



HUI SHENG INTERNATIONAL HOLDINGS LIMITED

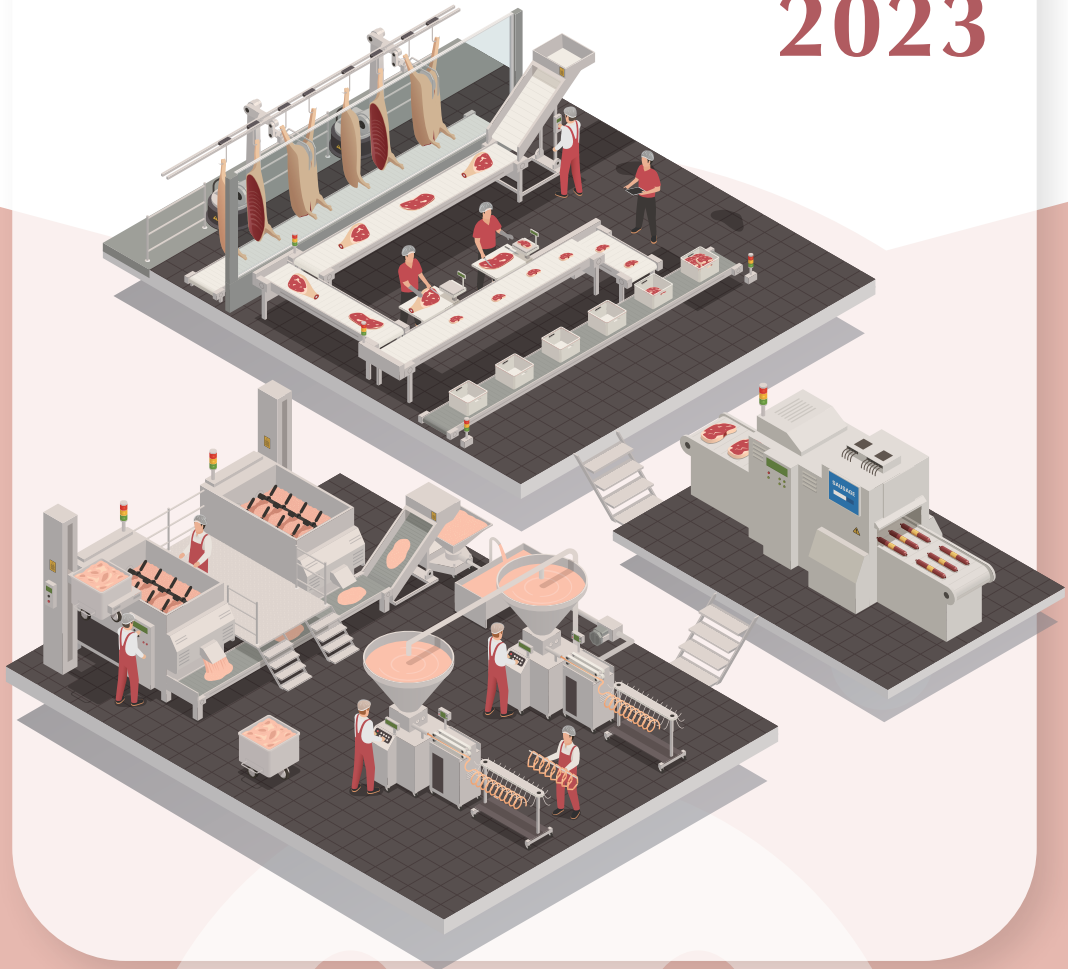
惠生國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1340

Interim Report

2023



The board (the “**Board**”) of directors (the “**Directors**”) of Huisheng International Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023 with the unaudited comparative figures for the corresponding period in 2022. These condensed consolidated interim financial statements have not been audited but have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	42,862	18,567
Cost of sales		(41,144)	(19,893)
Gross profit/(loss)		1,718	(1,326)
Other income	3	4,699	4,926
Other gain or loss, net		–	(387)
Net (loss)/gain arising from change in fair value of financial assets at fair value through profit or loss		(114)	336
Net loss arising from disposal of financial assets at fair value through profit or loss		–	(12)
Reversal of allowance for expected credit losses, net		344	4,978
Selling and distribution expenses		(30)	(36)
Administrative expenses		(8,253)	(9,447)
Loss before taxation		(1,636)	(968)
Taxation	4	(3,346)	–
Loss for the period	5	(4,982)	(968)

Six months ended 30 June**2023** 2022Notes **RMB'000** RMB'000
(Unaudited) (Unaudited)**Other comprehensive (expense)/income
for the period:***Item that may be reclassified subsequently to
profit or loss:*Exchange differences on translating
foreign operations **(13,700)** 12,084Other comprehensive (expense)/income
for the period, net of income tax **(13,700)** 12,084**Total comprehensive (expense)/income
for the period** **(18,682)** 11,116**Loss for the period attributable to:**Owners of the Company **(4,796)** (415)Non-controlling interests **(186)** (553)**(4,982)** (968)**Total comprehensive (expense)/income
for the period attributable to:**Owners of the Company **(18,405)** 11,612Non-controlling interests **(277)** (496)**(18,682)** 11,116**Loss per share attributable to owners
of the Company**

6

Basic and diluted (RMB cents per share) **(0.54)** (0.05)

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at 30 June 2023	As at 31 December 2022
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	170,168	174,693
Right-of-use assets	8	9,157	9,288
Investment property		10,500	10,900
Financial assets at fair value through other comprehensive income		640	640
		190,465	195,521
Current assets			
Inventories		5,140	2,110
Financial assets at fair value through profit or loss	9	5,205	5,155
Trade receivables	10	17,764	11,142
Loan receivables	11	2,555	2,860
Prepayments, deposits and other receivables	11	19,173	18,335
Bank balances and cash		400,085	416,389
		449,922	455,991
Current liabilities			
Trade payables	12	7,656	6,556
Accruals and other payables		90,119	74,290
Deferred revenue		25	25
Tax payable		-	9,360
Lease liabilities		1	-
		97,801	90,231

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Net current assets		352,121	365,760
Total assets less current liabilities		542,586	561,281
Non-current liabilities			
Lease liabilities		101	102
Deferred revenue		190	202
		291	304
Net assets		542,295	560,977
Equity			
Share capital	13	7,308	7,308
Reserves		537,870	556,275
Equity attributable to owners of the Company		545,178	563,583
Non-controlling interests		(2,883)	(2,606)
Total equity		542,295	560,977

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Equity attributable to owners of the Company										
	Share capital	Share premium	Exchange reserve	Statutory surplus reserve	Other reserve	Revaluation reserve	Share option reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022 (Audited)	7,308	445,247	8,189	43,233	16,329	(630)	2,416	51,258	573,350	786	574,136
Loss for the period	-	-	-	-	-	-	-	(415)	(415)	(553)	(968)
Other comprehensive income for the period	-	-	12,027	-	-	-	-	-	12,027	57	12,084
Total comprehensive income/(expense) for the period	-	-	12,027	-	-	-	-	(415)	11,612	(496)	11,116
As at 30 June 2022 (Unaudited)	7,308	445,247	20,216	43,233	16,329	(630)	2,416	50,843	584,962	290	585,252
As at 1 January 2023 (Audited)	7,308	445,247	4,297	43,233	16,329	(860)	2,416	45,613	563,583	(2,606)	560,977
Loss for the period	-	-	-	-	-	-	-	(4,796)	(4,796)	(186)	(4,982)
Other comprehensive expenses for the period	-	-	(13,609)	-	-	-	-	-	(13,609)	(91)	(13,700)
Total comprehensive expense for the period	-	-	(13,609)	-	-	-	-	(4,796)	(18,405)	(277)	(18,682)
As at 30 June 2023 (Unaudited)	7,308	445,247	(9,312)	43,233	16,329	(860)	2,416	40,817	545,178	(2,883)	542,295

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net cash (used in)/generated from operating activities	(13,718)	55,235
Investing activities		
Interest received	602	222
Net cash generated from investing activities	602	222
Net (decrease)/increase in cash and cash equivalents	(13,116)	55,457
Cash and cash equivalents at the beginning of the period	416,389	131,581
Effect of foreign exchange rate changes, net	(3,188)	(323)
Cash and cash equivalents at the end of the period	400,085	186,715

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The Group's condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the 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"). They have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period. The condensed consolidated interim financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and method of computation used in preparing the condensed consolidated interim financial statements for the six months ended 30 June 2023 are consistent with those used in the annual financial statements for the year ended 31 December 2022 except as described below.

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Other than the changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards ("HKFRSs"), in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimate uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

Application of new and amendments to HKFRSs

The accounting policies used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022, except for the impact of the adoption of the new and revised HKASs, HKFRSs, amendments and interpretations described below.

Amendments to HKFRSs adopted by the Group

In the current interim period, the Group has adopted the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated interim financial statements:

HKFRS 17	Insurance Contracts and the related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

2. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (“**CODMs**”), being the executive director of the Company, in order to allocate resources to segments and to assess their performance.

The Group is principally engaged in slaughtering and trading of pork products and pipe system products.

The two reportable segments of the Group under HKFRS 8 are as follows:

- (a) Slaughtering and trading of pork products — slaughtering and trading of pork products
- (b) Pipe system products — provision of technical advisory services on the design, application, implementation and installation, and selling and distributing of pipe system products

Segment revenue and results

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

	Slaughtering and trading of pork products RMB'000 (Unaudited)	Pipe system products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended 30 June 2023			
Segment revenue	39,656	3,206	42,862
Segment results	522	(623)	(101)
Net loss arising from change in fair value of financial assets at fair value through profit or loss			(114)
Allowance for expected credit losses, net			(65)
Unallocated corporate income			176
Unallocated corporate expenses			(1,532)
Loss before taxation			(1,636)

2. SEGMENT INFORMATION (CONTINUED)
Segment revenue and results (Continued)

	Slaughtering and trading of pork products RMB'000 (Unaudited)	Pipe system products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended 30 June 2022			
Segment revenue	18,449	118	18,567
Segment results	(1,117)	(1,834)	(2,951)
Net gain arising from change in fair value of financial assets at fair value through profit or loss			336
Net loss arising from disposal of financial assets at fair value through profit or loss			(12)
Reversal of allowance for expected credit losses, net			4,978
Unallocated corporate income			365
Unallocated corporate expenses			(3,684)
Loss before taxation			(968)

Segment results represent the profit earned by or loss from each segment without allocation of net (loss)/gain arising from change in fair value of financial assets at fair value through profit or loss, net loss arising from disposal of financial assets at fair value through profit or loss, (allowance for)/reversal of allowance for expected credit losses, net, unallocated corporate income and unallocated corporate expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both periods.

2. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	Slaughtering and trading of pork products RMB'000 (Unaudited)	Pipe system products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 30 June 2023			
Segment assets	611,333	19,224	630,557
Segment liabilities	(24,768)	(13,470)	(38,238)
	Slaughtering and trading of pork products RMB'000 (Audited)	Pipe system products RMB'000 (Audited)	Total RMB'000 (Audited)
At 31 December 2022			
Segment assets	622,148	18,527	640,675
Segment liabilities	(23,399)	(12,367)	(35,766)

2. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

Reconciliation of reportable segments' assets and liabilities:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Assets		
Total assets of reportable segments	630,557	640,675
Unallocated and other corporate assets:		
Financial assets at fair value through profit or loss	5,205	5,155
Loan receivables	2,555	2,860
Prepayments, deposits and other receivables	1,448	1,287
Bank balances and cash	622	1,535
Consolidated total assets	640,387	651,512
Liabilities		
Total liabilities of reportable segments	38,238	35,766
Unallocated and other corporate liabilities:		
Accruals and other payables	59,854	45,409
Tax payable	-	9,360
Consolidated total liabilities	98,092	90,535

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated and other corporate assets (mainly comprising financial assets at fair value through profit or loss, loan receivables, prepayments, deposits and other receivables and bank balances and cash); and
- all liabilities are allocated to operating segments other than unallocated and other corporate liabilities (mainly comprising accruals and other payables and tax payable).

2. SEGMENT INFORMATION (CONTINUED)

Information about geographical areas

During the reporting period, the Group was mainly operating in the People's Republic of China (the "PRC") and Japan (six months ended 30 June 2022: the PRC and Japan). The Group's revenue from external customers based on the location of the operation by geographical location is presented below.

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
– The PRC	39,656	18,449
– Japan	3,206	118
	42,862	18,567

Information about major customers

For the six months ended 30 June 2023, revenue generated from four customers which has individually accounted for over 10% of the Group's total revenue (six months ended 30 June 2022: six). No other single customer contributed 10% or more to the Group's revenue for the six months ended 30 June 2023 (six months ended 30 June 2022: none).

Revenue from major customers, which contributed to 10% or more of the Group's revenue is set out below:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A from slaughtering and trading of pork products	6,061	3,074
Customer B from slaughtering and trading of pork products	5,457	2,832
Customer C from slaughtering and trading of pork products	5,281	2,722
Customer D from slaughtering and trading of pork products	4,567	2,481
Customer E from slaughtering and trading of pork products (note)	N/A	2,318
Customer F from slaughtering and trading of pork products (note)	N/A	2,097

Note:

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

3. REVENUE AND OTHER INCOME

The reconciliation of revenue from contracts with customers for the reporting period is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
<i>Recognition at a point in time</i>		
Sale of pork products	39,656	18,449
Sale of pipe system products	3,206	118
	42,862	18,567

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Interest income on:		
Bank deposits	602	222
Loan receivables	176	345
Amortisation of deferred revenue	12	12
Total interest income	790	579
Government grants (<i>note</i>)	-	1,007
Refund of Japan consumption tax	-	450
Rental income	3,909	2,880
Sundry income	-	10
	4,699	4,926

Note:

During the period ended 30 June 2023, the Group recognised no government grants (six months ended 30 June 2022: approximately RMB7,000) in respect of COVID-19 related subsidies relates to Employment Support Scheme provided by the Hong Kong Government. The remaining government grant represents subsidies and awards from the PRC government authorities for the Group's contribution to the development of the local economies.

4. TAXATION

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – Japan		
Charge for the period	–	–
Current tax – PRC		
Charge for the period	–	–
Under provision in prior years	3,346	–
Income tax charge	3,346	–

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

PRC

The PRC Enterprise Income Tax (the “**PRC EIT**”) is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

Meat processing of primary produce is on the list of The Range of Processing of Primary Agricultural Produces to Be Given Preferential Enterprise Income Tax Treatment (Trial Implementation) (2008 version) (享受企業所得稅優惠政策的農產品初加工範圍(試行)(2008年版)) promulgated by the Ministry of Finance (財政部) and the State Administration of Taxation (國家稅務總局) on 20 November 2008. Hunan Huisheng Meat Products Company Limited (湖南惠生肉業有限公司) (“**Hunan Huisheng**”) meets the required standard for preferential PRC EIT treatment.

According to the prevailing tax rules and regulations, Hunan Huisheng is operating in the business of primary processing of agriculture products, was exempted from the PRC EIT during the period under review.

According to the prevailing tax rules and regulations, the Group is operating in agricultural business, which is exempted from the PRC EIT, and no deferred taxation impact was considered for the reporting period.

4. TAXATION (CONTINUED)

Japan

Japan corporate income tax has been calculated on the estimated assessable profit at the rates of taxations prevailing in Japan in which the Group operates. The Group is subject to national corporate income tax, inhabitant tax, and enterprise tax in Japan, which in aggregate, resulted in effective statutory income tax rates of approximately 30.6%.

The income tax expense for the period can be reconciled to the loss before taxation per condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss before taxation	(1,636)	(968)
Tax at the applicable income tax rate	(1,577)	(92)
Tax effect of income not taxable for tax purpose	(1,914)	(2,317)
Tax effect of expenses not deductible for tax purpose	2,665	1,310
Tax effect of tax loss not recognised	826	1,099
Under provision in prior years	3,346	–
Income tax expense	3,346	–

5. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' emoluments	145	572
Other staff costs:		
Salaries and other benefits	1,144	1,277
Retirement scheme contributions	54	133
Total staff costs	1,343	1,982
Depreciation of property, plant and equipment*	4,525	4,525
Depreciation of right-of-use assets	131	131
Depreciation of investment property	400	400
Cost of inventories recognised as expenses	39,981	17,363

* Depreciation of property, plant and equipment of approximately RMB1,070,000 was included in cost of sales (six months ended 30 June 2022: approximately RMB2,023,000).

6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the six months ended 30 June 2023 of approximately RMB4,796,000 (six months ended 30 June 2022: approximately RMB415,000) and the weighted average number of 880,838,000 (six months ended 30 June 2022: 880,838,000) ordinary shares in issue during the reporting period.

The diluted loss per share was same as the basic loss per share as there were no potential dilutive ordinary shares in existence during the periods under review.

7. DIVIDENDS

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the period, the Group had not incurred any costs for property, plant and equipment and right-of-use assets (year ended 31 December 2022: nil).

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Held-for-trading investments:		
Equity securities listed in Hong Kong (note)	5,205	5,155

Note:

As at 30 June 2023, the fair value of the listed equity securities, amounting to approximately RMB5,205,000 (31 December 2022: approximately RMB5,155,000), was determined based on the quoted market bid prices available on the Stock Exchange.

10. TRADE RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	24,356	18,415
Less: Allowance for expected credit losses	(6,592)	(7,273)
	17,764	11,142

The Group offered credit period on sale of pork products and pipe system products ranged from 30 to 90 days. The aging analysis of trade receivables, net of allowance for expected credit losses, based on the invoice date, is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 30 days	3,537	1,513
31 to 60 days	1,587	4,146
61 to 90 days	3,502	930
Over 90 days	9,138	4,553
	17,764	11,142

Movement in the allowance for expected credit losses on trade receivables, is as follow:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Balance at the beginning of the period/year	7,273	144
Allowance for expected credit losses recognised	318	7,000
Reversal of allowance for expected credit losses	(1,219)	(27)
Exchange realignment	220	156
Balance at the end of the period/year	6,592	7,273

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aging analysis of the receivables which requires the use of judgement and estimates. Provisions would apply to the trade receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the management of the Group on the collectability of overdue balances.

11. LOAN RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Loan receivables (note (a))	2,687	2,965
Other prepayments, deposits and other receivables (notes (b) and (c))	20,047	18,700
	22,734	21,665
Less: Allowance for expected credit losses	(1,006)	(470)
	21,728	21,195

Notes:

- (a) As at 30 June 2023, there were loan receivables of approximately RMB2,687,000 (31 December 2022: approximately RMB2,965,000) net of allowances for expected credit losses of approximately RMB132,000 (31 December 2022: approximately RMB105,000). The loan receivables were unsecured, weighted average interest bearing at 12.1% per annum (31 December 2022: 13.1% per annum) and repayable within one year (31 December 2022: one year).
- (b) As at 30 June 2023, there were interest receivables of approximately RMB80,000 (31 December 2022: approximately RMB524,000) net of allowances for expected credit losses of approximately RMB4,000 (31 December 2022: approximately RMB19,000).
- (c) As at 30 June 2023 there were deposit paid for inventories of approximately RMB9,929,000 (31 December 2022: approximately RMB9,637,000) net of allowances for expected credit losses of approximately RMB489,000 (31 December 2022: approximately RMB129,000).

12. TRADE PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables	7,656	6,556

The Group was offered credit period on purchase of goods within 60 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 30 days	948	3,354
31 to 60 days	787	–
Over 60 days	5,921	3,202
	7,656	6,556

13. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Amount	
		HK\$'000	RMB'000
Authorised:			
Balances as at 1 January 2022,			
31 December 2022, 1 January 2023 and			
30 June 2023 of HK\$0.01 each	1,500,000,000	15,000	11,810
Issued and fully paid:			
Balances as at 1 January 2022,			
31 December 2022, 1 January 2023 and			
30 June 2023 of HK\$0.01 each	880,838,000	8,808	7,308

14. MATERIAL RELATED PARTY TRANSACTIONS

Disclosed elsewhere in the condensed consolidated interim financial statements, the Group had entered into transactions with related parties which in the opinion of directors were carried out on normal commercial terms and in the ordinary course of the Group's business, as shown below:

Compensation of key management personnel

The directors of the Company are identified as key management members of the Group and their compensation during the six months ended 30 June 2023 and 2022 is set out in note 5.

15. CAPITAL COMMITMENTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment	2,383	2,383

16. EVENTS AFTER THE REPORTING PERIOD

No material subsequent event undertaken by the Company or by the Group after 30 June 2023 and up to the date of this report.

17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

This condensed consolidated interim financial statements were approved and authorised for issue by the Board on 31 August 2023.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period of review, the Group has two business segments: Slaughtering and trading of pork products and Pipe system products. Slaughtering and trading of pork products is mainly in the production and sale of daily consumable pork and related meat food products to the domestic market, hog breeding, and hog farming in Changde, Hunan Province, the People's Republic of China (the "PRC"). Pipe system products is in the provision of rendering technical advisory services on the design, application, implementation, and installation, selling and distribution of pipe system products.

Pork Industry Crisis in PRC

Since January this year, the price of hogs has been fluctuating across the country and has bottomed out. Since the beginning of May, the price of live hogs has been lower than in the same period last year. The supply of live hogs and pork is abundant, but domestic demand is not strong and consumption in the first half of the year is in the off-season. The oversupply is the main reason for the low price of hogs.

As a result, domestic hog prices have generally been at a low level. In particular, the weak consumption in the pork market have led to a slight fall in the price of live hogs.

For review of the six months ended of this year, facing sluggish economic growth, the Group's management was keeping in the cautious manner on resumption of hog business to minimise the operating costs and risk. We remained adopting the price control measures by purchasing piglets from independent hog farmers for fattening purposes and sent off for slaughtering. Besides, the Group has outsourced the hog slaughtering procedures to an independent slaughterhouse, and hogs are sent to the slaughterhouse for slaughtering. Afterward, the pork products are packed and sold directly or further processed upon the customers' requirements. This measure would lead the Group in stabilising of the production costs and maximising of the Group's profit margin instead.

Pipe system products

For the six months ended 30 June 2023, revenue for pipe system products increased significantly from approximately RMB118,000 to approximately RMB3,206,000 representing an increase by approximately RMB3.1 million as compared to the corresponding period of last year. With the uplift of most of the social distancing and cross-border control policies associated with the Covid-19 pandemic, the Japanese economy improved visibly for the six months ended 30 June 2023. We resumed some projects and the local sales orders increased.

Financial Review

During the period under review, the Group recorded revenue of approximately RMB42.9 million, representing an increase of approximately 131% or approximately RMB24.3 million as compared with the same period last year of approximately RMB18.6 million. The gross profit for the six months ended 30 June 2023 was approximately RMB1.7 million as compared to the gross loss of approximately RMB1.3 million for the same period last year. The turnaround from gross loss to gross profit was mainly due to an increase in revenue from both businesses. For pork business, the revenue was increased by approximately 116% or approximately RMB21.3 million from approximately RMB18.4 million to approximately RMB39.7 million. The revenue from pipelines business was also increased by approximately RMB3.1 million from approximately RMB0.1 million to approximately RMB3.2 million for the six months ended 30 June 2023.

The gross profit margin was mainly attributable to the pork business as a result of sales volume increased during the six months ended 30 June 2023 and the fixed costs such as depreciation charges and fixed overhead can be offset by sales margin.

The selling and distribution expenses of the Group for the six months ended 30 June 2023 decreased from approximately RMB36,000 to approximately RMB30,000.

The administrative expenses of the Group for the six months ended 30 June 2023 were approximately RMB8.3 million (2022: approximately RMB9.4 million).

The loss attributable to owners of the Company for the six months ended 30 June 2023 was approximately RMB4.8 million as compared to approximately RMB0.4 million for the corresponding period last year. The increase of loss was mainly due to (i) the under provision of PRC Enterprise Income Tax of approximately RMB3.3 million in prior years. The amount had almost offset the increase of gross profit compared with the gross loss last year; and (ii) a decrease in reversal of expected credit losses, net of approximately RMB4.6 million for the six months ended 30 June 2023.

Liquidity, Financial Resources and Funding and Treasury Policy

As at 30 June 2023, the Group had bank balances and cash of approximately RMB400.1 million (31 December 2022: approximately RMB416.4 million). The Group also had net current assets of approximately RMB352.1 million as at 30 June 2023, while it was approximately RMB365.8 million as at 31 December 2022.

The Group intends to finance its operations and investing activities principally with funds generating from its operating revenue, internal resources and bank facilities. The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

Most of the Group's trading transactions, assets and liabilities were denominated in Renminbi, Japanese Yen and Hong Kong dollars for the six months ended 30 June 2023. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. As at 30 June 2023, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Gearing Ratio

As at 30 June 2023, the Group's gearing ratio (being its total debts, which are the summation of borrowings divided by its total equity and multiplied by 100%) was approximately 0.02% (31 December 2022: 0.02%).

Foreign Exchange Exposure

The Group's assets, liabilities and cash flow from operations are mainly denominated in Hong Kong dollars, Renminbi and Japanese Yen. The Group currently does not have any related foreign exchange hedges, however the Company monitors its foreign exchange exposure and will consider hedges should the need arise.

Capital Commitments and Contingent Liabilities

Save as disclosed elsewhere in the condensed consolidated interim financial statements, for the six months ended 30 June 2023, the Directors were not aware of any material capital commitments and contingent liabilities.

Material Acquisition and Disposal

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the period under review, the Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures.

Significant Investment

During the period under review, there was no other significant investment.

Event after the Reporting Date

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2023 and up to the date of this report.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (2022: nil).

Employees and Remuneration Policy

As at 30 June 2023, the Group employed 21 staff members in Hong Kong, Japan and the PRC (31 December 2022: 21). The Group remunerates its employees based on their performance and experience, and their remuneration package will be reviewed periodically by the management. Other employee benefits include contributions to social security, medical insurance and retirement schemes and provision of appropriate training program.

The Company has adopted a new share option scheme on 30 June 2023 which enables it to grant share options to, among others, eligible participants as incentives or rewards for their contributions to the Group.

Capital Structure

During the six months ended 30 June 2023, there are a total of 880,838,000 of issued shares of the Company.

There were no other changes in the capital structure of the Company during the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

COMPETING INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

During the six months ended 30 June 2023 and up to the date of this report, the Directors had an interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to the Listing Rules were as follows:

Name of Director	Name of Company	Nature of Business	Nature of interest
Wong Yuk Lun, Alan	NOVA Group Holdings Limited ("NOVA Group"), Stock Code: 1360	Money Lending Business	Chairman, chief executive officer and executive director of NOVA Group

As the Board is independent to the board of the above mentioned company, the Group is capable of carrying on its business independently and at an arm's length transactions, from the business of above company.

Save as disclosed above, none of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save for the service contracts and letters of appointment entered with the respective Directors, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or any time during the reporting period.

OUTLOOK AND FUTURE PROSPECTS

Regarding the trend of hog prices in the future, the Group expects that the price of hogs will recover slowly. The Group expects to resume its hog breeding business later this year to breed piglets on its own so as to be able to provide quality-assured products to the market when they are delivered for slaughtering after breeding a year in order to capitalise on the upward trend of hog prices.

In addition, in relation to the Group's ongoing joint venture to resume its full-scale slaughtering business, an agent appointed by the Group is endeavouring to assist in the processing of the application for the formal slaughtering licence, which is currently awaiting approval from the relevant governmental authorities, and it is expected that the formal approval will be obtained in the near future. The slaughterhouse of the joint venture company has also been fully prepared and is currently in trial operation, pending the issuance of the formal permit, so as to enhance the Group's production efficiency and reduce production costs.

Meanwhile, the Group is constantly looking for business opportunities. Apart from acquiring slaughterhouses and/or breeding farms that meet the Group's requirements, the Group is also looking for new sources of income, such as the development of the agricultural products business. In addition to bringing in new profit contributions, its related by-products will also provide a stable and quality feed source for the Group's farming operations. With our experience in the pork industry and existing customer network, the Group expects to have a great significant role in the pork supply chain and gain a larger market share in the future.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2023, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, no person (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 11 February 2014 (the “**2014 Share Option Scheme**”) was terminated with effect from 30 June 2023 and no more share options may be granted under the 2014 Share Option Scheme. All outstanding share options under the 2014 Share Option Scheme would continue to be valid and exercisable in accordance with the principal terms of the 2014 Share Option Scheme. The Company adopted a new share option scheme at the annual general meeting held on 30 June 2023 (the “**2023 Share Option Scheme**”) reflecting the latest changes and requirements under Chapter 17 of the Listing Rules.

The total number of securities available for issue under the 2023 Share Option Scheme as at 30 June 2023 was 88,083,800 shares (31 December 2022: 88,083,800 shares) which represented approximately 10.0% (31 December 2022: approximately 10.0%) of the issued share capital of the Company.

On 28 July 2021, the Company granted a total of 88,080,000 options with the right to subscribe 88,080,000 ordinary shares of HK\$0.01 each in the share capital of the Company under the 2014 Share Option Scheme. The closing price per share immediately before the grant of options on 28 July 2021 was HK\$0.083. A total of 88,080,000 options were granted to the employees and consultants of the Company respectively, at an exercise price of HK\$0.083 each.

The 2023 Share Option Scheme provides the grantees with an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (1) to attract and retain the best quality personnel for the development of the Group's businesses;
- (2) to provide additional incentives or rewards to selected eligible participants for their contribution to the creation of the Company's value; and
- (3) to promote the long-term financial success of the Group by aligning the interest of grantees to those of the shareholders.

A summary of the principal terms of rules of the 2023 Share Option Scheme is set out in the circular of the Company dated 30 May 2023.

Details of such interests and movement of options granted by the Company are shown below:

Name	Title	Exercise price		Exercise period	Number of share options		Note	
		HK\$	Date of Grant		Outstanding as at 1 Jan 2022	Granted during the period		Outstanding as at 30 June 2022
Employees								
		0.083	28/07/2021	28/07/2021-27/07/2024	44,040,000	-	44,040,000	1&2
	Sub-total:				44,040,000	-	44,040,000	
Consultants								
Lau Chi Yuen	Company Secretary	0.083	28/07/2021	28/07/2021-27/07/2024	8,808,000	-	8,808,000	1
Liu Jianhua	Pig Business – Breeding and Slaughter	0.083	28/07/2021	28/07/2021-27/07/2024	8,808,000	-	8,808,000	1
Lee Kwok Leung	Pig Business – Trading	0.083	28/07/2021	28/07/2021-27/07/2024	8,808,000	-	8,808,000	1
Ng Kwok Hung, Perry	Pig Business – Trading	0.083	28/07/2021	28/07/2021-27/07/2024	8,808,000	-	8,808,000	1
Ng Ka Lun	Pipelines Business – Trading	0.083	28/07/2021	28/07/2021-27/07/2024	8,808,000	-	8,808,000	1
	Sub-total:				44,040,000	-	44,040,000	
	TOTAL:				88,080,000	-	88,080,000	

Notes:

1. The share options granted to the grantees have no vesting period and no vesting condition.
2. Each employee holds not more than 1% of the shares of the Company.

The employees of the Company are responsible for various daily operational duties for the Group including but not limited to sales, marketing, business development and other administrative duties of the Group. The Board believes that the grant of options to employees shall provide incentives and motivates the grantees to perform their best towards the goal of the Group.

Mr. Lau Chi Yuen is the company secretary and the authorised representative of the Company. He provides company secretarial services and serves us with the updated amendments in Listing Rules and other company secretarial affairs. Ms. Liu Jianhua is the business consultant of the PRC subsidiaries specializing in pig fattening and the sanitary environment of the hog farms and slaughterhouses and is responsible for coordinating to develop branding and marketing of the pig business in the PRC. Mr. Lee Kwok Leung and Mr. Ng Kwok Hung, Perry are responsible for liaising with new potential suppliers and customers to develop the pork products trading business and also coordinating in compilation of sales plans and sales proposals. Mr. Ng Ka Lun is responsible for the development of pipelines business and also assists to explore new business partners in the region of the South East Asia. All consultants have entered into service contracts with the Company with no fixed term of service.

The Company believes that the grant of share option provides motivations for the consultants to create value for the Company. The number of share options granted to them is determined with reference to the market and the potential benefits and/or income they may bring to the Group.

No performance targets or clawback mechanism are required under the share option.

Among the above grantees, to the best of the Directors' knowledge, information and belief, none of the other grantees are overlapped or connected/related to each other.

Save as disclosed above, none of the outstanding share options were exercised or cancelled or lapsed during the period ended 30 June 2023.

Save for the share option scheme as disclosed above, at no time during the six months ended 30 June 2023 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the Directors. The Company has confirmed, after making specific enquiries with the Directors in accordance with the code of practice, that all the Directors have complied with the Model Code during the six months ended 30 June 2023.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (the “**Code Provision(s)**”) and certain recommended best practices contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company’s standards of corporate governance practices.

During the six months ended 30 June 2023, the Company has complied with the Code Provisions.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee is primarily responsible for, among other things, reviewing the Group’s financial controls, risk management and internal control systems and monitoring the integrity of its financial statements and financial reports. The Audit Committee has reviewed with the management the financial and accounting policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023. It has also discussed the financial reporting process and the risk management and internal control systems of the Company with the management. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Yuk Lun, Alan, Dr. Wang Guiping and Mr. Huang Ruilin, with Mr. Wong Yuk Lun, Alan as its chairman.

By order of the Board

HUISHENG INTERNATIONAL HOLDINGS LIMITED

Qin Yuanling

Executive Director

Hong Kong, 31 August 2023