CHINA FINANCE INVESTMENT HOLDINGS LIMITED
中國金控投資集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 875)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "Board") of directors (the "Directors") of China Finance Investment Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2020 (the "Reporting Period"), along with the unaudited comparative figures for the six months ended 30 June 2019 and selected explanatory notes as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
	Notes	**2020** *HK$'000* **(Unaudited)**	2019 *HK$'000* (Unaudited) (Re-presented)
Revenue	3&4	**83,025**	183,331
Cost of sales and services rendered		**(68,970)**	(174,586)
Gross profit		**14,055**	8,745
Other gains	5	**9,193**	2,473
Selling and distribution expenses		**(1,021)**	(1,138)
Administrative expenses		**(17,883)**	(17,020)
Other operating expenses	6	**—**	(2,190)
Finance costs	7	**(4,073)**	(10,497)
Profit/(Loss) before taxation	8	**271**	(19,627)
Income tax expense	9	**(2,573)**	(1,268)
Loss for the period		**(2,302)**	(20,895)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(7,769)**	(2,916)
Loss and total comprehensive income for the period		**(10,071)**	(23,811)
Total comprehensive loss attributable to:			
Owners of the Company		**(10,071)**	(23,809)
Non-controlling interest		**—**	(2)
		(10,071)	(23,811)
Loss per share (HK cents)			
Basic	10	**(1.24)**	(31.23)
Diluted	10	**(1.24)**	(31.23)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	**At 30 June 2020** ***HK$'000*** **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**40,783**	44,651
Goodwill		**271**	—
Right-of-use assets		**28,124**	33,149
Other non-current assets		**730**	730
Investment in an associate		**—**	—
		69,908	78,530
Current assets			
Inventories		**64,456**	12,265
Trade and other receivables	12	**278,682**	288,596
Loan receivables	13	**236,399**	222,001
Bank balances and cash		**56,621**	37,267
		636,158	560,129
Current liabilities			
Trade and other payables	14	**164,505**	139,484
Convertible bonds	15	**—**	40,712
Bonds		**31,973**	31,340
Bank and other borrowings		**102,047**	145,837
Lease liabilities		**8,381**	9,916
Promissory notes		**27,250**	27,250
Deferred income		**971**	1,033
Tax payables		**16,164**	13,982
		351,291	409,554
Net current assets		**284,867**	150,575
Total assets less current liabilities		**354,775**	229,105

	Notes	At **30 June** **2020** ***HK$'000*** **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Capital and reserves			
Share capital	16	**3,051**	1,030
Reserves		**302,292**	182,027
Equity attributable to owners of the Company		**305,343**	183,057
Non-controlling interests		**568**	568
Total equity		**305,911**	183,625
Non-current liabilities			
Bank and other borrowing		**14,798**	6,705
Lease liabilities		**31,388**	35,557
Deferred income		**2,678**	3,218
		48,864	45,480
		354,775	229,105

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The preparation of unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual consolidated financial statements. These condensed consolidated interim financial statements and notes thereon do not include all of the information required for the preparation of full set of consolidated financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and should be read in conjunction with the 2019 annual financial statements.

The accounting policies and method of computation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to the operations and effective for its accounting period beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. A number of new or amended standards are effective from 1 January 2020 but they do not have a material effect on the Group's unaudited condensed consolidated interim financial statements.

3 SEGMENT INFORMATION

The accounting policies of the operating segments are the same as those described in the 2019 annual financial statements.

Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(i) the "Agricultural and Meat Business" segment engages in cultivating and trading of agricultural and meat produce;

(ii) the "Money lending business" segment engages in money lending services; and

(iii) the "Securities brokerage business" segment engages in securities brokerage services in securities traded in Hong Kong.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segments performance for the period is set out below:

(i) Information about profit or loss

	Agricultural and meat business *HK$'000*	Money lending business *HK$'000*	Securities brokerage business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2020 (Unaudited)					
Revenue					
Point in time	71,915	10,337	773	—	83,025
Over time	—	—	—	—	—
Reportable segment revenue	71,915	10,337	773	—	83,025
Elimination of inter-segment revenue	—	—	—	—	—
Consolidated revenue	71,915	10,337	773	—	83,025
Loss					
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	3,234	8,951	(3,323)	—	8,862
Depreciation	(3,229)	(12)	(6)	—	(3,247)
Right-of-use asset depreciation	(2,882)	(36)	(876)	(804)	(4,598)
Finance costs	(2,693)	(3)	(53)	(1,324)	(4,073)
Gain on deregistration of a subsidiary	994	—	—	—	994
Government grants	603	—	50	217	870
Interest income	236	2	—	—	238
Unallocated head office and corporate income	—	—	—	5,882	5,882
Unallocated head office and corporate expenses	—	—	—	(4,657)	(4,657)
Consolidated (loss)/profit before taxation	(3,737)	8,902	(4,208)	(686)	271

	Agricultural and meat business *HK$'000*	Money lending business *HK$'000*	Securities brokerage business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2019 (unaudited) (re-presented)					
Revenue					
Point in time	167,781	14,871	679	—	183,331
Over time	—	—	—	—	—
Reportable segment revenue	167,781	14,871	679	—	183,331
Elimination of inter-segment revenue	—	—	—	—	—
Consolidated revenue	167,781	14,871	679	—	183,331
Loss					
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(7,713)	12,593	(4,265)	—	615
Depreciation	(3,234)	(52)	—	(347)	(3,633)
Finance costs	(4,689)	—	(143)	(5,665)	(10,497)
Gain on disposal of a subsidiary	—	—	—	—	—
Government grants	782	—	—	—	782
Interest income	6	3	—	11	20
Reversal of impairment on other receivables	673	—	—	—	673
Unallocated head office and corporate income	—	—	—	1	1
Unallocated head office and corporate expenses	—	—	—	(7,588)	(7,588)
Consolidated (loss)/profit before taxation	(14,175)	12,544	(4,408)	(13,588)	(19,627)

The measure used for reporting segment (loss)/profit is "adjusted (LBITDA)/EBITDA" i.e. "adjusted (loss)/earnings before interest, taxes, depreciation and amortisation, loss allowance on property, plant and equipment, inventories", where "interest" excludes the interest income from the Money lending business. To arrive at adjusted (LBITDA)/EBITDA, the Group's loss is further adjusted for items not specifically attributed to individual segments, such as share of profit/(loss) of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

(ii) Reconciliations of reportable segment assets and liabilities

	Agricultural and meat business *HK$'000*	Money lending business *HK$'000*	Securities brokerage business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
At 30 June 2020 (Unaudited)					
Assets					
Reportable segment assets	440,218	237,091	25,620	—	702,929
Goodwill	271	—	—	—	271
Unallocated head office and corporate assets	—	—	—	2,866	2,866
Consolidated total assets	440,489	237,091	25,620	2,866	706,066
Liabilities					
Reportable segment liabilities	236,863	18,172	15,115	—	270,150
Bonds	—	—	—	31,973	31,973
Promissory notes	—	—	—	27,250	27,250
Unallocated head office and corporate liabilities	—	—	—	70,782	70,782
Consolidated total liabilities	236,863	18,172	15,115	130,005	400,155
Other segment information					
Capital expenditure*	515	—	—	—	515
Income tax expense	—	2,573	—	—	2,573

* Capital expenditure consists of expenditure for additions to property, plant and equipment.

	Agricultural and meat business *HK$'000*	Money lending business *HK$'000*	Securities brokerage business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
At 31 December 2019 (Audited)					
Assets					
Reportable segment assets	393,215	222,348	19,701	—	635,264
Goodwill	—	—	—	—	—
Unallocated head office and corporate assets	—	—	—	3,395	3,395
Consolidated total assets	393,215	222,348	19,701	3,395	638,659
Liabilities					
Reportable segment liabilities	274,212	28,745	12,489	—	315,446
Convertible bonds	—	—	—	40,712	40,712
Bonds	—	—	—	31,340	31,340
Promissory notes	—	—	—	27,250	27,250
Unallocated head office and corporate liabilities	—	—	—	40,286	40,286
Consolidated total liabilities	274,212	28,745	12,489	139,588	455,034
Other segment information					
Capital expenditure*	5,370	—	—	—	5,370
Income tax expense	—	4,219	—	—	4,219

* Capital expenditure consists of expenditure for additions to property, plant and equipment.

(iii) Geographical information

Information about the Group's revenue from external customers is presented based on the geographical location as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Revenue		
— Hong Kong	**881**	2,731
— Mainland China	**82,144**	180,600
	83,025	183,331

Non-current assets of the Group are presented based on the geographical location as follows:

	At 30 June 2020	At 31 December 2019
	HK\$'000	*HK\$'000*
	(Unaudited)	(Audited)
Non-current assets		
— Hong Kong	**2,569**	4,114
— Mainland China	**67,339**	74,416
	69,908	78,530

Non-current assets of the Group include property, plant and equipment, goodwill, investment in an associate and other non-current assets.

4 REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Sale of agricultural and meat produce	**71,915**	167,781
Money lending interest income	**10,337**	14,871
Securities brokerage income	**773**	679
	83,025	183,331

5 OTHER GAINS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Foreign exchange gain, net	**667**	—
Government grants	**870**	782
Bank interest income	**238**	9
Other interest income	**—**	11
Gain on deregistration of a subsidiary	**994**	—
Services income	**205**	—
Gain on repayment of convertible bonds at discount	**5,712**	—
Rental income	**153**	127
Reversal of impairment of other receivables	**—**	673
Sundry income	**354**	871
	9,193	2,473

6 OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Foreign exchange losses, net	**—**	2,131
Others	**—**	59
	—	2,190

7 FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Interest expenses on bonds	**1,239**	1,867
Interest expenses on convertible bonds	**—**	3,793
Interest expenses on bank and other borrowings	**674**	2,211
Interest expenses on lease liabilities	**2,160**	2,626
	4,073	10,497

8 PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Staff costs (including directors' emoluments)		
Salaries and allowances	**8,078**	8,345
Retirement benefit costs	**287**	544
Discretionary bonus	**—**	23
Total staff costs	**8,365**	8,912
Cost of inventories recognised as an expense	**68,220**	165,538
Depreciation:		
— on owned assets	**3,247**	3,633
— on right of use assets	**4,598**	5,067
Reversal of impairment losses of trade and other receivables	**—**	(673)
Gain on deregistration of a subsidiary	**(994)**	—

9 INCOME TAX EXPENSE

The tax rate applicable to the Group's Hong Kong subsidiaries was 16.5% (30 June 2019: 16.5%) during the six months ended 30 June 2020.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") introducing the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Pursuant to 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%.

No provision for Hong Kong Profits tax has been provided as the subsidiaries in Hong Kong did not have any assessable profit arising in Hong Kong during the Reporting Period (30 June 2019: Nil).

Enterprise Income Tax ("EIT") in the People's Republic of China (the "PRC") is provided at the rates applicable to the subsidiaries in the PRC of the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

According to the PRC tax law and its interpretation rules (the "PRC tax law"), enterprises that engage in qualifying agricultural business are eligible for full EIT exemption or half reduction of EIT on profits derived from such business. The Group's PRC subsidiaries engaged in qualifying agricultural business, which includes the growing, processing and selling of vegetables, are entitled to the full exemption of EIT.

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
EIT in the PRC		
— Provision for the period	**2,573**	1,268
	2,573	1,268

10 LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the owners of the Company of approximately HK$2,302,000 (six months ended 30 June 2019: HK$20,893,000) and the weighted average number of 185,864,806 (six months ended 30 June 2019: 66,897,883) ordinary shares in issue during the Reporting Period.

The computation of diluted loss per share for the six months ended 30 June 2020 and 2019 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise are anti-dilutive. Therefore, the basic and diluted loss per share are the same.

11 DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period. The Directors do not recommend the payment of an interim dividend (six months ended 30 June 2019: Nil).

12 TRADE AND OTHER RECEIVABLES

	Notes	**At 30 June 2020** ***HK$'000*** **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Trade receivables arising from trading of agricultural and meat produce		**222,815**	285,065
Less: Impairment		**(5,840)**	(5,883)
Total trade receivables	(a)	**216,975**	279,182
Account receivable arising from dealing in securities — Margin clients and broker receivable	(b)	**548**	1,850
		548	1,850
Other receivables		**9,217**	9,202
Less: Impairment		**(8,142)**	(8,145)
Total other receivables		**1,075**	1,057
Deposits and prepayments		**88,334**	34,757
Less: Impairment		**(28,250)**	(28,250)
Total deposits and prepayments		**60,084**	6,507
		278,682	288,596

(a) The average credit period on sales of agricultural and meat produce is 60 days. As of the end of the Reporting Period and 31 December 2019, the ageing analysis of trade receivables from trading of agricultural and meat produce, based on the invoice date and net impairment losses, is as follows:

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
0–60 days	**19,740**	35,362
61–120 days	**11,615**	16,737
Over 120 days	**185,620**	227,083
	216,975	279,182

The ageing analysis of the past due trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Less than 60 days past due	**11,615**	16,737
Over 60 days past due	**185,620**	227,083
	197,235	243,820

The movements in impairment of trade receivables are as follows:

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
At 1 January	**5,883**	1,284
Impairment loss recognised	**—**	4,964
Reversal of impairment loss	**—**	(342)
Exchange realignment	**(43)**	(23)
	5,840	5,883

Included in the above, no trade receivables (31 December 2019: Nil) are individually impaired which have been considered not recoverable. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

(b) The normal settlement terms of accounts receivable from cash clients and clearing houses are within two days after trade date.

Accounts receivable from cash clients arising from the securities brokerage business are repayable on demand subsequent to settlement date. No ageing analysis is disclosed as the ageing analysis does not give additional value in view of the nature of these accounts receivable.

Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by discounted value accepted by the Group.

There are trading limits in place for all clients. The Group strictly monitors outstanding accounts receivable in order to minimise the credit risk. The management reviews the accounts receivable regularly to ensure that the listed stocks held by the Group on clients' behalf is capable of offsetting their debts owed to the Group.

13 LOAN RECEIVABLES

The Group's loan receivables arose from the money lending business. Loan receivables bear interest at rates ranging from 7.2% to 12% (31 December 2019: 7.2% to 48%), and with credit periods mutually agreed between the contracting parties. Each customer has a credit limit. Overdue balances are reviewed regularly and handled closely by senior management.

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Carrying amount receivable based on scheduled repayment dates set out in the loan agreements		
Within one year	**236,399**	165,454
Repayment on demand clause (shown under current assets)	**—**	56,547
	236,399	222,001
Less: current portion	**(236,399)**	(222,001)
Non-current portion	**—**	—

The Group's loan receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong and in Mainland China, are denominated in Hong Kong dollars with amount of approximately HK$18,000 (31 December 2019: HK$1,178,000) and in Renminbi ("RMB") with amount of approximately HK$239,634,000 (31 December 2019: HK$224,076,000), respectively.

Except for loan receivables of approximately HK$239,652,000 before impairment (31 December 2019: HK$224,094,000) as at 30 June 2020, which are unsecured, interest-bearing and are repayable with fixed terms agreed with customers, all loan receivables are secured by collaterals provided by customers, interest-bearing and are repayable within fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loan receivables mentioned above.

A maturity profile of the loan receivables as at the end of the Reporting Period and 31 December 2019 based on the maturity date, net of loss allowance, is as follows:

	At 30 June 2020	At 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**53,310**	38,007
3 months to 1 year	**183,089**	127,447
Over 1 year (with repayment on demand clause)	**—**	56,547
	236,399	222,001

The movements in impairment of loan receivables are as follows:

	At 30 June 2020	At 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At 1 January	**3,253**	35,518
Reversal of impairment loss	**—**	(32,265)
	3,253	3,253

14 TRADE AND OTHER PAYABLES

	Notes	At **30 June 2020** *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Trade payables arising from trading of agricultural and meat produce	(a)	**36,179**	81,358
Account payable arising from dealing in securities			
— cash client		**6**	6
— clearing house		**13,968**	10,567
Accruals and other payables		**114,352**	47,553
		164,505	139,484

(a) Trade payables arising from trading of agricultural and meat produce principally comprise amounts outstanding for trade purchases and have an average credit period of 30 days. The aged analysis of trade payables based on the invoice date at the end of the Reporting Period and 31 December 2019 is as follows:

	At **30 June 2020** *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
0–60 days	**29,966**	16,858
61–120 days	**543**	16,154
Over 120 days	**5,670**	48,346
	36,179	81,358

15 CONVERTIBLE BONDS

Convertible bonds issued on 7 February 2018 (the "CB")

On 7 February 2018, the Company issued the CB with aggregate principal amount of HK$40,000,000 with conversion price of HK$0.40 (adjusted from HK$0.04 to HK$0.40 per share as a result of the capital reorganisation effective on 25 June 2018) per share to an independent third party.

The CB are denominated in Hong Kong dollars and carry an interest rate of 5% per annum. The holder of the CB is entitled to convert the CB into 1,000,000,000 ordinary shares (adjusted from 1,000,000,000 ordinary shares to 100,000,000 ordinary shares as a result of the capital reorganisation effective on 25 June 2018) of the Company ("Conversion Shares") at initial conversion price of HK$0.04 at any time from the date of issue to 7 February 2019. The Conversion Shares shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

The CB contain two components, liability component and equity component. At initial recognition, the fair value of liability of approximately HK$38,505,000 was recognised with the residual value of approximately HK$1,427,000, representing equity component, presented in equity heading "convertible bonds equity reserve".

Transaction costs relating to the liability component of approximately HK$68,000 are included in the carrying amount of the liability portion.

The effective interest rate of the liability component is 8.89% per annum.

The CB matured on 7 February 2019 and no conversion rights had been exercised. During the six months ended 30 June 2020, the Company repaid HK$35,000,000 to the holder of the CB. The outstanding principal and the interest accrued as at 30 June 2020 in a total sum of approximately HK$5,712,000 were waived by the holder of the CB and credited to profit or loss as gain on repayment of convertible bonds at discount.

Movements of the liability component of convertible bonds are set out below:

	CB
	HK$'000
Liability component at 1 January 2019 (Audited)	41,577
Liability component at date of issue	41,577
Repayment	(3,000)
Interest charged	2,135
Liability component at 31 December 2019 and 1 January 2020 (Audited)	40,712
Repayment	(35,000)
Gain on repayment of convertible bonds at discount	(5,712)
Liability component at 30 June 2020 (Unaudited)	—

16 SHARE CAPITAL

	Notes	At 30 June 2020 HK$'000 (Unaudited)	At 31 December 2019 HK$'000 (Audited)
Authorised:			
150,000,000,000 (31 December 2019: 150,000,000,000) ordinary shares of HK$0.01 each		**1,500,000**	1,500,000
10,000,000,000 (31 December 2019: 10,000,000,000) preference shares of HK$0.01 each		**100,000**	100,000
Issued and fully paid:			
302,083,407 (31 December 2019: 100,022,838) ordinary shares of HK$0.01 each		**3,021**	1,000
3,030,000 (31 December 2019: 3,030,000) preference shares of HK$0.01 each	(a)	**30**	30
Total amount		**3,051**	1,030

A summary of the transactions during the Reporting Period with reference to the movements in the Company's issued ordinary share capital is as follows:

	Notes	No. of shares	Amount HK$'000
At 31 December 2019 and 1 January 2020 (Audited)		100,022,838	1,000
Issue of ordinary share under specific mandate subscription	(b)	200,000,000	2,000
Issue of ordinary share under share option scheme	(c)	2,060,569	21
At 30 June 2020 (Unaudited)		302,083,407	3,021

Notes:

(a) The preference shares are non-redeemable with par value of HK$0.01, each credited as fully paid up, are issued and allotted to vendors as part of the considerations for the acquisitions occurred during the year ended 31 December 2012. According to the terms of the preference share policy, one preference share is eligible to convert into one new ordinary share any time no earlier than one year from the date of issue.

(b) Save as disclosed in the Company's circular date 20 March 2020 in respect of the issuance of subscription shares to Sino Richest Investment Holdings Limited (the "Subscriber"), which is wholly owned by Mr. Lin Yuhao, a non-executive Director, (the "Subscription") under specific mandate which was approved by the shareholders of the Company in a special general meeting (the "SGM") of the Company on 15 April 2020. The Subscription has taken place and completed on 27 April 2020, under which 200,000,000 ordinary shares were duly allotted and issued as fully-paid by the Company to the Subscriber at the subscription price of HK$0.65 per each subscription share under the specific mandate obtained at the SGM. Details of above were set out in the Company's announcements dated 6 February 2020, 27 February 2020, 15 April 2020 and 27 April 2020, and the Company's circular dated 20 March 2020.

(c) On 16 March 2020, 2,060,569 ordinary shares were issued by the Company upon exercise of 2,060,569 share options at an exercise price of HK$1.144 each.

17 SUBSEQUENT EVENT

On 24 August 2020, the Group entered into a twenty-third supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the sales and purchase agreement dated 25 May 2017 ("Agreement") with an independent third party to dispose of the security brokerage business for a further 3 months to a date falling on the expiration of 42 months from the date of the Agreement.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2020 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in (i) growing and trading of agricultural and meat produce ("Agricultural and Meat Business"); (ii) provision of money lending services ("Money Lending Business"); and (iii) securities trading and brokerage services ("Securities Brokerage Business") during the Reporting Period.

BUSINESS REVIEW

Agricultural and Meat Business

Due to the outbreak of Coronavirus Disease 2019 (the "COVID-19 outbreak"), the Group's Agricultural and Meat Business was adversely affected. As a result, during the Reporting Period, the turnover of the Agricultural and Meat Business segment decreased by approximately 57.1% to approximately HK$71.9 million from approximately HK$167.8 million for the six months ended 30 June 2019 ("the Corresponding Period") and prevented the Group from operating as usual during the Reporting Period. Nevertheless, there was a rise in gross profit margin mainly due to sales of products with higher profit margin. During the Reporting Period, the Agricultural and Meat Business segment recorded a gross profit of approximately HK$3.7 million (30 June 2019: gross loss of HK$6.1 million).

In the second quarter of 2018, the management decided to focus on new agricultural products with high potential for development. On 9 July 2018, the Group signed a framework cooperation agreement with Guangdong Academy of Agricultural Sciences* (廣東省農業科學院作物研究所), pursuant to the framework cooperation agreement, the Company will collaborate with Guangdong Academy of Agricultural Sciences* (廣東省農業科學院作物研究所) to conduct the research and development of growing medicinal value crop such as Dendrobium officinale Kimura et Migo* (鐵皮石斛). The Group has cemented the growing Dendrobium officinale Kimura et Migo* and it is expected to be cropped within coming months from the date of this announcement.

After years of cultivation, soil quality has been in serious decline because of the previous cultivation methods and the use of chemical fertilisers, which prevent land from regenerating. Therefore, the Company has been planning to expand the production base in Guangdong, where is a desirable location as the climate is comparatively moderate and which allows year-round cultivation for agricultural produce. However, the plan of expansion was delayed by the COVID-19 outbreak. The Group will implement the expansion plan when the pandemic is abated.

* *For identification purpose only*

Looking ahead, the Group will continue to control its costs, utilise its existing resources and collaborate with research institutes in Mainland China to further strengthen the cultivation and trading of agricultural and meat products with high potential for development, or pursue acquisitions when opportunities arise and our management will keep actively monitoring the performance of the Group and assessing how the COVID-19 outbreak is and will continue to impact the Group, and will implement adaptive strategies in a timely manner.

Money Lending Business

Following the completion of the acquisition of Shenzhen Taihengfeng Technology Company Limited and its subsidiaries (the "Taihengfeng Group") in November 2016, the Group expanded into the micro finance business sector in Shenzhen through the provision of personal loans and corporate loans services. On 1 March 2019, Shenzhen Internet Finance Association issued a notice for the consultation of guidelines for the exit of the internet finance industry under the category of Peer to Peer ("P2P") internet lending companies which drove P2P platforms to shrink dramatically after such regulatory and industry reform. Apparently, such crackdown of the P2P platforms means a reduction in financing channels for small and medium-sized enterprises (SMEs), which led to a restructuring of the money lending industry in the PRC. The Group has narrowed its target customers normally to borrowers with better risk profiles, the Company has thus been able to lower its interest rates so as to establish long-term business relationships with customers since 2018.

As a result, average interest rate charged to the borrowers declined to 11.2% during the Reporting Period, compared to that of 12.5% in 2019.

During the Reporting Period, loan interest income and gross profit under the Money Lending Business amounted to approximately HK$10.3 million (30 June 2019: HK$14.9 million) and HK$10.3 million (30 June 2019: 14.9 million) respectively. The reason for the decrease in loan interest income and gross profit was attributable to the tightening of policy in the PRC and deterioration of the economic environment. Outstanding loan principal and interest receivables amounted to approximately HK$236.4 million (31 December 2019: HK$222.0 million). The average interest rate charged on the loans was 11.2% per annum for the Reporting Period. No material default event occurred as at 30 June 2020 and no provision of impairment loss for loan receivables was considered by the Group during the Reporting Period (31 December 2019: Nil).

Securities Brokerage Business

In 2017, having considered that there being no clear potential for material improvement on the performance of the Securities Brokerage Business under the operation scale, the Group believed that the disposal of the Securities Brokerage Business represented a good opportunity for the Group to improve its overall returns and would provide a greater value to the shareholders of the Company by focusing its resources on other business segments.

As such, on 25 May 2017, the Group entered into a sale and purchase agreement (the "Agreement") with an independent third party, pursuant to which the Group has conditionally agreed to sell the Securities Brokerage Business at the consideration of net asset value of the Securities Brokerage Business as at the date of the Agreement plus HK$12 million. Subsequently. the Group entered into supplemental deeds, whereby the parties have agreed to extend the date of fulfillment of the conditions precedent set out in the Agreement. The latest supplemental deed was entered into on 24 August 2020, which extends the date of fulfillment on the expiration of 42 months from the date of the Agreement.

Further details of the above were made in the announcements of the Company dated 25 May 2017, 31 May 2017, 20 October 2017, 22 February 2018, 24 April 2018, 25 May 2018, 24 July 2018, 24 September 2018, 23 November 2018, 24 December 2018, 25 February 2019, 25 March 2019, 25 April 2019, 24 May 2019, 24 June 2019, 24 July 2019, 23 August 2019, 24 September 2019, 24 October 2019, 25 November 2019, 24 December 2019, 23 January 2020, 24 February 2020, 22 May 2020 and 24 August 2020.

During the Reporting Period, the Securities Brokerage Business generated a revenue and a net loss of approximately HK$0.77 million (30 June 2019: HK$0.68 million) and approximately HK$4.2 million (30 June 2019: net loss of HK$4.4 million) respectively. As at 30 June 2020, the Company is expected to record a gain on disposal in the amount of approximately HK$8.6 million.

Investment in Internet Finance Business in Mainland China

The Group owns 25% of equity interest in Shenzhen Qianhai Jinlin Technology Services Company Limited (formerly Known as Shenzhen Qianhai Gelin Internet Financial Services Company Limited)* (the "GLQH"), which is engaged in internet finance business in Mainland China.

During the Reporting Period, the revenue under internet finance business amounted to approximately HK$200 (30 June 2019: approximately HK$0.1 million) and the net loss was approximately HK$0.3 million (30 June 2019: HK$1.9 million).

* *For identification purpose only*

With the relevant Online Lending Regulations became effective on 18 December 2018, the Group's internet finance business was impacted and has since become trivial.

FINANCIAL REVIEW

During the Reporting Period, the Group's revenue amounted to approximately HK$83.0 million, representing a decrease of approximately HK$100.3 million or 54.7% from approximately HK$183.3 million for the Corresponding Period.

Gross profit of the Group during the Reporting Period was approximately HK$14.1 million, representing an increase of approximately HK$5.4 million or 62.1% as compared to approximately HK$8.7 million for the Corresponding Period, and the gross profit margin was 16.9% (30 June 2019: 4.8%). Please refer to the paragraph headed "Business Review" for further details on the reasons of the decrease in turnover and increase in gross profit of the Group.

The Group recorded other gains in the net amount of approximately HK$9.2 million during the Reporting Period, representing an increase of approximately HK$6.7 million or 271.7% as compared to approximately HK$2.5 million for the Corresponding Period. Such increase was mainly attributable to (i) the repayment of the outstanding convertible bonds at discount which was approximately HK$5.7 million, and (ii) foreign exchange loss of approximately HK$2.1 million in the Corresponding Period turning into foreign exchange gain of approximately HK$0.7 million during the Reporting Period.

Selling and distribution expenses decreased by approximately HK$0.1 million or 10.3% to approximately HK$1.0 million (30 June 2019: HK$1.1 million). Such decrease was mainly attributable to the decrease in the use of the electricity and water in relation to agricultural and meat produce as a result of the change in strategies of the Agricultural and Meat Business, as well as the temporary suspension of operation due to COVID-19 outbreak.

Administrative expenses increased by approximately HK$0.9 million or 5.1% to approximately HK$17.9 million (30 June 2019: HK$17.0 million). Such increment was mainly attributable to the increase in bank charges.

No other operating expenses was recorded during the Reporting Period as compared with approximately HK$2.2 million in the Corresponding Period. This significant decrease in other operating expenses was mainly attributable to depreciation of Renminbi during the Reporting Period resulting in an exchange gain during the Reporting Period as compared to the Corresponding Period.

The net loss of the Group for the Reporting Period was approximately HK$2.3 million as compared to a net loss of approximately HK$20.9 million for the Corresponding Period. Such decrease in loss for the Reporting Period was mainly due to sales of products with higher profit margin, repayment of outstanding debt at discount, less interest expenses on debts and foreign exchange loss in the Corresponding Period turning into foreign exchange gain during the Reporting Period as explained above.

LIQUIDITY AND FINANCIAL RESOURCES

Except for equity fund raising from the Company as detailed in the paragraph headed "Capital Structure and Gearing Ratio" below, the Group mainly finances its business operations with internally generated cash flows and general banking facilities.

As at 30 June 2020, the Group had bank balances and cash of approximately HK$56.6 million (31 December 2019: HK$37.3 million) and mainly denominated in HK$ and RMB. Such increase was mainly attributable to the equity fund raising activity and collection of certain trade receivables during the Reporting Period. The Group's quick ratio (measured by total current assets less inventories, biological assets, deposits and prepayments divided by total current liabilities) was approximately 1.4 times (31 December 2019: 1.3 times).

As at 30 June 2020, the total borrowings of the Group, which comprised of bonds, promissory notes, bank and other borrowings, amounted to approximately HK$176.1 million (31 December 2019: HK$251.9 million) of which, approximately HK$14.8 million (31 December 2019: HK$15.8 million) were secured by certain buildings, plant and machineries and motor vehicles of the Group. As at 30 June 2020, borrowings of approximately HK$144.9 million (31 December 2019: HK$245.2 million) were repayable within one year. As at 30 June 2020, borrowings of approximately HK$65.9 million (31 December 2019: HK$75.0 million) and HK$110.2 million (31 December 2019: HK$176.9 million) were denominated in HK$ and RMB respectively. Borrowings of approximately HK$46.8 million (31 December 2019: HK$87.1 million) are charged at fixed interest rates as at 30 June 2020.

As at 30 June 2020, the Group had capital expenditure commitments of approximately HK$0.8 million (31 December 2019: HK$0.8 million) which comprised of acquisition of properties, plants and equipments. Operating lease payments represent rental payable by the Group for office premises and farmland. Leases are negotiated for fixed terms ranging from 1 to 26 years.

The Group will continue to adopt a positive but prudent approach in managing its financial resources. Should other opportunities arise that require additional funding, management also believes that the Group is in a good position to obtain financing on favourable terms.

CAPITAL STRUCTURE AND GEARING RATIO

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The Group reviews the capital structure on a regular basis. As a part of this review, the Group monitors capital on the basis of net debt to adjusted equity ratio, the ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "adjusted equity", as shown in the consolidated statement of financial position, plus net debt. The Group considers the cost of capital and the risks associated with issued share capital. To maintain or adjust the capital structure, the Group may adjust the ratio through dividend payments, issuing new shares, raising new debt financing or selling assets to reduce existing debts.

On 17 January 2020, the Company, Sino Richest Investment Holdings Limited (the "Subscriber"), wholly-owned by Mr. Lin Yuhao, a non-executive Director and Mr. Lin Yuhao entered into the subscription agreement (as amended and supplemented by the supplemental agreement) (the "Subscription"), pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 200,000,000 ordinary shares of the Company at an issue price of HK$0.65 per share. The net proceeds from the Subscription was approximately HK$128.0 million, and it was expected that (i) as to approximately HK$40.9 million for repayment of outstanding convertible bonds issued by the Company on 7 February 2018; (ii) as to approximately HK$56.0 million for repayment of the indebtedness of the Group due to Mr. Lin Yuhao, a non-executive Director; (iii) as to approximately HK$20.0 million for expanding the existing Agricultural and Meat Business of the Group; and (iv) as to approximately HK$11.1 million for the general working capital of the Group. The reason of the Subscription was to repay significant amount of outstanding indebtedness of the Group, the Directors considered it essential to recapitalise the Company and restore its financial health so as to allow the Group to embark on new opportunities which may create more value to the shareholders of the Company. The Subscription was completed on 27 April 2020. Details of the Subscription were set out in the Company's announcements dated 6 February 2020, 27 February 2020, 19 March 2020, 20 March 2020, 8 April 2020, 15 April 2020 and 27 April 2020 and the Company's circular dated 20 March 2020.

As at 30 June 2020, the net proceeds from the Subscription during the Reporting Period had been utilized as follows:

Date of announcement	Event	Net proceeds raised	Intended use of net proceeds	Actual use of proceeds
6 February 2020 (completed on 27 April 2020)	Subscription for 200,000,000 ordinary shares of the Company at an issue price of HK$0.65 per share	Approximately HK$128,000,000	(i) Repayment for approximately HK$40.9 million outstanding convertible bonds issued on 7 February 2018	(i) Approximately HK$35.0 million was used to settle the outstanding convertible bonds
			(ii) Approximately HK$56.0 million for repayment of the indebtedness due to Mr. Lin Yuhao	(ii) Approximately HK$56.0 million was used to settle the indebtedness due to Mr. Lin Yuhao
			(iii) Approximately HK$20.0 million for expanding the agricultural and meat business	(iii) Approximately HK$5.5 million was used to payment for annual rental of the existing farmlands, The remaining balance approximately HK$14.5 million will be used for expanding the agricultural and meat business as intended within next 12 months of the date of this announcement *(note)*
			(iv) Approximately HK$11.1 million for general working capital of the Group	(iv) Approximately HK$17.0 million was used for working capital of the Group

Note: Breakdowns of the remaining net proceeds will be applied as follows: i) approximately HK$2.5 million, being the expected annual rental for the proposed leasing of approximately 300 to 450 hectares farmland in the Guangdong province in the PRC for farming of agricultural products (the "New Farmlands"); ii) approximately HK$3.0 million for preparing and tilling the soil for agricultural use, constructing infrastructure of the water and sewage system, electricity supply and other fundamental facilities and road maintenance and improvement in respect of the New Farmlands; (iii) approximately HK$2.0 million for hiring new team (covering accounting, cashier, head of plant base, foreman, warehouse manager, procurement and quality control) and set up of building office and staff quarter for the New Farmlands; iv) approximately HK$1.8 million for payment of annual rental of the existing farmlands; and v) approximately HK$5.2 million for the prepayment outsourcing fees payable to the local farmers for the New Farmlands.

During the six months ended 30 June 2020, the Company issued and allotted a total of 2,060,569 ordinary shares of HK$0.01 each upon the exercise of a total of 2,060,569 share options granted by the Company.

In light of the above, during the Reporting Period, the Company issued and allotted a total number of 202,060,569 ordinary shares of HK$0.01 each with aggregate nominal value of HK$2,020,605, resulting in a total number of 302,083,407 issued ordinary shares as at 30 June 2020.

As at 30 June 2020, the net debt to adjusted equity ratio was 0.37 (31 December 2019: 0.54). The Group's gearing ratio as at 30 June 2020 was 0.57 (31 December 2019: 1.37), which was measured as total debt to total shareholders' equity. The decrease of the Group's gearing ratio was mainly due to above-mentioned capital structure event.

Mr. Lin Yuhao, a non-executive Director, and Mr. Lin Yupa and Ms. Diao Jing, the executive Directors, had advanced an unsecured interest-free loan to the Group, the balance due to Mr. Lin Yuhao, Mr. Lin Yupa and Ms. Diao Jing as at 30 June 2020 were approximately HK$44.2 million, HK$53.8 million and HK$2.8 million (31 December 2019: HK$82.6 million, HK$37.7 million and HK$2.6 million) respectively. As at 30 June 2020, the outstanding balance of unsecured promissory notes issued by the Company owed to Mr. Lin Yuhao, a non-executive Director and Mr. Lin Yupa, an executive Director, were HK$16.3 million and HK$10.9 million respectively.

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Except the disclosure under the paragraph headed "BUSINESS REVIEW — Securities Brokerage Business", the Group did not have material acquisition or disposals of subsidiaries and associated companies during the six months ended 30 June 2020.

CHARGES ON GROUP'S ASSETS

As at 30 June 2020, certain buildings, plant and machinery and motor vehicles were pledged to secure bank loan and finance lease of the Group of approximately HK$14.8 million (31 December 2019: HK$15.1 million).

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Hong Kong dollars and Renminbi. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 71 (31 December 2019: 71) full time employees in Hong Kong and Mainland China. Total staff costs (including directors' remuneration) for the Reporting Period amounted to HK$8.4 million (six months ended 30 June 2019: HK$8.9 million). The employees are remunerated with reference to each individual's qualification, experience, responsibility and performance, the performance of the Group and the market practices. Apart from the basic remuneration package, staff benefits offered by the Group to its employees include contribution to discretionary bonus, the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in Mainland China. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive Directors (including independent non-executive Directors) of the Group.

PROSPECTS

The Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new lines of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects which could complement or create potential synergies to its existing core operations.

To diversify its income streams and counter balance the cyclical nature of the Group's Agricultural and Meat Business, the Company has been actively developing its business blueprint in the realm of financial business since 2015.

In order to expand the Agricultural and Meat Business, in late 2018, the Group started consolidating agricultural products from various labourhood farms and agricultural companies to process, package and sell to customers. In 2019, the Group also entered into long term co-operation agreements with certain agricultural companies in other provinces in Mainland China for broadening the agricultural bases and sourcing/subcontracting of the agricultural produce of the Group.

The Company has been planning to expand the production base in Guangdong as which is a desirable location as the climate is comparatively moderate and it allows year-round cultivation for agricultural produces. However, the plan of expansion of production base was delayed due to the outbreak of the Coronavirus Disease 2019. The Group will implement the expansion plan as intended when the pandemic is abated.

In second half of 2020, the Group projects the performance of Money Lending Business segment both in the PRC and Hong Kong to worsen due to the uncertain economic environment and policy in the PRC. The Group may consider obtaining bank loans or other financing opportunities by prudent credit control procedures and strategies to balance between business growth and risk management.

In 2018, the US-China trade war has begun, it is expected the trade war and the political tension between the US and China will continue and which may impact the economy of China and the business of the Group as well. Meanwhile, the Board acknowledges and expects that the COVID-19 outbreak in Hong Kong, PRC and across the globe has and will continue to have an inevitable adverse impact on the Group during the Reporting Period and may last through the coming year. Our management will keep actively monitoring the performance of the Group and assessing how the COVID-19 outbreak will impact the Group, and will respond by implementing adaptive strategies in a timely manner.

Apart from the aforesaid investments, the Group will also consider other potential profitable businesses which could boost profitability in the future, including but not limited to, financial and agricultural and meat sector in Mainland China and Hong Kong.

INTERIM DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiries with the Directors of the Company, all the Directors confirmed that they had complied with the required standards of the said code during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and the code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). During the Reporting Period, the Company has complied with the Code Provisions and mandatory disclosure requirement as set out in the CG Code.

The office of the chief executive officer of the Company has been vacant since 21 September 2018. The executive Directors continue to oversee the day-to-day management of the business and operations of the Group until the appointment of a new chief executive officer. The above arrangement did meet the requirement of the Code Provision A.2.1 of the CG Code that the roles and responsibilities of chairman and chief executive officer should be divided.

The Company periodically reviews its corporate governance practices to ensure that the requirements of the CG Code are met at all times during the Reporting Period.

EVENTS AFTER THE REPORTING DATE

Details of significant events occuring after the reporting date are set out in note 17 to the unaudited condensed consolidated interim financial information in this announcement.

REVIEW BY AUDIT COMMITTEE

The audit committee (the "Audit Committee") of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020. The Audit Committee is of the opinion that such financial information complies with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

As at the date of this announcement, the Audit Committee comprises all independent non-executive Directors, namely Ms. LI Yang (Committee Chairlady), Mr. LI Shaohua and Ms. ZHU Rouxiang.

SUFFICIENCY OF PUBLIC FLOAT

Base on the information that is publicly available to the Company, and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.cfih.hk) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2020 will be despatched to the shareholders of the Company and will be available at the above websites in due course.

By order of the Board
China Finance Investment Holdings Limited
LIN Yuhao
Chairman

Hong Kong, 26 August 2020

As at the date of this announcement, the Board comprises six Directors, including two executive Directors, namely. Ms. Diao Jing and Mr. Lin Yupa; one non-executive Director, Mr. Lin Yuhao; and three independent non-executive Directors, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang.