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Namyue Holdings Limited
南粵控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 01058)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

Unaudited financial highlights for the six months ended 30 June			
	2022	2021	Changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	<u>42,989</u>	<u>112,398</u>	-61.8%
Loss attributable to shareholders of the Company	<u>(18,943)</u>	<u>(3,995)</u>	+374.2%
Loss per share - Basic and diluted	<u>HK\$(3.52)cents</u>	<u>HK\$(0.74)cents</u>	

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

The board of directors (the “**Board**”) of Namyue Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 together with comparative figures for the corresponding period in 2021. These results have not been audited, but have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		For the six months ended 30 June	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
REVENUE			
Processing and sale of leather	3	42,989	112,398
Cost of sales		<u>(46,445)</u>	<u>(98,979)</u>
Gross (loss)/profit		(3,456)	13,419
Other income and gains	3	981	1,429
Selling and distribution expenses		(736)	(835)
Administrative expenses		(15,999)	(13,766)
Other operating income, net		423	824
Impairment on items of plant and equipment		–	(3,595)
Finance costs	4	<u>(156)</u>	<u>(1,364)</u>
LOSS BEFORE TAX	4	(18,943)	(3,888)
Income tax expense	5	<u>–</u>	<u>(107)</u>
LOSS FOR THE PERIODS		<u>(18,943)</u>	<u>(3,995)</u>
LOSS PER SHARE	6		
– Basic and diluted		<u>HK\$(3.52) cents</u>	<u>HK\$(0.74) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIODS	(18,943)	(3,995)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to the profit or loss in subsequent periods:		
(Deficits)/surplus on revaluation of buildings	(310)	445
Income tax effect	<u>78</u>	<u>(111)</u>
	(232)	334
Other comprehensive (loss)/income that may be reclassified to the profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(5,654)</u>	<u>1,981</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<u>(5,886)</u>	<u>2,315</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIODS	<u>(24,829)</u>	<u>(1,680)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		42,897	45,434
Right-of-use assets		12,056	12,622
Total non-current assets		54,953	58,056
CURRENT ASSETS			
Inventories		94,927	91,534
Receivables, prepayments and deposits	8	51,741	59,629
Pledged bank balances		98	123
Cash and bank balances		6,356	18,942
Total current assets		153,122	170,228
CURRENT LIABILITIES			
Trade payables	9	23,897	25,068
Other payables and accruals		21,457	23,757
Tax payable		51	72
Interest-bearing bank borrowings		8,087	–
Due to a PRC joint venture partner		1,234	1,131
Total current liabilities		54,726	50,028
NET CURRENT ASSETS		98,396	120,200
TOTAL ASSETS LESS CURRENT LIABILITIES		153,349	178,256

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2022

	<i>Notes</i>	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		3,642	3,720
Total non-current liabilities		3,642	3,720
Net assets		149,707	174,536
EQUITY			
Share capital		75,032	75,032
Other reserves		74,675	99,504
Total equity		149,707	174,536

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

1. ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 “Interim financial reporting” and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The unaudited interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

The accounting policies and basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are the same as those used in the annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which also include HKASs and Interpretation) effective as at 1 January 2022.

The financial information relating to the year ended 31 December 2021 that is included in this unaudited interim condensed financial information for the six months ended 30 June 2022 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for the year but is derived from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company’s auditor has reported on those consolidated financial statements for the year ended 31 December 2021. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

(a) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to HKFRS Standards 2018 – 2020		1 January 2022

(b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contracts	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements- Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023

		Effective for annual periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

2. OPERATING SEGMENT INFORMATION

No separate analysis of segment information is presented by the Group as over 90% of the Group's revenue, results and assets relate to the processing and sale of semi-finished and finished leather in the People's Republic of China.

Information about major customers

The revenue from customers individually contributed over 10% of the consolidated revenue of the Group are as follows:

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Customer A	8,672	23,197
Customer B	7,519	20,705
Customer C	5,165	14,814
	<u> </u>	<u> </u>

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of processed leather	42,989	112,398

Revenue is recognised when goods are transferred at a point in time to customers.

Breakdown of other income and gains as follows:

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Finance income	–	71
Sale of scrap materials	–	363
Government grants	612	688
Income from subcontracted leather processing	337	236
Others	32	71
	981	1,429

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Cost of inventories sold*	46,445	101,322
Depreciation for items of plant and equipment	955	1,956
Depreciation for right-of-use assets	162	161
Interest on:		
Bank loans and discounting bills receivable to banks	144	151
Lease liabilities	12	10
Loans from the immediate holding company	–	1,111
Due to the immediate holding company	–	92
	156	1,364
Reversal of provision for inventories*	–	(2,343)

* These items are included in “Cost of sales” on the face of the condensed consolidated statement of profit or loss.

5. INCOME TAX

The applicable corporate income tax rate for Mainland China subsidiaries is 25%. The subsidiaries may additionally deduct 100% of qualified research and development expenses when calculating the taxable income. No provision for corporate income tax rate for Mainland China has been made as the Group did not generate any assessable profits arising in Mainland China during the period (six months ended 30 June 2021: approximately HK\$107,000).

The applicable corporate income tax rate for the subsidiaries in Hong Kong is 16.5%. No provision for corporate income tax rate for Hong Kong has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2021: Nil).

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Group – Mainland China		
Provision for the period	–	107
	<u> </u>	<u> </u>

6. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the period of approximately HK\$18,943,000 (six months ended 30 June 2021: approximately HK\$3,995,000) and the weighted average number of ordinary shares of 538,019,000 (as at 30 June 2021: 538,019,000) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 30 June 2022 and 2021 in the calculation of diluted loss per share as there were no dilutive events during the periods ended 30 June 2022 and 2021.

7. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

8. RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade receivables	31,470	35,140
Bills receivable	18,543	23,005
Prepayments, deposits and other receivables	<u>1,728</u>	<u>1,484</u>
	<u>51,741</u>	<u>59,629</u>

The Group's trading terms with customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 60 days of issuance, except for certain well-established customers, where the terms are extended to 150 days. Each customer has a maximum credit limit. The Group seeks to maintain tight control over its outstanding receivables in order 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 receivables relate to a large number of 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 receivables are non-interest-bearing. The carrying amounts of trade and bills receivables approximate their fair values.

An ageing analysis of the Group's trade and bills receivables as at the end of reporting period, based on the settlement due date, is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Current	47,670	58,045
Less than 3 months past due	<u>2,343</u>	<u>100</u>
	<u>50,013</u>	<u>58,145</u>

9. TRADE PAYABLES

An aging analysis of the Group's trade payables as at the end of reporting period, based on the date of receipt of goods, is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 3 months	11,246	16,628
3 to 6 months	6,197	5,440
Over 6 months	6,454	3,000
	<u>23,897</u>	<u>25,068</u>

The trade payables of the Group are non-interest-bearing and are normally settled on terms of 90 days. The carrying amounts of trade payables approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The unaudited consolidated loss attributable to shareholders of the Company for the six months ended 30 June 2022 was approximately HK\$18,943,000, representing an increase in loss of approximately HK\$14,948,000 or 374.2% from approximately HK\$3,995,000 for the corresponding period last year.

The unaudited net asset value of the Group as at 30 June 2022 was approximately HK\$149,707,000, representing a decrease of approximately HK\$24,829,000 as compared to the net asset value of approximately HK\$174,536,000 as at 31 December 2021.

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

Business Review

In the first half of 2022, with the promulgation of the national environmental protection policies and regulations as well as the implementation of phasing out outdated production capacity, competition in the leather industry intensified. Factors such as the continuous impact of the global pandemic, changes in the international trade environment and the increase in prices of bulk raw materials further tested the comprehensive strength and adaptability of leather manufacturers. During the period, the Group adhered to the direction of “Implementation of product strategy, optimization of production efficiency and upgrade of innovation” as its primary operation strategies. On the one hand, the Group strived to strengthen fundamental management and reduce costs by benchmarking against the industry and outstanding enterprises. On the other hand, it adopted the marketing strategy of “production and sales of all products” and actively scale-up the production capacity so as to improve the economies of scale and reduce the unit production cost. In addition, the Group actively expanded diversified and innovative business, enhanced the added value of its products, created new profit growing points and improved operating efficiency. During the period, gross loss was incurred from the increase in unit cost of products and the decrease in sales volume of cowhides products. As a result, there was substantial increase in operating losses given that other administrative expenses could not be reduced in line with the sales volumes.

Currently, many countries have eased their pandemic containment measures. While the symptoms of COVID-19 have generally been regressed, the global infection rate has increased in further, imposing greater pressure on Mainland China in containing the pandemic in response to imported cases. During the period, the pandemic has spread across the country, with issues such as production suspension of supply chain and disruption of logistics and transportation occurred in some of the areas, strongly impacting the stability of supply chain. Additionally, prices of raw materials such as cowhides, grey hides, chemicals, etc. have increased significantly, so do the costs of energy including natural gas, electricity, etc. Due to epidemic prevention and control in Suining County, Xuzhou, Jiangsu Province, in which the Company operates its main factory, the production operation had been suspended for weeks, resulting in decline in delivery of inventory.

In terms of environmental protection, to cope with the environmental protection standards of the national and local governments, the environmental protection control became increasingly stringent. The regulations on solid waste pollution and pollutant discharge management have been fully implemented in the first half of 2022. In addition to improving techniques and increasing investment in environmental protection, the tannery industry was also required to specifically implement standard management. During the period, the Group implemented the reconstruction project of hazardous waste warehouses, set up smart terminals and video surveillance facilities, and strengthened the analysis and monitoring of various indicators of sewage stations. It also continuously monitored the biochemical system to prevent excessive emissions and ensure a safe and stable production environment.

During the period, the total production volume of cowhides was 1,699,844 sq. ft., representing a drop of 5,048,973 sq. ft. or 74.8% as compared to 6,748,817 sq. ft. for the corresponding period last year. The production volume of grey hides was 622 tons, representing a drop of 2,314 tons or 78.8% as compared to 2,936 tons for the corresponding period last year. During the period, the total sales volume of cowhides was 772,825 sq. ft., representing a drop of 6,542,749 sq. ft. or 89.4% from 7,315,574 sq. ft. for the corresponding period last year. The sales volume of grey hides was 694 tons, representing a drop of 2,242 tons or 76.4% as compared to 2,936 tons for the corresponding period last year.

During the period, the consolidated turnover of the Group was approximately HK\$42,989,000, representing a drop of approximately HK\$69,409,000 or 61.8% from approximately HK\$112,398,000 for the corresponding period last year, of which the sales value of cowhides amounted to approximately HK\$37,823,000 (six months ended 30 June 2021: approximately HK\$100,497,000), representing a decrease of approximately HK\$62,674,000 or 62.4%, and that of grey hides and other products amounted to approximately HK\$5,076,000 (six months ended 30 June 2021: approximately HK\$11,901,000), representing a decrease of approximately HK\$6,825,000 or 42.7%. During the period, the Group took the initiative to call on its customers, focused on regional customers, and analyzed market trends and directions. It also entered into sales strategic agreements with customers, secured orders and seized market opportunities to clear inventory in a timely manner.

In terms of sales, difficulties such as overcapacity and continuous emergence of new substitute material persisted. Coupled with changing consumer demand as well as increasing customers' desire for fashion design, variety, grades and quality, the tannery industry had to develop in a diversified, personalized, intelligent and green direction as a whole. During the period, the Group actively responded to market changes, timely adjusted sales strategies in response to the market demand, increased investment in research and development through multiple channels and highlighted product advantages. New products gained recognition from the customers, and the main products managed to take the lead in the market, which greatly enhanced the competitiveness of the Group.

As at 30 June 2022, the Group's consolidated inventory amounted to approximately HK\$94,927,000 (as at 31 December 2021: approximately HK\$91,534,000), representing an increase of approximately HK\$3,393,000 or 3.7% as compared to that as at 31 December 2021. The Group continued to adhere to the business strategy of destocking and actively improved the sales and destocking rate of finished products through quality control over the whole production process, continuously monitoring of inventory costs and strengthening inventory control. During the period, on the one hand, the Group reasonably organized the production of leather sources based on the grading of leather sources and sorting standards. On the other hand, in response to the market demand, it strengthened research and development in technology, formulated production plans corresponding to finished goods based on the leather inventory structure, and actively monitored the product structure of inventory. It also conducted sales and destocking of the diversified inventory, converted slow-moving inventory into cash flow and ensured that the working capital needs met with its normal operation.

As at 30 June 2022, the Group's property, plant and equipment amounted to approximately HK\$42,897,000 (as at 31 December 2021: approximately HK\$45,434,000), representing a decrease of approximately HK\$2,537,000 or 5.6% as compared to that as at 31 December 2021.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately HK\$6,356,000 (as at 31 December 2021: approximately HK\$18,924,000), representing a drop of approximately HK\$12,586,000 or 66.4% as compared to 31 December 2021, of which 6% were in Hong Kong dollars and 94% in Renminbi. Net cash outflow from operating activities for the period was approximately HK\$8,612,000, which was mainly attributable to the increase in inventory. Net cash outflow from investing activities was approximately HK\$3,291,000, which was mainly attributable to the payment for renovations and purchase of machinery and equipment. Net cash outflow from financing activities was approximately HK\$162,000, which was mainly attributable to the payment of rental expenses.

As at 30 June 2022, the Group had interest-bearing bank borrowing of approximately HK\$8,087,000 (as at 31 December 2021: Nil). The Group's borrowings arose from short-term loans provided by a bank, which were secured by bank deposits, buildings and leasehold land prepayments of approximately HK\$50,660,000 in total and charged at a floating rate.

As at 30 June 2022, the Group's gearing ratio of interest-bearing bank borrowings to shareholders' equity was 5.3% (as at 31 December 2021: Zero). The annual interest rate of the borrowings during the period was approximately 2.5% to 3.5%. During the period, the Group's interest expenses amounted to approximately HK\$156,000, representing a drop of approximately HK\$1,208,000 or 88.6% as compared with the corresponding period of last year, which was mainly due to a waiver of its long-term unsecured loans in the September 2021, leading to minimal interest expenses incurred on bank borrowing.

Capital Expenditure

As at 30 June 2022, the net carrying amount of non-current assets including property, plant and equipment and right-of-use assets amounted to approximately HK\$54,953,000, representing a decrease of approximately HK\$3,103,000 over the net value of approximately HK\$58,056,000 as at 31 December 2021. The capital expenditure for the period amounted to approximately HK\$3,316,000 (six months ended 30 June 2021: approximately HK\$4,609,000) in total, which was mainly attributable to the payment of renovations as well as acquisition of machinery and equipment to meet the production needs of the Group.

Pledge of Assets

As at 30 June 2022, the Group's bank deposits of approximately HK\$98,000 (as at 31 December 2021: approximately HK\$123,000), buildings of approximately HK\$38,437,000 (as at 31 December 2021: approximately HK\$39,482,000) and leasehold land of approximately HK\$12,125,000 (as at 31 December 2021: approximately HK\$12,622,000) were pledged to a bank to secure general banking facilities.

Foreign Exchange Exposure

The assets, liabilities and transactions of the Group are basically denominated in Hong Kong dollars, United States dollars or Renminbi. The Group is exposed to foreign currency risk primarily from purchases from overseas suppliers that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly the United States dollars against Renminbi. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the period. Should the Group consider that its exposure to foreign currency risk justifies hedging, it may use forward or hedging contracts to reduce the risks.

Remuneration Policy for Employees

As at 30 June 2022, the Group had 352 staff (as at 31 December 2021: 364). The Group's remuneration policy is based on its operating results and the employees' performance. The Group has adopted a performance-based appraisal scheme for its employees and established an operation assessment mechanism focusing on "accountability and performance". Based on the Group's operating efficiency, the incentive scheme provides bonuses to the management, key officers and outstanding employees according to different ranking and individual performance, which effectively motivates employees to make contribution. In addition, the Group offered social and medical insurance coverage and pension schemes to all employees in different areas.

Prospects

Since the beginning of 2022, bulk commodity prices have generally increased, and the tannery industry has been facing pressure of rising raw material costs such as cowhides and chemicals. Coupled with the resurgence of the pandemic in some regions in the mainland China, the production and operation of leather processing enterprises in China are severely affected. In the second half of the year, the Group will continue to adhere to the direction of "Implementation of product strategy, optimization of production efficiency and upgrade of innovation" as its primary operation strategy, focus on strengthening asset turnover, inventory control and diversifying innovative businesses, and accelerate the realization of comprehensive turnaround as the core goal. The Group will actively strengthen its research and development in techniques and step up its efforts in developing high-end and high value-added products. In the meantime, the Group will strengthen its cost control, continue to expand its external processing business, enhance economies of scale, reduce costs and increase efficiency, and increase the selling prices of its products and the gross profit. In addition, it will continue to strengthen the identification and prediction of its key risks such as environmental protection, capital chain, safety, internal control, etc., and strengthen the normalized pandemic prevention and control to ensure its stable operation under the complex economic environment and strive to get a turnaround from loss to profit.

Change of the name of the Company

With effect from 25 July 2022, the name of the Company has been changed from “GUANGDONG TANNERY LIMITED” to “NAMYUE HOLDINGS LIMITED”. As disclosed in the announcement of the Company dated 29 September 2021, Nam Yue (Group) Company Limited a wholly-owned subsidiary of Guangdong Nam Yue Group Corporation Limited, a state-owned enterprise established in the PRC) holds 52% of the total number of ordinary shares issued by the Company and is the controlling shareholder of the Company. The Board believes that the new name of the Company will align the Company with and capitalise on the business goodwill under the reputable brand name of “NAM YUE” in the Greater Bay Area. Therefore, the Board believes that the new name of the Company is beneficial to the future business development of the Group and is in the best interests of the Company and its shareholders as a whole.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The Company had complied with the code provisions and, where appropriate, the applicable recommended best practices in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022.

Directors’ Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry to all the Directors of the Company, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2022.

Review of Interim Results

The unaudited interim results of the Group for the six months ended 30 June 2022 have been reviewed by the Audit Committee of the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2022.

By Order of the Board

Zhou Hao

Chairman

Hong Kong, 26 August 2022

As at the date of this announcement, the Board of Directors of the Company comprises two Executive Directors, namely, Mr. Zhou Hao and Mr. Sun Jun; two Non-Executive Directors, namely, Mr. Huang Junfeng and Mr. Kuang Hu; and three Independent Non-Executive Directors, namely, Mr. Yeung Man Lee, Mr. Leung Luen Cheong and Mr. Yang Ge.