

# CHINA ANCHU ENERGY

2022  
*Interim Report*



中國安儲能源集團有限公司

China Anchu Energy Storage Group Limited

*(formerly known as China Fordoo Holdings Limited 中國虎都控股有限公司)*  
*(incorporated in Cayman Islands with limited liability)*

Stock Code: 2399





# CONTENTS

Corporate Information	<b>2</b>
Financial Highlights	<b>3</b>
Management Discussion and Analysis	<b>4</b>
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	<b>16</b>
Condensed Consolidated Statement of Financial Position	<b>18</b>
Condensed Consolidated Statement of Changes in Equity	<b>20</b>
Condensed Consolidated Cash Flow Statement	<b>21</b>
Notes to the Condensed Consolidated Financial Statements	<b>22</b>
Other Information	<b>44</b>

# Corporate Information

## Board of Directors and Committees

### Executive Directors

Mr. Kwok Kin Sun (*Chairman*)  
Mr. Kwok Hon Fung  
Mr. Lu Ke (appointed on 22 June 2022)  
Mr. Peng Zuncheng

### Non-executive Director

Mr. Wang Yan (appointed on 22 June 2022)

### Independent Non-executive Directors

Mr. Cheung Chiu Tung  
Mr. Poon Yick Pang Philip  
Mr. Ma Yu-heng (appointed on 16 March 2022)

### Audit Committee

Mr. Poon Yick Pang Philip (*Chairman*)  
Mr. Cheung Chiu Tung  
Mr. Ma Yu-heng (appointed on 16 March 2022)

### Remuneration Committee

Mr. Cheung Chiu Tung (*Chairman*)  
Mr. Poon Yick Pang Philip  
Mr. Peng Zuncheng

### Nomination Committee

Mr. Kwok Kin Sun (*Chairman*)  
Mr. Poon Yick Pang Philip  
Mr. Cheung Chin Tung

### Company Secretary

Mr. Tung Man Chun

### Authorized Representatives

Mr. Kwok Hon Fung  
Mr. Tung Man Chun

### Auditor

Elite Partners CPA Limited, *Certified Public Accountants*

### Legal Adviser as to Hong Kong Law

Chungs Lawyers in association with  
DeHeng Law Offices

## Registered Office

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## Headquarters and Principal Place of Business in the People's Republic of China

Fordoo Industrial Zone E12  
Xunmei Industrial Zone, Fengze District  
Quanzhou City, Fujian Province, China

## Principal Place of Business in Hong Kong

Suite 708A, 7/F, Champion Tower,  
3 Garden Road, Central,  
Hong Kong

## Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3  
Building D, P.O. Box 1586,  
Gardenia Court, Camana Bay,  
Grand Cayman, KY1-1100,  
Cayman Islands

## Branch Share Registrar and Transfer Office

Boardroom Share Registrars (HK) Limited  
Room 2103B, 21/F, 148 Electric Road,  
North Point, Hong Kong

## Principal Bankers

China CITIC Bank Corporation Limited  
China Construction Bank Corporation

## IR Contact

Investor relations department,  
China Anchu Energy Storage Group Limited  
Suite 708A, 7/F, Champion Tower,  
3 Garden Road, Central,  
Hong Kong  
Tel: (852) 3751 5690  
Fax: (852) 3187 7218  
E-mail: ir@fordoo.cn

## Company Website

[www.fordoo.cn](http://www.fordoo.cn)

# Financial Highlights



- Revenue from continuing operations of the Group increased by 152.6% to RMB272.2 million (2021: RMB107.7 million (re-presented)).
- Gross profit from continuing operations of the Group increased by 301.8% to RMB90.6 million (2021: RMB22.6 million (re-presented)).
- Net loss attributable to equity holders of the Company was RMB3.6 million (2021: RMB63.5 million (re-presented)).
- Basic and diluted loss per share was RMB0.15 cents (2021: RMB3.30 cents (re-stated and re-presented)).

	For the six months ended		Change
	30 June 2022	30 June 2021 (re-presented)	
<b>Profitability ratios</b>			
From continuing operations			
Gross profit margin	33.3%	20.9%	+12.4 ppt
Net profit/loss to revenue	4.9%	-59.0%	+63.9 ppt
From continuing and discontinued operations			
Return on equity <sup>(1)</sup>	2.8%	-13.2%	+16.0 ppt

	As at	As at	
	30 June 2022	30 June 2021 (re-presented)	
<b>Liquidity ratios</b>			
From continuing operations			
Inventory turnover (Days) <sup>(2)</sup>	35	109	-74
Trade receivables turnover (Days) <sup>(3)</sup>	176	290	-114
Trade payables turnover (Days) <sup>(4)</sup>	90	50	+40

	As at	As at	
	30 June 2022	31 December 2021	
<b>Capital ratios</b>			
Interest coverage ratios <sup>(5)</sup>	2.2	N/A	
Net debt to equity ratio <sup>(6)</sup>	81.1%	71.8%	+9.3 ppt
Gearing ratio <sup>(7)</sup>	103.7%	100.8%	+2.9 ppt

Notes:

- (1) Net profit/loss for the period divided by total equity.
- (2) Average of the inventory at the beginning and at the end of the period divided by cost of sales times the number of days during the period.
- (3) Average of the trade receivables at the beginning and at the end of the period divided by revenue times the number of days during the period.
- (4) Average of the trade payables at the beginning and at the end of the period divided by costs of sales times the number of days during the period.
- (5) Profit before interest and tax for the period divided by interest expenses of the same period.
- (6) Net debt divided by total equity as at the end of the period. Net debt includes bank borrowings, corporate bonds and convertible bond net of cash and cash equivalents.
- (7) Total debts divided by the total equity as at the end of the period.

# Management Discussion and Analysis

## OVERVIEW

China Anchu Energy Storage Group Limited (formerly known as China Fordoo Holdings Limited) (the “**Company**”) and its subsidiaries (together the “**Group**”) are one of the leading menswear enterprises in the PRC focusing on the sales of its branded menswear apparels and brand licensing. The Company further expanded to the business of sales of automotive, motorcycle and other industrial products through its indirectly owned subsidiary in Hong Kong to customers located in Saudi Arabia in the second half of 2021.

In the six months ended 30 June 2022 (the “**Period**”), due to the recurrence of COVID-19 pandemic, the menswear apparel segment was significantly affected. The revenue from this segment decreased approximately 54.9% from RMB107.7 million in the six months ended 30 June 2021 (the “**Prior Period**”) to RMB48.6 million due to the dampen consumer sentiment.

To cope up with the intense competition in the retail market and weak consumer sentiment, the Group continued to rationalize its distribution network by closing some of the underperforming retail outlets and to strengthen the corporation with its distributors and sub-distributors in order to improve operating efficiency. Furthermore, the Group will persistently enhance its design and product development capabilities to increase its brand building strategies and flexibility in outsourcing and sales of its branded menswear apparel.

Nevertheless, the Group’s total revenue from continuing operations for the Period increased by approximately 152.6%. It was mainly attributable to the new revenue stream of the industrial products segment. The demand of such products from customers in Saudi Arabia remained high during the Period as the economy of Saudi Arabia: (i) recovered rapidly from the Covid-19 pandemic due to the high vaccination rate; and (ii) benefited from the high oil prices and strong demand of oil owing to the Russian-Ukrainian War.

In addition, due to the recurrence of COVID-19 pandemic during the Period, some of the suppliers in Southeast Asia were not able to arrange productions and shipments to meet the demand from customers in Saudi Arabia. Since our main suppliers and export ports were located in Zhejiang and Shandong in the PRC and were not significantly affected by the pandemic prevention measures. Therefore, we had stronger bargaining power to negotiate and led to higher selling prices and higher profit margin.

During the Period, the Group had issued a 8% convertible bond due 2024 for a sum of HK\$60,000,000 (approximately RMB51,282,051), which is expected to be used for future business development, repayment of debts and general working capital. For details, please refer to the announcements of the Company dated 8 June 2022 and 21 June 2022.

# Management Discussion and Analysis

## FINANCIAL REVIEW

The Group's revenue from continuing operations for the Period was approximately RMB272.2 million, representing an increase of approximately RMB164.5 million or approximately 152.6% from the revenue of approximately RMB107.7 million (re-presented) in the Prior Period. The increase in revenue was the combined effect of the decrease of approximately RMB59.1 million in the revenue from the menswear apparel segment and the new revenue contribution of approximately RMB223.6 million from the industrial products segment.

During the Period, the Group reported a gross profit of RMB90.6 million, representing an increase of approximately 301.8% or approximately RMB68.0 million over the Prior Period. The gross profit margin for the Period and the Prior Period was 33.3% and 20.9% (re-presented), respectively. The increase in gross profit margin was mainly due to the higher gross profit margin of approximately 34.7% in the sales of industrial products segment compared to approximately 27.1% in the menswear apparel segment. The profit margin in the menswear apparel segment also increased from approximately 20.9% (re-presented) in Prior Period to approximately 27.1% in the Period causing by the increase in higher profit margin brand licensing income.

The management of the Group concluded there was impairment indication and conducted a review of the recoverable amount of trade receivables. Based on the result of the assessment, management of the Group determined that the recoverable amounts of these assets were lower than their carrying amounts. An net allowance for expected credit losses on trade receivables under IFRS 9 "Financial Instruments" of approximately RMB19.2 million (2021: RMB9.8 million) had been recognized.

As a result of the above factors, loss attributable to equity holders of the Company for the Period was approximately RMB3.6 million (2021: from continuing operations: RMB63.5 million (re-presented)), representing a decrease of approximately RMB59.9 million or 94.3% comparing with the Prior Period. Loss from sales of menswear apparel was approximately RMB21.3 million (2021: RMB63.5 million), representing a decrease of approximately RMB42.2 million or 65.3% comparing with the Prior Period. Profit from sales of industrial products was approximately RMB34.7 million.

As at 30 June 2022, the Group's menswear apparel segment had 212 retail outlets (including 6 self-operated retail outlets in Beijing), representing a net decrease of 51 retail outlets from 263 retail outlets as at 31 December 2021.

## Revenue

The decrease in revenue from the menswear apparel segment was primarily due to (i) the persistent COVID-19 pandemic and slowdown in China's economic growth in the Period; (ii) the reduction of selling prices to attract consumers; (iii) the Group's continued consolidation strategy on its retail outlet network; and (iv) the decrease in wholesale orders as a result of the termination of distribution relationships with some of the Group's distributors who had slow repayment history, slightly offset by the increase in brand licensing income.

Due to the decrease in revenue from the menswear apparel segment, revenue from the industrial products segment became the major revenue contributor of the Group and accounted for 82.2% of the total revenue for the Period.

# Management Discussion and Analysis

## Revenue by Product Type

	For the six months ended				
	30 June 2022		30 June 2021		Change %
	RMB million (Unaudited)	% of revenue	RMB million (Unaudited) (re-presented)	% of revenue	
<b>Continuing operations</b>					
<b>Menswear Apparel</b>					
Men's trousers	18.1	6.6%	58.3	54.2%	-69.0%
Men's tops	25.2	9.3%	44.8	41.6%	-43.8%
Accessories	0.1	0.0%	0.1	0.0%	-
Brand licensing	5.2	1.9%	4.5	4.2%	+15.6%
<b>Total of Menswear Apparel</b>	<b>48.6</b>	<b>17.8%</b>	107.7	100%	-54.9%
<b>Industrial Products</b>	<b>223.6</b>	<b>82.2%</b>	-	-	+100%
<b>Total</b>	<b>272.2</b>	<b>100%</b>	107.7	100%	+152.6%

Men's tops became the major turnover contributor of the menswear apparel segment in terms of product type and accounted for 9.3% of the total revenue for the Period (2021: 41.6% (re-presented)).

## Revenue by Product Style

	For the six months ended				
	30 June 2022		30 June 2021		Change %
	RMB million (Unaudited)	% of revenue	RMB million (Unaudited) (re-presented)	% of revenue	
<b>Continuing operations</b>					
<b>Menswear Apparel</b>					
Business Casual	29.2	10.7%	72.3	67.2%	-59.6%
Business Formal	9.2	3.4%	19.3	17.9%	-52.3%
Casual	4.9	1.8%	11.5	10.7%	-57.4%
Accessories	0.1	0.0%	0.1	0.0%	-
Brand licensing	5.2	1.9%	4.5	4.2%	+15.6%
<b>Total of Menswear Apparel</b>	<b>48.6</b>	<b>17.8%</b>	107.7	100%	-54.9%
<b>Industrial Products</b>	<b>223.6</b>	<b>82.2%</b>	-	-	+100%
<b>Total</b>	<b>272.2</b>	<b>100%</b>	107.7	100%	+152.6%

Business casual series remained our largest revenue contributor of the menswear apparel segment in terms of product style and accounted for 10.7% of the total revenue for the Period (2021: 67.2% (re-presented)).

# Management Discussion and Analysis

## Revenue by Region

Region	For the six months ended				Change %
	30 June 2022		30 June 2021		
	RMB million (Unaudited)	% of revenue	RMB million (Unaudited) (re-presented)	% of revenue	
<b>Continuing operations</b>					
<b>Menswear Apparel</b>					
Northern China <sup>(1)</sup>	5.6	2.1%	16.1	15.0%	-65.2%
Eastern China <sup>(2)</sup>	17.0	6.2%	42.2	39.2%	-59.7%
Central Southern China <sup>(3)</sup>	4.0	1.5%	6.8	6.3%	-41.2%
Southwestern China <sup>(4)</sup>	0.6	0.2%	2.9	2.7%	-79.3%
Northwestern China <sup>(5)</sup>	0.8	0.3%	2.4	2.2%	-66.7%
<b>Subtotal</b>	<b>28.0</b>	<b>10.3%</b>	70.4	65.4%	-60.2%
Online distributor	15.4	5.6%	32.8	30.4%	-53.0%
Brand licensing	5.2	1.9%	4.5	4.2%	+15.6%
<b>Total of Menswear Apparel</b>	<b>48.6</b>	<b>17.8%</b>	107.7	100%	-54.9%
<b>Industrial Products</b>					
Saudi Arabia	223.6	82.2%	-	-	+100%
<b>Total</b>	<b>272.2</b>	<b>100%</b>	107.7	100%	+152.6%

Notes:

- (1) Northern China includes Beijing, Hebei, Shanxi, Tianjin and Inner Mongolia.
- (2) Eastern China includes Jiangsu, Zhejiang, Shanghai, Anhui, Fujian, Shandong and Jiangxi.
- (3) Central Southern China includes Henan, Hubei, Hunan, Guangdong, Guangxi and Hainan.
- (4) Southwestern China includes Chongqing, Sichuan, Guizhou, Yunnan and Tibet.
- (5) Northwestern China includes Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang.

The Eastern China region and online distributors were the major revenue contributors of the menswear apparel segment, and together accounted for 11.8% (2021: 69.6% (represented)) of the total revenue for the Period.

Saudi Arabia region became the major revenue contributor to the Group accounting for approximately 82.2% of the total revenue for the Period.



# Management Discussion and Analysis

## Cost of Sales

Cost of sales from continuing operations increased by approximately 113.1% to approximately RMB181.6 million for the Period from approximately RMB85.2 million for the Prior Period.

Cost of sales from menswear apparel segment decreased by approximately 58.4% to approximately RMB35.4 million for the Period from approximately RMB85.2 million for the Prior Period. The decrease was in line with the decrease in revenue from the menswear apparel segment.

The Group had changed its menswear apparel operational strategy to source its products on OEM purchase only which was more flexible in meeting the current customers' demand. Under the current weak retail situation, distributors placed small quantity orders of different product mix, which meant that economies of scale in production could not be achieved. In addition, after experiencing the suspension of social and economic activities since early 2020 due to the COVID-19 pandemic, outsourcing production process can avoid the sunk cost of production, such as idle labor costs and the fringe benefits.

Cost of sales from industrial products segment was approximately RMB146.1 million for the Period.

## Other Income and Other Gains or Losses

For the Period, other income and other gains or losses from continuing operations increased by approximately RMB1.9 million to approximately RMB7.5 million from approximately RMB5.6 million (re-presented) for the Prior Period. The net increase was mainly due to an increase in rental income of approximately RMB2.5 million, offset by a decrease in interest income of approximately RMB0.2 million and a decrease in gain on modification of corporate bonds of approximately RMB0.2 million.

## Selling and Distribution Expenses

For the Period, selling and distribution expenses from continuing operations accounted for approximately 6.2% of total revenue, decreased by approximately RMB8.2 million to approximately RMB17.0 million, which represented a decrease of approximately 32.7%.

For the menswear apparel segment, selling and distribution expenses accounted for approximately 8.8% of the revenue from menswear apparel segment, decreased by approximately RMB20.9 million to approximately RMB4.3 million, which represented a decrease of approximately 83.0%. The decrease in selling and distribution expenses was primarily due to (i) the decrease in salesman salaries and insurance resulting from the decrease in the Group's headcount coupled with a decrease in number of stores during the Period; (ii) the decrease in advertising and promotional expenses; and (iii) the decrease in store management and promotion expenses, which was in line with the consolidation strategy on the underperforming shops.

For the industrial products segment, the selling and distribution expenses were approximately RMB12.7 million, accounted for approximately 5.7% of the revenue from industrial products segment.

# Management Discussion and Analysis

## Administrative and Other Operating Expenses

For the Period, the Group's administrative and other operating expenses accounted for approximately 12.1% of total revenue from continuing operations, decreased by approximately RMB17.1 million to RMB32.7 million, which represented a decrease of approximately 34.2%.

The administrative and other operating expenses from menswear apparel segment accounted for approximately 21.3% of revenue from menswear apparel segment, decreased by approximately RMB39.5 million to RMB10.3 million, which represented a decrease of approximately 79.2%. The decrease was mainly due to the decrease in staff salaries expenses and research and development expenses of approximately RMB1.0 million; decrease in PRC government fee of approximately RMB0.8 million; and decrease in amortisation expenses in goodwill of approximately RMB21.7 million. All goodwill was fully impaired as at 31 December 2021.

The administrative and other operating expenses from industrial products segment were RMB22.4 million, accounting for approximately 10.0% of revenue from industrial products segment.

## Finance Costs

Finance costs decreased by 12.3% from RMB15.0 million (re-presented) in the Prior Period to RMB13.1 million in the Period, mainly due to the decrease in bank borrowings and corporate bonds.

## Income Tax

Income tax increased by 133.8% from income tax credit of RMB8.1 million in the Prior Period to RMB2.7 million in the Period. The increase in income tax expenses was mainly due to the increase of profit before taxation and the decrease in deferred tax assets generated from allowance for expected credit losses on trade receivables.

## Loss From Continuing Operations Attributable to equity holders of the Company

For the Period, loss from continuing operations attributable to the equity holders of the Company was approximately RMB3.6 million (2021: RMB63.5 million (re-presented)).

## Interim Dividend

The Board has resolved not to declare the payment of any interim dividend for the Period (30 June 2021: Nil).

# Management Discussion and Analysis

## BUSINESS REVIEW

### A. Menswear Apparel Segment

#### Distribution Network for the Sales of Menswear Apparel

The following table shows the changes in the number of stores in different regions during the Period:

Region	As at 1 January 2022	Number of stores		As at 30 June 2022
		Stores opened during the period	Stores closed during the period	
Northern China	31	4	6	29
Northeastern China	5	0	2	3
Eastern China	113	4	30	87
Central Southern China	26	2	5	23
Southwestern China	34	0	8	26
Northwestern China	39	2	3	38
<b>Subtotal</b>	248	12	54	206
Self-operated retail outlets	15	0	9	6
<b>Total</b>	263	12	63	212

As at 30 June 2022, we had a nationwide retail network of 212 retail outlets (including 6 self-operated retail outlets in Beijing) in the PRC. There was a net decrease of 51 retail stores from 263 as at 31 December 2021, as we continued our consolidation strategy on the retail outlet network during the Period and closed down inefficient retail stores.

As at 30 June 2022, 85.8% of the retail outlets were located in department stores or shopping malls whereas 11.3% of the retail outlets were standalone stores.

#### Distribution Channel Management

As at 30 June 2022, the Group's distribution network comprised 57 distributors (31 December 2021: 57 distributors) and 22 sub-distributors (31 December 2021: 28). Among the 57 distributors mentioned above, 9 had business relationships with us for more than ten years. We believe that these strong, stable and long-standing relationships with our distributors are essential to our brand building efforts and continuing business development. At the same time, in order to strengthen our distribution channel, we are inviting distributors with extensive industry experience, stable working capital and managerial expertise to join our distribution network.

To facilitate the management of our distributors and retail outlets, we divide our distribution network by regions in the PRC. We have assigned a management team for each region. Each team is responsible for soliciting and selecting potential distributor candidates, supervising and communicating with our distributors and monitoring and conducting on-site inspections of retail outlets within their respective regions.

The Group will continue to provide training for its distributors and the management teams, with an aim of improving their retail management skills, sales technique as well as brand and product knowledge.

# Management Discussion and Analysis

## **Marketing and Promotion**

The Group believes that brand awareness is crucial to its long-term business development and a cornerstone of its future success. During the Period, the Group invested moderately in advertising and promotion to enhance its brand awareness, including organising presentation events for new products and engaging in online advertisement through the internet, e.g. www.163.com, and software value-added services to promote our brand name.

The Group continues to upgrade its existing retail stores to enhance and reinforce its brand image. The Group opened 12 new stores and renovated 14 existing stores during the Period. We also endeavor to continue to gradually upgrade some of the stores operated by our distributors and their sub-distributors through store renovation and improvement of in-store design and layout.

## **Design and Product Development**

The Group always put great emphasis on product design and quality, as we believe our ability and commitment to provide fashionable and comfortable products have been integral to our success. Our product development initiatives include, among others, launching of our new men's casual fashion series and developing our own quality fabrics. As at 30 June 2022, our product design and development team consisted of 5 members. The key team members, who plan, implement, supervise and manage the design and development efforts, have an average of 12 years of experience in the fashion industry. We will continue to invest in our product design and research and development capabilities to capture fashion trends and product designs.

## **Sales Fairs**

We generally organize sales fairs at our headquarters in Quanzhou to showcase our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and sub-distributors. We review our distributors' orders placed at our sales fair to ensure that they are reasonable and in line with the relevant distributor's capacity and development plans. The sales fairs for 2022 autumn/winter collections were held in April 2022, and the sales fairs for 2023 spring/summer collections will be held in September 2022.

## **B. Industrial Products Segment**

The Group expanded to the business of the sale of automotive, motorcycle and other industrial products through its indirectly-owned subsidiary in Hong Kong to customers located in Saudi Arabia in the second half of 2021. Due to the decrease in revenue of the menswear apparel segment, the industrial products segment comparatively became the major revenue contributor of the Group for the Period.

The demand of such products from customers in Saudi Arabia remained high during the Period as the economy of Saudi Arabia: (i) recovered rapidly from the Covid-19 pandemic due to the high vaccination rate; and (ii) benefited from the high oil prices and strong demand of oil owing to the Russian-Ukrainian War.

In addition, due to the recurrence of COVID-19 pandemic during the Period, some of the suppliers in Southeast Asia were not able to arrange productions and shipments to meet the demand from customers in Saudi Arabia. Since our main suppliers and export ports were located in Zhejiang and Shandong in the PRC and were not significantly affected by the pandemic prevention measures. Therefore, we had stronger bargaining power to negotiate and led to higher selling prices and higher profit margin.

Along with the easing COVID-19 pandemic, the suppliers in Southeast Asia engaging exporting business to Saudi Arabia started to resume normal. The management expects that competition faced by the industrial products segment is fierce and may put pressure on the prices of the Group's industrial products in the second half of 2022, thus lowering the profit margin.

As at 30 June 2022, the revenue of the five largest customers during the Period accounted for approximately 98.8% of the total revenue of the industrial products segment. They are located in Saudi Arabia and engage in the businesses of wholesale and retail sale of automotive, motorcycle and other industrial products.

The Group purchased those industrial products from suppliers in PRC. The purchase amounts of the five largest suppliers during the Period for industrial products segment accounted for approximately 82.6% of the total purchase amounts of the industrial products segment.

# Management Discussion and Analysis

## Liquidity and Financial Resources and Capital Structure

As at 30 June 2022, the total cash and bank balances of the Group were approximately RMB107.4 million (31 December 2021: RMB131.8 million).

The Group had a total of interest bearing borrowings of approximately RMB492.1 million (31 December 2021: RMB457.7 million) comprising bank borrowings of approximately RMB396.5 million (31 December 2021: RMB398.5 million), corporate bonds of approximately RMB49.9 million (31 December 2021: RMB59.2 million) and convertible bond of approximately RMB45.7 million (31 December 2021: nil). The Group's borrowings were primarily denominated in RMB and HK\$ (31 December 2021: in both RMB and HK\$) and bear interest at fixed rate (31 December 2021: fixed rate) ranging from 5% to 15% (31 December 2021: 5% to 15%).

The maturity profile of the total borrowings as at 30 June 2022 is as follows (with comparative figures as at 31 December 2021):

	As at 30 June 2022		As at 31 December 2021	
	RMB million (Unaudited)	%	RMB million (Audited)	%
Bank borrowings, corporate bonds and convertible bond				
— Within 1 year or on demand	426.6	86.7%	419.0	91.5%
— Over 1 but within 2 years	45.7	9.3%	20.5	4.5%
— Over 2 but within 5 years	19.8	4.0%	18.2	4.0%
Total	492.1	100%	457.7	100%

As at 30 June 2022, the gearing ratio was approximately 103.7% (31 December 2021: 100.8%). The increase was mainly due to the increase in borrowings. The Group's gearing ratio is measured by the total interest-bearing borrowings divided by total equity and multiplied by 100%.

As at 30 June 2022, the Group's total equity increased by approximately RMB20.4 million to RMB474.4 million (31 December 2021: RMB454.0 million). The increase was mainly due to the incur of profit for the Period.

## Trade Working Capital Ratios

The Group's average inventory turnover days was 35 days for the Period, as compared to 109 days for the Prior Period. The decrease in inventory turnover days was mainly due to distributors postponing the collection of the inventories during the Prior Period. As at 30 June 2022, the Group's total inventories decreased by 14.9% from approximately RMB44.8 million as at 30 June 2021 to approximately RMB38.2 million.

The Group's average trade receivables turnover days was 176 days for the Period, representing a decrease of 114 days from 290 days for the Prior Period. Such decrease is due to the combined effect of the higher turnover days in menswear apparel segment (557 days) and the lower turnover days in industrial products segment (93 days). Although the Group's trade receivables of menswear apparel segment decreased by approximately 24.9% to RMB134.4 million (2021: RMB179.0 million), the average trade receivables turnover days of menswear apparel segment was 557 days for the Period, representing an increase of 268 days from 290 days for the Prior Period. The increase in trade receivables turnover days was mainly due to the decreased revenue and the long outstanding trade receivables from some customers. The management in charge has been closely following up with the distributors for settlement arrangement with monthly statements and collection letters issued, regular telephone calls and site visits, if possible. The Group will consider taking legal actions to collect the overdue trade receivables and enforce the collaterals if no further repayment is made in near future.

# Management Discussion and Analysis

The Group's average trade payables turnover days was 90 days for the Period, representing an increase of 40 days from 50 days for the Prior Period. The increase was mainly due to the higher average trade payables turnover days of industrial products segment of 98 days for the Period, and the increase in the average trade payables turnover days of menswear apparel segment of 8 days from 50 days for the Prior Period to 58 days for the Period. For menswear apparel segment, we normally have 7 to 60 days credit period from our suppliers, while for industrial products segment, we normally have 90 days credit period from our suppliers.

The Group recorded a net debt to equity ratio of 81.1% as at 30 June 2022 (30 June 2021: 71.8%).

The Group regularly and actively monitors its capital structure to ensure that there is sufficient working capital to operate its business and to maintain a balanced capital structure between providing steady returns to its Shareholders and benefits to its other stakeholders and having an adequate level of borrowing and security.

## Charges of Assets

As at 30 June 2022, secured bank borrowings RMB351.5 million (31 December 2021: RMB348.5 million) were secured by certain buildings, investment properties and land use rights with carrying value of approximately RMB22.8 million (31 December 2021: RMB31.4 million), approximately RMB362.1 million (31 December 2021: RMB338.9 million) and approximately RMB237.4 million (31 December 2021: RMB231.8 million), respectively.

## Significant Investment, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

### Power Storage Industry Business Segment

On 10 January 2022, as part of the Group's strategy to diversify its business and to enhance the long-term growth and shareholder value, Jiangsu HengAn Energy Technology Co., Ltd.\* (江蘇恒安儲能科技有限公司) ("**Jiangsu HengAn**"), an indirectly wholly-owned subsidiary of the Company, entered into the Intellectual Property Rights Transfer Agreement and the Fixed Assets Transfer Agreement with Beijing Baineng Huitong Technology Co., Ltd.\* (北京百能匯通科技有限責任公司), Baoding Baineng Huitong New Energy Technology Co., Ltd.\* (保定百能匯通新能源科技有限公司) and Qinghai Baineng Huitong New Energy Technology Co., Ltd.\* (青海百能匯通新能源科技有限公司) (collectively, the "**Transferors**"), pursuant to which Jiangsu HengAn agreed to acquire and the Transferors agreed to transfer the intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery (鋅溴液流電池) at a total consideration of RMB53.6 million, which comprises of (i) consideration for the intellectual properties rights, RMB48.7 million; and (ii) consideration for the fixed assets, RMB4.9 million (the "**2022 Acquisitions**").

Most of the intellectual properties rights, in the approximate amount of RMB48.6 million, were transferred to Jiangsu HengAn and all of the fixed assets were received by Jiangsu HengAn as at 30 June 2022. The fixed assets were placed in the leased factory in Nanjing under assembly. Due to the COVID-19 pandemic recurring in the Period, the management expected that the assembly would be completed in the second half of 2022.

Save as disclosed above, the Group had no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Period.

## Future Plans for Material Investments and Capital Assets

### Factory Restructuring

Since 2020, the Group had started to restructure some redundant factory areas (the "**Restructuring**") in Quanzhou to alternate the usage of those areas to develop a one-stop home and commercial furnishing chain business platform (the "**Platform**") to increase the income streams.

The Platform will facilitate the matching of suppliers and customers of the furnishing industry. The Restructuring will be separated into different areas such as the furnishing materials store, the furnishing design centre and supporting facilities such as the business centre. We expect to receive rental incomes, promotion and advertisement fees from the Platform.

The Restructuring is under the construction stage and is principally funded by cash generated from our operations and bank borrowings. According to the original planned timetable, we expect that the Restructuring will be completed by early 2022. However, due to the recurring COVID-19 situation in the first half of 2022, the completion would be delayed to late 2022.

# Management Discussion and Analysis

## Capital Commitments and Contingencies

As at 30 June 2022, the Group had a total capital commitment of RMB232.6 million (31 December 2021: RMB238.8 million). It was primarily related to the construction in progress. All the capital commitments are expected to be financed by our operations and bank borrowings.

As at 30 June 2022, the Group had no material contingent liabilities.

## Foreign Currency Exposure

The functional currency of the Company is the Hong Kong dollar and the figures in the Group's financial statements are translated into Renminbi for reporting and consolidation purposes. Foreign exchange differences arising from translation of financial statements are directly recognised in equity as a separate reserve. As the Group conducts business transactions principally in Renminbi, the exchange rate risk at the Group's operational level is not significant. The Group does not employ any financial instruments for hedging purpose.

## Employees, Training, and Development

The Group had a total of 149 employees as at 30 June 2022 (31 December 2021: 138). The main reason for the increase was due to the new employees of Jiangsu Heng An. The Group invested in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills. The Group offered competitive remuneration packages to its employees, including basic salary, allowances, insurance, commissions or bonuses and entitlement to participate in the Group's share option scheme.

## Use of Proceeds

The shares of the Company (the "Shares") were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2014 with net proceeds (the "Net Proceeds") from the global offering of HK\$454.7 million (after deducting underwriting commissions and related expenses). Parts of the Net Proceeds were applied during the reporting period in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 June 2014 (the "Prospectus"). As at 30 June 2022, the Group had utilized HK\$390.7 million of the Net Proceeds and unutilized Net Proceeds amounts to HK\$64.0 million.

The following table sets forth a breakdown of the use of the Net Proceeds as at 30 June 2022:

Use of net proceeds	Available	Utilized	Unutilized
	for use	(as at	(as at
	HK\$ million	30 June 2022)	30 June 2022)
		HK\$ million	HK\$ million
Brand promotion and marketing	122.8	122.8	–
Research, design and product development	90.9	52.4	38.5
Repay a portion of our bank borrowings	90.9	90.9	–
Expand distribution network and provide storefront decoration	59.1	59.1	–
Install ERP system	45.5	20.0	25.5
Working capital and other general corporate purposes	45.5	45.5	–
	454.7	390.7	64.0

The proceeds not utilised were deposited into interest bearing bank accounts with licensed commercial banks in China. The unused proceeds are planned to be utilised by 2022.

# Management Discussion and Analysis

## Issue of Convertible Bond Under General Mandate

On 8 June 2022, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Asia Glory International Development Limited (the “**Investor**”), pursuant to which the Company has conditionally agreed to issue a 8% convertible bond in the principal amount of HK\$60,000,000 to the Investor, which may be converted into 100,000,000 new ordinary shares of the Company (the “**Conversion Share**”) at the initial conversion price of HK\$0.60 per Conversion Share (the “**Initial Conversion Price**”), subject to adjustments from time to time (the “**Convertible Bond**”) (the “**Subscription**”). The Initial Conversion Price represented a premium of approximately 5.26% to the closing price of the Share of HK\$0.57 as quoted on the Stock Exchange on the trading day immediately prior to the date of the Subscription Agreement; and a premium of approximately 5.26% to the average closing price of the Share of HK\$0.57 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement. The Convertible Bond was issued on 21 June 2022.

To the best of the Director’s knowledge, information and belief at the date of this Report (i) the Investor is directly wholly-owned by Ms. Cheng Cong and (ii) the Investor and its ultimate beneficial owner are independent of and not connected with the Company and its connected persons (as defined by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Directors considered the entering into of the Subscription Agreement and the issue of the Convertible Bond by the Company represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost.

The net proceeds from the Subscription, after deduction of relevant expenses, amounted to approximately HK\$58,320,000. Assuming conversion of the Convertible Bond into Conversion Shares in full at the Initial Conversion Price, a total of 100,000,000 Conversion Shares will be issued. None of the Convertible Bond was redeemed or converted since issuance.

During the Period, the above net proceeds were fully utilized as intended as to (i) approximately HK\$51.3 million for future business development; and (ii) approximately HK\$7.0 million for general working capital.

For details of the Subscription, please refer to the announcements of the Company dated 8 June 2022 and 21 June 2022.

## PROSPECTS

In the Period, the COVID-19 pandemic recurred in some cities in PRC and affected the economic environment. For the menswear apparel segment, the Group has to remain cautious and continue to monitor the impact of the pandemic to the wholesale and retail businesses. The Group will place more attention on the fashion trends, consumer needs and preferences in the market to be more efficient and effective to control costs and avoid unnecessary costs. The Group will also develop new products series with new and high-quality elements that appeal to the target customers and align with our marketing strategy and customer perception.

For the industrial products segment, due to the pandemic has been easing worldwide and the supplies of these products to Saudi Arabia started to resume normal, the management expected that the revenue and the profit margin of this segment would be less than those of the Period. The Group will continue to monitor the impact to the business and the customers’ orders to retain the market share.

For the power storage industry business segment, the fixed assets are under assembly in the factory. The management expected that the assembly would be completed and the remaining intellectual properties would be transferred to Jiangsu HengAn in the second half of 2022.

The Group will also implement strict cost control and continue to explore opportunities for business development and diversification, so as to maximize the returns to the Company and the Shareholders in the long run and enhance its shareholder value accordingly.



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022 — unaudited  
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000 (Re-presented)
<b>Continuing operations</b>			
<b>Revenue</b>	4	<b>272,187</b>	107,748
Cost of sales		<b>(181,559)</b>	(85,194)
<b>Gross profit</b>		<b>90,628</b>	22,554
Other income and other gains or losses	5	<b>7,516</b>	5,598
Selling and distribution expenses		<b>(16,977)</b>	(25,241)
Administrative and other operating expenses		<b>(32,739)</b>	(49,767)
Allowance for expected credit losses ("ECL"), net		<b>(19,214)</b>	(9,788)
<b>Profit/(loss) from operations</b>		<b>29,214</b>	(56,644)
Finance costs	6(a)	<b>(13,113)</b>	(14,954)
<b>Profit/(loss) before taxation</b>	6	<b>16,101</b>	(71,598)
Income tax	7	<b>(2,724)</b>	8,060
<b>Profit/(loss) for the period from continuing operations</b>		<b>13,377</b>	(63,538)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations		—	(1,307)
<b>Profit/(loss) for the period</b>		<b>13,377</b>	(64,845)

The notes on pages 22 to 43 form part of this interim financial report.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022 — unaudited  
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000 (Re-presented)
<b>Other comprehensive income/(expense) for the period</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside the mainland of the People's Republic of China (the "PRC")			
— from continuing operations		1,447	1,607
— from discontinued operations		-	(73)
		<b>1,447</b>	<b>1,534</b>
<b>Total comprehensive income/(expense) for the period</b>			
		<b>14,824</b>	<b>(63,311)</b>
Loss attributable to equity holders of the company:			
— from continuing operations		(3,624)	(63,538)
— from discontinued operations		-	(1,307)
		<b>(3,624)</b>	<b>(64,845)</b>
Profit attributable to non-controlling interest:			
— from continuing operations		17,001	-
		<b>13,377</b>	<b>(64,845)</b>
Total comprehensive income/(expense) attributable to:			
Equity holders of the Company		(3,015)	(63,311)
Non-controlling interest		17,839	-
		<b>14,824</b>	<b>(63,311)</b>
			(Restated)
<b>Loss per share (RMB cents)</b>			
Basic and diluted			
	8		
— from continuing and discontinued operations		(0.15)	(3.37)
— from continuing operations		(0.15)	(3.30)

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022 — unaudited  
(Expressed in Renminbi)

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	22,824	42,149
Investment properties		362,085	338,937
Right-of-use assets		239,565	237,674
Intangible assets		56,258	9,428
Deposit for property, plant and equipment		7,348	—
Deferred tax assets		79,848	75,576
		<b>767,928</b>	703,764
<b>Current assets</b>			
Inventories		38,168	31,244
Trade and other receivables	10	360,190	249,616
Cash and cash equivalents		107,449	131,821
		<b>505,807</b>	412,681
<b>Current liabilities</b>			
Trade, bills and other payables	11	245,259	156,823
Bank borrowings	12	396,500	398,500
Corporate bonds	13	30,114	31,820
Lease liabilities		4,024	2,530
Current taxation		13,048	3,978
		<b>688,945</b>	593,651
<b>Net current liabilities</b>		<b>(183,138)</b>	(180,970)
<b>Total assets less current liabilities</b>		<b>584,790</b>	522,794

The notes on pages 22 to 43 form part of this interim financial report.

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022 — unaudited  
(Expressed in Renminbi)

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Corporate bonds	13	19,831	27,391
Convertible bond	14	45,746	–
Lease liabilities		7,045	3,651
Deferred tax liabilities		37,740	37,740
		<b>110,362</b>	68,782
<b>Net assets</b>			
		<b>474,428</b>	454,012
<b>Capital and reserves</b>			
Share capital	16	4,163	4,163
Reserves		445,091	442,514
Equity attributable to equity holders of the Company		449,254	446,677
Non-controlling interest		25,174	7,335
<b>Total equity</b>		<b>474,428</b>	454,012

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022 — unaudited  
(Expressed in Renminbi)

	Attributable to equity holders of the Company											
		Share capital	Share premium	Statutory reserve	Capital reserve	Exchange reserve	Share-based payment reserve	Convertible bond reserve	Retained profits	Sub-total	Non-controlling interest	Total
	Notes	RMB'000 Note 16(b)	RMB'000 Note 16(c)(i)	RMB'000 Note 16(c)(ii)	RMB'000 Note 16(c)(iii)	RMB'000 Note 16(c)(iv)	RMB'000 Note 16(c)(v)	RMB'000 Note 16(c)(vi)	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2021</b> <b>(Audited)</b>		3,819	136,871	128,898	39,023	(10,627)	166	-	245,224	543,374	-	543,374
<b>Changes in equity for the six months ended 30 June 2021:</b>												
Loss for the period		-	-	-	-	-	-	-	(64,845)	(64,845)	-	(64,845)
Other comprehensive income for the period		-	-	-	-	1,534	-	-	-	1,534	-	1,534
Total comprehensive expense		-	-	-	-	1,534	-	-	(64,845)	(63,311)	-	(63,311)
<b>Balance at 30 June 2021</b> <b>(Unaudited)</b>		3,819	136,871	128,898	39,023	(9,093)	166	-	180,379	480,063	-	480,063
<b>Balance at 1 January 2022</b> <b>(Audited)</b>		4,163	214,184	128,898	39,023	(6,903)	111	-	67,201	446,677	7,335	454,012
<b>Changes in equity for the six months ended 30 June 2022:</b>												
Profit for the period		-	-	-	-	-	-	-	(3,624)	(3,624)	17,001	13,377
Other comprehensive income for the period		-	-	-	-	609	-	-	-	609	838	1,447
Total comprehensive income		-	-	-	-	609	-	-	(3,624)	(3,015)	17,839	14,824
Recognition of equity component of convertible bond		-	-	-	-	-	-	5,592	-	5,592	-	5,592
<b>Balance at 30 June 2022</b> <b>(Unaudited)</b>		4,163	214,184	128,898	39,023	(6,294)	111	5,592	63,577	449,254	25,174	474,428

The notes on pages 22 to 43 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2022 — unaudited  
(Expressed in Renminbi)

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Operating activities</b>		
Cash generated from/(used in) operations	21,526	(42,936)
Income tax paid	-	-
Net cash generated from/(used in) operating activities	21,526	(42,936)
<b>Investing activities</b>		
Payment for the purchase of property, plant and equipment and intangible assets	(56,189)	(6,242)
Proceeds from disposal of subsidiaries	-	17,000
Cash inflow from acquisition of subsidiaries	-	18,082
Payments of construction in progress	(12,492)	(18,182)
Decrease in pledged bank deposits	-	316
Interest received	605	846
Net cash (used in)/generated from investing activities	(68,076)	11,820
<b>Financing activities</b>		
Proceeds from bank borrowings	396,500	141,000
Repayment of bank borrowings	(398,500)	(161,000)
Proceeds from issuance of convertible bond	49,912	-
Interest paid	(11,073)	(12,466)
Repayment of corporate bonds	(13,036)	(23,583)
Payment of lease liabilities	(1,625)	(175)
Net cash generated from/(used in) financing activities	22,178	(56,224)
Net decrease in cash and cash equivalents	(24,372)	(87,340)
Cash and cash equivalents as at 1 January	131,821	196,651
Cash and cash equivalents as at 30 June	107,449	109,311

The notes on pages 22 to 43 form part of this interim financial report.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1 Basis of preparation

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 30 August 2022.

The interim financial information has been prepared in accordance with the same accounting policies adopted in 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial information in conformity with IAS 34 requires the 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.

This interim financial information contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and the Group since the 2021 annual consolidated financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). The interim financial information is unaudited, but has been reviewed by the Company’s audit committee.

In preparing these condensed consolidated interim financial statements, the Directors have considered the future liquidity of the Group. As at 30 June 2022, the Group has net current liabilities of RMB183,138,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, these condensed consolidated interim financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of the condensed consolidated interim financial statements, after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

- (i) The Group have guarantee contracts with certain banks to obtain maximum credit amounts of RMB1,192,690,000 and as at 30 June 2022, the unutilised facilities amount in respect of bank borrowings is RMB796,190,000.
- (ii) The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investments and business opportunities with an aim to attain profitable and positive cash flow operations.

On the basis of the foregoing, and after assessing the Group’s current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group’s financial obligations as they fall due for the period of twelve months from the date of condensed consolidated interim financial statements. Accordingly, the condensed consolidated interim financial statements of the Group have been prepared on the going concern basis.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 2 Changes in accounting policies

The accounting policies adopted and methods of computation used in the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

In the current interim period, the Group has adopted all the amendments (the "**amended IFRSs**") issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2022. The adoption of these amended IFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior accounting period.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

The Group has not applied any new and revised IFRSs that are not yet effective for the current period in advance.

## 3 Segment information

Operating segments and the amounts of each segment item reported in the condensed consolidated interim financial statements are identified from the condensed consolidated interim financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Operating segments which are individually material are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they meet a majority of these criteria.

The main operations of the Group are sales of menswear apparel and brand licensing in the PRC ("**Menswear Apparel**") and sales of industrial products to customers located in Saudi Arabia ("**Industrial Products**").

During the six months ended 30 June 2021, the Group engaged in the business of provision of advertising services in the PRC through the acquisition of Good Productive Limited and its subsidiaries (the "**Good Productive Group**"). Due to the uncertainties brought by the change in regulatory environment in the PRC that affected the operation of Good Productive Group in the PRC, the Group disposed the Good Productive Group on 30 November 2021. This operating segment was discontinued.



# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 3 Segment information (Continued)

### (a) Segment revenue and results

For the six months ended 30 June 2022

	Menswear Apparel RMB'000 (Unaudited)	Industrial Products RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Revenue	48,582	223,605	–	272,187
Segment result before the following items	(10,687)	64,938	–	54,251
Allowance for ECL of trade receivables, net	(18,517)	(697)	–	(19,214)
Segment result	(29,204)	64,241	–	35,037
Other revenue and unallocated gains			146	146
Corporate and other unallocated expenses			(19,082)	(19,082)
Profit before taxation				16,101
Income tax	4,272	(6,996)	–	(2,724)
Profit for the period				13,377

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 3 Segment information (Continued)

### (a) Segment revenue and results (Continued)

For the six months ended 30 June 2021

	Continuing operations			Discontinued operations	
	Menswear Apparel RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Sub-total RMB'000 (Unaudited)	Advertising RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Revenue	107,748	–	107,748	2,420	110,168
Segment result before the following items	(47,644)	–	(47,644)	(1,319)	(48,963)
Allowance for ECL of trade receivables, net	(10,538)	–	(10,538)	–	(10,538)
Segment result	(58,182)	–	(58,182)	(1,319)	(59,501)
Other revenue and unallocated gains		2,199	2,199	–	2,199
Corporate and other unallocated expenses		(15,615)	(15,615)	–	(15,615)
Loss before taxation			(71,598)	(1,319)	(72,917)
Income tax	8,060	–	8,060	12	8,072
Loss for the period			(63,538)	(1,307)	(64,845)

### (b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	Menswear Apparel		Industrial Products		Unallocated		Consolidated	
	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Segment assets	648,803	695,475	206,038	80,920	418,894	340,050	1,237,735	1,116,445
Segment liabilities	489,316	491,070	117,787	63,474	192,204	107,889	799,307	662,433

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 3 Segment information (Continued)

### (c) Geographical Information

#### (a) Revenue

The following table presents the Group's geographical information in terms of revenue for the six months ended 30 June 2022 and 2021:

	Continuing operations		Discontinued operation		Total	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
China	48,582	107,748	-	2,420	48,582	110,168
Saudi Arabia	223,605	-	-	-	223,605	-
	<b>272,187</b>	107,748	-	2,420	<b>272,187</b>	110,168

#### (b) Non-current assets

The principal place of the Group's operation is in PRC. For the purpose of segment information disclosures under IFRS 8, the Group regards PRC as its country of domicile. Over 90% of the Group's non-current assets are located in the PRC.

### (d) Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the Group's total revenue are as follows:

	Six months ended 30 June 2022	Six months ended 30 June 2021
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Customer A (Menswear Apparel)	N/A*	13,868
Customer B (Menswear Apparel)	N/A*	12,596
Customer C (Industrial Products)	102,693	N/A*
Customer D (Industrial Products)	66,882	N/A*
Customer E (Industrial Products)	37,913	N/A*

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 4 Revenue

The principal activities of the Group are sales of menswear apparel and brand licensing in the PRC and sales of industrial products to customers located in Saudi Arabia. Revenue represents the sales value of goods sold less discounts and Value Added Tax.

Revenue by segment is as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited) (Re-presented)
<b>Continuing operations</b>		
Menswear Apparel segment		
Men's trousers	18,094	58,338
Men's tops	25,157	44,774
Accessories	100	145
Brand licensing	5,231	4,491
Industrial Products segment	223,605	–
	<b>272,187</b>	107,748
<b>Timing of revenue recognition</b>		
At a point of time	266,956	103,257
Over time	5,231	4,491
	<b>272,187</b>	107,748

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 5 Other income and other gains or losses

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Re-presented)
<b>Continuing operation</b>		
Interest income	605	830
Rental income from investment properties less direct outgoings	5,272	2,724
Government grants (note (i))	22	–
Net foreign exchange gain	25	13
Consultancy service income	–	333
Gain on modification of corporate bonds	540	713
Others	1,052	985
	<b>7,516</b>	<b>5,598</b>

Note:

- (i) Government grants were received from several local government authorities, of which the entitlements were under the discretion of the relevant authorities.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 6 Profit/(loss) before taxation

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited) (Re-presented)
<b>Continuing operations</b>		
<b>(a) Finance costs:</b>		
Interest on corporate bonds	3,132	4,218
Interest on convertible bonds	178	–
Interest on bank borrowings	9,674	10,674
Interest on lease liabilities	129	62
	<b>13,113</b>	14,954
<b>(b) Staff costs:</b>		
Contributions to defined contribution retirement plans	1,017	404
Salaries, wages and other benefits	9,251	8,054
	<b>10,268</b>	8,458
<b>(c) Other items:</b>		
Amortisation of intangible assets	1,765	22,958
Depreciation of property, plant and equipment	1,944	1,994
Depreciation of investment properties	6,753	5,724
Depreciation of right-of-use assets	4,889	4,213
Research and developments expenses (note (i))	651	984
Cost of inventories	85,194	84,536
Allowance for ECL, net	19,214	9,788

Note:

- (i) Research and development costs include staff costs of employees in the design and product development department of RMB630,000 (six months ended 30 June 2021: RMB903,000), which are included in the staff costs as disclosed in note 6(b).

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 7 Income Tax

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Re-presented)
<b>Continuing operations</b>		
<b>Current tax</b>		
Provision for PRC corporate income tax for the period	-	-
Provision for Hong Kong profits tax for the period	(6,996)	-
	(6,996)	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	4,272	8,060
	(2,724)	8,060

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit for the six months ended 30 June 2022 and 2021.
- (iii) Pursuant to the income tax rules and regulations of the PRC, provision for PRC corporate income tax is calculated based on the statutory rate of 25% of the assessable profits of the subsidiaries incorporated in the PRC.
- (iv) According to the Corporate Income Tax law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 8 Loss per share

### (a) Basic loss per share

The calculation of the basic loss per share attributable to equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited) (Re-presented)
<b>Loss</b>		
Loss for the period for the purposes of computation of basic loss per share		
— from continuing operations	(3,624)	(63,538)
— from discontinued operations	—	(1,307)
	<b>(3,624)</b>	<b>(64,845)</b>
	Number of shares	
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	<b>2,364,866</b>	1,923,600

### (b) Diluted loss per share

The computation of diluted loss per share for the six months ended 30 June 2022 did not assume the conversion of the Company's outstanding convertible bond and exercise of outstanding share options of the Company since their assumed conversion and exercise would result in a decrease in loss per share.

The computation of diluted loss per share for the six months ended 30 June 2021 did not assume the exercise of outstanding share options of the Company since their assumed exercise would result in a decrease in loss per share.

## 9 Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of RMB245,000 (six months ended 30 June 2021: RMB6,242,000).

Items of property, plant and equipment with a net book value of RMB225,000 (six months ended 30 June 2021: RMB nil) were disposed of during the six months ended 30 June 2022.

Items of property, plant and equipment with a net book value of RMB17,409,000 (six months ended 30 June 2021: RMB nil) were transferred to investment properties during the six months ended 30 June 2022.



# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 10 Trade and other receivables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables	627,340	521,513
Less: Allowance for ECL	(319,886)	(302,106)
Written-off	(1,434)	(1,614)
	<b>306,020</b>	217,793
Trade receivables	306,020	217,793
Prepayments to suppliers	25,706	11,706
Other deposits, prepayments and receivables	28,464	20,117
	<b>360,190</b>	249,616

### Aging analysis

At the end of the reporting period, the aging analysis of trade receivables with net of allowance for ECL, based on invoice date, is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 3 months	194,681	160,066
More than 3 months but within 6 months	5,779	12,880
More than 6 months but within 1 year	105,560	44,847
	<b>306,020</b>	217,793

Trade receivables are normally due for settlement within 90–180 days (31 December 2021: 90–180 days) from the invoice date.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 10 Trade and other receivables (Continued)

### Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance amount unless the recovery of the receivables is remote, in which case the receivables are written off directly.

The movement in the allowance for ECL during the period/year is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Balance as at 1 January	302,106	216,014
Reversal of ECL recognised in prior years	(8,461)	(27,020)
Reversal due to written-off of trade receivables	(1,434)	(1,614)
ECL recognised	27,675	114,726
Balance as at 30 June/31 December	<b>319,886</b>	302,106

## 11 Trade, bills and other payables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables	119,620	58,984
Accruals	51,590	52,032
Other payables	74,049	45,807
	<b>245,259</b>	156,823

As at the end of the reporting period, the aging analysis of the trade and bills payables, based on relevant invoice date, is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 month	37,045	29,532
After 1 month but within 3 months	67,137	23,793
Over 3 months but within 6 months	9,029	–
Over 6 months but within 1 year	6,409	5,659
	<b>119,620</b>	58,984

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 12 Bank borrowings

(a) The bank borrowings were repayable as follow:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year or on demand	<b>396,500</b>	398,500

(b) The bank borrowings were secured as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Bank borrowings		
— Secured	<b>351,500</b>	348,500
— Unsecured	<b>45,000</b>	50,000
	<b>396,500</b>	398,500

(c) Certain bank borrowings were secured by assets of the Group, the carrying amounts of these assets are as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Property, plant and equipment	<b>22,824</b>	31,357
Investment properties	<b>362,085</b>	338,937
Right-of-use assets	<b>237,423</b>	231,802
	<b>622,332</b>	602,096

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 12 Bank borrowings (Continued)

(d) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Facility amount	1,192,690	1,193,190
Utilised facilities amount in respect of bank borrowings	396,500	398,500

## 13 Corporate bonds

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Unsecured corporate bonds	49,945	59,211

The Group's corporate bonds are repayable as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	30,114	31,820
After 1 year but within 2 years	–	9,189
After 2 years but within 5 years	19,831	18,202
	49,945	59,211

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 13 Corporate bonds (Continued)

The movement of corporate bonds is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
As at 1 January	59,211	90,394
Modification of corporate bonds	(540)	(972)
Repayment of corporate bonds	(13,036)	(28,301)
Imputed interests	2,856	7,724
Interest expense paid	(1,052)	(3,590)
Exchange realignment	2,506	(6,044)
As at 30 June/31 December	<b>49,945</b>	59,211

As at 30 June 2022, the Group issued bonds with a principle amount in a total of RMB59,052,000 (31 December 2021: RMB73,898,000) carried interest at 0.1%–6.5% (31 December 2021: 0.1%–13%) per annum. The bonds are unsecured with maturity date falling on 2–8 years (31 December 2021: 2–8 years) of the issue date.

The effective interest rate of the bonds ranges from 6.73% to 13.35% (31 December 2021: 6.73% to 13.63%) per annum.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 14 Convertible bond

The Company issued HK\$60,000,000, 8.0% per annum convertible bond on 21 June 2022. The convertible bond is denominated in Hong Kong dollars. The convertible bond holder is entitled to convert the convertible bond into ordinary shares of the Company at any time from 21 June 2023 to the maturity date on 20 June 2024 (the “**Maturity Date**”) at an initial conversion price of HK\$0.6 per conversion share (subject to adjustment). The Company has the callable option to redeem all or some of the convertible bond plus accrued interest from 21 June 2022 and prior to the Maturity Date. If the convertible bond has not been converted, it will be redeemed on the Maturity Date at par.

The convertible bond contains two components, debt component and equity component. The effective interest rate of the debt component is 15.8%.

The movement of the debt and equity components of the convertible bond for the period is set out as below:

	<b>Debt component</b>	<b>Equity component</b>
	RMB\$'000	RMB\$'000
As at 1 January 2022	–	–
Proceed from the issuance of convertible bond	44,320	5,592
Effective interest expense	178	–
Exchange adjustment	1,248	–
<b>As at 30 June 2022</b>	<b>45,746</b>	<b>5,592</b>

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 15 Equity-settled share-based payments for employees

The Company has adopted a share option scheme on 7 October 2015 whereby the Directors are authorised, at their discretion, to invite certain employees of the Group, including certain directors of the Group, to take up share options at consideration of HK\$1 each (equivalent to RMB0.821 at the date of grant). Each option gives the holder the right to subscribe for one ordinary share in the Company and will be settled gross in shares.

### (a) Details of share options granted are as follows:

Date of grant		Exercise price	Number of options granted	Vesting periods	Contractual life of options
Options granted to the Directors:					
7 October 2015	Batch 1	HK\$0.89*	400,000*	one year from the date of grant	From 7 October 2016 to 6 October 2021
7 October 2015	Batch 2	HK\$0.89*	400,000*	two year from the date of grant	From 7 October 2017 to 6 October 2022
7 October 2015	Batch 3	HK\$0.89*	400,000*	three year from the date of grant	From 7 October 2018 to 6 October 2023
		HK\$0.89*	1,200,000		

\* On 15 October 2019, the Company approved the share subdivision at the extraordinary general meeting, the share subdivision become effect on 17 October 2019, whereby each issued and unissued ordinary share of HK\$0.01 each subdivision into four subdivision ordinary shares of HK\$0.0025 each.

### (b) The number and weighted average exercise prices of share options

	As at 30 June 2022 (Unaudited)		As at 31 December 2021 (Audited)	
	Weighted average Exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the 1 January/ 30 June/31 December	HK\$0.89	800,000	HK\$0.89	800,000
Exercisable at 30 June/31 December	HK\$0.89	800,000	HK\$0.89	800,000

During the six months ended 30 June 2022, Nil (31 December 2021: Nil) share options were granted and 800,000 (31 December 2021: 800,000) of share options became exercisable as at 30 June 2022.

The shares options outstanding as at 30 June 2022 had an exercise price of HK\$0.89 (31 December 2021: HK\$0.89) and a weighted average remaining contractual life of 0.8 year (31 December 2021: 1.3 years).

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 16 Capital, reserves and dividends

### (a) Dividends

The Board does not recommend the payment of dividend for the six months ended 30 June 2022 (2021: Nil).

### (b) Share capital

Authorised and issued share capital

		Number of shares	Amount HK\$'000
<b>Authorised:</b>			
As at 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022		4,000,000,000	10,000
<b>Issued and fully paid:</b>			
	Number of ordinary shares of HK\$0.0025	Amount HK\$'000	Amount RMB'000
As at 1 January 2021	1,923,600,000	4,809	3,819
Issuance of share under subscription ( <i>note</i> )	168,418,000	421	344
<b>As at 31 December 2021, 1 January 2022 and 30 June 2022</b>	<b>2,092,018,000</b>	<b>5,230</b>	<b>4,163</b>

*Note:* On 18 October 2021, the Company entered into a subscription agreement, pursuant to which the subscriber had conditionally agreed to subscribe for 37,087,000 new shares at the subscription price of HK\$0.614 per subscription share. The subscription was completed and 37,087,000 of new shares were issued and allotted on 26 October 2021.

On 24 December 2021, the Company entered into the subscription agreements, pursuant to which the subscribers had conditionally agreed to subscribe for 131,331,000 new shares at the subscription price of HK\$0.550 per subscription share. The subscription was completed and 131,331,000 of new shares were issued and allotted on 31 December 2021.



# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 16 Capital, reserves and dividends (Continued)

### (c) Nature and purpose of reserves

#### (i) Share premium

The share premium represents the difference between the par value of the shares of the Company (the “Shares”) and proceeds received from the issuance of the Shares.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

#### (ii) Statutory reserve

As stipulated by regulations in the PRC, the Company’s subsidiaries established and operated in the mainland China are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

#### (iii) Capital reserve

On 30 April 2014, an amount payable of RMB39,023,000 had been waived by the ultimate controlling party, Mr. Kwok Kin Sun, and capitalised in capital reserve.

#### (iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statement of operations outside the mainland China.

#### (v) Share-based payment reserve

Share-based payment reserve comprises the following:

- The fair value of services provided by parties other than employees to the Group in connection with the listing of the Company and the services were settled by equity instrument of the Company. The relevant services are recognised in accordance with IFRS 2, *Share-based payment*. Share-based payment was vested pursuant to the listing of the Company on 16 July 2014. No transfer from the share-based reserve to the share premium account during the period of 2022.
- The portion of the grant date fair value of share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for the share-based payments.

#### (vi) Convertible bond reserve

Convertible bond reserve represents the amount allocated to the equity component of convertible bond issued by the Company.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 17 Commitments

### Capital commitments

Capital commitments of the Group in respect of construction in progress outstanding at 30 June 2022 that were not provided for in the interim financial information were as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Contracted for	232,601	238,753

## 18 Business combination

### (A) Acquisition of subsidiaries

On 14 December 2020 and 5 March 2021, the Company entered into the sale and purchase agreement and the supplemental agreement with Mr. Tong Xin ("Mr. Tong"), a former Director and the ultimate beneficial owner of vendor, respectively, for the acquisition of 100% the issued share capital of Good Productive Limited and its subsidiaries ("Good Productive Group") at a cash consideration of HK\$9,700,000 (equivalent to RMB8,199,000). Good Productive Group is principally engaged in the sales and marketing of automobiles through an e-commerce platform. The acquisition of Good Productive Group was completed on 30 March 2021.

The fair value of identifiable assets acquired and liabilities assumed of the acquiree as at the date of acquisition were as follows:

	RMB'000
<b>Net assets acquired:</b>	
Intangible assets	1,031
Cash and cash equivalents	4,597
Trade and other receivables	12,956
Other payables	(11,534)
Deferred tax	(258)
Tax payables	(2,147)
<b>Total identifiable net assets at fair value</b>	<b>4,645</b>
Cash consideration payable	8,199
Less: Fair value of net assets acquired	(4,645)
<b>Goodwill</b>	<b>3,554</b>
	<b>RMB'000</b>
<b>Net cash inflow arising on acquisition:</b>	
Cash consideration (note 18C)	-
Add: cash and cash equivalents acquired	4,597
	<b>4,597</b>

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 18 Business combination (Continued)

### (B) Disposal of subsidiaries

On 30 November 2021, the Company and Mr. Tong entered into an equity transfer agreement for the disposal of 100% issued share capital of Good Productive Group (the "Disposal") at a cash consideration of HK\$9,700,000 (equivalent to RMB8,071,000) ("Disposal Consideration"). Accordingly, the Company agreed to dispose and Mr. Tong agreed to acquire the entire issued share capital of Good Productive Group.

The reason for the Disposal was mainly due to the uncertainties brought by the recent change in regulatory environment in the PRC that affected the operation of Good Productive Group in the PRC, including the introduction of (i) Measures for the Supervision and Administration of Combating Money Laundering and Financing of Terrorism by Financial Institutes; and (ii) Personal Information Protection Law. The Disposal was completed on 30 November 2021.

The net assets of Good Productive Group as at the date of disposal were as follow:

	RMB'000
Property, plant and equipment	77
Intangible assets	894
Goodwill	3,554
Other receivables	9,244
Cash and bank equivalents	63
Other payables	(8,979)
Deferred tax	(237)
Exchange reserve	83
Net assets disposal of Good Productive Group	4,699
Consideration	(8,071)
Gain on disposal	3,372
Cash consideration (note 18C)	–
Cash and cash equivalents disposed	(63)
Net cash outflow from the disposal	(63)

### (C) Non-cash transaction

Under the circumstances that (i) the Acquisition Consideration due to Mr. Tong was not yet paid; and (ii) the Disposal Consideration due from Mr. Tong was not yet received, the Company and Mr. Tong agreed in writing that the Acquisition Consideration and the Disposal Consideration to be set-off.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 19 Material related party transactions

In addition to the related party information disclosed elsewhere in the condensed consolidated interim financial statements, the Group entered into the following material related party transactions.

### Key management personnel compensation

Remuneration for key management personnel of the Group for the period, including amounts paid to the Directors, is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	1,112	1,101
Contributions to retirement benefit scheme	18	20
	<b>1,130</b>	1,121

The total remuneration is included in "staff costs" (see note 6(b)).

## 20 Events after the reporting date

### Issue of new shares ("Subscription")

On 13 July 2022, the Company entered into the subscription agreement with the subscriber, an independent third party, pursuant to which the subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 120,000,000 new shares at the subscription price of HK\$0.550 per subscription share. The Subscription was completed on 29 July 2022. Details of the Subscription is disclosed in the announcements of the Company dated on 13 July 2022 and 29 July 2022.

# Other Information

## Disclosure of Interests

### Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporations

As at 30 June 2022, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules, were as follows:

Interests in Shares, underlying Shares and debentures and associated corporations:

Name	Nature of interest	Number of issued ordinary Shares held	Number of underlying Shares under the share options held <sup>(3)</sup>	Total	Approximate percentage of shareholding
Mr. Kwok Kin Sun <sup>(1)</sup>	Interest in a controlled corporation	382,550,000	–	382,550,000	18.29%
Mr. Kwok Hon Fung <sup>(2)</sup>	Interest in a controlled corporation	193,852,000	–	193,852,000	9.27%
Mr. Cheung Chiu Tung <sup>(3)</sup>	Beneficial owner	–	800,000	800,000	0.038%
Mr. Lu Ke <sup>(4)</sup>	Beneficial owner	109,090,000	–	109,090,000	5.22%

Notes:

- (1) Mr. Kwok Kin Sun, the chairman of the Board and an executive Director, is deemed to be interested in all the Shares held by Everkept Limited (“Everkept”) by reason of his 70% interest in the share capital of Everkept.
- (2) Mr. Kwok Hon Fung, an executive Director, the chief executive officer of the Group and the son of Mr. Kwok Kin Sun, is deemed to be interested in all the Shares held by Equal Plus Limited (“Equal Plus”) by reason of his 100% interest in the share capital of Equal Plus.  
  
Equal Plus is an associated corporation of the Company pursuant to the SFO. Mr. Kwok Hong Fung, an executive Director, in the capacity as a beneficial owner, held the entire issued share capital of Equal Plus (i.e. number of share held: one).
- (3) These are Shares subject to the exercise of the share options granted by the Company under the Share Option Scheme on 7 October 2015. Details of the Share Option Scheme are set out in the section headed “Share Option Scheme” below.
- (4) Mr. Lu Ke is an executive Director and the general manager of Jiangsu HengAn, an indirectly wholly-owned subsidiary of the Company.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had or were deemed to have any interests or a short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### Directors' Rights to Acquire Shares or Debentures

Save as disclosed in “Share Option Scheme” below, during the reporting period, no rights to acquire benefits by means of acquisition of Shares or debentures of the Company were granted to any Directors or their respective spouse or minor children, neither were there any such rights exercised by them; nor was the Company, or any of its subsidiaries a party to any arrangement which enabled the Directors to acquire such rights in another body corporate.

# Other Information



## Substantial Shareholders' and Other Persons' Interests and short positions in the Shares and Underlying Shares of the Company

As at 30 June 2022, so far as the Directors are aware, having made all reasonable enquiries, the following interest of 5% or more of the issued share capital of the Company (other than the interests of the Directors and chief executives as disclosed above) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name	Position	Nature of interest	Number of Shares	Approximate percentage of shareholding
Donghai International Financial Holdings Company Limited	Long	Security interest in Shares	396,650,000	18.96%
東海證券股份有限公司 <sup>(1)</sup>	Long	Interest in controlled corporation	396,650,000	18.96%
Ms. Wong Tung Yam <sup>(2)</sup>	Long	Interest of spouse	382,550,000	18.29%
Everkept	Long	Beneficial owner	382,550,000	18.29%
Ms. Wang Xiu Hua <sup>(3)</sup>	Long	Beneficial owner	256,742,000	12.27%
Equal Plus	Long	Beneficial owner	193,852,000	9.27%

Notes:

- (1) 東海證券股份有限公司, being the controlling shareholder of Donghai International Financial Holdings Company Limited, is deemed to be interested in all the Shares in which Donghai International Financial Holdings Company Limited is interested by virtue of the SFO.
- (2) Ms. Wong Tung Yam, being the spouse of Mr. Kwok Kin Sun, the chairman of the Board and an executive Director, is deemed to be interested in all the Shares in which Mr. Kwok Kin Sun is interested by virtue of the SFO.
- (3) Ms. Wang Xiu Hua is the mother of Mr. Wang Yan, a non-executive Director.

Same as disclosed above, as at 30 June 2022, the Company was not aware of any person or corporation having an interest or a short position in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be under section 336 of Part XV of the SFO.

## Sufficiency of Public Float

Based on the publicly available information and to the best of the Directors' knowledge, information and belief at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules during the Period.

## Review of Interim Results

The Company has an audit committee (the "Audit Committee") which comprises three independent non-executive Directors, namely Mr. Poon Yick Pang Philip (Chairman of the Audit Committee), Mr. Cheung Chiu Tung and Mr. Ma Yu-heng. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, financial reporting, internal control and risk management systems, and has reviewed the unaudited interim financial report for the six months ended 30 June 2022.

# Other Information

## Share Option Scheme

The Company adopted a Share Option Scheme on 9 June 2014 (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the Group. On 7 October 2015, the Company granted options to subscribe for an aggregate of 3,300,000 ordinary Shares of HK\$0.01 each in the share capital of the Company to Eligible Persons of the Group under the Share Option Scheme at an exercise price of HK\$3.56 per Share. As a result of the share subdivision effected on 17 October 2019, the exercise prices were adjusted to HK\$0.89.

Details of movements of the share options during the six months ended 30 June 2022 are set out below:

Category	Date of grant	Exercise price (HK\$)	Exercisable period	Number of Share Options				As at 30 June 2022	
				As at 1 January 2022	Granted	Exercised	Cancelled		Lapsed
<b>Director</b>									
Cheung Chiu Tung	7 October 2015	0.89	7 October 2017 to 6 October 2022	400,000	-	-	-	-	400,000
	7 October 2015	0.89	7 October 2018 to 6 October 2023	400,000	-	-	-	-	400,000
Total				800,000	-	-	-	-	800,000

The total number of Shares available for issue under the Share Option Scheme is 800,000, representing 0.038% of the Company's issued share capital as at 30 June 2022.

## Purchase, Sale or Redemption of The Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

## Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) during the Period.

With effect from 27 December 2021, Ms. Huang Yumin (黃宇敏) (“**Ms. Huang**”) resigned as an independent non-executive Director (“**INED**”), the member of the audit committee (the “**Audit Committee**”), the member of the remuneration committee (the “**Remuneration Committee**”) and the member of the nomination committee (the “**Nomination Committee**”) of the Company. Following the resignation of Ms. Huang, the Board comprises only two INEDs. On 27 December 2021, Mr. Peng Zuncheng (彭遵丞), an executive Director, was appointed as a member of the Remuneration Committee; and Mr. Cheung Chiu Tung (張照東), an INED, was appointed as a member of the Nomination Committee. In light of the above, the Company failed to comply with (i) rule 3.10(1) of the Listing Rules requires that the Company must have at least three INEDs and (ii) rule 3.21 of the Listing Rules requires that the audit committee must comprise a minimum of three members. With effect from 16 March 2022, Mr. Ma Yuheng (馬有恒) (“**Mr. Ma**”) was appointed as an INED and a member of Audit Committee. Following the appointment of Mr. Ma as an INED and a member of the Audit Committee, the Company then re-complies with the requirements of rule 3.10(1) and rule 3.21 of the Listing Rules.

# Other Information



In addition, the Board currently comprises four executive Directors, one non-executive Director and three independent non-executive Directors, with independent non-executive Directors representing 37.5% of the Board, which is higher than the requirement of the Listing Rules. Such percentage of independent non-executive Directors on the Board can ensure their views would carry significant weight and enhance independence of the Board. On the above basis, the Board considers that the current structure will not impair the balance of power and the authority of the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

## Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the Company’s code of conduct regarding Directors’ securities transactions.

The senior management personnel who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

Upon specific enquiries, all Directors and the senior management personnel of Company confirmed that they have complied with the relevant requirements under the Model Code throughout the reporting period.

## Updates on Compliance and Regulatory Matters as Disclosed in the Prospectus

Our Directors are not aware of any legal, arbitration or administrative proceedings against us, including the matter described above, that will have a material adverse effect on our business, financial condition or results of operations.

## EVENTS AFTER REPORTING PERIOD

### Change of Company Name

The Company changed its English name from “China Fordoo Holdings Limited” to “China Anchu Energy Storage Group Limited” and to change its dual foreign name in Chinese from “中國虎都控股有限公司” to “中國安儲能源集團有限公司” (the “**Change of Company Name**”), with effective from 2 September 2022. The Board considers that the Change of Company Name will better reflect the current status of the Group and its direction of future development. The Board also believes that the new English name and dual foreign name in Chinese of the Company will provide the Company with a new corporate image which will benefit the Company’s future business development. For details, please refer to the announcements of the Company dated 11 July 2022, 2 September 2022 and 14 September 2022 and circular and notice of EGM of the Company dated 4 August 2022.



# Other Information

## Issue of New Shares under General Mandate

On 13 July 2022 (after trading hours of the Stock Exchange), the Company entered into a subscription agreement with a subscriber pursuant to which the subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 120,000,000 new shares of the Company under general mandate at a subscription price of HK\$0.550 per subscription share (the “**Subscription**”). The Subscription was completed on 29 July 2022 and the net proceeds from the Subscription are approximately HK\$65.86 million. It is expected that such net proceeds will be utilised for future business development and general working capital. For the details of the Subscription, please refer to the announcements of the Company dated on 13 July 2022 and 29 July 2022.

On behalf of the Board

### **Kwok Kin Sun**

*Chairman and Executive Director*

Hong Kong  
30 August 2022