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CHINA FINANCE INVESTMENT HOLDINGS LIMITED

中國金控投資集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 875)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of China Finance Investment Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”), along with the unaudited comparative figures for the six months ended 30 June 2022 (the “**Corresponding Period**”) and selected explanatory notes as follows:

FINANCIAL HIGHLIGHTS

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

- The Group recorded a revenue of approximately HK\$1,079.2 million for the Reporting Period, representing an increase of approximately HK\$749.9 million or 227.7%, from approximately HK\$329.3 million (re-presented), for the Corresponding Period.
- Gross profit of the Group during the Reporting Period was approximately HK\$20.6 million, representing an increase of approximately HK\$7.9 million or 62.0%, as compared to approximately HK\$12.7 million (re-presented) for the Corresponding Period.
- Net profit of the Group for the Reporting Period was approximately HK\$30.1 million as compared to a net profit of approximately HK\$13.2 million for the Corresponding Period.
- Basic earnings per share from continuing operations was HK cents 7.99 for the Reporting Period (Corresponding Period: loss of HK cents 1.69 per share).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
	<i>Note</i>	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited) (re-presented)
Continuing operations			
Revenue	4	1,079,215	329,302
Cost of sales		(1,058,623)	(316,587)
Gross profit		20,592	12,715
Other income and gains	5	7,875	5,792
Selling and distribution expenses		(3,042)	(2,448)
Administrative and other expenses		(13,884)	(10,639)
Finance costs	6	(8,661)	(5,199)
Reversal of impairment losses on trade receivables		35,931	–
Impairment losses on trade receivables		–	(2,846)
Impairment losses on other receivables		(1,407)	(4,009)
Impairment losses on deposits and prepayments		(7,081)	–
Profit/(Loss) before taxation	7	30,323	(6,634)
Income tax expense	8	(180)	(38)
Profit/(Loss) for the period from continuing operations		30,143	(6,672)
Discontinued operations			
Profit for the period from discontinued operations, net of tax		–	19,885
Profit for the period		30,143	13,213
Other comprehensive expenses:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		(20,007)	(24,871)
Other comprehensive expenses for the period, net of tax		(20,007)	(24,871)
Total comprehensive income/(expenses) for the period		10,136	(11,658)

		Six months ended 30 June	
		2023	2022
<i>Note</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(re-presented)
Profit attributable to owners of the Company:			
	Owners of the Company	30,290	13,475
	Non-controlling interests	(147)	(262)
		<u>30,143</u>	<u>13,213</u>
Total comprehensive income/(expenses)			
attributable to:			
	Owners of the Company	10,283	(11,597)
	Non-controlling interests	(147)	(61)
		<u>10,136</u>	<u>(11,658)</u>
Earnings per share (HK cents)			
From continuing and discontinued operations			
	Basic	<u>7.99</u>	<u>3.55</u>
	Diluted	<u>7.80</u>	<u>3.48</u>
From continuing operations			
	Basic	<u>7.99</u>	<u>(1.69)</u>
	Diluted	<u>7.80</u>	<u>(1.69)</u>
From discontinued operations			
	Basic	<u>N/A</u>	<u>5.24</u>
	Diluted	<u>N/A</u>	<u>5.13</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		29,473	35,646
Right-of-use assets		5,585	7,678
Goodwill		1,457	1,457
Investment in an associate		305	305
Other receivables		57,840	115,679
		<u>94,660</u>	<u>160,765</u>
Current assets			
Inventories		129,108	18,842
Trade and other receivables	11	987,859	880,299
Pledged bank deposits		25,882	64,539
Bank balances and cash		15,034	9,300
		<u>1,157,883</u>	<u>972,980</u>
Current liabilities			
Trade and other payables	12	315,082	360,152
Promissory notes		16,339	16,339
Bank and other borrowings		401,481	243,387
Lease liabilities		4,319	4,974
Deferred income		9,718	1,782
Tax payables		6,500	6,805
		<u>753,439</u>	<u>633,439</u>
Net current assets		<u>404,444</u>	<u>339,541</u>
Total assets less current liabilities		<u>499,104</u>	<u>500,306</u>

		At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Capital and reserves			
Share capital	13	3,823	3,823
Reserves		<u>485,495</u>	<u>475,212</u>
Equity attributable to owners of the Company		489,318	479,035
Non-controlling interests		(4,050)	(3,903)
Total equity		<u>485,268</u>	<u>475,132</u>
Non-current liabilities			
Bank and other borrowings		6,769	6,769
Lease liabilities		5,718	7,937
Deferred income		<u>1,349</u>	<u>10,468</u>
		<u>13,836</u>	<u>25,174</u>
		<u>499,104</u>	<u>500,306</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

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

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

The unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual consolidated financial statements. These condensed consolidated interim financial statements and notes thereon do not include all of the information required for the preparation of full set of consolidated financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the 2022 annual consolidated financial statements.

The accounting policies and method of computation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. A number of new or amended standards are effective from 1 January 2023 but they do not have a material effect on the Group’s unaudited condensed consolidated interim financial statements.

3 SEGMENT INFORMATION

The Directors have determined that the Group only has one operating and reportable segment, being Agricultural and Meat Business (as defined below).

Information reported to the most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance only focuses on revenue analysis by nature of revenue and geographical location of customers.

Since the Group only has one operating segment, no segment information is presented other than entity-wide disclosures.

(i) Geographical information

Over 90% of the Group's non-current assets and revenue are located and generated in the People's Republic of China (the "PRC"). Accordingly, no further geographical information of non-current assets and revenue was disclosed.

(ii) Information about major customers

The Group's customer base included one (30 June 2022: two) customer with whom transactions have exceed 10% of the Group's revenue during the Reporting Period and the Corresponding Period which is set out below:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	N/A *	92,745
Customer B	N/A *	73,022
Customer C	556,006	N/A*
	<u> </u>	<u> </u>

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

4 REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(re-presented)
Sale of agricultural and meat produce, poultry, seafood and prepared food	1,079,215	329,302
	<u> </u>	<u> </u>
	1,079,215	329,302
	<u> </u>	<u> </u>

5 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited) (re-presented)
Government grants	1,311	1,369
Bank interest income	219	1,437
Other interest income	5,629	–
Services income	551	698
Rental income	110	–
Sundry income	55	2,288
	7,875	5,792

6 FINANCE COSTS

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited) (re-presented)
Interest expenses on bank and other borrowings	7,765	3,866
Interest expenses on lease liabilities	896	1,333
	8,661	5,199

7 PROFIT/(LOSS) BEFORE TAXATION

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

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited) (re-presented)
Staff costs (including Directors' emoluments)		
Salaries and allowances	4,894	4,803
Retirement benefit costs	355	319
	5,249	5,122
Total staff costs	5,249	5,122
Cost of inventories recognised as an expense	1,054,166	313,229
Depreciation:		
– on owned assets	3,781	3,136
– on right-of-use assets	2,308	2,705
Written off on bearer plants	–	8,313
Reversal of impairment losses on trade receivables	(35,931)	–
Impairment losses on trade receivables	–	2,846
Impairment losses on other receivables	1,407	4,009
Impairment losses on deposits and prepayments	7,081	–
	7,081	–

8 INCOME TAX EXPENSE

The tax rate applicable to the Group's Hong Kong subsidiaries was 16.5% (30 June 2022: 16.5%) during the Reporting Period.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") introducing the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Pursuant to the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong profits tax has been provided as the subsidiaries in Hong Kong did not have any assessable profit arising in Hong Kong during the Reporting Period (Corresponding Period: nil).

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

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (re-presented)
EIT in the PRC		
– Provision for the period	<u>180</u>	<u>38</u>
	<u>180</u>	<u>38</u>

9 EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share is as follows:

The calculation of basic earnings per share is based on the Group's profit attributable to the owners of the Company of approximately HK\$30,290,000 (Corresponding Period: HK\$13,475,000) during the Reporting Period.

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

Number of shares	Six months ended 30 June	
	2023	2022
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	379,257,038	379,257,038
Effect of dilutive potential ordinary shares arising from conversion of preference shares	15,150	15,150
Effect of dilutive potential ordinary shares arising from share options issued by the Company	8,995,115	8,086,452
	<u>388,267,303</u>	<u>387,358,640</u>

From continuing operations

The calculation of the basic earnings/(loss) per share from continuing operations is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Profit/(loss)		
Earnings for the purpose of calculating basic earnings/(loss) per share	30,290	13,475
Profit for the period from discontinued operations	–	(19,885)
	<u>30,290</u>	<u>(6,410)</u>

The weighted average numbers of ordinary shares used as denominators in calculating the basic earnings/(loss) per share are the same.

Basic earnings per share from continuing operations is HK7.99 cents per share (Corresponding Period: loss of HK1.69 cents per share) and diluted earnings per share from continuing operations is HK7.8 cents per share (Corresponding Period: loss of HK1.69 cents per share), based on the profit for the Reporting Period from continuing operations attributable to the owners of the Company of approximately HK\$30,290,000 (Corresponding Period: loss of approximately HK\$6,410,000).

The computation of diluted loss per share from continuing operations in Corresponding Period did not assume the conversion of the Company's preference shares and share options outstanding since their assumed exercise would result in a decrease in loss per share in Corresponding Period.

From discontinued operations

Basic earnings per share from discontinued operations is nil per share (Corresponding Period: HK5.24 cents per share) and diluted earnings per share from discontinued operations is nil per share (Corresponding Period: HK5.13 cents per share), based on the profit for the Reporting Period from discontinued operations attributable to the owners of the Company of nil (Corresponding Period: approximately HK\$19,885,000), and the denominators used are the same as those detailed above for both basic and diluted earnings per share for the continuing and discontinued operations.

10 INTERIM DIVIDEND

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

11 TRADE AND OTHER RECEIVABLES

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
Bills receivables	<u>10,056</u>	<u>10,519</u>
Trade receivables arising from trading of agricultural and meat produce, poultry, seafood and prepared food	330,836	411,650
Less: accumulated impairment	<u>(12,773)</u>	<u>(48,714)</u>
Total trade receivables	(a) <u>318,063</u>	<u>362,936</u>
Total bills and trade receivables	<u><u>328,119</u></u>	<u><u>373,455</u></u>
Other receivables	363,690	331,510
Less: accumulated impairment	(b) <u>(3,847)</u>	<u>(2,440)</u>
Total other receivables	<u>359,843</u>	<u>329,070</u>
Deposits and prepayments	366,351	294,986
Less: accumulated impairment	(c) <u>(8,614)</u>	<u>(1,533)</u>
Total deposits and prepayments	<u>357,737</u>	<u>293,453</u>
	<u><u>1,045,699</u></u>	<u><u>995,978</u></u>
Less: current portion	<u>(987,859)</u>	<u>(880,299)</u>
Non-current portion	<u><u>57,840</u></u>	<u><u>115,679</u></u>

- (a) The average credit period on sales of agricultural and meat produce, poultry, seafood and prepared food is 60 days. As at 30 June 2023 and 31 December 2022, the ageing analysis of trade receivables, based on the invoice date and net impairment losses, is as follows:

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
0 – 60 days	122,152	236,405
61 – 120 days	145,836	63,563
Over 120 days	50,075	62,968
	<u>318,063</u>	<u>362,936</u>

The movements in impairment of trade receivables are as follows:

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
At 1 January	48,714	17,057
Impairment losses recognised	–	32,161
Reversal of impairment losses	(35,931)	–
Exchange realignment	(10)	(504)
	<u>12,773</u>	<u>48,714</u>

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

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
At 1 January	2,440	9,013
Impairment losses recognised	1,407	1,430
Reversal of impairment losses	–	(8,000)
Exchange realignment	–	(3)
	<u>3,847</u>	<u>2,440</u>

(c) The movements in impairment on deposits and prepayments are as follows:

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
At 1 January	1,533	2,000
Reversal of impairment losses	–	(2,000)
Impairment losses recognised	7,081	1,582
Exchange realignment	–	(49)
	<u>8,614</u>	<u>1,533</u>

12 TRADE AND OTHER PAYABLES

	<i>Note</i>	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
Trade payables arising from trading of agricultural and meat produce, poultry, seafood and prepared food	(b)	159,395	110,464
Bills payables	(a)	24,429	70,060
		<u>183,824</u>	<u>180,524</u>
Accruals and other payables		<u>131,258</u>	<u>179,628</u>
		<u>315,082</u>	<u>360,152</u>

(a) As at 30 June 2023, the Group's bills payables were secured by the followings:

- (i) pledged bank deposits of the Group amounting to approximately HK\$25,882,000 (31 December 2022: HK\$64,539,000); and
- (ii) pledged bank deposits provided by Mr. Lin Yuhao, an executive Director and the controlling shareholder of the Company.

- (b) Trade payables arising from trading of agricultural and meat produce, poultry, seafood and prepared food principally comprise amounts outstanding for trade purchases and have an average credit period of 30 days. The ageing analysis of trade payables based on the invoice date at 30 June 2023 and 31 December 2022 is as follows:

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
0 – 60 days	9,592	29,788
61 – 120 days	35,976	35,890
Over 120 days	113,827	44,786
	<u>159,395</u>	<u>110,464</u>

13 SHARE CAPITAL

	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
Authorised:		
150,000,000,000 (31 December 2022: 150,000,000,000) ordinary shares of HK\$0.01 each	<u>1,500,000</u>	<u>1,500,000</u>
10,000,000,000 (31 December 2022: 10,000,000,000) preference shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
379,257,038 (31 December 2022: 379,257,038) ordinary shares of HK\$0.01 each	<u>3,793</u>	<u>3,793</u>
3,030,000 (31 December 2022: 3,030,000) preference shares of HK\$0.01 each	(a) <u>30</u>	<u>30</u>
Total amount	<u>3,823</u>	<u>3,823</u>

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

	No. of shares	Amount <i>HK\$'000</i>
At 31 December 2022 and 1 January 2023 (Audited)	<u>379,257,038</u>	<u>3,793</u>
At 30 June 2023 (Unaudited)	<u><u>379,257,038</u></u>	<u><u>3,793</u></u>

Note:

- (a) The preference shares, which are non-redeemable with par value of HK\$0.01 each credited as fully paid up, were issued and allotted to vendors as part of the considerations for the acquisitions occurred during the year ended 31 December 2012. According to the terms of the preference share policy, one preference share is eligible to convert into one new ordinary share (adjusted from 3,030,000 ordinary shares to 15,150 ordinary shares as a result of capital reorganisation effective on 25 June 2018 and 15 April 2019) any time no earlier than one year from the date of issue. The preference shares have no right to share in any surplus assets or profit and no voting rights.

14 SUBSEQUENT EVENT

There was no material subsequent event undertaken by the Company or by the Group after 30 June 2023 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group was principally engaged in growing of agricultural produce, trading of agricultural and meat produce, poultry, seafood and prepared food in the PRC (“**Agricultural and Meat Business**”) during the Reporting Period.

BUSINESS REVIEW

Results of Continuing Operations

Agricultural and Meat Business

The Group’s Agricultural and Meat Business has benefited from China’s post-pandemic economic recovery. The Group has been actively developing its trading of poultry and seafood business. Meanwhile, the Group has strengthened its revenue stream and enlarged its customer base by commencing to supply produce, including agricultural and meat produce, poultry and seafood, to supermarkets and other customers in the PRC and commencing online sales. As a result, during the Reporting Period, revenue from the Agricultural and Meat Business increased by approximately 227.7%, from approximately HK\$329.3 million (re-presented) for the Corresponding Period to approximately HK\$1,079.2 million, and the Group recorded a gross profit of approximately HK\$20.6 million (30 June 2022: HK\$12.7 million (re-presented)).

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

Investment in an associate

The Group held 40% equity interest in Shenzhen Congyu Wanxing Technology Agriculture Co. Ltd.* (深圳市從玉萬興科技農業有限公司) (“**Congyu Wanxing**”) and Jiamusi Congyu Modern Agriculture Co. Ltd.* (佳木斯從玉現代農業有限公司) (“**Jiamusi Congyu**”), respectively.

During the Reporting Period, no revenue was recorded (Corresponding Period: n/a) as no business operation was conducted by Congyu Wanxing and Jiamusi Congyu (30 June 2022: n/a).

Results of Discontinued Operations

In respect of the Group’s money lending business, on 5 August 2022, the Group entered into a sale and purchase agreement with an independent third party (the “**Purchaser**”) to dispose of 8.9% equity interest in Shenzhen Taihengfeng Technology Company Limited* (深圳市泰恒豐科技有限公司) (the “**Target Company**”) through which the Group operated its provision of money lending services in the PRC at the consideration of approximately RMB8.7 million. On 26 September 2022, the Group entered into another sale and purchase agreement with the Purchaser to dispose of the remaining 91.1% equity interest in the Target Company at the consideration of approximately RMB93.0 million (the “**STT Disposal**”). The STT Disposal was completed on 1 December 2022. During the year ended 31 December 2022, the Group also disposed of the entire equity interest in Golden Rich Finance Limited which was principally engaged in the provision of

money lending services in Hong Kong. For the Reporting Period, the Group ceased to consolidate the results of its money lending business which was classified as discontinued operation for the Reporting Period.

In respect of the Group's securities trading and brokerage business, in November 2022, the Group disposed of the entire equity interest in Golden Rich Securities Limited which was principally engaged in the business of dealing in securities to an independent third party at the total consideration of HK\$1.9 million. For the Reporting Period, the Group ceased to consolidate the results of its securities trading and brokerage business which was classified as discontinued operation for the Reporting Period.

FINANCIAL REVIEW

During the Reporting Period, the Group's revenue amounted to approximately HK\$1,079.2 million, representing an increase of approximately HK\$749.9 million or 227.7%, from approximately HK\$329.3 million (re-presented) for the Corresponding Period. Please refer to the paragraph headed "Business Review" for further details on the reason for the increase in revenue.

Gross profit of the Group during the Reporting Period was approximately HK\$20.6 million, representing an increase of approximately HK\$7.9 million or 62.0%, as compared to approximately HK\$12.7 million (re-presented) for the Corresponding Period. Given that sales to supermarkets and sizeable wholesalers adopted a low-margin-high-volume strategy, the increase in revenue co-existed with the decrease in gross profit margin.

The Group recorded other income and gains in the net amount of approximately HK\$7.9 million during the Reporting Period, representing an increase of approximately HK\$2.1 million or 36.0%, as compared to approximately HK\$5.8 million (re-presented) for the Corresponding Period. Such increase was mainly attributable to the net effect of (i) an increase in other interest income of approximately HK\$5.6 million; (ii) a decrease in sundry income of approximately HK\$2.2 million; and (iii) a decrease in bank interest income of approximately HK\$1.2 million during the Reporting Period.

During the Reporting Period, selling and distribution expenses increased by approximately HK\$0.6 million or 24.3% to approximately HK\$3.0 million (Corresponding Period: HK\$2.4 million). Such increase was mainly attributable to the increase in (i) transportation costs of approximately HK\$0.2 million; (ii) entertainment expenses of approximately HK\$0.1 million; and (iii) testing fee of approximately HK\$0.3 million, as a result of the increase in revenue for the Reporting Period.

Administrative and other expenses increased by approximately HK\$3.2 million or 30.5% to approximately HK\$13.9 million during the Reporting Period (Corresponding Period: HK\$10.6 million (re-presented)).

Net reversal of impairment losses on trade receivables of approximately HK\$35.9 million (Corresponding Period: impairment losses of approximately HK\$2.8 million) have been made for the Reporting Period. The net reversal of impairment losses was due to the repayment of some long-aged trade receivables by customers during the Reporting Period. Impairment losses on deposits and prepayments of approximately HK\$7.1 million (Corresponding Period: nil) were

provided during the Reporting Period. Impairment losses on other receivables of approximately HK\$1.4 million (Corresponding Period: HK\$4.0 million) were provided during the Reporting Period.

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

The net profit of the Group for the Reporting Period was approximately HK\$30.1 million, compared to a net profit of approximately HK\$13.2 million for the Corresponding Period.

The increase in net profit in the Group's financial performance was mainly attributable to (i) an increase in gross profit during the Reporting Period due to the increase in revenue; and (ii) net reversal of impairment losses on trade receivables during the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2023, the Group had bank balances (including pledged bank deposits) and cash of approximately HK\$40.9 million (31 December 2022: HK\$73.8 million), mainly denominated in Hong Kong dollar and Renminbi (“**RMB**”). The Group's quick ratio (measured by total current assets less inventories, deposits and prepayments divided by total current liabilities) was approximately 0.89 times (31 December 2022: 1.04 times).

As at 30 June 2023, the total borrowings of the Group, which comprised of promissory notes and bank and other borrowings, amounted to approximately HK\$424.6 million (31 December 2022: HK\$266.5 million). As at 30 June 2023, borrowings of approximately HK\$417.8 million (31 December 2022: HK\$259.7 million) were repayable within one year. As at 30 June 2023, borrowings of approximately HK\$31.7 million (31 December 2022: HK\$27.2 million) and HK\$392.9 million (31 December 2022: HK\$232.5 million) were denominated in Hong Kong dollar and RMB. As at 30 June 2023, borrowings of approximately HK\$296.9 million (31 December 2022: HK\$237.5 million) were charged at fixed interest rates, and bills payables amounted to approximately HK\$24.4 million (31 December 2022: HK\$70.1 million) were secured by bank deposits of the Group.

As at 30 June 2023, the Group had no capital expenditure commitments (31 December 2022: nil). Operating lease payments represented rental payable by the Group for office premises and farmlands. Leases were negotiated for fixed terms ranging from 1 to 26 years.

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

CAPITAL STRUCTURE AND GEARING RATIO

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

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

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

The Company has 379,257,038 issued ordinary shares as at 30 June 2023.

As at 30 June 2023, the net debt to adjusted equity ratio was 0.44 (31 December 2022: 0.29). The Group’s gearing ratio as at 30 June 2023 was 0.87 (31 December 2022: 0.56), which was measured as total debt to total shareholders’ equity. The increase of the Group’s gearing ratio was mainly due to increase in bank loans during the Reporting Period.

As at 30 June 2023, the outstanding balances of unsecured promissory notes issued by the Company to Mr. Lin Yuhao, an executive Director and Mr. Lin Yupa, a former Director, were HK\$16.3 million and HK\$10.9 million (classified as other borrowings) (31 December 2022: HK\$16.3 million and HK\$10.9 million) respectively.

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period.

CHARGES ON GROUP’S ASSETS

As at 30 June 2023, certain bank deposits of approximately HK\$25.9 million (31 December 2022: HK\$64.5 million) were pledged to secure bills payables of the Group and a fully depreciated building was pledged to secure banking facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

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

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total of 59 (31 December 2022: 60) full time employees in Hong Kong and the PRC. Total staff costs (including Directors' remuneration) for the Reporting Period amounted to HK\$5.2 million (Corresponding Period: HK\$5.1 million (re-presented)). The employees are remunerated with reference to each individual's qualification, experience, responsibility and performance, the performance of the Group and market practices. Apart from the basic remuneration package, staff benefits offered by the Group to its employees include contribution to discretionary bonus, the mandatory provident fund scheme (the "**MPF Scheme**") in Hong Kong and the central provident fund scheme (the "**Retirement Benefit Scheme**") in the PRC. The Group operates the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately. Pursuant to the relevant labour laws, rules and regulations in the PRC, the Group participates in the Retirement Benefit Scheme organised by the relevant local government authorities in the PRC whereby the Group is required to make contributions to the Retirement Benefit Scheme at a certain rate of the standard wages determined by the relevant authorities in the PRC during the Reporting Period. Contributions to the Retirement Benefit Scheme vest immediately. As at 30 June 2023, there was no forfeited contribution under the MPF Scheme and the Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years. The Company adopted a share option scheme on 6 June 2013 (the "**Scheme**") with a valid period of 10 years. Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive Directors (including independent non-executive Directors) of the Group. The Scheme expired on 6 June 2023 and no further options should be offered or granted under the Scheme on or after 6 June 2023.

PROSPECTS

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

To diversify its income streams and counter balance the cyclical nature of the Group's Agricultural and Meat Business, the Group has been actively developing its trading of agricultural and meat produce, poultry, seafood and prepared food business and commencing supplying produce to supermarkets and online platforms in the PRC.

In order to expand its agricultural bases, the Group has established stable and long-term cooperation with various neighborhood farms and agricultural companies as well as agricultural companies in other provinces of the PRC, under which the Group is responsible for brand promotion, quality assurance, sales empowerment for these farms, agricultural companies and farmers. The Group implements "Farmers-Companies-Government" model to achieve common prosperity and provide traceable green food from farm-to-table. The Group strives to build a food supply base in Guangdong-Hong Kong-Macau Greater Bay Area (the "**Greater Bay Area**") to ensure safety and adequate food supply for the 120 million people in the Greater Bay Area. Meanwhile, the Group procures, processes and packs the agricultural produce supplied by farms and agricultural companies and then sells them to its customers through its established network of customers.

In order to broaden the sales channels of its agricultural produce, the Group has been exploring different cooperation models with various e-commerce operators and online sales platforms. Through such cooperation, the Group is expected to enhance the online sales of its agricultural and meat produce, poultry, seafood and prepared food, thus diversifying the revenue stream of the Group.

The Group has been actively expanding its sale of tea leaves business. During the Reporting Period, the Group joined the "Ten Thousand Stores Alliance," which aimed at establishing a comprehensive industry chain service platform. The Group primarily focuses on agricultural products, with a particular emphasis on landmark products that represent the core of agricultural and local specialties. By connecting cooperative bases across the country and collaborating with the Ten Thousand Stores Alliance, the Group targets to reach thousands of households in the Greater Bay Area, with the objectives of contributing to the revitalisation of rural areas nationwide, promoting the "Vegetable Basket" and "Rice Bag" programmes and facilitating the distribution of other high-quality agricultural products to households in the Greater Bay Area. This undertaking also marks a significant milestone in the Group's digital transformation journey. During the Reporting Period, the Group has actively procured a batch of tea leaves utilising these alliance stores as sales channel to expand its business revenue.

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

Apart from the aforesaid, the Group will also consider other potential profitable businesses which could boost profitability in the future, including but not limited to, the Agricultural and Meat Business in the PRC and Hong Kong.

INTERIM DIVIDEND

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

OTHER INFORMATION

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and the code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. During the Reporting Period, the Company has complied with the Code Provisions and mandatory disclosure requirements as set out in the CG Code except the deviations from Code Provisions C1.6 and C.2.1 of Part 2 of the CG Code.

Code Provision C.1.6 of Part 2 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. The independent non-executive Director, Ms. Zhu Rouxiang, did not attend the annual general meeting of the Company held on 28 June 2023 due to other commitments.

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

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

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period and up to the date of this announcement.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) and the management have reviewed the accounting principles and practices adopted by the Group and have discussed internal controls and financial reporting matters, including reviewing the unaudited condensed consolidated financial statements of the Group for the Reporting Period. The Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

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

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.cfi.hk) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2023 will be despatched to the Shareholders and will be available at the above websites in due course.

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

Hong Kong, 31 August 2023

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

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

* *For identification purpose only*