Group Co., Ltd., China Development Bank, Central Huijin Investment Ltd. and China Investment Co., Ltd. are deemed to be interested in all the Shares held by GX Land & Sea.

Save as disclosed above, as of 30 June 2022, the Directors were not aware of any other person or corporation having an interests or short positions in Shares and underlying Shares as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) was approved and conditionally adopted pursuant to the resolutions passed by the shareholders of the Company on 2 June 2021 for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group. During the 1H2022, no share options of the Company have been granted, exercised, cancelled or lapsed under the Share Option Scheme.

## OTHER INFORMATION

A summary of the Share Option Scheme is set forth below:

1	Purpose	As incentive or rewards to eligible participants for their contribution or potential contribution to the Group.
2	Participants	<ul style="list-style-type: none"><li>(a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group (the "<b>Executive</b>"), any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group (the "<b>Employee</b>");</li><li>(b) a director or proposed director (including an independent nonexecutive director) of any member of the Group;</li><li>(c) a direct or indirect shareholder of any member of the Group;</li><li>(d) a supplier of goods or services to any member of the Group;</li><li>(e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;</li><li>(f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and</li><li>(g) an associate of any of the persons referred to in paragraphs (a) to (c) above.</li></ul>
3	Total number of securities available for issue under the Share Option Scheme together with the percentage of the issued shares that it represents as of the date of this report	A maximum of 116,269,558 shares to be allotted and issued, representing 9.76% of the issued shares of the Company as of the date of this report.
4	Maximum entitlement of each participant	1% of the Shares in issue from time to time.
5	Period within which the securities must be taken up under an option	28 days from the offer date, provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme.
6	Minimum period, if any, for which an option must be held before it can be exercised	To be determined at time of offering the grant of an option.

## OTHER INFORMATION

7	Amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid	HK\$1.0 on acceptance.
8	Basis of determining the exercise price	At the discretion of the Board at the time of grant of the option but the subscription price shall not be less than whichever the highest of: <ul style="list-style-type: none"> <li>(a) the nominal value of a Share;</li> <li>(b) the closing price of a Share in the Stock Exchange's daily quotation sheet on the date of grant; and</li> <li>(c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheet for the five business days (as defined in the Listing Rules) immediately preceding the date of grant.</li> </ul>
9	The remaining life of the Share Option Scheme	10 years from the date on which it becomes unconditional.

### PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's listed securities during the 1H2022.

### CHANGE IN INFORMATION OF DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the change in information of the Directors subsequent to the date of the 2021 annual report of the Company are as follows:

- Mr. QIN Min resigned as the non-executive Director with effect from 25 April 2022.
- Ms. ZENG Zhu appointed as the executive Director with effect from 24 June 2022.
- Mr. ZHENG Shizhan resigned as the executive Director with effect from 20 July 2022 and resigned as the vice chairman and a director of Chesir Pearl with effect from 20 July 2022.

### AUDIT COMMITTEE REVIEW

The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Group regarding the risk management and internal controls systems and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the 1H2022. The unaudited condensed consolidated financial statements for the 1H2022 have also been reviewed but not audited by the Group's external auditor, RSM Hong Kong, 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.



## OTHER INFORMATION

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as contained in the Corporate Governance Code (the "**CG Code**") set forth in Part 2 of Appendix 14 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance. The CG Code has been applicable to the Company during the 1H2022.

Pursuant to 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. Mr. SU, the chairman of the Board and the chief executive officer of the Company, currently performs these two roles. Mr. SU has been responsible for formulating overall business development strategies and leading overall operations of the Group and has been instrumental to business growth of the Group. The Board therefore considers that vesting the roles of both chairman and chief executive officer in Mr. SU is beneficial to business development of the Group by ensuring consistent leadership and enabling more effective and efficient overall strategic planning. The senior management team and the Board will provide check-and-balances of power and authority.

The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. Save for the above deviation, the Board is of the view that the Company has complied with the applicable code provisions as set forth in the CG Code for the 1H2022. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

### COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set forth in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all the Directors, they have confirmed their compliance with the required standard as set forth in the Model Code during the 1H2022.

### INTERESTS OF THE COMPLIANCE ADVISER

As notified by Essence Corporate Finance (Hong Kong) Limited ("**Essence**"), the Company's compliance adviser, save for the compliance adviser agreement entered into between the Company and Essence dated 28 June 2021 in connection with the Listing, none of Essence or its directors, employees or close associates (as defined in the Listing Rules) had any interest in the Group as of 30 June 2022, which is required to be notified to the Company pursuant to Rule 3A.19 of the Listing Rules.