



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

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



## 2023

*Interim Report*

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**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, for which the directors of China Eco-Farming Limited (the “Company”) (the “Director(s)”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

*This report will remain on the Company’s website at <http://www.chinaeco-farming.com> and the “Latest Listed Company Information” page of the GEM 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\$18,960,000 for the six months ended 30 June 2023 (the “Reporting Period”), representing an increase of approximately 32% as compared with approximately HK\$14,333,000 for the last corresponding period.

The unaudited loss for the period attributable to owners of the Company for the Reporting Period was approximately HK\$2,033,000 (six months ended 30 June 2022: HK\$24,198,000). The basic loss per share of the Company for the six months ended 30 June 2023 is 1.56 HK cents (six months ended 30 June 2022: 18.61 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 INTERIM RESULTS

The Board hereby announces the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2023 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 June		For the six months ended 30 June	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue					
Goods and services		9,458	5,469	18,872	14,240
Interest		44	46	88	93
	3	9,502	5,515	18,960	14,333
Cost of sales		(8,907)	(5,481)	(17,726)	(15,500)
Gross profit/(loss)		595	34	1,234	(1,167)
Other revenue	3	528	256	1,243	603
Selling and distribution expenses		(66)	(10)	(136)	(171)
Administrative expenses		164	(7,025)	(5,101)	(12,039)
Finance costs	5	(698)	(2,727)	(1,606)	(4,246)
Share of results of associates		237	83	412	290
Loss on disposal of a subsidiary		-	(5,547)	-	(5,547)
Gain on disposal of motor vehicle		13	-	13	-
(Loss)/Gain from changes in fair value of financial assets at fair value through profit or loss		2,525	(1,022)	1,840	(2,479)
Gain/(loss) before taxation		3,298	(15,958)	(2,101)	(24,756)
Taxation	6	-	-	-	-
Gain/(loss) for the period	7	3,298	(15,958)	(2,101)	(24,756)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Gain/(loss) for the period		<b>3,298</b>	(15,958)	<b>(2,101)</b>	(24,756)
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>(5,492)</b>	(6,223)	<b>(8,477)</b>	(6,406)
Other comprehensive expense for the period		<b>(5,492)</b>	(6,223)	<b>(8,477)</b>	(6,406)
Total comprehensive expense for the period		<b>(2,194)</b>	(22,181)	<b>(10,578)</b>	(31,162)
Gain/(loss) for the period attributable to:					
– Owners of the Company		<b>3,390</b>	(15,969)	<b>(2,033)</b>	(24,198)
– Non-controlling interests		<b>(92)</b>	(11)	<b>(68)</b>	(558)
		<b>3,298</b>	(15,958)	<b>(2,101)</b>	(24,756)
Total comprehensive expense for the period attributable to:					
– Owners of the Company		<b>(1,636)</b>	(19,496)	<b>(7,888)</b>	(27,967)
– Non-controlling interests		<b>(558)</b>	(2,685)	<b>(2,690)</b>	(3,195)
		<b>(2,194)</b>	(22,181)	<b>(10,578)</b>	(31,162)
GAIN/(LOSS) PER SHARE	9				
Basic and diluted ( <i>HK cents</i> )		<b>2.61</b>	(21.51)	<b>(1.56)</b>	(18.61)



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Notes	At 30 June 2023 \$'000 (Unaudited)	At 31 December 2022 \$'000 (Audited)
<b>Non-current assets</b>			
Plant and equipment	10	174	112
Investment properties		9,610	9,780
Intangible asset		758	758
Interests in associates		24,223	23,811
Equity Instruments at fair value through other comprehensive income	11	2,865	2,865
Deposits paid		96,710	98,396
		<b>134,340</b>	135,722
<b>Current assets</b>			
Inventories		471	–
Trade and other receivables	12	2,614	19,860
Loan and interest receivables		1,011	1,328
Financial assets at fair value through profit or loss		4,863	3,375
Restricted bank balance		620	649
Bank balances and cash		897	1,161
		<b>10,476</b>	26,373

	<i>Notes</i>	<b>At 30 June 2023 \$'000 (Unaudited)</b>	At 31 December 2022 \$'000 (Audited)
<b>Current liabilities</b>			
Trade and other payables	13	<b>29,931</b>	40,096
Contract liabilities		<b>3,946</b>	4,243
Amount due to non-controlling interests		<b>2,745</b>	2,745
Borrowings	14	<b>41,468</b>	37,781
Margin loan payables		<b>5,009</b>	4,768
Financial guarantee contract		<b>-</b>	141
Income tax payable		<b>361</b>	387
		<b>83,460</b>	90,161
<b>Net current liabilities</b>		<b>(72,984)</b>	(63,788)
<b>Total assets less current liabilities</b>		<b>61,356</b>	71,934
<b>Net assets</b>		<b>61,356</b>	71,934
<b>Capital and reserves</b>			
Share capital	15	<b>1,300</b>	1,300
Reserves		<b>26,430</b>	34,318
Equity attributable to owners of the Company		<b>27,730</b>	35,618
Non-controlling interests		<b>33,626</b>	36,316
<b>Total equity</b>		<b>61,356</b>	71,934

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 (Expressed in Hong Kong dollars)

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Investment revaluation reserve	Share option reserve	Translation reserve	Special reserve	Other reserve	Accumulated losses	Subtotal		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2022</b>	1,060	-	650,298	(31,964)	1,800	(1,602)	6,026	(6,321)	(531,023)	88,274	40,906	129,180
Loss for the period	-	-	-	-	-	-	-	-	(24,198)	(24,198)	(588)	(24,756)
Other comprehensive expense for the period:												
Exchange difference arising on translating foreign operations	-	-	-	-	-	(3,769)	-	-	-	(3,769)	(2,637)	(6,406)
Other comprehensive (expense)/income for the period	-	-	-	-	-	(3,769)	-	-	-	(3,769)	(2,637)	(6,406)
Rights issue	240	3,607	-	-	-	-	-	-	-	3,847	-	3,847
Transaction costs attribute to rights issue	-	-	-	-	-	-	-	-	(787)	(787)	-	(787)
Disposal of a subsidiary	-	-	-	-	-	(1,740)	-	5,823	13,547	17,630	(1,448)	16,182
Total comprehensive (expense)/income for the period	240	3,607	-	-	-	(1,740)	-	5,823	(12,760)	20,690	(1,448)	19,242
<b>At 30 June 2022</b>	1,300	3,607	650,298	(31,964)	1,800	(7,111)	6,026	(498)	(542,461)	80,997	36,263	117,260
<b>At 1 January 2023</b>	1,300	2,820	650,298	(35,899)	1,800	8,976	6,026	(1,766)	(597,937)	35,618	36,316	71,934
Loss for the period	-	-	-	-	-	-	-	-	(2,033)	(2,033)	(68)	(2,101)
Other comprehensive expense for the period:												
Exchange difference arising on translating foreign operations	-	-	-	-	-	(5,855)	-	-	-	(5,855)	(2,622)	(8,477)
Other comprehensive expense for the period	-	-	-	-	-	(5,855)	-	-	-	(5,855)	(2,622)	(8,477)
<b>At 30 June 2023</b>	1,300	2,820	650,298	(35,899)	1,800	3,121	6,026	(1,766)	(599,970)	27,730	33,626	61,356



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***(Expressed in Hong Kong dollars)*

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Net cash from/(used in) operating activities	<b>(3,812)</b>	719
Net cash from/(used in) investing activities	<b>1,686</b>	(1,887)
Net cash from/(used in) financing activities	<b>1,745</b>	(116)
Net (decrease)/increase in cash and cash equivalents	<b>(381)</b>	(1,284)
Cash and cash equivalents at the beginning of period	<b>1,161</b>	2,850
Effect of foreign exchange rates changes, net	<b>114</b>	28
Non-cash transaction	<b>3</b>	–
Cash and cash equivalents at the end of period, represented by bank balances and cash	<b>897</b>	1,594

## 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 addresses of the registered office is Clarendon House, 2 Church street, Hamilton HM11, Bermuda, and the principal place of business of the Company is Room 707, 7/F, Capital Centre, 151 Gloucester 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 six months ended 30 June 2023, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the business of one-stop value chain services, property investment, distribution business, provision of money lending 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”) whose functional currencies is Renminbi (“RMB”), 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 six months ended 30 June 2023 are consistent with those adopted in preparing the audited consolidated financial statements of the Group for the year ended 31 December 2022 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>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 36	Lease Liability in a Sale and Leaseback <sup>3</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	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2025.

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 six months ended 30 June 2023 is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue:				
One-stop value chain services	–	283	–	1,527
Distribution business	9,458	5,186	18,872	12,713
Provision of money lending services (note (i))	44	46	88	93
	9,502	5,515	18,960	14,333
Other revenue (note (ii))	528	256	1,243	603
	10,030	5,771	20,203	14,936

Notes:

(i) Provision of money lending services

Included in interest income from provision of money lending services was interest income of approximately HK\$88,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$93,000), charged to Mr. Au Yeung Po Leung ("Mr. Au Yeung"), a former executive director of the Company who resigned on 30 September 2017 for aggregate loan amount of HK\$2,400,000. The loans were interest-bearing with interest rate of 8% per annum, secured by the non-listed shares.

(ii) Other revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest income (note (iii))	90	–	178	18
Sundry income	438	256	1,065	585
	528	256	1,243	603

*(iii) Interest income*

Included in interest income are approximately HK\$178,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$18,000) 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 is treated as associate in the consolidated financial statements of the Company.

**4. Segment information**

The Group's operating segments, based on information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- |    |                                     |   |   |
|----|-------------------------------------|---|---|
| 1. | One-stop value chain services       | – | provision of total solution services including trading, packaging and logistic solutions              |
| 2. | Property investment                 | – | generated rental income from operating leases of Group's investment properties                        |
| 3. | Distribution business               | – | processing and trading of consumables and agricultural products, and trading of grocery food products |
| 4. | Provision of money lending services | – | provision of money lending services   |
| 5. | Provision of financial services     | – | provision of financial and investment advisory and corporate finance services                         |

**Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Unaudited six months ended 30 June 2023					
	One-stop value chain services HK\$'000	Property investment HK\$'000	Distribution business HK\$'000	Provision of money lending services HK\$'000	Provision of financial services HK\$'000	Total HK\$'000
REVENUE						
External sales	-	-	18,872	88	-	18,960
Segment profit	-	-	1,146	88	-	1,234
Unallocated corporate other revenue						1,243
Unallocated corporate expenses						(5,237)
Gain/(loss) from changes in fair value of financial assets at fair value through profit or loss						1,840
Share of results of associates						412
Finance costs						(1,606)
Gain on disposal of motor vehicle						13
Loss before taxation						(2,101)

	Unaudited six months ended 30 June 2022					
	One-stop value chain services HK\$'000	Property investment HK\$'000	Distribution business HK\$'000	Provision of money lending services HK\$'000	Provision of financial services HK\$'000	Total HK\$'000
REVENUE						
External sales	1,527	-	12,713	93	-	14,333
Segment loss	47	-	(1,307)	93	-	(1,167)
Unallocated corporate other revenue						603
Unallocated corporate expenses						(12,210)
Loss from changes in fair value of financial assets at fair value through profit or loss						(2,479)
Share of results of associates						290
Finance costs						(4,246)
Loss on disposal of a subsidiary						(5,547)
Loss before taxation						(24,756)



The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration expenses, directors' emoluments, other gain or loss, decrease in fair value of financial assets at FVTPL, share of result of associates and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

Revenue from external customers	For the three months end 30 June		For the six months end 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong	2,106	5,186	4,832	12,713
The PRC	7,352	–	14,040	–
Australia	–	283	–	1,527
	<b>9,458</b>	5,469	<b>18,872</b>	14,240

## 5. Finance costs

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on borrowings	391	1,938	998	2,673
Reimbursement of finance costs borne by lenders	–	411	–	822
Interest on margin loan payable	122	152	241	299
Interest on balancing payment for the acquisition of further interest in subsidiaries	185	215	367	427
Interest on lease liabilities	–	11	–	35
	<b>698</b>	2,727	<b>1,606</b>	4,246

## 6. Taxation

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 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 PRC 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 2018. No EIT is provided for the three months and six months ended 30 June 2023 and 2022 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 six months ended 30 June 2023 and 2022 as the Group did not derive any assessable profit subject to Profit-Seeking Enterprise Income Tax.

**7. Gain/(loss) for the period**

	For the three months ended 30 June		For the six months ended 30 June	
	<b>2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2022 <i>HK\$'000</i> (Unaudited)	<b>2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2022 <i>HK\$'000</i> (Unaudited)
Loss for the period has been arrived at after charging:				
Directors' and chief executive's emoluments	<b>970</b>	986	<b>1,855</b>	1,874
Other staff costs (excluding directors' and chief executive's emoluments)	<b>1,193</b>	1,027	<b>2,394</b>	3,399
Retirement benefits scheme contributions (excluding directors and chief executive)	–	75	–	169
	<b>2,163</b>	2,088	<b>4,249</b>	5,442
Auditors' remuneration	<b>234</b>	205	<b>468</b>	394
Cost of inventories recognised as an expense	<b>8,907</b>	5,482	<b>17,726</b>	15,500
Depreciation for plant and equipment	<b>13</b>	48	<b>31</b>	166
Depreciation of right-of-use assets	–	115	–	252

**8. Dividend**

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2023 (2022: nil).

## 9. Gain/(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 six months ended 30 June 2023 and 2022 is based on the following data.

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Unaudited gain/(loss) attributable to owners of the Company for the purposes of basic and diluted loss per share (HK\$'000)	<b>3,390</b>	(15,969)	<b>(2,033)</b>	(24,198)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<b>130,001,731</b>	130,001,731	<b>130,001,731</b>	130,001,731

Diluted gain/(loss) per share is the same as basic gain/(loss) per share for the three months and six months ended 30 June 2023. 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 gain/(loss) per share for the three months and six months ended 30 June 2023.

Diluted loss per share is the same as basic loss per share for the three months and six months ended 30 June 2022. The computation of diluted 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 June 2022 since the conversion of outstanding convertible bonds and exercise of share options would result in an anti-dilutive effect on the basic loss per share for the three months and six months ended 30 June 2022.

## 10. Plant and equipment

During the six months ended 30 June 2023, the Group did not acquired items of plant and equipment (six months ended 30 June 2022: approximately HK\$173,000).

**11. Equity instruments at fair value through other comprehensive income**

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Unlisted investments: Equity securities ( <i>Note a</i> )	<b>2,865</b>	2,865

*Note:*

- (a) The unlisted equity investments of approximately HK\$2,865,000 as at 30 June 2023 (31 December 2022: HK\$2,865,000) represent investments in unlisted equity securities issued by private entities incorporated in the PRC.

**12. Trade and other receivables**

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Trade receivables arise from contracts with customers ( <i>Note (a)</i> )	<b>82</b>	19,190
Less: Allowance for credit losses	-	(13,312)
	<b>82</b>	5,878
Prepayment to suppliers	<b>1,626</b>	4,166
Deposit	<b>70</b>	40
Other receivables	<b>836</b>	24,694
	<b>906</b>	24,734
Less: Allowance for credit losses	-	(14,918)
	<b>906</b>	9,816
	<b>2,614</b>	19,860

- (a) The credit period granted to the Group's trade customers generally ranges from 0 days to 90 days (31 December 2022: 0 days to 90 days). The ageing analysis of trade receivables presented based on the invoice dates, which approximates the respective revenues recognition dates, at the end of the Reporting Period, which is as follows:

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
0 to 30 days	<b>82</b>	5,298
31 to 90 days	-	563
Over 90 days	-	17
	<b>82</b>	5,878

### 13. Trade and other payables

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Trade payables	<b>13,470</b>	9,853
Other payables	<b>16,461</b>	30,243
	<b>29,931</b>	40,096

The following is an aged analysis of trade payables presented based on the invoice date at the end of the Reporting Period.

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
0 to 30 days	<b>3,617</b>	3,114
31 to 90 days	<b>4,757</b>	2,739
Over 90 days to 1 year	<b>1,097</b>	1
Over 1 year	<b>3,999</b>	3,999
	<b>13,470</b>	9,853



**14. Borrowings**

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Other borrowings, unsecured ( <i>Note a</i> )	<b>9,000</b>	23,398
Other borrowing, secured ( <i>Note b</i> )	<b>32,468</b>	14,383
<b>Total borrowings</b>	<b>41,468</b>	37,781

*Notes:*

- (a) The unsecured other borrowing was obtained from Lender A. According to the loan agreement, the Group has to reimburse Lender A for its costs of financing, which includes the interest rate of 8% per annum borne by Lender A. Those reimbursements have been recognised as financial costs of the Group for the year ended 30 June 2023. On 21 February 2022, the Group and Lender A entered into a supplemental agreement, pursuant to which the deadline for repayment and discharge of the principal and the reimbursement have been extended to 31 December 2023.

The unsecured other borrowing was obtained from Gold Wide, an associate of the Group. According to the loan agreement, the Group has to reimburse Gold Wide for its costs of financing, which includes the interest rate of 8% per annum borne by Gold Wide. Those reimbursements have been recognised as financial costs of the Group for the year ended 30 June 2023. Pursuant to the deed of settlement dated 31 December 2019, the Group and Gold Wide canvassed amongst themselves that, instead of the Group repaying this borrowing to Gold Wide, the Group shall repay to a PRC company. Any sums paid and/or to be paid by the Group to Gold Wide pursuant to this borrowing shall be paid and discharged in accordance therewith. On 21 February 2022, the Group and Gold Wide entered into a supplemental agreement, pursuant to which the deadline for repayment and discharge of the principal and the reimbursement have been extended to 31 December 2023.

On 25 January 2019, other payable of HK\$21,500,000 was novated to a financial institution and reclassified as borrowings. The amount is unsecured, carries interest at 15% per annum and repayable in 10 installments from 28 March 2019 to 28 December 2019. Up to 30 June 2023, HK\$19,000,000 (2022: HK\$19,000,000) has been paid to settle the principal.

The unsecured other borrowing is obtained from Darkstone Investment Group Limited. Mr. So David Tat Man is the common director of the Company and Darkstone Investment Group Limited. The balance has been fully settled during the year ended 31 December 2022.

The unsecured other borrowing is obtained from Nice Wealth Limited, a minority shareholder of the Group. As at 31 December 2022, the borrowing was derecognised upon the deconsolidation of Seal Eco Advance Limited ("Seal Eco") and its subsidiary.

The unsecured other borrowing is obtained from a private company. The loan bears interest at fixed rate of 10% per annum and is repayable on 19 April 2023.

- (b) The secured other borrowing is obtained from a financial institution in Hong Kong and is secured by an investment property of the Group located in Hong Kong with fair value of approximately HK\$9,730,000.

The secured other borrowing is obtained from a financial institution in Hong Kong and is secured by equity securities account which held by a subsidiary of the Company listed in Hong Kong with fair value of approximately HK\$Nil as at 30 June 2023 (2022: nil).

## 15. Share capital

	<b>Nominal value per share</b> <i>HK\$</i>	<b>Number of shares</b>	<b>Amount</b> <i>HK\$'000</i>
Authorised ordinary shares:			
At 1 January 2022, 31 December 2022 and 30 June 2023	0.01	18,260,869,570	182,609
Issued and fully paid ordinary shares:			
At 31 December 2021 and 1 January 2022	0.01	105,955,243	1,060
Rights issue	-	24,046,488	240
<b>At 31 December 2022</b>	<b>0.01</b>	<b>130,001,731</b>	<b>1,300</b>
<b>At 30 June 2023</b>	<b>0.01</b>	<b>130,001,731</b>	<b>1,300</b>
Authorised convertible preference shares:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<b>0.1</b>	<b>173,913,043</b>	<b>17,391</b>
Issued and fully paid convertible preference shares:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<b>0.1</b>	-	-

*Note:*

- (a) All new shares rank pari passu with other shares in issue in all respects.

**16. Share options**

The Company has a share option scheme, which was adopted on 6 May 2011, for eligible employees, the directors of the Company and other selected participants for their contribution to the Group which was for a period of 10 years lapsed on 5 May 2021. During the Reporting Period, no share options was granted under the Share Option Scheme.

**17. Capital commitments**

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Contracted for but not provided in the consolidated financial statements:		
Unpaid registered capital for subsidiaries	<b>32,460</b>	33,956
Capital expenditure in respect of acquisition of further equity interests in a subsidiary	<b>9,246</b>	9,246
	<b>41,706</b>	43,202

**18. Fair value measurements of financial instruments*****Fair value of the Group's financial assets that are measured at fair value on a recurring basis***

Some of the Group's financial assets are measured at fair value at the end of each Reporting Period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets	Fair value as at 30 June 2023	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Listed equity securities at FVTPL	HK\$4,863,000 (31 December 2022: HK\$3,375,000)	Level 1	Quoted closing prices in an active market	N/A
Unlisted equity investments at FVTOCI (Note)	HK\$2,865,000 (31 December 2022: HK\$2,865,000)	Level 3	Market approach	- Price-to-book value multiple  - Discount of lack of marketability

Note: There were no transfers between levels of fair value hierarchy in the current Reporting Period.

**Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis**

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

**19. Related party transactions**

(a) The Group entered into the following significant transactions with related parties during the six months ended 30 June 2023 and 2022:

Nature of transaction	Name of company	For the six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Beijing HX (Note a)	Loan interest income received	–	(176)
Chan Kee Holdings Limited ("Chan Kee") (Note b)	Purchases of grocery food product	–	544

*Note a:* Beijing HX was an associate of the Group.

*Note b:* On 4 February 2016, Maxford Wealth Limited (“Maxford Wealth”), a wholly-owned subsidiary of the Company, formed an entity named Right Ocean Asia Limited (“Right Ocean”) with an independent third party Ms. Yoo (the spouse of Mr. Chan) and which Mr. Chan is the substantial shareholder of Chan Kee. Pursuant to the agreement entered into by Right Ocean and Chan Kee, Ms. Yoo and Mr. Chan shall procure Chan Kee to enter into the trademark licence agreement and the sole distributorship agreement with Right Ocean, for the sole and exclusive sale and distribution of the grocery food products and right to use the trademark granted by Chan Kee at nil consideration within the Hong Kong, Macau and Taiwan for the period from 4 February 2016 to 31 December 2018.

On 25 March 2019, the trademark licence agreement and the sole distributorship agreement have been renewed for a period of 3 years.

Upon the formation of Right Ocean, the equity of Right Ocean is held as to 51% by Maxford Wealth and 49% by Ms. Yoo. Therefore Right Ocean became a non-wholly owned subsidiary of the Company.

During the year ended 31 December 2016, a shareholder loan agreement was entered into between Maxford Wealth and Right Ocean, pursuant to which Maxford Wealth has agreed to lend a loan of HK\$11,000,000 to Right Ocean, with a fixed interest rate of 5% per annum and repayable on demand.

Another loan agreement was entered into between Right Ocean and Chan Kee, pursuant to which Right Ocean has agreed to lend a loan of HK\$6,000,000 to Chan Kee, with Ms. Yoo and Mr. Chan as guarantors, a fixed interest rate of 7% per annum, repayable within 36 months after the date of drawdown for business operation.

Details are set out in the announcement of the Company dated 4 February 2016 and 25 March 2019.

**(b) Compensation of key management personnel**

The remuneration of directors of the Company and other members of key management during six months ended 30 June 2023 and 2022 was as follows:

	<b>For the six months ended 30 June</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	2022 HK\$'000 (Unaudited)
Short-term benefits	<b>1,855</b>	1,874
Post-employment benefits	<b>40</b>	33
	<b>1,895</b>	1,907

The remuneration of directors of the Company and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

**20. Comparative figures**

Cost of good sold from consumables and agricultural products segment under the distribution business 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 June 2022 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 six months ended 30 June 2023 (the “Reporting Period”), the Group was principally engaged in the business of (i) one-stop value chain services, (ii) property investment, (iii) distribution business, (iv) provision of money lending services, and (v) provision of financial services.

During the six months ended 30 June 2023, the Group recorded revenue of approximately HK\$18,960,000 (2022: HK\$14,333,000), representing an increase of approximately 32.3% as compared to that of last corresponding period. Loss for the period attributable to owners of the Company amounted to approximately HK\$2,033,000 (2022: HK\$24,198,000). The basic loss per share of the Company was approximately HK1.56 cents (2022: HK18.61 cents).

#### Property Investment

During the Reporting Period, the property investment segment reported nil revenue (six months ended 30 June 2022: HK\$Nil). No revenue was generated. As at 30 June 2023, the Group held properties in Hong Kong and the PRC for investment purpose amounted to approximately HK\$9,610,000 (31 December 2022: HK\$9,780,000).

#### One-stop Value Chain Services

During the Reporting Period, this business segment reported nil revenue (six months ended 30 June 2022: HK\$1,527,000) representing a decrease of 100% as compared with the last corresponding period.

#### Distribution Business

During the Reporting Period, the business segment generated revenue of approximately HK\$18,872,000 (six months ended 30 June 2022: HK\$12,713,000), representing an increase of approximately 48% as compared with last corresponding period.

This business segment is composed of consumables and agricultural products, as well as food and beverages. The consumables and agricultural products include reusable bags and sunflower meal. Due to the slow recovery after the COVID-19 pandemic, the level of economic activities on consumables business is progressively recovering.

For the reusable bag business, the business remain stable and received more orders from customers.

For the food and beverage business, the revenue increase mainly because of the recovery from the COVID-19 in Hong Kong. As more demands are required by the end customers, the Group received more orders from food catering providers.

**Provision of money lending services**

During the Reporting Period, this segment reported a revenue of approximately HK\$88,000 (six months ended 30 June 2022: HK\$93,000), representing a decrease of approximately 5% as compared with the last corresponding period.

The total outstanding principal amount of the loans granted in Hong Kong (the "HK Loans") as at 30 June 2023 was HK\$8.5 million bearing interest at the rate ranging from 8% to 36%, maturing from one month to one year, with unlisted shares as collaterals.

During the year ended 31 December 2020, the Group has granted the loans to 7 individuals in the PRC (the "PRC Loans") with an aggregated principal amount of RMB13.9 million. The PRC Loans are unsecured and bear interest rate ranging from 8% to 12% per annum with a term ranging from 6 months to 36 months.

Accordingly, the aggregate of the outstanding principal amount of the HK Loans and the PRC Loans amounted to HK\$24.1 million as at 30 June 2023.

**Provision of financial services**

Due to unfavorable market conditions, no income was generated from financial consultancy services.

**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\$7,728,000 as at 30 June 2023, representing approximately 5.33% of the Company's total assets (31 December 2022: approximately HK\$6,240,000, representing approximately 3.85% 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 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. None of the securities investments with fair value exceeding HK\$10,000,000 as at 30 June 2023 and 31 December 2022.

## FINANCIAL REVIEW

During the Reporting Period, the Group recorded an unaudited revenue of approximately HK\$18,960,000 (six months ended 30 June 2022: HK\$14,333,000), representing an increase of approximately 32% as compared with the last corresponding period.

Cost of sales for the Reporting Period amounted to approximately HK\$17,726,000 (six months ended 30 June 2022: HK\$15,500,000), representing an increase of approximately 14% as compared with the last corresponding period. The increase was mainly due to the increase in the distribution business.

Administrative expenses for the Reporting Period amounted to approximately HK\$5,101,000 (six months ended 30 June 2022: HK\$12,039,000), representing a decrease of approximately 58% as compared with the last corresponding period. The decrease was mainly due to the decrease in staff related expenses.

Finance costs for the Reporting Period was approximately HK\$1,606,000 (six months ended 30 June 2022: HK\$4,246,000), representing a decrease of approximately 62% as compared with the last corresponding period. This decrease was mainly due to the decrease in outstanding loan principal of the Group.

The Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately HK\$2,033,000 (six months ended 30 June 2022: HK\$24,198,000). The basic loss per share of the Company for the Reporting Period is 1.56 HK cents (six months ended 30 June 2022: 18.61 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 June 2023, the bank balances and cash of the Group was approximately HK\$897,000 (31 December 2022: approximately HK\$1,161,000).

At 30 June 2023, the net assets of the Group was approximately HK\$61,356,000 (31 December 2022: HK\$71,934,000) and the net current liabilities was approximately HK\$72,984,000 (31 December 2022: the net current liabilities approximately HK\$63,788,000).

## Gearing Ratio

At 30 June 2023, the total liabilities of the Group amounted to approximately HK\$83,460,000 (31 December 2022: HK\$90,161,000), which mainly comprised of trade and other payables, contract liabilities, borrowings, margin loan payables, lease liabilities, financial guarantee contract, amount due to non-controlling interests and income tax payables. The liabilities are denominated in Hong Kong Dollars, Renminbi, United State Dollars and New Taiwan Dollars.

At 30 June 2023, the Group had total assets of approximately HK\$144,816,000 (31 December 2022: HK\$162,095,000). The gearing ratio of the Group, expressed as the ratio of total liabilities to total assets, increased to 0.58 as at 30 June 2023 (31 December 2022: 0.56).

## Segmental Information

An analysis of the Group's performance for the Reporting Period by business segment is set out in note 4 to this report.

## Capital Structure

As at 30 June 2023, the Company's issued ordinary share capital was HK\$1,300,017.31 divided into 130,001,731 shares of HK\$0.01 each ("Shares") (31 December 2022: HK\$1,300,017.31 divided into 130,001,731 shares).

## Fund Raising Activities

The Group has not conducted any fund raising activities for the period ended 30 June 2023.

## 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 in 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 the date of this report, the amount of HK\$13,962,302 remained outstanding.

## **Litigation**

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 counterclaim 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 RMB596,000 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 on 26 February 2022. Subsequent to the reporting period, the Court of Appeal has dismissed the appeal. According to the written judgement by the Court, the responsibility of both Plaintiff and Shengshi Fuqiang has been upheld.



### **Charges on Group's Assets**

As at 30 June 2023, investments held for trading have been pledged to brokers' account to obtain a margin loan financing of approximately HK\$5,009,000 (31 December 2022: HK\$4,768,000).

Further, the investment property located in Hong Kong with the fair value of approximately HK\$9,610,000 (31 December 2022: HK\$9,780,000) has been pledged to a financial institution in Hong Kong to secure a term loan of HK\$9,000,000 (31 December 2022: HK\$9,000,000).

Unlisted investments which are classified as equity instruments at fair value through other comprehensive income were pledged to a PRC company as to secure a 3-year loan of RMB4,550,000 granted to a private company.

### **Contingent Liabilities and Guarantee**

As at 30 June 2023, 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 June 2023, the Group had capital commitments amounting to approximately HK\$41,706,000 (31 December 2022: HK\$43,202,000).

### **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.



## **Events after the Reporting Period**

### ***Disposal of an investment property***

An indirect wholly owned subsidiary of the Company, Success Royal Investment Limited ("Success Royal"), has defaulted a mortgage repayment to Delta Wealth Finance Limited ("Delta Wealth"), a licensed money lender in Hong Kong, and Delta Wealth filed an originating summons against Success Royal on 21 February 2023 under Court of First Instance Miscellaneous Proceedings No. 275 of 2023 (the "Originating Summons") to, *inter alia*, recover possession of the Property and claim for amounts due and owing under the Mortgage. The amount due and owing by Success Royal to Delta Wealth was approximately HK\$10,421,000 as at 21 February 2023.

The Court ordered, *inter alia*, on 6 July 2023 that Success Royal do repay HK\$10,530,000 together with interest at the rate of 12% per annum from 8 March 2023 to the date of the Order and thereafter at judgment rate until payment to Delta Wealth (the "Judgment Sum"), and that Success Royal do surrender vacant possession of the mortgaged property to Delta Wealth by 2 August 2023. Success Royal surrendered vacant possession of the mortgaged property to Delta Wealth on 14 July 2023.

On 27 July 2023, Delta Wealth informed Success Royal that Delta Wealth contemplates to dispose of the mortgaged property at the sale price of HK\$9,780,000 (the "Forced Sale"), and net proceeds therefrom will be utilised to off-set against the Judgment Sum.

For further details, please refer to the announcement dated 1 August 2023.

### ***Disposal of partial of PRC properties***

On 3 November 2023 and 30 December 2023, Fuyu entered into two sale and purchase agreements with two independent third parties to dispose of certain PRC properties at the consideration of RMB4,250,000 ("Disposal I") and RMB3,500,000 ("Disposal II") respectively in which the Board had approved and consented Fuyu to sell the PRC properties on behalf of the Group. As at the date of this report, the Disposal I has been completed and the Disposal II has not been completed.

## OUTLOOK AND PROSPECTS

The Hong Kong economy is expected to be improved visibly in 2023, led by the strong recovery of inbound tourism and domestic demand. Looking forward, inbound tourism and domestic demand will remain the major drivers of economic growth this year. Visitor arrivals should recover further as transportation and handling capacity continue to catch up. The improving economic situation and prospects should boost domestic demand, though tight financial conditions will remain a constraint. The Group will continue allocating its resources carefully in different segments as to optimize its investment returns.

### One-stop value chain services

Since the economy of Hong Kong has been hit hard by the COVID-19 pandemic, financial performances of many companies have been affected and they have minimised their budget on IT related services. The Group also tried to enter into the gaming industry by selling gaming related products to sustain its business during the tough atmosphere, however, the Directors were of the view that it was not so sustainable. As such, the Directors decided to focus on other existing businesses and to expand the depth of their involvement on such business. The one-stop value chain services will be scaled down thereafter.

### 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.

### Distribution business

The Group identifies local and overseas suppliers, mainly including manufacturers, brand owners, and wholesalers, to sources and procures desirable food and beverages, agricultural products and consumable, and distribute the products in Hong Kong and the PRC.

For food and beverages, with the continuous effort of the management of the Group in diversifying the portfolio of food and beverages, the Group mainly offers (i) processed seafood (e.g. crab stick, snow crab leg, scallop, fish tofu and fish balls); (ii) fresh and frozen seafood (e.g. fish, crab, lobster and scallops); (iii) fresh and frozen meat (e.g. wagyu); (iv) grocery food (e.g. cereals and legumes, oilseeds, grain and oilseed products); and (v) liquor (e.g. whisky and wine). The food and beverage products are distributed and marketed to a wide range of corporate customers, including supermarkets, grocery stores, catering companies and chained restaurants in Hong Kong. The food and beverage products are also marketed and sold to end-customers through online sales platforms, including the online store on a third-party online platform (i.e. HKTVmall) and the self-operated online store of the Group on a social media platform (i.e. Facebook online shop).

For agricultural products, the Group mainly distributes sunflower meals to a reputable customer, which is a Chinese state-owned enterprise, since FY2022. Sunflower meals are primarily used in food rations for livestock and poultry due to its high protein content. The Group is also in the negotiation with such enterprise in sourcing and supplying corn to it.

For consumable products, the Group mainly offers re-usable bags to various type of customers, including government authority (i.e. Hong Kong Post Office), corporate customers which include companies listed on the Main Board, educational institutions (e.g. schools, Education Bureau) and non-governmental organisations (NGOs).

### **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 has not been satisfactory. The Directors have decided to scale down the financial services business and 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.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2023, the Group had 19 full-time employees (31 December 2022: 21). Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK\$4,249,000 (six months ended 30 June 2022: approximately HK\$5,293,000). The Group determines the remuneration and compensation payable to its staff based on individual performance and expertise. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

## **DIRECTORS' INTERESTS IN CONTRACTS**

No Director of the Company had a significant beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any its subsidiaries was a party at any time during the Reporting Period.

## 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 June 2023, 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:

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Outstanding	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding
				as at 1 January 2023				as at 30 June 2023
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 June 2023, 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:

Shareholder	Capacity	Number of shares	Percentage of issued share capital
A S Investment Holdings Ltd <i>(Note 1)</i>	Beneficial owner	14,135,200	10.87%
Ever Better Holdings Ltd <i>(Note 1)</i>	Interest of controlled corporation	14,135,200	10.87%
Ms. Yeung Sau Han Agnes <i>(Note 1)</i>	Beneficial owner, interest of spouse and interest of controlled corporation	16,167,600	12.44%
Mr. So Chi Ming <i>(Note 1) (Note 2)</i>	Beneficial owner, interest of spouse and interest of controlled corporation	16,167,600	12.44%
VC Brokerage Limited <i>(Note 3)</i>	Beneficial owner	11,300,000	8.69%
VC Financial Group Limited <i>(Note 3)</i>	Interest of controlled corporation	11,300,000	8.69%
Value Convergence Holdings Limited <i>(Note 3)</i>	Beneficial owner and interest of controlled corporation	12,161,600	9.35%

*Notes:*

1. A S Investment Holdings Ltd is wholly-owned by Ever Better Holdings Ltd (“Ever Better”). Ever Better is 50% owned by Ms. Yeung Sau Han Agnes (“Ms. Yeung”) and 50% owned by Mr. So Chi Ming (“Mr. So”). Ms. Yeung is personally interested in 342,000 ordinary shares in the Company. Mr. So is personally interested in 1,190,400 ordinary shares in the Company. Ms. Yeung is the spouse of Mr. So.
2. Mr. So is uncle of Mr. So David Tat Man, an executive director of the Company.
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 and 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 June 2023 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.

**CODE ON CORPORATE GOVERNANCE PRACTICES**

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.



## **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. Siu Yuk Ming (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, 3 June 2024

*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. Li Aiming; the independent non-executive Directors are Mr. Yick Ting Fai, Jeffrey, Mr. Zhang Min and Ms. Siu Yuk Ming.*