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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 2022

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 2022 (the “**Reporting Period**”), along with the unaudited comparative figures for the six months ended 30 June 2021 (the “**Corresponding Period**”) and selected explanatory notes as follows:

FINANCIAL HIGHLIGHTS

The financial highlights of the Group for the Reporting Period are summarised as follows:

- The Group recorded a turnover of approximately HK\$347.9 million for the Reporting Period, representing an increase of approximately HK\$66.4 million or 23.6%, from approximately HK\$281.5 million, for the Corresponding Period.
- Gross profit of the Group during the Reporting Period was approximately HK\$30.4 million, representing an increase of approximately HK\$3.0 million or 10.9%, as compared to approximately HK\$27.4 million for the Corresponding Period.
- Net profit of the Group for the Reporting Period was approximately HK\$13.2 million as compared to a net profit of approximately HK\$8.8 million for the Corresponding Period.
- Basic earnings per share was HK cents 3.55 for the Reporting Period (30 June 2021: HK cents 3.40).

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3&4	347,855	281,486
Cost of sales and services rendered		(317,442)	(254,086)
Gross profit		30,413	27,400
Other gains	5	15,381	2,229
Selling and distribution expenses		(2,448)	(6,609)
Administrative expenses		(16,046)	(24,809)
Other operating expenses	6	(206)	(16)
Finance costs	7	(5,259)	(3,709)
Reversal of impairment losses on trade receivables		—	314
Impairment losses on trade receivables		(2,846)	—
Impairment losses on other receivables		(4,009)	—
Reversal of impairment losses on loan receivables		—	18,665
Impairment losses on loan receivables		(672)	(2,078)
Reversal of impairment losses on deposits and prepayments		2,000	—
Profit before taxation	8	16,308	11,387
Income tax expense	9	(3,095)	(2,574)
Profit for the period		13,213	8,813

		Six months ended 30 June	
		2022	2021
<i>Notes</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive (expenses)/income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations			
		<u>(24,871)</u>	<u>5,963</u>
(Loss)/profit and total comprehensive (expenses)/income for the period		<u>(11,658)</u>	<u>14,776</u>
Profit attributable to owners of the Company:			
Owners of the Company		13,475	11,109
Non-Controlling interests		<u>(262)</u>	<u>(2,296)</u>
		<u>13,213</u>	<u>8,813</u>
Total comprehensive (expenses)/income attributable to:			
Owners of the Company		(11,597)	17,072
Non-controlling interest		<u>(61)</u>	<u>(2,296)</u>
		<u>(11,658)</u>	<u>14,776</u>
Earnings per share (HK cents)			
Basic	10	<u>3.55</u>	<u>3.40</u>
Diluted	10	<u>3.48</u>	<u>3.40</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		37,673	52,809
Right-of-use assets		16,041	31,058
Goodwill		1,457	1,457
Investment in an associate		—	—
Other non-current assets		730	775
		<u>55,901</u>	<u>86,099</u>
Current assets			
Inventories		16,584	22,965
Trade and other receivables	12	842,358	688,414
Loan receivables	13	323,593	302,451
Pledged bank deposits		47,688	77,756
Bank balances and cash		32,402	142,841
		<u>1,262,625</u>	<u>1,234,427</u>
Current liabilities			
Trade and other payables	14	398,451	502,392
Promissory notes		16,339	16,339
Bank and other borrowings		417,417	294,589
Lease liabilities		7,224	11,815
Deferred income		1,468	971
Tax payables		27,726	25,829
		<u>868,625</u>	<u>851,935</u>
Net current assets		<u>394,000</u>	<u>382,492</u>
Total assets less current liabilities		<u><u>449,901</u></u>	<u><u>468,591</u></u>

		At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Capital and reserves			
Share capital	15	3,823	3,823
Reserves		423,530	435,127
		<hr/>	<hr/>
Equity attributable to owners of the Company		427,353	438,950
Non-controlling interests		(2,996)	(2,935)
		<hr/>	<hr/>
Total equity		424,357	436,015
		<hr/>	<hr/>
Non-current liabilities			
Lease liabilities		18,192	30,727
Deferred income		7,352	1,849
		<hr/>	<hr/>
		25,544	32,576
		<hr/>	<hr/>
		449,901	468,591
		<hr/> <hr/>	<hr/> <hr/>

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 an 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 2021 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 2021 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 2021.

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 its operations and effective for its accounting period beginning on 1 January 2022. 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 2022 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 2021 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 of agricultural produce, trading of agricultural and meat produce, poultry, seafood and prepared food in the PRC;
- (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 the segments’ performance for the Reporting 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 2022 (Unaudited)					
Revenue					
Point in time	329,302	—	5,653	—	334,955
Over time	—	—	—	—	—
Other sources	—	12,900	—	—	12,900
	<u>329,302</u>	<u>12,900</u>	<u>5,653</u>	<u>—</u>	<u>347,855</u>
Reportable segment revenue	329,302	12,900	5,653	—	347,855
Elimination of inter-segment revenue	—	—	—	—	—
	<u>329,302</u>	<u>12,900</u>	<u>5,653</u>	<u>—</u>	<u>347,855</u>
Profit					
Reportable segment profit (adjusted EBITDA)	13,053	12,247	1,670	—	26,970
Depreciation	(3,137)	(4)	(3)	—	(3,144)
Right-of-use asset depreciation	(2,440)	(37)	(885)	(228)	(3,590)
Finance costs	(5,180)	(1)	(59)	(19)	(5,259)
Government grants	1,329	—	128	40	1,497
Impairment losses on trade receivables	(2,846)	—	—	—	(2,846)
Impairment losses on loan receivables	—	(672)	—	—	(672)
Impairment losses on other receivables	(4,009)	—	—	—	(4,009)
Interest income	1,437	—	—	8,907	10,344
Other gain	2,300	—	—	—	2,300
Unallocated head office and corporate expenses	—	—	—	(5,283)	(5,283)
	<u>507</u>	<u>11,533</u>	<u>851</u>	<u>3,417</u>	<u>16,308</u>
Consolidated profit before taxation	507	11,533	851	3,417	16,308

	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 2021 (Unaudited)					
Revenue					
Point in time	264,393	—	5,493	—	269,886
Over time	—	—	—	—	—
Other sources	—	11,600	—	—	11,600
	<u>264,393</u>	<u>11,600</u>	<u>5,493</u>	<u>—</u>	<u>281,486</u>
Reportable segment revenue	264,393	11,600	5,493	—	281,486
Elimination of inter-segment revenue	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Consolidated revenue	<u>264,393</u>	<u>11,600</u>	<u>5,493</u>	<u>—</u>	<u>281,486</u>
Profit/(Loss)					
Reportable segment (loss)/profit (adjusted (LBITDA)/ EBITDA)	2,529	9,581	(1,909)	—	10,201
Depreciation	(3,394)	(4)	(7)	—	(3,405)
Right-of-use asset depreciation	(3,708)	(44)	(885)	(496)	(5,133)
Finance costs	(2,734)	(6)	(146)	(823)	(3,709)
Government grants	636	—	60	—	696
Reversal of impairment losses on trade receivables	314	—	—	—	314
Impairment losses on loan receivables	—	(2,078)	—	—	(2,078)
Interest income	119	—	—	—	119
Reversal of impairment losses on loan receivables	—	18,665	—	—	18,665
Unallocated head office and corporate income	—	—	—	645	645
Unallocated head office and corporate expenses	—	—	—	(4,928)	(4,928)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,928)</u>	<u>(4,928)</u>
Consolidated (loss)/profit before taxation	<u>(6,238)</u>	<u>26,114</u>	<u>(2,887)</u>	<u>(5,602)</u>	<u>11,387</u>

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 interest income from the Money Lending Business. To arrive at adjusted (LBITDA)/EBITDA, the Group’s profit/(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 2022 (Unaudited)					
Assets					
Reportable segment assets	962,051	324,417	29,658	—	1,316,126
Goodwill	1,457	—	—	—	1,457
Unallocated head office and corporate assets	—	—	—	943	943
	<u>963,508</u>	<u>324,417</u>	<u>29,658</u>	<u>943</u>	<u>1,318,526</u>
Liabilities					
Reportable segment liabilities	750,923	34,457	22,975	—	808,355
Promissory notes	—	—	—	16,339	16,339
Unallocated head office and corporate liabilities	—	—	—	69,475	69,475
	<u>750,923</u>	<u>34,457</u>	<u>22,975</u>	<u>85,814</u>	<u>894,169</u>
Other segment information					
Income tax expense	<u>38</u>	<u>3,057</u>	<u>—</u>	<u>—</u>	<u>3,095</u>
	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 2021 (Unaudited)					
Assets					
Reportable segment assets	750,211	295,995	91,641	—	1,137,847
Goodwill	1,457	—	—	—	1,457
Unallocated head office and corporate assets	—	—	—	1,278	1,278
	<u>751,668</u>	<u>295,995</u>	<u>91,641</u>	<u>1,278</u>	<u>1,140,582</u>
Liabilities					
Reportable segment liabilities	562,571	24,716	83,517	—	670,804
Promissory notes	—	—	—	27,250	27,250
Unallocated head office and corporate liabilities	—	—	—	67,846	67,846
	<u>562,571</u>	<u>24,716</u>	<u>83,517</u>	<u>95,096</u>	<u>765,900</u>
Other segment information					
Capital expenditure*	400	—	—	—	400
Income tax expense	<u>—</u>	<u>2,574</u>	<u>—</u>	<u>—</u>	<u>2,574</u>

* 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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
— Hong Kong	5,653	5,526
— the People's Republic of China (the "PRC")	342,202	275,960
	<u>347,855</u>	<u>281,486</u>

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

	At	At
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Non-current assets		
— Hong Kong	1,555	2,752
— the PRC	54,346	83,347
	<u>55,901</u>	<u>86,099</u>

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

(iv) *Information about major customers*

The Group's customer base included two (30 June 2021: nil) customers with whom transactions have exceed 10% of the Group's revenue during the Reporting Period and the Corresponding Period which is set out below:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A — Agricultural and meat produce	92,745	N/A*
Customer B — Agricultural and meat produce	73,022	N/A*

* The revenue of the corresponding customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the Reporting Period/ Corresponding Period.

4 REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sale of agricultural and meat produce, poultry, seafood and prepared food	329,302	264,393
Money lending interest income	12,900	11,600
Securities brokerage income	5,653	5,493
	347,855	281,486

5 OTHER GAINS

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Government grants	1,497	696
Bank interest income	1,437	46
Other interest income	8,907	73
Services income	698	747
Rental income	—	19
Sundry income	2,842	648
	<u>15,381</u>	<u>2,229</u>

6 OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Foreign exchange losses, net	<u>206</u>	<u>16</u>
	<u>206</u>	<u>16</u>

7 FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on bonds	—	778
Interest expenses on bank and other borrowings	3,866	566
Interest expenses on lease liabilities	1,393	2,365
	<u>5,259</u>	<u>3,709</u>

8 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Staff costs (including Directors' emoluments)		
Salaries and allowances	6,476	11,715
Retirement benefit costs	444	652
Total staff costs	6,920	12,367
Cost of inventories recognised as an expense	313,229	245,921
Depreciation:		
— on owned assets	3,143	3,405
— on right-of-use assets	3,590	5,133
Written off on bearer plants	8,313	—
Reversal of impairment losses on trade receivables	—	(314)
Reversal of impairment losses on loan receivables	—	(18,665)
Reversal of impairment losses on deposits and payments	(2,000)	—
Impairment losses on loan receivables	672	2,078
Impairment losses on trade receivables	2,846	—
Impairment losses on other receivables	4,009	—

9 INCOME TAX EXPENSE

The tax rate applicable to the Group's Hong Kong subsidiaries was 16.5% (30 June 2021: 16.5%) during the Reporting Period.

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 (Corresponding Period: nil).

Enterprise Income Tax ("EIT") in 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, 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 engaging in qualifying agricultural business, which includes growing, processing and selling vegetables, are thus entitled to the full exemption of EIT.

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
EIT in the PRC		
— Provision for the period	<u>3,095</u>	<u>2,574</u>
	<u>3,095</u>	<u>2,574</u>

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to the owners of the Company of approximately HK\$13,475,000 (Corresponding Period: HK\$11,109,000) and the weighted average number of 379,257,038 (Corresponding Period: 326,450,081) ordinary shares in issue during the Reporting Period.

The weighted average number of ordinary shares for the purpose of calculating diluted earnings per share is adjusted as follows:

Number of shares	Six months ended 30 June	
	2022	2021
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	379,257,038	326,450,081
Effect of dilutive potential ordinary shares arising from conversion of preference shares	15,150	—*
Effect of dilutive potential ordinary shares arising from share options issued by the Company	<u>8,086,452</u>	<u>—*</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>387,358,640</u>	<u>326,450,081</u>

* The computation of diluted earnings per share for the Corresponding Period did not assume the conversion of the Company's preference shares and options outstanding under the share option scheme of the Company, the assumed exercise of which would result in anti-dilutive.

11 DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period. The Directors do not recommend the payment of an interim dividend (Corresponding Period: nil).

12 TRADE AND OTHER RECEIVABLES

		At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Trade receivables arising from trading of agricultural and meat produce, poultry, seafood and prepared food		460,642	429,971
Less: accumulated impairment		<u>(19,812)</u>	<u>(17,057)</u>
Total trade receivables	(a)	<u>440,830</u>	<u>412,914</u>
Accounts receivable arising from dealing in securities — Margin clients and broker receivables	(b)	<u>—</u>	<u>8</u>
		<u>440,830</u>	<u>412,922</u>
Other receivables		200,673	85,490
Less: accumulated impairment	(c)	<u>(13,016)</u>	<u>(9,013)</u>
Total other receivables		<u>187,657</u>	<u>76,477</u>
Deposits and prepayments	(d)	213,871	201,005
Less: accumulated impairment		<u>—</u>	<u>(2,000)</u>
Total deposits and prepayments		<u>213,871</u>	<u>199,015</u>
		<u>842,358</u>	<u>688,414</u>

- (a) The average credit period on sales of agricultural and meat produce, poultry, seafood and prepared food is 60 days. As of 30 June 2022 and 31 December 2021, the ageing analysis of trade receivables, based on the invoice date and net impairment losses, is as follows:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
0 – 60 days	133,663	90,449
61 – 120 days	18,555	94,006
Over 120 days	<u>288,612</u>	<u>228,467</u>
	<u>440,830</u>	<u>412,922</u>

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 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Less than 60 days past due	18,711	94,006
Over 60 days past due	<u>308,004</u>	<u>228,467</u>
	<u>326,715</u>	<u>322,473</u>

The movements in impairment of trade receivables are as follows:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
At 1 January	17,057	18,473
Impairment losses recognised	2,846	—
Reversal of impairment losses	—	(1,460)
Exchange realignment	<u>(91)</u>	<u>44</u>
	<u>19,812</u>	<u>17,057</u>

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

Accounts receivable from cash clients arising from the Securities Brokerage Business are repayable on demand subsequent to the respective settlement dates. No ageing analysis is disclosed as 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 the discounted value as accepted by the Group.

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 able to offset their debts owed to the Group.

(c) The movements in impairment of other receivables are as follows:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
At 1 January	9,013	8,200
Impairment losses recognised	4,009	811
Exchange realignment	(6)	2
	<u>13,016</u>	<u>9,013</u>

(d) Included in the amount of approximately HK\$28,250,000, being deposit of acquiring properties from Elite One International Holdings Limited (the “**Long Outstanding Deposits**”) was fully impaired before the year ended 31 December 2020 and full amount has been recovered during the Reporting Period. The rest are rental deposits and prepayments.

The movements in impairment of deposits and prepayments are as follows:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
At 1 January	2,000	28,250
Reversal of impairment losses	(2,000)	(26,250)
	<u>—</u>	<u>2,000</u>

13 LOAN RECEIVABLES

The Group's loan receivables arise from the Money Lending Business. Loan receivables bear interest at a rate of 12% to 15.4% per annum (31 December 2021: 12%), 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 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Carrying amount receivable based on scheduled repayment dates set out in the loan agreements		
Within one year	323,593	302,451
Repayment on demand clause (shown under current assets)	<u>—</u>	<u>—</u>
	323,593	302,451
Less: current portion	<u>(323,593)</u>	<u>(302,451)</u>
Non-current portion	<u><u>—</u></u>	<u><u>—</u></u>

The Group's loan receivables arising from the Money Lending Business, are denominated in Renminbi ("RMB").

Loan receivables were unsecured, 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 30 June 2022 and 31 December 2021, based on the maturity date, net of impairment losses, is as follows:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Within 3 months	202,595	176,782
3 months to 1 year	<u>120,998</u>	<u>125,669</u>
	<u>323,593</u>	<u>302,451</u>

The movements in impairment of loan receivables are as follows:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
At 1 January	30,869	30,195
Impairment losses recognised	<u>672</u>	<u>674</u>
	<u>31,541</u>	<u>30,869</u>

14 TRADE AND OTHER PAYABLES

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Trade payables arising from trading of agricultural and meat produce, poultry, seafood and prepared food	194,878	124,840
Bills payables	(a) <u>53,310</u>	169,592
	(b) <u>248,188</u>	294,432
Accounts payable arising from dealing in securities		
— cash client	6	6
— clearing house	<u>22,444</u>	<u>133,464</u>
Total accounts payable	<u>22,450</u>	<u>133,470</u>
Accruals and other payables	<u>127,813</u>	<u>74,490</u>
	<u>398,451</u>	<u>502,392</u>

- (a) As at 30 June 2022, the Group's bills payable are secured by the followings:
- (i) pledged bank deposits of the Group amounting to approximately HK\$47,688,000 (31 December 2021: HK\$77,756,000); and
 - (ii) pledged bank deposits provided by Mr. Lin Yuhao, an executive Director and substantial shareholder of the Company, amounting to approximately HK\$nil (31 December 2021: HK\$4,289,000).
- (b) Trade payables arising from trading of agricultural and meat produce, poultry, seafood and prepared food principally comprise amounts outstanding for trade purchases and have an average credit period of 30 days. The ageing analysis of trade payables based on the invoice date at 30 June 2022 and 31 December 2021 is as follows:

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
0 – 60 days	79,280	30,531
61 – 120 days	9,844	28,035
Over 120 days	159,064	235,866
	<u>248,188</u>	<u>294,432</u>

- (c) The normal settlement terms of accounts payable to cash clients and clearing houses are two days after the trade date.

No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of this business.

It is the Group's practice to satisfy all requests for payments immediately within the credit period. All accounts payable are non-interest bearing.

Accounts payable to clients also include those payables placed in trust accounts with authorised institutions of approximately HK\$22,450,000 (31 December 2021: HK\$133,470,000).

15 SHARE CAPITAL

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Authorised:		
150,000,000,000 (31 December 2021: 150,000,000,000) ordinary shares of HK\$0.01 each	<u>1,500,000</u>	<u>1,500,000</u>
10,000,000,000 (31 December 2021: 10,000,000,000) preference shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
379,257,038 (31 December 2021: 379,257,038) ordinary shares of HK\$0.01 each	<u>3,793</u>	<u>3,793</u>
3,030,000 (31 December 2021: 3,030,000) preference shares of HK\$0.01 each	(a) <u>30</u>	<u>30</u>
Total amount	<u>3,823</u>	<u>3,823</u>

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:

	No. of shares	Amount <i>HK\$'000</i>
At 31 December 2021 and 1 January 2022 (Audited)	<u>379,257,038</u>	<u>3,793</u>
At 30 June 2022 (Unaudited)	<u>379,257,038</u>	<u>3,793</u>

Note:

The preference shares that 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 be converted into one new ordinary share (adjusted from 3,030,000 ordinary shares to 15,150 ordinary shares as a result of capital reorganisation effective on 25 June 2018 and 15 April 2019) at any time but no earlier than one year from the date of issue.

16 SUBSEQUENT EVENT

On 22 July 2022, the Group entered into the twenty-ninth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the sale and purchase agreement dated 25 May 2017 (“**Agreement**”) with an independent third party (as defined under the Listing Rules) to dispose of the Security Brokerage Business to a date falling on the expiration of 68 months from the date of the Agreement. For details, please refer to the Company’s announcement dated 22 July 2022.

On 5 August 2022, the Group entered into a sale and purchase agreement with an independent third party (as defined under Listing Rules) (the “**Purchaser**”), pursuant to which the Group has agreed to sell and the Purchaser has agreed to purchase 8.9% equity interest in Shenzhen Taihengfeng Technology Company Limited* (深圳市泰恒豐科技有限公司), an indirect wholly-owned subsidiary of the Company which is engaged in Money Lending Business in the PRC, at the consideration of approximately RMB8.7 million. As at the date of this announcement, such disposal has been completed.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2022 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group was principally engaged in (i) growing of agricultural produce, trading of agricultural and meat produce, poultry, seafood and prepared food in the PRC (“**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

The Group’s Agricultural and Meat Business has benefited from China’s post-pandemic economic recovery. The Group has been actively developing its trading of poultry and seafood business. Meanwhile, the Group has strengthened its revenue stream and enlarged its customer base by commencing to supply produce, including agricultural and meat produce, poultry and seafood, to supermarkets and other customers in the PRC and commencing online sales. As a result, during the Reporting Period, turnover from the Agricultural and Meat Business segment increased by approximately 24.5%, from approximately HK\$264.4 million for the Corresponding Period to approximately HK\$329.3 million, and recorded a gross profit of approximately HK\$12.7 million (30 June 2021: HK\$11.5 million).

The Group has been conducting research and development of the growing of medicinal value crops i.e. Kimura et Migo* (鐵皮石斛) since the second quarter of 2018. After several years of cultivation, the Kimura et Migo* has reached maturity stage. However, as the growth of Kimura et Migo* is not ideal, a portion of the matured Kimura et Migo* has been harvested and sold during the Reporting Period. After taking into account factors including the current growth performance of Kimura et Migo*, cultivation costs, harvest yield, return on investment, market demand and competition for similar products, the Group considers the economic return of Kimura et Migo* to be not so attractive and will cease its cultivation after all the remaining inventories are sold out.

During the Reporting Period, the Group entered into lease termination agreement for the two farmlands of approximately 67 hectares in total both located in Shanwei of Guangdong Province, the PRC (“**Shanwei Farmlands**”). Originally the Shanwei Farmlands would adopt an outsourcing model, under which local farmers would be engaged to cultivate agricultural produce for the Group. After in-depth assessments and evaluation, the Group was not satisfied with the conditions of Shanwei Farmlands, therefore the Group and the landlord entered into the lease termination agreement. The rent for Shanwei Farmland was fully refunded and the Group would use such refunded rent as deposits for purchasing agricultural produce.

The Company's business strategy is to explore potential business and investment opportunities from time to time in order to increase its share value. In order to broaden its sales channel under the Agricultural and Meat business, the Group entered into a service agreement (the "**Service Agreement**") with Meituan Select, a business division for community group purchase services established by Meituan (stock code : 3690) which offers selected fresh produce and daily necessities to local consumers living in different communities. Meituan Select now covers more than 90% of the cities and counties in the PRC. Based on the Service Agreement, the Group can sell its agricultural and meat produce through the platform of Meituan Select.

During the Reporting Period, the Group entered into various procurement agreements with different customers. In January 2022, the Group entered into a procurement agreement (the "**Procurement Agreement**") with Government Offices Administration of Conghua District, Guangzhou City, Guangdong Province* (廣東省廣州市從化區機關事務管理局) (the "**Customer**"), the PRC. Based on the Procurement Agreement, the Customer would purchase grain and oil products, agricultural and sideline products and other supplies from the Group starting from the first quarter of 2022.

In April 2022, the Group entered into a procurement agreement (the "**Procurement Agreement 2**") with ten buyers (the "**Buyers**") which are independent business entities established in the PRC. Pursuant to the Procurement Agreement 2, starting from the second quarter of 2022, the Buyers would purchase agricultural, seafood and meat produce from the Group which would be sold on the platform of "Meituan Grocery", a self-operated grocery delivery services app of Meituan (stock code: 3690) established in 2019 to provide daily grocery to fulfill consumers' demands.

Furthermore, the Group entered into a procurement agreement (the "**Procurement Agreement 3**") with Jijia (Beijing) Digital Technology Company Limited* (加加(北京)數字科技有限公司) (the "**Buyer**"), a subsidiary of Jijia Food Group Co., Ltd. (加加食品集團股份有限公司) ("**Jijia Food Group**") in July 2022. Jijia Food Group is a large condiment company established in the PRC and listed on the Shenzhen Stock Exchange (Stock Code: 002650.SZ) which integrates research and development, production and marketing. Pursuant to the Procurement Agreement 3, the Buyer would purchase including but not limited to, soybean, dried chili, rice, vegetable oil, seasoning raw material, dried food, vinegar raw material, cereal and soybean products from the Group. The Procurement Agreement 3 was for a term of three years commencing from the date of the Procurement Agreement 3, and the monthly and yearly procurement amount under the Procurement Agreement 3 were expected to be not less than RMB80 million and RMB1 billion respectively.

Looking ahead, the Group will continue to control its costs, utilise its existing resources and collaborate with research institutes in the PRC to further strengthen the cultivation of agricultural produce, trading of agricultural and meat produce, poultry, seafood and prepared food with high potential for development, and pursue acquisitions when opportunities arise.

Money Lending Business

Following the completion of the acquisition of Shenzhen Taihengfeng Technology Company Limited* (深圳市泰恒豐科技有限公司) and its subsidiaries in November 2016, the Group expanded into micro finance business sector in Shenzhen, the PRC, through provision of personal loans and corporate loans services. On 1 March 2019, Shenzhen Internet Finance Association issued a notice for consultation of guidelines for the exit of 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. The crackdown on 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 responded to such change by narrowing its target customers to borrowers with better risk profiles.

The average interest rate charged to the borrowers was 12.1% during the Reporting Period, as compared to that of 12.0% during the Corresponding Period.

During the Reporting Period, loan interest income and gross profit under the Money Lending Business amounted to approximately HK\$12.9 million (30 June 2021: HK\$11.6 million) and HK\$12.9 million (30 June 2021: HK\$11.6 million) respectively. Such increase in loan interest income and gross profit was attributable to the slight increase in business volume of Money Lending Business. Outstanding loan principal and interest receivables (net of impairment) amounted to approximately HK\$324.5 million (31 December 2021: HK\$333.3 million). The average interest rate charged on the loans was 12.1% per annum for the Reporting Period (30 June 2021: 12.0%). No material default event occurred as at 30 June 2022 and net impairment losses of approximately HK\$0.7 million for loan receivables was recognised by the Group during the Reporting Period (30 June 2021: net reversal HK\$16.6 million).

Due to the uncertain economic environment and relevant money lending policy in the PRC, the Group does not foresee a material improvement in the performance of Money Lending Business.

As such, the Group is planning to focus more on Agricultural and Meat Business. After the Reporting Period, the Group has disposed of 8.9% equity interest in Shenzhen Taihengfeng Technology Company Limited* (深圳市泰恒豐科技有限公司), an indirect wholly-owned subsidiary of the Company which is engaged in Money Lending Business in the PRC, to an independent third party (as defined under the Listing Rules).

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 current 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 provide greater value to the shareholders of the Company (the “**Shareholders**”) 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 (as defined under the Listing Rules), pursuant to which the Group conditionally agreed to sell the Securities Brokerage Business at the consideration of the net asset value of the Securities Brokerage Business as at the date of the Agreement plus HK\$12.0 million (the “**Disposal**”). Subsequently, the Group entered into supplemental deeds, whereby the parties have agreed to extend the date of fulfillment of the conditions precedent as set out in the Agreement. The latest supplemental deed was entered into on 22 July 2022, which further extended the date of fulfillment on the expiration of 68 months from the date of the Agreement.

Further details of the above were set out 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, 24 August 2020, 24 November 2020, 24 February 2021, 24 August 2021, 24 November 2021, 24 January 2022 and 22 July 2022.

The Disposal is still in process, and the delay in completion is mainly due to the fact that additional time is required by the purchaser to prepare necessary information for effecting the Disposal to comply with relevant regulatory requirements in Hong Kong. The Group and the purchaser will continue to use their best endeavours to complete the Disposal as soon as practicable.

During the Reporting Period, the Securities Brokerage Business generated a revenue of approximately HK\$5.7 million (30 June 2021: HK\$5.5 million) and a net profit of approximately HK\$0.2 million (30 June 2021: net loss of HK\$2.9 million). The increase in revenue of Securities Brokerage Business was mainly due to increase in referral income.

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)* (深圳市前海錦林科技服務有限公司) (“**GLQH**”), which is engaged in internet finance business in the PRC.

During the Reporting Period, no revenue was recorded under such internet finance business (30 June 2021: HK\$nil) and no business operation was conducted (30 June 2021: net loss of HK\$7,000).

It is evident that the Group’s internet finance business was impacted by the relevant online lending regulations in the PRC which became effective on 18 December 2018 and has since become trivial.

FINANCIAL REVIEW

During the Reporting Period, the Group's revenue amounted to approximately HK\$347.9 million, representing an increase of approximately HK\$66.4 million or 23.6%, from approximately HK\$281.5 million, for the Corresponding Period.

Gross profit of the Group during the Reporting Period was approximately HK\$30.4 million, representing an increase of approximately HK\$3.0 million or 10.9%, as compared to approximately HK\$27.4 million for the Corresponding Period. The increase in turnover was mainly due to increase in revenue from Agricultural and Meat Business during the Reporting Period. The rise in gross profit is in line with the increase in revenue. The interest income and gross profit under Money Lending Business increased from approximately HK\$11.6 million and HK\$11.6 million for the Corresponding Period to approximately HK\$12.9 million and HK\$12.9 million for the Reporting Period respectively.

During the Reporting Period, the Securities Brokerage Business generated revenue of approximately HK\$5.7 million and a net profit of approximately HK\$0.2 million, as compared to approximately HK\$5.5 million and a net loss of HK\$2.9 million for the Corresponding Period.

Please refer to the paragraph headed "Business Review" above for further details on the reason for the increase in interest income and gross profit of Money Lending Business and the increase in revenue of Securities Brokerage Business.

The Group recorded other gains in the net amount of approximately HK\$15.4 million during the Reporting Period, representing an increase of approximately HK\$13.2 million or 600%, as compared to approximately HK\$2.2 million for the Corresponding Period. Such increase was mainly attributable to (i) the interest income of approximately HK\$8.9 million generated from the Long Outstanding Deposits (which were fully recovered during the Reporting Period); (ii) refunded lease payment in the amount of approximately HK\$2.3 million for the Shanwei Farmlands which was recognised as other gains during the Reporting Period; and (iii) bank interest of approximately HK\$1.4 million (30 June 2021: HK\$46,000) received during the Reporting Period.

During the Reporting Period, selling and distribution expenses decreased by approximately HK\$4.2 million or 63.6% to approximately HK\$2.4 million (30 June 2021: HK\$6.6 million). Such decrease was mainly attributable to the decrease in staff salaries of approximately HK\$2.5 million, decrease in distribution and package expenses of approximately HK\$0.8 million, and decrease in testing fee of approximately HK\$0.4 million as a result of the effective cost control measures implemented within the Group.

Administrative expenses decreased by approximately HK\$8.8 million or 35.3% to approximately HK\$16.0 million during the Reporting Period (30 June 2021: HK\$24.8 million). Such decline was mainly attributable to the decrease in (i) staff salaries of approximately HK\$2.7 million, (ii) the compliance fee of approximately HK\$2.3 million for the Securities Brokerage Business, and (iii) the bank charges of approximately HK\$1.5 million; and right-of-use asset depreciation of approximately HK\$0.3 million.

Other operating expenses increased from approximately HK\$0.02 million to approximately HK\$0.2 million. Such increase in the other operating expenses was mainly attributable to the increase in foreign exchange loss during the Reporting Period.

Impairment losses on trade receivables of approximately HK\$2.8 million (30 June 2021: net reversal of impairment loss of HK\$0.3 million) have been made for the Reporting Period. Impairment losses on loan receivables of approximately HK\$0.7 million (30 June 2021: net reversal of impairment loss of HK\$16.6 million) were provided during the Reporting Period. Impairment losses on other receivables of approximately HK\$4.0 million (30 June 2021: HK\$nil) were provided during the Reporting Period. In view of the recovery of Long Outstanding Deposits during the Reporting Period, reversal of impairment losses of approximately HK\$2.0 million have been made in respect of deposits and prepayments (30 June 2021: HK\$nil).

No impairment losses on goodwill and allowance for inventories were made during the Reporting Period (30 June 2021: nil).

The net profit of the Group for the Reporting Period was approximately HK\$13.2 million, compared to a net profit of approximately HK\$8.8 million for the Corresponding Period.

The increase in net profit in the Group's financial performance was mainly attributable to (i) an increase in gross profit during the Reporting Period due to the increase in revenue; (ii) a decrease in administrative expenses during the Reporting Period; (iii) a decrease in selling and distribution expenses during the Reporting Period; and (iv) interest income of approximately HK\$8.9 million generated from the Long Outstanding Deposits (which were fully recovered during the Reporting Period) during the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly finances its business operations with internally generated cash flows and general banking facilities.

As at 30 June 2022, the Group had bank balances (including pledged bank deposits) and cash of approximately HK\$80.1 million (31 December 2021: HK\$220.6 million), mainly denominated in Hong Kong dollar and RMB. The Group's quick ratio (measured by total current assets less inventories, deposits and prepayments divided by total current liabilities) was approximately 1.19 times (31 December 2021: 1.2 times).

As at 30 June 2022, the total borrowings of the Group, which comprised of promissory notes and bank and other borrowings, amounted to approximately HK\$433.8 million (31 December 2021: HK\$310.9 million), of which approximately HK\$15.8 million (31 December 2021: HK\$16.5 million) were secured by certain buildings and plant and machineries of the Group. As at 30 June 2022, borrowings of approximately HK\$417.4 million (31 December 2021: HK\$285.2 million) were repayable within one year. As at 30 June 2022, borrowings of approximately HK\$49.6 million (31 December 2021: HK\$21.4 million) and HK\$367.8 million (31 December 2021: HK\$289.5 million) were denominated in Hong Kong dollar and RMB. As at 30 June 2022, borrowings of approximately HK\$179.8 million (31 December 2021: HK\$63.7 million) were charged at fixed interest rates, and bills payables amounted to approximately HK\$53.3 million (31 December 2021: HK\$169.6 million) were secured by bank deposits of the Group.

As at 30 June 2022, the Group had capital expenditure commitments of approximately HK\$0.8 million (31 December 2021: HK\$0.9 million) which comprised of acquisition of properties, plants and equipments. Operating lease payments represent rental payable by the Group for office premises and farmlands. Leases were negotiated for fixed terms ranging from 1 to 26 years.

The Group will continue adopting a positive yet prudent approach in managing its financial resources. Should other opportunities arise, thus prompting the need for additional funding, the management believes that the Group is well-positioned to obtain financing on favourable terms.

CAPITAL STRUCTURE AND GEARING RATIO

The Group assumes management of its capital so as to ensure that it will continue as a going concern whilst maximising the return to Shareholders through the optimisation of its debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The Group reviews its capital structure on a regular basis. As part of such 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 condensed 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.

The Group has no equity fund raising activity during the Reporting Period and no ordinary shares of the Company were issued and allotted upon the exercise of share options granted by the Company.

The Company has 379,257,038 issued ordinary shares as at 30 June 2022.

As at 30 June 2022, the net debt to adjusted equity ratio was 0.45 (31 December 2021: 0.17). The Group's gearing ratio as at 30 June 2022 was 1.02 (31 December 2021: 0.71), which was measured as total debt to total shareholders' equity. The increase of the Group's gearing ratio was mainly due to increase in bank loans during the Reporting Period.

Mr. Lin Yuhao, an executive Director, and two former Directors, namely, Mr. Lin Yupa and Ms. Diao Jing, had advanced unsecured interest-free loans to the Group. The balance due to Mr. Lin Yuhao, Mr. Lin Yupa and Ms. Diao Jing as at 30 June 2022 were approximately HK\$216.7 million, HK\$15.4 million and HK\$1.5 million (31 December 2021: HK\$212.4 million, HK\$15.1 million and HK\$1.5 million) respectively. As at 30 June 2022, the outstanding balance of unsecured promissory notes issued by the Company owed to Mr. Lin Yuhao, an executive Director, and Mr. Lin Yupa, a former Director, were HK\$16.3 million and HK\$10.9 million (31 December 2021: 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

Save for the disclosure under the paragraphs headed "Business Review — Securities Brokerage Business", the Group did not have material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period.

CHARGES ON GROUP'S ASSETS

As at 30 June 2022, certain buildings and plant and machinery and bank deposits were pledged to secure bank loans and bills payables of the Group of approximately HK\$69.1 million (31 December 2021: HK\$94.3 million).

FOREIGN EXCHANGE EXPOSURE

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

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2022, the Group had a total of 67 (31 December 2021: 69) full time employees in Hong Kong and the PRC. Total staff costs (including Directors' remuneration) for the Reporting Period amounted to HK\$6.9 million (Corresponding Period: HK\$12.4 million). The employees are remunerated with reference to each individual's qualification, experience, responsibility and performance, the performance of the Group and 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 (the "**MPF Scheme**") in Hong Kong and the central provident fund scheme (the "**Retirement Benefit Scheme**") in the PRC. The Group operates the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately. Pursuant to the relevant labour laws, rules and regulations in the PRC, the Group participates in the Retirement Benefit Scheme organised by the relevant local government authorities in the PRC whereby the Group is required to make contributions to the Retirement Benefit Scheme at a certain rate of the standard wages determined by the relevant authorities in the PRC during the Reporting Period. Contributions to the Retirement Benefit Scheme vest immediately. As at 30 June 2022, there was no forfeited contribution under the MPF Scheme and the Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years. The Company 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 Group has been actively developing its trading of agricultural and meat produce, poultry, seafood and prepared food business and commencing supplying produce to supermarkets and online platforms in the PRC.

In order to expand the Agricultural and Meat Business, in late 2018, the Group started consolidating agricultural produce from various labourhood farms and agricultural companies which it would then process, package and sell to customers. In 2019, the Group entered into long term cooperation agreements with certain agricultural companies in other provinces in the PRC to broaden its agricultural bases and to source/subcontract its agricultural produce.

The Group entered into various agreements with e-commerce operators and online sales platforms to enhance the online sales of its agricultural and meat produce, poultry, seafood and prepared food. Through such cooperation, the Group is expected to expand its online sales channels, and thus diversify its revenue stream. For instance, the Group explored various business opportunities with Meituan (stock code: 3690) during the Reporting Period. The Group entered into a service agreement with Meituan Select, through which the Group can sell its agricultural, seafood and meat produce through the platform of Meituan Select. The Group also entered into a procurement agreement with various buyers (the “**Buyers**”). Starting from the second quarter of 2022, the Buyers have been purchasing agricultural, seafood and meat produce from the Group which were sold on the platform of Meituan Grocery.

Meanwhile, the Group is seeking any vertical integration business opportunity to enhance its revenue stream, including but not limited to provisions of door-to-door delivery services for its agricultural, seafood and meat produce in the PRC.

The Group is resolved to focus more on Agricultural and Meat Business and is contemplating to gradually transfer its resources and effort from Money Lending Business to Agricultural and Meat Business.

Apart from the aforesaid, the Group will also consider other potential profitable businesses which could boost profitability in the future, including but not limited to, the Agricultural and Meat Business in the PRC 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 Reporting Period (Corresponding Period: nil).

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

During the Reporting Period, neither the Company nor any of its subsidiaries had 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 of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with the Directors, 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**") as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. During the Reporting Period, the Company has complied with the Code Provisions and mandatory disclosure requirements as set out in the CG Code except the deviation from Code Provision C.2.1 of Part 2 of the CG Code which provides that the roles and responsibilities of chairman and chief executive officer should be separated.

As Mr. Lin Yuhao is the chairman of the Board and has served as the chief executive officer of the Group since 15 October 2021, such practice deviates from Code Provision C.2.1 of Part 2 of the CG Code as set forth in Appendix 14 to the Listing Rules. The Board believes that vesting the roles of both the chairman of the Board and the chief executive officer of the Group in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from Code Provision C.2.1 of Part 2 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which comprises one executive Director, one non-executive Director and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

The Company periodically reviewed its corporate governance practices to ensure that the requirements of the CG Code are continuously satisfied.

EVENTS AFTER THE REPORTING DATE

Details of significant events occurring after the reporting date are set out in note 16 to the unaudited condensed consolidated interim financial statements in this announcement.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) and the management have reviewed the accounting principles and practices adopted by the Group and have discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the Reporting Period. 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, the Company has maintained the prescribed public float under the Listing Rules and at least 25% of the Company’s total number of issued shares were held by the public as at the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.cfi.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2022 will be despatched to the Shareholders and will be available at the above websites in due course.

By order of the Board
China Finance Investment Holdings Limited
LIN Yuhao
Chairman and Chief Executive Officer

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises five Directors, including one executive Director, namely Mr. Lin Yuhao, one non-executive Director, namely Ms. Han Xiuhong and three independent non-executive Directors, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.