



# 中國農業生態有限公司 China Eco-Farming Limited

(Continued into Bermuda with limited liability)  
(Stock Code: 8166)

**2022**  
Third  
Quarterly  
Report





## **CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report will remain on the Company’s website at <http://www.aplushk.com/clients/8166chinaeco-farming/index.html> and the “Latest Listed Company Information” page of the HKEx website for at least 7 days from the date of its posting.*



## HIGHLIGHTS

### Financial Highlights

The Company and its subsidiaries (collectively referred to as the “Group”) recorded an unaudited revenue of approximately HK\$18,311,000 for the nine months ended 30 September 2022 (the “Reporting Period”), representing a decrease of approximately 58% as compared with approximately HK\$43,219,000 for the last corresponding period.

The unaudited loss for the period attributable to owners of the Company for the Reporting Period was approximately HK\$35,006,000 (nine months ended 30 September 2021: HK\$16,579,000). The basic loss per share of the Company for the nine months ended 30 September 2022 is 26.93 HK cents (nine months ended 30 September 2021: 1.78 HK cents).

The board of directors of the Company (the “Board”) does not recommend any payment of interim dividend for the Reporting Period.



## UNAUDITED CONDENSED CONSOLIDATED QUARTERLY RESULTS

The Board hereby announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2022 together with the comparative figures for the last corresponding periods.

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

(Expressed in Hong Kong dollars)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022 \$'000	2021 \$'000 (Restated)	2022 \$'000	2021 \$'000 (Restated)
Revenue	3				
Goods and services		<b>3,933</b>	14,842	<b>18,173</b>	43,051
Rental		–	–	–	–
Interest		<b>45</b>	48	<b>138</b>	168
		<b>3,978</b>	14,890	<b>18,311</b>	43,219
Cost of sales		<b>(7,169)</b>	(13,235)	<b>(22,669)</b>	(41,662)
Gross profit		<b>(3,191)</b>	1,655	<b>(4,358)</b>	1,557
Other revenue	3	<b>822</b>	669	<b>1,425</b>	1,660
Selling and distribution expenses		<b>(131)</b>	(150)	<b>(302)</b>	(697)
Administrative expenses		<b>(5,218)</b>	(5,619)	<b>(17,257)</b>	(17,572)
Finance costs	4	<b>(1,496)</b>	(1,519)	<b>(5,742)</b>	(4,587)
Loss on disposal of investment properties		<b>(569)</b>	–	<b>(569)</b>	–
Loss on disposal of interest in subsidiaries		<b>(2,321)</b>	–	<b>(7,868)</b>	–
Share of results of associates		<b>73</b>	299	<b>363</b>	1,136
Gain/(loss) from changes in fair value of financial assets at fair value through profit or loss		<b>199</b>	(2,276)	<b>(2,280)</b>	1,939
Gain/(loss) before taxation		<b>(11,832)</b>	(6,941)	<b>(36,588)</b>	(16,564)
Taxation	5	–	–	–	–
Gain/(loss) for the period		<b>(11,832)</b>	(6,941)	<b>(36,588)</b>	(16,564)



	For the three months ended 30 September		For the nine months ended 30 September		
	Notes	2022 \$'000	2021 \$'000 (Restated)	2022 \$'000	2021 \$'000 (Restated)
Gain/(loss) for the period		<b>(11,832)</b>	(6,941)	<b>(36,588)</b>	(16,564)
Other comprehensive income/ (expense) for the period:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		<b>(3,142)</b>	159	<b>(9,548)</b>	2,012
<b>Total comprehensive income/ (expense) for the period</b>		<b>(14,974)</b>	(6,782)	<b>(46,136)</b>	(14,552)
Gain/(loss) for the period attributable to:					
– Owners of the Company		<b>(10,808)</b>	(6,996)	<b>(35,006)</b>	(16,579)
– Non-controlling interests		<b>(1,024)</b>	55	<b>(1,582)</b>	15
		<b>(11,832)</b>	(6,941)	<b>(36,588)</b>	(16,564)
Total comprehensive income/(expense) for the period attributable to:					
– Owners of the Company		<b>(13,930)</b>	(6,840)	<b>(41,897)</b>	(14,598)
– Non-controlling interests		<b>(1,044)</b>	58	<b>(4,239)</b>	46
		<b>(14,974)</b>	(6,782)	<b>(46,136)</b>	(14,552)
<b>GAIN/(LOSS) PER SHARE</b>	7				
Basic and diluted ( <i>HK cents</i> )		<b>(8.32)</b>	(0.75)	<b>(26.93)</b>	(1.78)



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022 (Expressed in Hong Kong dollars)

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital \$'000	Share premium \$'000	Contributed surplus \$'000	Investment revaluation reserve \$'000	Share option reserve \$'000	Translation reserve \$'000	Special reserve \$'000	Other reserve \$'000	Accumulated losses \$'000	Total \$'000		
<b>At 1 January 2021</b>	<b>9,325</b>	<b>6,909</b>	<b>650,298</b>	<b>(31,152)</b>	<b>1,800</b>	<b>(3,865)</b>	<b>6,026</b>	<b>(1,766)</b>	<b>(499,000)</b>	<b>138,575</b>	<b>36,560</b>	<b>175,135</b>
Profit/(loss) for the period	-	-	-	-	-	-	-	-	(16,579)	(16,579)	15	(16,564)
Other comprehensive income/(expense) for the period:												
Exchange difference arising on translating foreign operations	-	-	-	-	-	1,981	-	-	-	1,981	31	2,012
Other comprehensive income/(expense) for the period	-	-	-	-	-	1,981	-	-	-	1,981	31	2,012
Total comprehensive income/(expense) for the period	-	-	-	-	-	1,981	-	-	(16,579)	(14,598)	46	(14,552)
Placing of new shares	1,270	2,961	-	-	-	-	-	-	-	4,231	-	4,231
<b>At 30 September 2021</b>	<b>10,595</b>	<b>9,870</b>	<b>650,298</b>	<b>(31,152)</b>	<b>1,800</b>	<b>(1,884)</b>	<b>6,026</b>	<b>(1,766)</b>	<b>(515,579)</b>	<b>128,208</b>	<b>36,606</b>	<b>164,814</b>
<b>At 1 January 2022</b>	<b>1,060</b>	<b>-</b>	<b>650,298</b>	<b>(31,964)</b>	<b>1,800</b>	<b>(1,602)</b>	<b>6,026</b>	<b>(6,321)</b>	<b>(531,023)</b>	<b>88,274</b>	<b>40,906</b>	<b>129,180</b>
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(32,603)	32,603	(3,985)	(36,588)
Other comprehensive income/(expense) for the period:												
Exchange difference arising on translating foreign operations	-	-	-	-	-	(9,294)	-	-	-	(9,294)	(254)	(9,548)
Other comprehensive (expense)/income for the period	-	-	-	-	-	(9,294)	-	-	-	(9,294)	(254)	(9,548)
Rights issue	240	3,607	-	-	-	-	-	-	-	3,847	-	3,847
Transaction costs attribute to rights issue	-	-	-	-	-	-	-	-	(787)	(787)	-	(787)
Disposal of a subsidiary	-	-	-	-	-	(8,024)	-	1,193	11,219	4,388	1,268	5,656
<b>At 30 September 2022</b>	<b>1,300</b>	<b>3,607</b>	<b>650,298</b>	<b>(31,964)</b>	<b>1,800</b>	<b>(18,920)</b>	<b>6,026</b>	<b>(5,128)</b>	<b>(553,194)</b>	<b>53,825</b>	<b>37,935</b>	<b>91,760</b>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Organisation and operations

China Eco-Farming Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 30 November 2000.

The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 5 February 2002.

During the year ended 31 December 2007, the Company re-domiciled from the Cayman Islands into Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change of domicile was approved by the shareholders of the Company on 15 October 2007 and the Company was continued into Bermuda with limited liability with effect from 29 October 2007.

The registered office of the Company is Clarendon House, 2 Church street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company is 20/F, Wanchai Central Building, 89 Lockhart Road, Wanchai, Hong Kong. The directors of the Company do not consider any company to be the ultimate holding company or parent company of the Company.

During the nine months ended 30 September 2022, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the business of trading of grocery food products, trading of consumables and agricultural products, property investment, provision of money lending services, one-stop value chain services and provision of financial services.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") which is also the functional currency of the Company. Other than those subsidiaries established in the People's Republic of China (the "PRC") and incorporated in Taiwan whose functional currencies are Renminbi ("RMB") and New Taiwan dollars ("NTD") respectively, the functional currency of the Company and its subsidiaries is HK\$.

The unaudited condensed consolidated financial statements are prepared in HK\$ which is the same as the functional currency of the Company.



## 2. Principal accounting policies and basis of preparation

The unaudited condensed financial information has been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed financial results have been prepared on the historical cost basis except for the investment properties, certain financial instruments and available-for-sale investments that are measured at fair values.

The principal accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated financial results for the nine months ended 30 September 2022 are consistent with those adopted in preparing the audited consolidated financial statements of the Group for the year ended 31 December 2021 except for the following amendments and interpretation (“New HKFRSs”) issued by HKICPA which are or shall be in effect.

HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The adoption of the above New HKFRSs in the current period has had no material impact on the accounting policies of the Group and the methods of computation in the Group’s unaudited condensed consolidated financial statements.

The Group has not applied any New HKFRSs that have been issued but are not yet effective for the current accounting period.





### 3. Revenue and other revenue

An analysis of the Group's revenue and other revenue for the three months and nine months ended 30 September 2022 is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue:				
One-stop value chain services	671	–	2,198	2,648
Rental income	–	–	–	–
Trading of grocery food products	54	1,351	3,723	9,132
Trading of consumables and agricultural products	3,208	13,491	12,252	31,271
Provision of money lending services (note (i))	45	48	138	168
Provision of financial services	–	–	–	–
	<b>3,978</b>	14,890	<b>18,311</b>	43,219
Other revenue (note (ii))	<b>822</b>	669	<b>1,425</b>	1,660
	<b>4,800</b>	15,559	<b>19,736</b>	44,879

Notes:

(i) Provision of money lending services

Included in interest income from provision of money lending services was interest income of approximately HK\$138,000 for the nine months ended 30 September 2022 (nine months ended 30 September 2021: HK\$144,000), charged to Mr. Au Yeung Po Leung ("Mr. Au Yeung"), an former executive director of the Company who resigned on 30 September 2017, for aggregate loan amount of HK\$2,400,000 extended in December 2020. The loans were interest-bearing with interest rate of 8% per annum, secured by the non-listed shares 2022.



(ii) Other revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest income (note (iii))	246	574	264	1,511
Sundry income	576	95	1,161	149
	<b>822</b>	669	<b>1,425</b>	1,660

(iii) Interest income

Included in interest income are approximately HK\$264,000 for the nine months ended 30 September 2022 (nine months ended 30 September 2021: HK\$264,000) for the loan amount of approximately HK\$2,842,000 granted to Zhonghe Huaxia (Beijing) Investment Consulting Co. Ltd. ("Beijing HX") on 31 August 2016. The loan was interest-bearing with interest rate of 12% per annum, unsecured and repayable by 31 May 2017. Beijing HX was treated as associate in the consolidated financial statements of the Company until the completion of disposal of its indirect holding company, Konson Global Investments Limited on 22 April 2022.

4. Finance costs

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on borrowings (Note (i))	1,015	715	3,678	2,180
Reimbursement of finance costs borne by lenders	100	424	922	1,258
Interest on margin loan payable	116	147	415	439
Interest on balancing payment for the acquisition of further interest in subsidiaries	149	217	576	644
Interest on lease liabilities	7	16	42	66
Other	109	-	109	-
	<b>1,496</b>	1,519	<b>5,742</b>	4,587

Note:

(i) Interest on loan payable

Included in interest on loans payable were interest expenses of approximately HK\$14,000 for the nine months ended 30 September 2022, payable to Mr. So David Tat Man, an executive director of the Company, for aggregate loan amount of HK\$450,000 granted in June 2022. The loan was interest-bearing with interest rate of 10% per annum and fully repaid by 26 October 2022.



## 5. Taxation

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax	–	–	–	–
Deferred tax	–	–	–	–
Income tax credit recognised in profit or loss	–	–	–	–

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2019. No EIT is provided for the three months and nine months ended 30 September 2022 and 2021 as the Group did not derive any assessable profit subject to EIT.

The Taiwan Profit-Seeking Enterprise Income Tax is calculated at 17% of the estimated assessable profits for both years. No Profit-Seeking Enterprise Income Tax is provided for the three months and nine months ended 30 September 2022 and 2021 as the Group did not derive any assessable profit subject to Profit-Seeking Enterprise Income Tax.

## 6. Dividend

The Board does not recommend any payment of interim dividend for the nine months ended 30 September 2022 (2021: nil).



## 7. Loss per share

The calculation of the basic and diluted loss per share attributable to owners of the Company during both the three months and nine months ended 30 September 2022 and 2021 is based on the following data.

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Unaudited loss attributable to owners of the Company for the purposes of basic and diluted loss per share ( <i>HK\$'000</i> )	<b>(10,808)</b>	(6,996)	<b>(35,006)</b>	(16,579)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<b>130,001,731</b>	936,693,734	<b>130,001,731</b>	933,948,034

Diluted gain/(loss) per share is the same as basic gain/(loss) per share for the three months and nine months ended 30 September 2022. The computation of diluted gain/(loss) per share does not assume the exercise of share options to subscribe for additional shares since the exercise of share options would result in an anti-dilutive effect on the basic loss per shares for the three months and nine months ended 30 September 2022.

Diluted gain/(loss) per share is the same as basic gain/(loss) per share for the three months and nine months ended 30 September 2021. The computation of diluted gain/(loss) per share does not assume the conversion of the Company's outstanding convertible bonds and the exercise of share options to subscribe for additional shares as at 30 September 2021 since their conversion would result in an anti-dilutive effect on the basic gain/(loss) per share for the three months and nine months ended 30 September 2021.

## 8. Comparative figures

Cost of good sold from trading of consumables and agricultural products were previously included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income. To conform to current years' presentation, the above amount for the period ended 30 September 2021 have been included in cost of sales in the consolidated statement of profit or loss and other comprehensive income to facilitate a better presentation.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

During the nine months ended 30 September 2022 (the “Reporting Period”), the Group has been principally engaged in the business of one-stop value chain services, property investment, trading of grocery food products, trading of consumables and agricultural products, provision of money lending services and provision of financial services.

#### One-stop Value Chain Services

During the Reporting Period, this business segment reported a revenue of approximately HK\$2,198,000 (nine months ended 30 September 2021: HK\$2,648,000) representing a decrease of approximately 17% as compared with the last corresponding period.

In order to improve the performance of this business, during the financial year 2021, the team of this business segment puts a lot of effort and resources to find new customers. However, due to the outbreak of COVID-19 pandemic, many companies have cut their budget on information technology (IT) related services.

Facing this predicament, the team started to search for new business opportunities. They seize the opportunity and diversify the One-Stop Value Chain Services Business into the gaming industry to sell gaming related products during the second half year of 2021.

#### Property Investment

During the Reporting Period, the property investment segment reported revenue of approximately HK\$Nil (nine months ended 30 September 2021: HK\$Nil). At 30 September 2021, the Group held properties in the People’s Republic of China (the “PRC”) and Hong Kong for investment purpose amounted to approximately HK\$14,655,000 (31 December 2021: HK\$16,869,000).

#### Trading of Grocery Food Products

During the Reporting Period, the segment reported a revenue of approximately HK\$3,723,000 (nine months ended 30 September 2021: HK\$9,132,000), representing a decrease of approximately 59% as compared with the last corresponding period.

In the trading of grocery food products segment, the Group is the sole and exclusive distributor for the sale and distribution of ramen and udon products under the brand of “Nittin” (日丁) in Hong Kong, Macau and Taiwan. The trademark licence agreement and the sole distributorship agreement for ramen and udon have expired in February 2022 and the parties are discussing the future direction of this cooperation.



The Group has been devoting more resources to improve the performance of this segment, and it is from time to time looking for suitable opportunities to expand the variety of products and client base in this industry. The lockdown measures caused by the outbreak of COVID-19 pandemic makes frozen foods became popular. Therefore, the Directors decided to grip this chance to expand the product mix in this segment and entered into the frozen food industry. Starting from the second half year of 2020, after careful analysis on current market situation and environment, the Group introduced new products including imported frozen seafood. The Group obtained authorised distributor certificates for distribution of frozen seafood such as king crab, shrimp, lobster, fish, crab, and surimi stick. The frozen seafood products are from the production bases of all around the world including but not limited to Thailand, Vietnam and Norway. Also, the Group has sourced more dairy products such as bread and pastry so as to diversify its grocery food portfolio. To further enhance the business, apart from sale of grocery food products in supermarkets, the Group has made more use of online platform and social media. In the second half year of 2020, the Group started online sales through social media and launched its online sales platform on HKTVmall operated by Hong Kong Technology Venture Company Limited (stock code: 1137) to promote the products and directly reach out more potential customers. It helps the Group to further diversify the customers base and save the intermediate sales cost.

### **Trading of consumables and agricultural products**

During the Reporting Period, the trading of consumables and agricultural products segment generated revenue of approximately HK\$12,252,000 (nine months ended 30 September 2021: HK\$31,271,000), representing a decrease of approximately 61% as compared with last corresponding period.

This business segment is mainly composed of re-usable bags trading business, bulk commodities trading in resin plastics (ABS) and polyethylene (PE) and recycle of used plastic products. This segment was hit hard due to the low level on economic activities especially the re-usable bags trading business. Revenue from the recycle of used plastic products has also dropped significantly. Due to relatively high factory overhead for the recycling, this part of the business is yet to provide a positive margin.



### **Provision of money lending services**

During the Reporting Period, this segment reported a revenue of approximately HK\$138,000 (nine months ended 30 September 2021: HK\$168,000), representing a decrease of approximately 18% as compared with the last corresponding period. The Group has put its effort in maintaining, developing and expanding its money lending business. The Group's money lending business is operating by its wholly-owned subsidiary, China AF Finance Limited ("China AF Finance").

The total outstanding principal amount of loan receivables as at 30 September 2022 was HK\$8.38 million bearing interest at the rate ranging from 8% to 36%, maturing from one month to one year, with unlisted shares as collaterals.

There are only 3 borrowers. The outstanding principal amount of the largest borrower is HK\$5.02 million which account for approximately 60% of the total loan receivables. All the loans have expired and China AF Finance has instituted legal actions against two borrowers to recover the outstandings.

### **Provision of financial services**

During the period ended 30 September 2022, the Group has a licensed subsidiary, China AF Asset Management Limited, a company holding Type 4 (advising on securities) and Type 9 (asset management) licences under Securities and Futures Commission (the "SFC"). This segment also provides financial consultancy services. This segment reported a revenue for the period ended 30 September of 2022 of HK\$Nil (nine months ended 30 September 2021: HK\$Nil). This segment also had a corporate finance division operating under the name of China AF Corporate Finance Limited which ceased to operate and has made an application to SFC to revoke its licence in September 2019. The license was revoked in May 2020.

Due to unfavorable market conditions, no income was generated from consultancy services. The license of China AF Asset Management Limited was suspended due to insufficient responsible officer. An application was made to the SFC for approval of an additional responsible officer.

### **Securities investments**

The Group had equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss in aggregate of approximately HK\$10,275,000 as at 30 September 2022, representing approximately 5.09% of the Company's total assets (31 December 2021: approximately HK\$16,041,000 representing approximately 6.72% of the Company's total assets).



The Company's investment strategy is to invest in securities that have growth potential, with the aims to capture capital appreciation and diversify the Company's investment portfolio (as detailed below) in order to reduce concentration of investment risks in one industry and maximise value for the Shareholders. The composition of the investment portfolio may change from time to time during the coming year. In order to mitigate the possible financial risks related to the equities, the investment portfolio will be monitored regularly and appropriate actions would be taken whenever necessary in a prudent manner in response to changes in market situation. Below is additional information in relation to the significant investments as at 30 September 2022 and 31 December 2021:

### For the nine months ended 30 September 2022 and year ended 31 December 2021

Name of investee company	Investment cost		Number of shares held		% of shareholding		Market value		% of market value to the Group's total assets		Change in fair value		Dividends received	
	As at 30 September 2022	As at 31 December 2021	As at 30 September 2022	As at 31 December 2021	As at 30 September 2022	As at 31 December 2021	As at 30 September 2022	As at 31 December 2021	As at 30 September 2022	As at 31 December 2021	As at 30 September 2022	As at 31 December 2021	As at 30 September 2022	As at 31 December 2021
	Approximately HK\$'000				Approximately		Approximately HK\$'000		Approximately		Approximately HK\$'000		Approximately HK\$'000	
<b>Financial assets at fair value through profit or loss</b>														
Others (Note 1)	4,957	5,761	N/A	N/A	N/A	N/A	3,014	8,780	1.49%	3.68%	(2,280)	3,019	-	-
	4,957	5,761					3,014	8,780	1.49%	3.68%	(2,280)	3,019	-	-
<b>Equity instruments at fair value through other comprehensive income</b>														
Anhui Damingyuan Tourism Development Company Limited* (安徽大明園旅遊發展股份有限公司) (Note 2)	7,871	7,871	11,250,000	11,250,000	4.99%	4.99%	7,261	7,261	3.6%	3.04%	-	(610)	-	-
	7,871	7,871					7,261	7,261	3.6%	3.04%	-	(610)	-	-
<b>Total</b>	<b>12,828</b>	<b>13,632</b>					<b>10,275</b>	<b>16,041</b>	<b>5.09%</b>	<b>6.72%</b>	<b>(2,280)</b>	<b>2,409</b>	<b>-</b>	<b>-</b>

#### Notes:

- These are all listed companies on the Stock Exchange for the year ended 30 September 2022, together with their subsidiaries are mainly engaged in sales of alcoholic beverages, the provision of financial services, the provision of blockchain services, the provision of loan financing services, the provision of auction of alcoholic beverages business, provision of QR codes on product packaging and solutions and online advertising display services, the manufacture and sale of packaging products, investments and trading in securities, money lending, properties investments, securities trading, trading business and dealing in, advising on securities and asset management, futures and options broking, EPC and consultancy operations, financing and solar power generation, provision of secured financing services and microfinance services, shipping and logistics, design manufacture, supply and installation of passenger vehicle leather upholstery, supply and installation of vehicle electronic accessories, sale of refined oil and natural gas by operating refuelling stations and storage facilities, and the provision of transportation of petroleum and natural gas services.
- Anhui Damingyuan Tourism Development Company Limited\* (安徽大明園旅遊發展股份有限公司), a company listed on Shanghai Equity Exchange in the PRC until 28 February 2018, which is principally engaged in development of tourism resources business. For details, please refer to the announcements of the Company dated 19 July 2016 and 31 August 2016.

\* For identification purposes only





## FINANCIAL REVIEW

During the Reporting Period, the Group recorded an unaudited revenue of approximately HK\$18,311,000 (nine months ended 30 September 2021: HK\$43,219,000), representing a decrease of approximately 58% as compared with the last corresponding period.

Cost of sales for the Reporting Period amounted to approximately HK\$22,669,000 (nine months ended 30 September 2021: HK\$41,662,000), representing a decrease of approximately 46% as compared with the last corresponding period. The decrease was mainly due to decrease plastics and frozen foods volume.

Administrative expenses for the Reporting Period amounted to approximately HK\$17,257,000 (nine months ended 30 September 2021: HK\$17,572,000), representing a decrease of approximately 2% as compared with the last corresponding period. This decrease was mainly due to decrease in staff salary.

Finance costs for the Reporting Period was approximately HK\$5,742,000 (nine months ended 30 September 2021: HK\$4,587,000), representing an increase of approximately 25% as compared with the last corresponding period. The increase was mainly due to the increase of reimbursement of finance costs borne by lenders and interest on balancing payment for the acquisition of further interest in subsidiaries.

The Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately HK\$35,006,000 (nine months ended 30 September 2021: HK\$16,579,000). The basic loss per share of the Company for the nine months ended 30 September 2022 is 26.93 HK cents (nine months ended 30 September 2021: 1.78 HK cents).

### Liquidity and Financial Resources

During the Reporting Period, the Group financed its business operations mainly with its internally generated resources and borrowings. At 30 September 2022, the bank balances and cash of the Group was approximately HK\$2,041,000 (31 December 2021: approximately HK\$2,850,000).

At 30 September 2022, the net assets of the Group was approximately HK\$91,760,000 (31 December 2021: HK\$129,180,000) and the net current liabilities was approximately HK\$65,631,000 (31 December 2021: the net liabilities approximately HK\$34,643,000).



## **Capital Structure**

As at 30 September 2022, the Company's issued ordinary share capital with an aggregate nominal value of HK\$1,300,017.31 is divided into 130,001,731 ordinary shares of HK\$0.01 each ("Shares") (31 December 2021: HK\$1,059,552.43 divided into 105,955,243 Shares).

## **Fund Raising Activities**

The Group proposed to raise fund by way of rights issue on 3 March 2022 and has placed new shares during the financial year ended 31 December 2021.

### ***Rights Issue***

On 3 March 2022, the Group proposed to raise up to approximately HK\$8.48 million before expenses, by way of rights issue by issuing up to 52,977,621 rights shares at the subscription price of HK\$0.16 per rights share on the basis of one rights share for every two existing shares on the record date. The detail of the rights issue was disclosed in the prospectus of the Company dated 25 April 2022.

On 11 May 2022, being the Latest Time for Acceptance, a total of 1 valid acceptance of provisional allotments under the PAL had been received for a total of 920,688 Rights Shares, As the Rights Shares were under-subscribed, the valid excess application has been accepted and a total of 625,800 Excess Rights Shares will be allotted and issued to the relevant applicant in full. As a result of the under-subscription of the Rights Issue and in accordance with the terms of the Underwriting Agreement, the Underwriter, on a best effort basis, has underwritten 22,500,000 Rights Shares

After the underwriting and the Subscribers' subscription procured by the Underwriter, the Rights Issue was finally under-subscribed by 28,931,133 Rights Shares, representing approximately 54.61% of the total number of 52,977,621 Rights Shares available for subscription under the Rights Issue. Therefore, the size of the Rights Issue was reduced to 24,046,488 Rights Shares.

For detail result of the Rights Issue, please refer to the announcement of the Company dated 18 May 2022.



As the size of the Rights Issue was reduced, the gross proceeds from the Rights Issue are approximately HK\$3.85 million and the net proceeds from the Rights Issue, after deducting the underwriting commission, professional fees and all other relevant expenses, are estimated to be approximately HK\$3.06 million. The Company intends to apply the net proceeds as to approximately (i) HK\$0.8 million for payment of outstanding interest expenses; (ii) HK\$0.8 million for payment of outstanding liabilities; and (iii) HK\$1.46 million for the general working capital of the Group. The Company has applied the net proceeds of the Rights Issue in accordance with the intended use in full as at 30 September 2022.

### **Placing of new shares**

On 2 September 2021, the Company entered into the placing agreement with a placing agent. It is proposed that the placing agent would propose to offer for subscription of 186,500,000 placing shares at the placing price of HK\$0.034 per placing share. A total of 127,000,000 Placing Shares have been successfully placed and the net proceeds raised after deducting the placing commission and other relevant expenses were approximately HK\$4.1 million. Further details of the placing are set out in the announcements of the Company dated 2 September 2021 and 28 September 2021.

The net proceeds from placing were used as follows:

<b>Period under review</b>	<b>Purpose of usage</b>	<b>Aggregate amount used up to and including</b>		<b>Remaining balance of placing proceeds as the last date of the period under review</b>
		<b>Total planned amount to be used</b>	<b>31 December 2021</b>	
		<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Since completion of placing on 28 September 2021 up to and including 31 December 2021	Settlement of outstanding liabilities	2.0	2.0	0.0
	General working capital	2.1	2.1	0.0



## **Significant Investments, Acquisitions and Disposal of investment properties**

### ***Acquisition of interest in certain properties in Shenzhen, the PRC by additional acquisition of further equity interests a subsidiary***

On 17 July 2017, Yardley Wealth Management Limited (“YWML”) and Skyline Top Limited (“STL”), a wholly-owned subsidiary of the Company, entered into an agreement (the “Agreement”) pursuant to which the YWML has agreed to sell and the STL has agreed to purchase the sale shares (the “Sale Shares”), representing 50% of the issued share capital of Delightful Hope Limited (the “Target Company”) for cash consideration of HK\$55,000,000. The Target Company is a non-wholly owned subsidiary of the Company and is owned as to 50% by each of YWML and STL. Following completion, the Target Company will be wholly owned by the STL and will become an indirect wholly-owned subsidiary of the Company.

The principal assets of the Target Company consist of properties comprise 8 commercial units of a total gross floor area of approximately 1,690 sq.m. in Shenzhen City, Guangdong Province, the PRC, and a residential house in Shenzhen City, Guangdong Province, the PRC of a total gross floor area of approximately 315.23 sq.m. According to the audited consolidated account of the Target Company, the book value of the properties was approximately HK\$110,236,000 as at 31 December 2016.

The consideration payable by the STL to the YWML for the Sale Shares is HK\$55,000,000 and shall be satisfied by the STL’s payment in cash to the YWML or its nominee in the following manner: (a) as to the part payment in the sum of HK\$20,000,000, within 14 days after the date of the Agreement; (b) as to the balance of HK\$35,000,000, upon completion.

On 31 July 2017, a supplemental agreement was entered into between the parties that the part payment in the sum of HK\$20,000,000 shall be paid on or before 28 August 2017 or such later date as the parties may agree in writing. HK\$20,000,000 of the above payment has been paid.

On 17 January 2018, the parties had entered into a second supplemental agreement whereas the timing of payment of the balance of HK\$35,000,000 was extended from 17 January 2018 to 17 January 2019. On 19 March 2019, the parties had entered into a third supplemental agreement whereas the Long Stop Date has been extended from 17 January 2019 to 31 March 2020 and further extended to 30 September 2020 by a fourth supplemental agreement entered into on 31 March 2020, and payment of the remaining balance shall be paid by one or several instalments on or before the Date of Completion. As at 30 September 2022, the amount of HK\$9,246,284 remained outstanding.



### ***Disposal of subsidiaries***

On 28 September 2022, China Agricultural Finance Group Limited (“China AF Group”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (“Agreement”) with a licensed Representative of China AF Asset Management Limited (“CAAF”) (the “Purchaser”), pursuant to which China AF Group has conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from China AF Group, the Sale Shares, representing 34% the entire issued share capital of Luxury Regal Limited (“Luxury Regal”), a company wholly-owned by China AF Group, at the Consideration of HK\$136,000. Luxury Regal beneficially owned the entire issued share capital of CAAF, an indirectly wholly owned subsidiary of the Company (the “Transaction”). The Transaction was duly completed in September 2022.

After the Reporting Period, on 14 October 2022, China AF Group entered into a sale and purchase agreement (“Agreement II”) with an independent third party purchaser (“Independent Purchaser”), pursuant to which China AF Group has conditionally agreed to sell to the Independent Purchaser, and the Independent Purchaser has conditionally agreed to purchase from China AF Group, the Sale Shares, representing 33% the entire issued share capital of Luxury Regal, a company non-wholly owned by China AF Group since completion of the Transaction above, at the Consideration of HK\$132,000. Luxury Regal beneficially owned the entire issued share capital of CAAF. This transaction was duly completed in October 2022.

And on 31 October 2022, China AF Group, entered into another sale and purchase agreement (“Agreement III”) with an independent third party purchaser (“Independent Purchaser II”), pursuant to which China AF Group has conditionally agreed to sell to the Independent Purchaser II, and the Independent Purchaser II has conditionally agreed to purchase from China AF Group, the Sale Shares, representing 33% the entire issued share capital of Luxury Regal at the Consideration of HK\$132,000. Luxury Regal beneficially owned the entire issued share capital of CAAF. This transaction was duly completed and Luxury Regal and CAAF ceased to be members of the Group.

On 30 December 2021, Skyline Top Limited (“Skyline”) as vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which Skyline has conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from Skyline, the Sale Shares, representing the entire issued share capital of the Konson Global Investments Limited, a company wholly-owned by Skyline, at the Consideration of HK\$8,000,000. The disposal was completed on 22 April 2022.

Please refer to the announcements of the Company dated 30 December 2021, 14 February 2022 and 14 March 2022 for details.



On 31 December 2021, All Ready Holdings Limited (“All Ready”) as vendor, a wholly-owned subsidiary of the Company, entered into agreements with the purchaser, pursuant to which All Ready has agreed to sell to the purchaser, and the purchaser has agreed to purchase from All Ready the entire issued share capital of Ease Chance Investments Limited and Sky Success International Investment Limited, both companies were wholly-owned by All Ready, at the Consideration of HK\$1 for each company respectively. The disposals were completed on 31 December 2021.

***Disposal of certain properties in Fujian Province, the PRC***

On 6 September 2022, Fujian Seton Investment Company Limited as the vendor (“Vendor”) being an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the sale and purchase agreement (“SPA”), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the property situated at Unit 104, Block 4, Shijimingzhu, No.245 Hualin Road, Chayuan Sub-district, Jin’an District, Fuzhou City, Fujian Province, PRC (“the Disposal”). The Property has a gross floor area of 137 square metres and is for residential use (the “Property”). Pursuant to the Sale and Purchase Agreement, the Property includes all furniture and home appliances. The Property is vacant and has recorded no rental income for the past two financial years, at the consideration of RMB3,425,000 (equivalent to approximately HK\$3,876,000). On the same day, the Vendor, the Purchaser and the Service Provider entered into a service agreement, pursuant to which the Service Provider will provide a series of services in relation to the Disposal to the Vendor and the Purchaser. Upon signing of the service agreement, the Vendor and the Purchaser shall pay a service fee of RMB2,500 (equivalent to approximately HK\$2,800) to the Service Provider respectively. Up to the date of this report, an aggregate of RMB2,300,000 Deposit and Further Deposit and RMB1,125,000 remaining balance were received. Please refer to the announcement of the Company dated 6 September 2022 for details.

On 14 February 2022, Fujian Seton Investment Co Ltd\* (“Fujian Seton”), a wholly-owned subsidiary of the Company, and an Agent entered into an underwriting agreement (“Underwriting Agreement”) in relation to sales of 2 investment properties situated in Quanzhou City, Fujian Province, the PRC at a fixed price of RMB900,000 (“Underwritten Price”). The underwritten period commence from signing of the agreement and up to 13 February 2023. The Agent has to pay to Fujian Seton, the Underwritten Price in full within 30 days from signing of the Underwriting Agreement. The Underwritten Price was duly received. The 2 investment properties were sold to 2 independent third parties subsequently. All titles and ownerships have been transferred accordingly.



## **Litigation**

On 9 September 2022, Jin Hai Development (HK) Company Limited (the “Petitioner”) presented a winding-up petition against Seal Eco Advance Limited (“Seal Eco”), an indirect non wholly-owned subsidiary of the Company, in the Court of First Instance of the High Court of Hong Kong (the “Court”) under Companies (Winding-Up) Proceedings No. 323 of 2022 pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Petition”). The Petition is scheduled to be heard by the Court on 16 November 2022.

The Petitioner alleges in the Petition that Seal Eco is insolvent and unable to pay the sum of HK\$6,149,812.50 allegedly due and owing to the Petitioner.

Shenzhen Shengshi Fuqiang Technology Company Limited (Shengshi Fuqiang), a non-wholly owned subsidiary of the Company, has received a claim for lost of assets at the sum of approximately RMB1,964,000. The Plaintiff commenced civil proceedings against Shengshi Fuqiang and filed a statement that they cannot retrieve the furniture and equipment from the premises owned by Shengshi Fuqiang and was leased to the Plaintiff, and therefore Shengshi Fuqiang should compensate for the Plaintiff’s lost. Shengshi Fuqiang has made a counter-claim against the Plaintiff for outstanding rent and delay in deliver vacant possession at the sum of approximately RMB980,000. The case was first heard in Court on 26 February 2021. After second court hearing, according to the written judgement of the court, the Plaintiff will be responsible to pay to Shengshi Fuqiang an amount of RMB594,000 for claims and legal expense and Shengshi Fuqiang will be responsible to pay to the Plaintiff an amount of RMB594,000 for damages and valuation fee. The Plaintiff has made an appeal and Shengshi Fuqiang is currently seeking legal advice for the appeal.

## **Charges on Group’s Assets**

As at 30 September 2022, investments held for trading have been pledged to brokers’ account to obtain a margin loan financing of approximately HK\$4,651,000 (31 December 2021: HK\$5,934,000).

Further, the Group had charges on certain investment properties in Hong Kong to obtain term loans from money lenders in Hong Kong of approximately HK\$9,000,000 (31 December 2021: HK\$9,000,000). Furthermore, the Group had charges on certain investment properties in the PRC of approximately HK\$4,925,000 (31 December 2021: HK\$7,139,000) as securities for a term loan granted to an associate company.



### **Contingent Liabilities and Guarantee**

As at 30 September 2022, the Group has provided financial guarantee to Gold Wide Holdings Limited, which is classified as an interest in associate in the financial statements of the Group, for a term loan with a principal amount of RMB13,000,000, bearing interest of 8% per annum for a period of three years up to 14 January 2022 (31 December 2021: RMB13,000,000).

Since the term loan has not been repaid, the financial guarantee shall continue in force.

### **Capital Commitments**

As at 30 September 2022, the Group had capital commitment amounting to approximately HK\$44,081,000 (31 December 2021: HK\$47,628,000).

### **Exposure to Fluctuations in Exchange Rates**

All of the Group's assets, liabilities and transactions are mainly denominated either in Hong Kong dollars or Renminbi or New Taiwan dollars. The Directors do not consider that the Group is exposed to any material foreign currency exchange risk. Therefore, no hedging devices or any other alternatives have been implemented.

## **OUTLOOK AND PROSPECTS**

Looking ahead, apart from social unrest at some parts of the world, the global economic activities will continue being affected by the COVID-19 pandemic for some time. However, as more COVID-19 vaccines and medicines to treat the disease are being developed and people are getting vaccinated, local economy is expected to recover slowly as business activities pick up. The Group will continue allocating its resources carefully in different segments as to optimize its investment returns.

### **One-stop value chain services**

The economy of Hong Kong has been hit hard by the COVID-19 pandemic during the start of 2020 until now. Financial performances of many companies have been affected and they have minimised their budget on IT related services.

Other than the one-stop value chain services in relation to IT, the Management has diversified into the gaming industry, so as to sustain its business during this tough atmosphere in Hong Kong. The entering into of the gaming industry was originally the temporary thought of the Company. However, the Directors noticed that this industry is indeed a profitable industry even during this difficult period. In view of the global economic activities are gradually returning to normal, hopefully, the selling of gaming related products can re-gain some momentum. Overall, the Directors believe that after the recovery of COVID-19 pandemic, the economy of Hong Kong is expected to turnaround, and performance of this business will be improved.





## **Property investment**

The Group originally has few property investments in Hong Kong and the PRC. The Group is cautious of the tension between USA and China, as well as the pessimistic global atmosphere. The Group will carefully monitor its property investments portfolio.

## **Trading of consumables and agricultural products**

At the beginning of the year, the Directors considered the Consumables Trading Business has demonstrated steady growth in the past years and was optimistic about its future contribution to the Group in terms of revenue and profit.

The experience of taking part in the bulk commodities trading business in resin plastics (ABS) and polyethylene (PE) has led the Group into the recycle business of used plastic products.

The economic downturn due to COVID-19 pandemic has affected the performance of the plastic business. Even though the management still strived its best to develop and maintain the plastic business, decreased turnover and high factory overhead made maintaining operation of the business difficult. This part of the segment was temporarily suspended.

For the reusable bag business, the main business drop is due to the Hong Kong Post Office order. The business dropped in 2022 mainly due to the outbreak of the fifth wave of COVID-19 and hence a lower demand and also the new procurement procedures of the Hong Kong Post Office. But with the experience of our team and the good business track record with the Hong Kong Post Office, we have confident to secure more orders from them in the coming future. As the internal procurement procedures of the Hong Kong Post Office has been changed since 2021, and now they break down the one tender order into few separate orders quarterly. However, our company has successfully secured three purchase orders of parcel bags and mail bags this year. It is believed that the sale of re-usable bags is able to pick up when economic activities return to normal level.



The Company has always put strong effort on developing the trading of consumables and agricultural products segment. And during the year we have a business opportunity to work with a PRC stated owned company, Lanzhou New Area Free Trade Zone Import & Export Co. Ltd, to help them to source sunflower meal in the overseas market. Sunflower meal is the byproduct of oil extraction from sunflower seeds and it's an ideal animal feed with it's high protein and high fiber characters. There is an unexpected growth in demand for this product in the China market, especially after the COVID pandemic and the outbreak of the Russia-Ukraine war. As the Company have an extensive sourcing network in EU, especially in agricultural and food products, we finally identify the right product from Bulgaria/Ukraine for our Lanzhou customer. And after a long negotiation, by 1 October 2022 the Group successfully secure the distributorship of China market from the supplier. As a result, our Lanzhou customer has entered into a contract with us in the sum of US\$1,800,000 for the purchase of the sunflower meal. With the distributorship and increasing demand in PRC market, the revenue of the food trading business is expected to grow steady in the foreseeable future.

### **Trading of grocery food products**

Demand for frozen or fresh fish, livestock and poultry has increased the most in 2020 and continued in 2021 no matter for non-supermarket shops or supermarkets. The Directors believed that this was due to the outbreak of COVID-19 pandemic which most people prefer to stay at home to prevent infection. Apart from udon and ramen, the Directors decided to widen its food products portfolio in the second half year of 2020 to cater the needs of the market and introduced different varieties of frozen seafood.

For the frozen food business, the business dropped mainly because of the unexpected fifth wave outbreak of COVID in Hong Kong early this year. The impact is significantly strong as most of the market players suffered from it in different aspects. Downstream clients request to extend for a longer payment terms, which will eventually tighten the company's cashflow and hence a slower business cycle is resulted. Meanwhile the bad economic also discouraged the spending of people, which resulted a lower demand.

The Directors believed that people's consciousness on health will remain for a period of time, such that demand for frozen or fresh fish, livestock and poultry should remain stable. Therefore, the Directors will from time to time source more varieties of frozen seafood to expand market share in the frozen food sector. Also, the Directors will source more dairy products such as bread and pastry to diversify the risk the Group's food product portfolio.

The Group will also put more use of online platform and social media to enhance the business. The Directors target to explore the foreign grocery food market. They will discover more online platforms in other countries so as to broaden its customer base to all over the world.



The Directors will continue their discussion with food importers and brand owners for distributing certain brands of food and beverage. It is expected that more food and beverage will be launched in supermarkets and online sales platform of the Group.

With the experienced procurement and sales team of the Group, the Group is optimistic that the Grocery Food Trading Business, no matter online or offline, will progressively pick up in the future and revenue of this business will be improved after introducing more varieties of food products and broadening of customer base.

The bright side is, the economy is recovering in the second half of the year, and the market is reactivated and the number of POs is increasing. The company is very optimistic to the upcoming months and we also expected a significant rebound in the market.

### **Provision of money lending services**

Under the current economy environment, the Directors believe that there will be increase demand of money lending of individuals or corporate customers. However, at the same time, risk of default may increase as it may be hard for the customers to repay the loan at this difficult time. The management will further enhance the loan approval procedures and carefully filter and screen out customers with high risks in order to protect the interest of the Group. The Directors are more cautions in the development of the money lending business. The Group will continue to maintain sound credit control policy to balance the finance income against credit risk from respective borrowers.

### **Provision of financial services**

The performance of the financial services business was not satisfactory. In addition to the global economic downturn and uncertainty of the Hong Kong economy brought by the fifth wave of COVID-19 pandemic, the geographical threats deteriorated as war broke out between Russia and Ukraine. Further to the United State sanctions imposed to Hong Kong on August 2020 and the tension between United State and China, Hong Kong financial institutions face the unknown threats that might harm the Hong Kong economy.

In view of the abovementioned, the Directors considered the financial service industry is unfavourable in the long-term and decided to scale down the financial services business. The Group will, depending on the market conditions, reallocate its resources from the financial services to develop other businesses that the Group expected to have a brighter prospect.



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

As at 30 September 2022, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

Long position in the underlying shares in respect of the share options of the Company (which were regarded as unlisted physically settled equity derivatives) granted under the Share Option Scheme adopted by the Company on 6 May 2011 which lapsed on 5 May 2021:

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Outstanding as at 1 January 2022	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 September 2022
So David Tat Man	7 December 2020	0.5506	7 December 2020 – 6 December 2025	935,738	-	-	-	935,738

## DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above, at no time during the Reporting Period, there subsisted arrangements to which the Company or any of its subsidiaries is a party, being arrangements whose subjects are, or one of whose objects is, to enable any of the directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate, and none of the directors of the Company, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company during the Reporting Period.



## SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware of and having made due enquiries, as at 30 September 2022, the following parties, other than the Directors or the chief executive of the Company, had interests or short positions directly or indirectly in the shares and underlying shares of the Company disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

### Long positions in the shares and underlying shares of the Company:

Name	Capacity	Number of Shares	Approximate percentage of the Company's issued share capital (Note 1)
So Chi Ming ("Mr. So") (Note 1)	Beneficial owner, interest of spouse and interest of controlled corporation	16,167,000 (Notes 2)	12.44%
Yeung Sau Han Agnes ("Ms. Yeung")	Beneficial owner, interest of spouse and interest of controlled corporation	16,167,000 (Notes 2)	12.44%
Ever Better Holdings Limited ("Ever Better")	Interest of controlled corporation	14,635,000 (Notes 2)	11.26%
A S Investment Holdings Limited ("A S Investment")	Beneficial owner	14,635,000 (Notes 2)	11.26%
Value Convergence Holdings Limited	Beneficial owner and interest of controlled corporation	12,161,000	9.35%
VC Financial Group Limited	Interest of controlled corporation	11,300,000	8.69%
VC Brokerage Limited	Beneficial owner	11,300,000	8.69%



*Notes:*

1. Mr. So is uncle of So David Tat Man, an executive director of the Company.
2. Mr. So and Ms. Yeung are spouses. Based on the disclosure of interests forms both filed on 1 September 2020 by Mr. So and Ms. Yeung, Mr. So has an interest of 1,190,400 Shares as beneficial owner, and Ms. Yeung has an interest of 342,000 Shares as beneficial owner. By virtue of the SFO, Mr. So is deemed to be interested in the Shares owned by Ms. Yeung and Ms. Yeung is deemed to be interested in the Shares owned by Mr. So. A S Investment has an interest of 14,635,200 Shares as beneficial owner. A S Investment is wholly-owned by Ever Better. Ever Better is owned as to 50% by Mr. So and 50% by Ms. Yeung.
3. VC Brokerage Limited is wholly-owned by VC Financial Group Limited (“VC Financial”). VC Financial is wholly-owned by Value Convergence Holdings Limited (“VC Holdings”). VC Holdings is a company listed on the main board of The Hong Kong Stock Exchange Limited. VC Holdings has an interest of 861,000 Shares as beneficial owner.

Save for disclosed above, the Company is not aware of any other person, other than a director or the chief executive of the Company, who held interests or short positions in the shares and underlying shares of the Company as at 30 September 2022 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme on 6 May 2011 (the “Share Option Scheme”) which was for a period of 10 years lapsed on 5 May 2021. During the Reporting Period, no share options have been granted under the share option scheme.

## **COMPETING INTERESTS**

None of the Directors or controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that compete with the business of the Group or has or may have any other conflict of interest with the Group during the Reporting Period.

## **CORPORATE GOVERNANCE**

The Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules throughout the Reporting Period except for the following deviation:



Provision A.2.1 of the CG Code prescribed, among others, the roles of chairman of the Board and chief executive of the Company should be separate and should not be performed by the same individual. During 1 January 2022 to 14 February 2022, the Company did not appoint a chairman of the Board. However, on 14 February 2022, the Company has appointed a chairman of Board and a chief executive officer and was complied the applicable code provision.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Code”). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code during the Reporting Period.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

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

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) on 31 July 2001 with written terms of reference in compliance with GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and the internal control and risk management system of the Group. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Yuen Wai Man (Chairman of the Audit Committee), Mr. Yick Ting Fai, Jeffrey and Mr. Zhang Min.

The unaudited condensed consolidated financial results of the Group for the Reporting Period have been reviewed by the Audit Committee.

By Order of the Board  
**China Eco-Farming Limited**  
**Liu Chun Fai**  
*Chairman & Executive Director*

Hong Kong, 10 November 2022

*As at the date of this report, the executive Directors are Mr. Liu Chun Fai (Chairman), Mr. Tin Ka Pak, Timmy (Chief Executive Officer), Mr. So David Tat Man and Mr. Ng Cheuk Fan, Keith; the independent non-executive Directors are Mr. Yick Ting Fai, Jeffrey, Mr. Zhang Min and Ms. Yuen Wai Man.*