



# 中國農業生態有限公司 China Eco-Farming Limited

(Continued into Bermuda with limited liability)  
(Stock Code: 8166)



Interim  
Report  
2019



## **CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This report, for which the directors of China Eco-Farming Limited (the “Company”) (the “Director(s)”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

*This report will remain on the Company’s website at <http://www.aplushk.com/clients/8166chinaeco-farming/index.html> and the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.*

## HIGHLIGHTS

### Financial Highlights

The Company and its subsidiaries (collectively referred to as the “Group”) recorded an unaudited revenue of approximately HK\$11,514,000 for the six months ended 30 June 2019 (the “Reporting Period”), representing a decrease of approximately 67.8% as compared with approximately HK\$35,747,000 for the last corresponding period.

The unaudited loss for the period attributable to owners of the Company for the Reporting Period was approximately HK\$26,668,000 (six months ended 30 June 2018: HK\$18,215,000). The basic loss per share of the Company for the six months ended 30 June 2019 is 3.43 HK cents (six months ended 30 June 2018: 2.71 HK cents).

The board of directors of the Company (the “Board”) does not recommend any payment of interim dividend for the Reporting Period.

## UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The Board hereby announces the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2019 together with the comparative figures for the last corresponding periods.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Expressed in Hong Kong dollars)*

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Revenue					
Goods and services		<b>4,222</b>	13,896	<b>9,144</b>	29,675
Rental		<b>815</b>	1,508	<b>1,640</b>	3,191
Interest		<b>389</b>	1,450	<b>730</b>	2,881
	3	<b>5,426</b>	16,854	<b>11,514</b>	35,747
Cost of sales		<b>(2,084)</b>	(10,691)	<b>(5,721)</b>	(24,473)
Gross profit		<b>3,342</b>	6,163	<b>5,793</b>	11,274
Other revenue	3	<b>2,161</b>	2,094	<b>3,234</b>	3,415
Selling and distribution expenses		<b>(296)</b>	(234)	<b>(748)</b>	(532)
Administrative expenses		<b>(9,032)</b>	(13,034)	<b>(21,277)</b>	(23,468)
Finance costs	5	<b>(2,178)</b>	(1,783)	<b>(3,727)</b>	(5,499)
Share of results of associates		<b>(228)</b>	(1,498)	<b>710</b>	32
(Loss)/Gain from changes in fair value of financial assets at fair value through profit or loss		<b>(7,986)</b>	(8,895)	<b>(9,899)</b>	(2,674)
Loss before taxation		<b>(14,217)</b>	(17,187)	<b>(25,914)</b>	(17,452)
Taxation	6	<b>(185)</b>	-	<b>(195)</b>	(158)
Loss for the period	7	<b>(14,402)</b>	(17,187)	<b>(26,109)</b>	(17,610)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Loss for the period		<b>(14,402)</b>	(17,187)	<b>(26,109)</b>	(17,610)
Other comprehensive income (expense) for the period:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Fair value change of available-for-sale investments		-	401	<b>(2,477)</b>	(268)
Exchange differences arising on translation of foreign operations		<b>(3,356)</b>	4,368	<b>2,270</b>	3,196
Other comprehensive income/(expense) for the period		<b>(3,356)</b>	4,769	<b>(207)</b>	2,928
Total comprehensive expense for the period		<b>(17,758)</b>	(12,418)	<b>(26,316)</b>	(14,682)
Loss for the period attributable to:					
– Owners of the Company		<b>(14,848)</b>	(18,113)	<b>(26,668)</b>	(18,215)
– Non-controlling interests		<b>446</b>	926	<b>559</b>	605
		<b>(14,402)</b>	(17,187)	<b>(26,109)</b>	(17,610)
Total comprehensive expense for the period attributable to:					
– Owners of the Company		<b>(16,359)</b>	(15,482)	<b>(27,645)</b>	(16,583)
– Non-controlling interests		<b>(1,399)</b>	3,064	<b>1,329</b>	1,901
		<b>(17,758)</b>	(12,418)	<b>(26,316)</b>	(14,682)
LOSS PER SHARE	9		(Restated)		(Restated)
Basic and diluted (HK cents)		<b>(1.91)</b>	(2.48)	<b>(3.43)</b>	(2.71)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Notes	At 30 June 2019 \$'000 (Unaudited)	At 31 December 2018 \$'000 (Audited)
<b>Non-current assets</b>			
Plant and equipment		5,085	6,158
Investment properties		169,800	169,800
Goodwill		4,272	4,272
Interests in associates		74,140	73,431
Equity Instruments at fair value through other comprehensive income	10	21,842	31,984
Deposit paid for acquisition of a subsidiary		45,250	35,250
		<b>320,389</b>	320,895
<b>Current assets</b>			
Inventories, finished goods		996	921
Trade and other receivables	11	42,510	27,292
Loan and interest receivables	12	23,701	34,215
Loan to an associate		29,934	27,864
Financial assets at fair value through profit or loss		10,568	20,362
Bank balances and cash		4,619	17,870
		<b>112,328</b>	128,524

	<i>Notes</i>	<b>At 30 June 2019 \$'000 (Unaudited)</b>	At 31 December 2018 \$'000 (Audited)
<b>Current liabilities</b>			
Trade and other payables	13	7,691	31,051
Contract liabilities		250	1,940
Amount due to non-controlling interests		2,995	2,995
Borrowings	14	81,569	35,616
Margin loan payables		6,700	18,199
Income tax payables		833	623
		<b>100,038</b>	90,424
<b>Net current assets</b>		<b>12,290</b>	38,100
<b>Total assets less current liabilities</b>		<b>332,679</b>	358,995
<b>Non-current liabilities</b>			
Deferred tax liabilities		22,022	22,022
		<b>22,022</b>	22,022
<b>Net assets</b>		<b>310,657</b>	336,973
<b>Capital and reserves</b>			
Share capital	15	7,771	7,771
Reserves		264,941	292,586
Equity attributable to owners of the Company		<b>272,712</b>	300,357
Non-controlling interests		<b>37,945</b>	36,616
Total equity		<b>310,657</b>	336,973

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019 (Expressed in Hong Kong dollars)

	Attributable to owners of the Company											
	Share capital \$'000	Share premium \$'000	Equity component of convertible bonds \$'000	Investment revaluation reserve \$'000	Share option reserve \$'000	Translation reserve \$'000	Special reserve \$'000	Other reserve \$'000	Accumulated losses \$'000	Non-controlling interests \$'000	Total \$'000	
<b>At 1 January 2018</b>	122,071	416,409	5,699	5,064	18,827	(3,323)	6,026	(764)	(285,358)	284,651	35,582	320,233
Loss for the period	-	-	-	-	-	-	-	-	(18,215)	(18,215)	605	(17,610)
Other comprehensive income (expense) for the period:												
Fair value change of available-for-sale investments	-	-	-	(268)	-	-	-	-	-	(268)	-	(268)
Exchange difference arising on translating foreign operations	-	-	-	-	-	1,900	-	-	-	1,900	1,296	3,196
Total comprehensive expense for the period	-	-	-	(268)	-	1,900	-	-	(18,215)	(16,583)	1,901	(14,682)
Placing of new shares (note 15)	24,000	72,909	-	-	-	-	-	-	-	96,909	-	96,909
Recognition of equity-settled share based payments	-	-	-	-	1,829	-	-	-	-	1,829	-	1,829
Share option lapsed during the period	-	-	-	-	(2,014)	-	-	-	2,014	-	-	-
<b>At 30 June 2018</b>	<b>146,071</b>	<b>489,318</b>	<b>5,699</b>	<b>4,796</b>	<b>18,642</b>	<b>(1,423)</b>	<b>6,026</b>	<b>(764)</b>	<b>(301,559)</b>	<b>366,806</b>	<b>37,483</b>	<b>404,289</b>
<b>At 1 January 2019</b>	7,771	-	-	(16,796)	14,616	(8,694)	6,026	(764)	298,198	300,357	36,616	336,973
Loss for the period	-	-	-	-	-	-	-	-	(26,668)	(26,668)	559	(26,109)
Other comprehensive income (expense) for the period:												
Fair value change of available-for-sale investments	-	-	-	(2,477)	-	-	-	-	-	(2,477)	-	(2,477)
Exchange difference arising on translating foreign operations	-	-	-	-	-	1,500	-	-	-	1,500	770	2,270
Total comprehensive expense for the period	-	-	-	(2,477)	-	1,500	-	-	(26,668)	(27,645)	1,329	(26,316)
<b>At 30 June 2019</b>	<b>7,771</b>	<b>-</b>	<b>-</b>	<b>(19,273)</b>	<b>14,616</b>	<b>(7,194)</b>	<b>6,026</b>	<b>(764)</b>	<b>271,530</b>	<b>272,712</b>	<b>37,945</b>	<b>310,657</b>



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Hong Kong dollars)

	For the six months ended 30 June	
	2019 \$'000	2018 \$'000
Net cash used in operating activities	<b>(25,253)</b>	(27,978)
Net cash from/(used in) investing activities	<b>(2,335)</b>	(17,515)
Net cash (used in)/from financing activities	<b>10,727</b>	70,248
Net (decrease)/increase in cash and cash equivalents	<b>(16,861)</b>	24,755
Cash and cash equivalents at the beginning of period	<b>17,870</b>	5,111
Effect of foreign exchange rates changes, net	<b>3,610</b>	3,196
Cash and cash equivalents at the end of period, represented by bank balances and cash	<b>4,619</b>	33,062

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Organisation and operations

China Eco-Farming Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 30 November 2000.

The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 5 February 2002.

During the year ended 31 December 2007, the Company re-domiciled from the Cayman Islands into Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change of domicile was approved by the shareholders of the Company on 15 October 2007 and the Company was continued into Bermuda with limited liability with effect from 29 October 2007.

The registered office of the Company is Clarendon House, 2 Church street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company is Suites 2303-06, 23/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The directors of the Company do not consider any company to be the ultimate holding company or parent company of the Company.

During the six months ended 30 June 2019, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the business of trading of grocery food products, trading of consumables and agricultural products, property investment, provision of money lending services, one-stop value chain services and provision of financial services.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company. Other than those subsidiaries established in the People’s Republic of China (the “PRC”) and incorporated in Taiwan whose functional currencies are Renminbi (“RMB”) and New Taiwan dollars (“NTD”) respectively, the functional currency of the Company and its subsidiaries is HK\$.

The unaudited condensed consolidated financial statements are prepared in HK\$ which is the same as the functional currency of the Company.

## 2. Principal accounting policies and basis of preparation

The unaudited condensed financial information has been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed financial results have been prepared on the historical cost basis except for the investment properties, certain financial instruments and available-for-sale investments that are measured at fair values.

The principal accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated financial results for the six months ended 30 June 2019 are consistent with those adopted in preparing the audited consolidated financial statements of the Group for the year ended 31 December 2018 except for the following amendments and interpretation ("New HKFRSs") issued by HKICPA which are or shall be in effect.

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRS 3	Definition of Business <sup>2</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>3</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interest In Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>5</sup> Effective for annual periods beginning on or after a date to be determined.

The adoption of the above New HKFRSs in the current period has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated financial statements.

The Group has not applied any New HKFRSs that have been issued but are not yet effective for the current accounting period.

### 3. Revenue and other revenue

An analysis of the Group's revenue and other revenue for the three months and six months ended 30 June 2019 is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue:				
One-stop value chain services	422	8,837	1,930	20,105
Rental income (note (i))	815	1,508	1,640	3,191
Trading of grocery food products	1,158	1,553	2,573	3,123
Trading of consumables and agricultural products	1,372	997	2,931	2,759
Provision of money lending services (note (ii))	389	1,450	730	2,881
Provision of financial services	1,270	2,509	1,710	3,688
	<b>5,426</b>	16,854	<b>11,514</b>	35,747
Other revenue (note (iii))	2,161	2,094	3,234	3,415
	<b>7,587</b>	18,948	<b>14,748</b>	39,162

Notes :

(i) Rental income

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Gross rental income	815	1,508	1,640	3,191
Less: outgoings (included in cost of sales)	(5)	(185)	(10)	(390)
Net rental income	810	1,323	(1,630)	2,801

(ii) Provision of money lending services

Included in interest income from provision of money lending services was interest income of approximately HK\$95,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: HK\$95,000), charged to Mr. Au Yeung Po Leung ("Mr. Au Yeung"), a former executive director of the Company who resigned on 30 September 2017 for aggregate loan amount of HK\$2,400,000 extended in December 2018. The loans were interest-bearing with interest rate of 8% per annum, secured by the non-listed shares and repayable by 31 December 2019.

(iii) Other revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest income (note (iv))	1,074	1,396	2,048	2,484
Sundry income	1,087	698	1,186	931
	<b>2,161</b>	2,094	<b>3,234</b>	3,415

(iv) Interest income

Included in interest income are approximately HK\$2,046,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: HK\$2,463,000), charged to Zhonghe Huaxia (Beijing) Investment Consulting Co., Ltd. ("Beijing HX") for a loan amount of approximately HK\$22,495,000 granted on 1 September 2017. The loan was interest-bearing with interest rate of 18% per annum, unsecured and repayable by 30 April 2018. Another loan amount of approximately HK\$2,700,000 granted to Beijing HX on 1 September 2016. The loan was interest-bearing with interest rate of 12% per annum, unsecured and repayable by 31 May 2017. Mr. Au Yeung holds 15% interest in Beijing HX and Beijing HX is treated as associate in the consolidated financial statements of the Company.

#### 4. Segment information

The Group's operating segments, based on information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. One-stop value chain services – provision of total solution services including trading, packaging and logistic solutions
2. Property investment – generated rental income from operating leases of Group's investment properties
3. Trading of consumables and agricultural products – trading of consumables and agricultural products
4. Trading of grocery food products – trading of grocery food products
5. Provision of money lending services – provision of money lending services
6. Provision of financial services – provision of financial and investment advisory and corporate finance services

The provision of financial and investment advisory services and corporate finance services were formally commenced during the year ended 31 December 2018 as a result of obtaining a service licence and the acquisition of a subsidiary. As a result, a new segment of provision of financial services was added under reportable and operating segments last financial year.

### Segment revenue and results

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

	Unaudited six months ended 30 June 2019						Total HK\$'000
	One-stop value chain services HK\$'000	Property investment HK\$'000	Trading of consumables and agricultural products HK\$'000	Trading of grocery food products HK\$'000	Provision of money lending services HK\$'000	Provision of financial services HK\$'000	
REVENUE							
External sales	1,930	1,640	2,931	2,573	730	1,710	11,514
Segment profit (loss)	23	(807)	(1,380)	(143)	46	(681)	(2,942)
Unallocated corporate other revenue							3,234
Unallocated corporate expenses							(13,290)
Loss from changes in fair value of financial assets at fair value through profit or loss							(9,899)
Share of results of associates							710
Finance costs							(3,727)
Loss before taxation							(25,914)

	Unaudited six months ended 30 June 2018						Total HK\$'000
	One-stop value chain services HK\$'000	Property investment HK\$'000	Trading of consumables and agricultural products HK\$'000	Trading of grocery food products HK\$'000	Provision of money lending services HK\$'000	Provision of financial services HK\$'000	
REVENUE							
External sales	20,105	3,191	2,759	3,123	2,881	3,688	35,747
Segment profit (loss)	212	(1,475)	(74)	153	2,121	3,083	4,020
Unallocated corporate other revenue							3,415
Unallocated corporate expenses							(16,746)
Loss from changes in fair value of financial assets at fair value through profit or loss							(2,674)
Share of results of associates							32
Finance costs							(5,499)
Loss before taxation							(17,452)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration expenses, directors' emoluments, certain other gain or loss, loss from changes in fair value of financial assets at fair value through profit or loss, share of result of associates and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

## 5. Finance costs

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest on borrowings	1,959	186	3,145	2,508
Interest on loan payable (Note (i))	13	50	134	98
Interest on margin loan payable	206	1,040	448	1,884
Effective interest expense on convertible bonds	-	507	-	1,009
	<b>2,178</b>	1,783	<b>3,727</b>	5,499

Note:

### (i) Interest on loan payable

Included in interest on loans payable were interest expenses of approximately HK\$3,000 for the six months ended 30 June 2018, payable to Mr. So David Tat Man, an executive director of the Company, for aggregate loan amount of HK\$990,000 granted in January 2018. The loan was interest-bearing with interest rate of 4% per annum and fully repaid by 31 January 2018.

## 6. Taxation

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax	185	–	195	158
Deferred tax	–	–	–	–
Income tax credit recognised in profit or loss	185	–	195	158

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

Accordingly, starting from the current year, the Hong Kong profits tax 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.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2018. No EIT is provided for the three months and six months ended 30 June 2019 and 2018 as the Group did not derive any assessable profit subject to EIT.

The Taiwan Profit-Seeking Enterprise Income Tax is calculated at 17% of the estimated assessable profits for both years. No Profit-Seeking Enterprise Income Tax is provided for the three months and six months ended 30 June 2019 and 2018 as the Group did not derive any assessable profit subject to Profit-Seeking Enterprise Income Tax.



## 7. Loss for the period

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss for the period has been arrived at after charging:				
Directors' and chief executive's emoluments	513	1,096	1,225	2,931
Other staff costs (excluding directors' and chief executive's emoluments)	3,011	4,207	6,538	8,833
Retirement benefits scheme contributions (excluding directors and chief executive)	138	185	285	345
	<b>3,662</b>	5,488	<b>8,048</b>	12,109
Auditors' remuneration	189	189	378	468
Cost of inventories recognised as an expense	2,079	10,506	5,711	24,083
Depreciation for plant and equipment	585	599	1,095	1,183
Share based payment expenses (included in directors' and chief executives' emoluments and other staff costs)	–	874	–	1,829
Minimum lease payments paid under operating leases in respect of office premises	1,003	622	2,000	1,611

## 8. Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2019 (2018: nil).

## 9. Loss per share

The calculation of the basic and diluted loss per share attributable to owners of the Company during both the three months and six months ended 30 June 2019 and 2018 is based on the following data.

	For the three months ended 30 June		For the six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited) (Restated)	2019 (Unaudited)	2018 (Unaudited) (Restated)
Unaudited loss attributable to owners of the Company for the purposes of basic and diluted loss per share (HK\$'000)	<b>(14,848)</b>	(18,113)	<b>(26,668)</b>	(18,215)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<b>777,132,430</b>	730,355,248	<b>777,132,430</b>	672,333,270

Diluted loss per share is the same as basic loss per share for the three months and six months ended 30 June 2019. The computation of diluted loss per share does not assume the exercise of share options to subscribe for additional shares (see note 16) since the exercise of share options would result in an anti-dilutive effect on the basic loss per share for the three months and six months ended 30 June 2019.

Diluted loss per share is the same as basic loss per share for the three months and six months ended 30 June 2018. The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds and the exercise of share options to subscribe for additional shares as at 30 June 2018 since the conversion of outstanding convertible bonds and exercise of share options would result in an anti-dilutive effect on the basic loss per share for the three months and six months ended 30 June 2018.

**10. Equity instruments at fair value through other comprehensive income**

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
Listed investments:		
Equity securities listed in Hong Kong ( <i>Note a</i> )	-	10,142
Unlisted investments:		
Equity securities ( <i>Note b</i> )	<b>21,842</b>	21,842
	<b>21,842</b>	31,984

*Notes:*

- (a) The listed equity investments represent ordinary shares of an entity listed in Hong Kong. None of the equity investments listed in Hong Kong as at 30 June 2019 (31 December 2018: HK\$10,142,000) have been pledged to a financial institution for margin loans granted to the Group.
- (b) The unlisted equity investments of approximately HK\$21,842,000 as at 30 June 2019 (31 December 2018: HK\$21,842,000) represent investments in unlisted equity securities issued by private entities incorporated in the PRC.

## 11. Trade and other receivables

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
Trade receivables <i>(Note (b))</i>	<b>2,210</b>	3,045
<i>Less: Allowance for credit losses</i>	<b>(336)</b>	(355)
	<b>1,874</b>	2,690
Prepayment to suppliers	<b>1,497</b>	2,354
Deposit	<b>19,390</b>	11,242
Other receivables <i>(Note a)</i>	<b>19,758</b>	11,067
<i>Less: Allowance for credit losses</i>	<b>(9)</b>	(61)
	<b>39,139</b>	22,248
	<b>42,510</b>	27,292

The Group does not hold any collateral over the trade and other receivables.

### Notes:

- (a) As at 30 June 2019, included in the other receivable of RMB7,000,000 (equivalent to approximately HK\$7,957,000 (31 December 2018: HK\$7,970,000)) was consideration receivable in relation to the disposal of the entire issued share of Shenzhen City Jintaiyuan Investment Development Company Limited.

- (b) The credit period granted to the Group's trade customers generally ranges from 0 days to 90 days (31 December 2018: 0 days to 90 days). The ageing analysis of trade receivables presented based on the invoice dates, which approximates the respective revenues recognition dates, at the end of the Reporting Period, which is as follows:

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
0 to 30 days	<b>361</b>	1,514
31 to 90 days	<b>1,107</b>	70
Over 90 days	<b>406</b>	1,106
	<b>1,874</b>	2,690

## 12. Loan and interest receivables

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
Fixed-rate loan and interest receivables		
– Secured	<b>30,825</b>	38,942
– Unsecured	<b>3,074</b>	6,311
	<b>33,899</b>	45,253
<i>Less: Allowance for credit losses</i>	<b>(10,198)</b>	(11,038)
	<b>23,701</b>	34,215
Analysed as		
Current asset (within one year)	<b>23,701</b>	34,215
Non-current asset	–	–

### Notes:

As at 30 June 2019, included in the Group's loan and interest receivables balance are debtors with aggregate carrying amount of HK\$7,529,000 which are past due as at the reporting date 90 days or more. The Directors consider credit risks have increased significantly and those past due more than 90 days are considered as credit impaired.

Included in the carrying amount of loan and interest receivables as at 30 June 2019 is accumulated impairment losses of HK\$10,198,000 (31 December 2018: HK\$11,038,000). As at 30 June 2019, the secured loan and interest receivables were past due nor impaired as of the end of the reporting period, in the opinion of the Directors that the outstanding amount can be fully recoverable by the collaterals.

The ranges of effective interest rates (which are equal to contractual interest rates) on the Group's loan and interest receivables are as follows:

	<b>At 30 June 2019 (Unaudited)</b>	At 31 December 2018 (Audited)
Effective interest rate:		
Fixed-rate loan and interest receivables	<b>7% – 18%</b>	7% – 18%

The following is an ageing analysis of loan and interest receivables, net of allowance for doubtful debts, presented based on the dates which loans are granted to borrowers and interests are accrued.

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity date are as follows:

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
Within 1 year	<b>23,701</b>	34,215
After 1 year but within two year	–	–
	<b>23,701</b>	34,215

### 13. Trade and other payables

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
Trade payables	19	30
Other payables	7,672	31,021
	<b>7,691</b>	31,051

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the Reporting Period.

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
0 to 30 days	19	30

The average credit period on purchases of goods is 15 days (31 December 2018: 15 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

### 14. Borrowings

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
Bank borrowings, secured ( <i>Note a</i> )	19,273	19,616
Other borrowings, unsecured ( <i>Note b</i> )	10,000	10,000
Other borrowings, secured ( <i>Note c</i> )	52,296	6,000
	<b>62,296</b>	16,000
Total borrowing	<b>81,569</b>	35,616

*Notes:*

- (a) At 30 June 2019, the secured bank borrowing of approximately NTD30,824,000 (equivalent to approximately HK\$7,906,000) (31 December 2018: NTD32,088,000 (equivalent to HK\$8,230,000)) is secured by a mortgage over an investment property of the Group located in Taiwan with carrying amount of NTD74,500,000 (equivalent to approximately HK\$19,109,000) (31 December 2018: NTD74,500,000 (equivalent to HK\$19,109,000)). The bank borrowing carried a saving deposit rate plus a fixed spread rate of 0.62% per annum in the first year, 0.87% per annum in the second year and 0.97% per annum from the third to fifteen year.

At 30 June 2019, the secured bank borrowing of RMB10,000,000 (equivalent to approximately HK\$11,367,000) (31 December 2018: RMB10,000,000 (equivalent to approximately HK\$11,386,000)) is secured by two units of an investment property of the Group located in the PRC with fair value of approximately RMB26,121,000 (equivalent to approximately HK\$29,742,000). The bank borrowing carried a fixed interest rate of 6.525% per annum and repayable within one year.

- (b) At 30 June 2019, the Group obtained unsecured loans of HK\$10,000,000 (31 December 2018: HK\$10,000,000) from a financial institution in Hong Kong. The loans carried interest at fixed rates of 18% per annum and repayable within one year.
- (c) At 30 June 2019, the Group obtained a new loan in the amount of HK\$8,000,000 from a financial institution in Hong Kong (31 December 2018: HK\$6,000,000). The loan carried interest at fixed rates of 12% per annum, repayable within one year and are secured by an investment property located in Hong Kong with carrying amount of HK\$13,000,000.

At 30 June 2019, the Group obtained two loans in the amount of approximately RMB7,000,000 (equivalent to HK\$7,957,000) and RMB8,000,000 (equivalent to HK\$9,093,000) from a financial institution in PRC. The two loans also carried interest at fixed rates of 21.6% per annum and are secured by the Group's four units of an investment property located in the PRC with carrying amount of RMB47,632,000, (equivalent to HK\$54,233,000).

At 30 June 2019, the Group obtained two loans in the amount of approximately RMB17,550,000 (equivalent to HK\$20,747,000) from joint venture partners. The Borrower shall not have to pay any interest for the Loan, but shall, in addition to repayment and discharge of the Principal Amount, reimburse the Lender for all costs and expenses incurred by the Lender for and in relation to its securing financing for the principal amount. The final date for repayment of the principal amount and for settlement of all Reimbursement shall be 31 December 2021.



## 15. Share capital

	Nominal value per share <i>HK\$</i>	Number of shares	Amount <i>HK\$'000</i>
Authorised ordinary shares:			
At 1 January 2018, 31 December 2018 and 1 January 2019	0.02	9,130,434,785	182,609
Share consolidation ( <i>Note f(ii)</i> )	N/A	(8,217,391,307)	–
Share sub-division ( <i>Note f(iii)</i> )	N/A	17,347,826,092	–
<b>At 30 June 2019</b>	<b>0.01</b>	<b>18,260,869,570</b>	<b>182,609</b>
Issued and fully paid ordinary shares:			
At 31 December 2017 and 1 January 2018	0.02	6,103,552,488	122,071
Placing of new shares ( <i>Note b</i> )	0.02	1,200,000,000	24,000
Issue of shares upon settlement of contingent consideration ( <i>Note a</i> )	0.02	2,771,813	55
Issue of shares in consideration for the acquisition of subsidiary ( <i>Note c</i> )	0.02	465,000,000	9,300
Share consolidation ( <i>Note d(ii)</i> )	N/A	(6,994,191,871)	–
Capital reduction ( <i>Note d(iii)</i> )	N/A	–	(147,655)
<b>At 31 December 2018</b>	<b>0.01</b>	<b>777,132,430</b>	<b>7,771</b>
<b>At 30 June 2019</b>	<b>0.01</b>	<b>777,132,430</b>	<b>7,771</b>
Authorised convertible preference shares:			
At 1 January 2018, 31 December 2018, 1 January 2019 and <b>30 June 2019</b>	<b>0.1</b>	<b>173,913,043</b>	<b>17,391</b>
Issued and fully paid convertible preference shares:			
At 1 January 2018, 31 December 2018, at 1 January 2019 and <b>30 June 2019</b>	<b>0.1</b>	–	–

Notes:

- (a) On 29 July 2016, a wholly owned subsidiary of the Company, Treasure Max Investment Holdings Limited (the "Purchaser") and Ms. Kwok Shuk Kam (the "Vendor") entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell the Sale Shares (as defined in the Company's announcement dated 29 July 2016) to the Purchaser and the Purchaser has agreed to acquire the Sale Shares from the Vendor. The Consideration in the sum of up to HK\$4,212,000 (subject to adjustment) shall be satisfied by cash of HK\$2,600,000 and up to HK\$1,612,000 by issue of not more than 12,400,000 consideration shares at HK\$0.13 per consideration share under the General Mandate granted to the Directors at the Company's annual general meeting held on 4 May 2016.

During the year ended 31 December 2018, the Company issued 2,771,813 ordinary shares at par value of HK\$0.02 per share on a pro rata basis to the Vendor since only 45% of the target profit after tax have been met. As a result of this transaction, share capital and share premium have been increased by approximately HK\$55,000 and approximately HK\$305,000 respectively.

- (b) On 9 March 2018, the Company and Kingston Securities Limited (the "Placing Agent") entered into the placing agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis a maximum of 1,200,000,000 ordinary shares of the Company at a placing price of HK\$0.083 per placing share (the "2018 Placing").

The gross proceeds from the 2018 Placing were HK\$99,600,000. The net proceeds after deducting the placing commission and other related expenses were approximately HK\$96,900,000. The completion of the 2018 Placing took place on 29 March 2018. Further details of the 2018 Placing are set out in the Company's announcements dated 9 March 2018 and 29 March 2018.

- (c) On 27 August 2018, King Noble Holdings Limited ("King Noble"), an indirect wholly-owned subsidiary of the Company and an independent third party Mr. Guo Weifu ("Mr. Guo") entered into a sale and purchase agreement, pursuant to which Mr. Guo has agreed to sell to King Noble 100 ordinary shares of Max Joint Asia Pacific (China) Limited ("Max Joint"), representing 100% of the entire issued share capital in Max Joint at the consideration of HK\$46,500,000, settled by the issuance of 465,000,000 ordinary shares of the Company to Mr. Guo.

The transaction was completed on 25 October 2018. Further details of the acquisition are set out in the Company's announcements dated 27 August 2018 and 25 October 2018.

- (d) Pursuant to a special resolution passed in the special general meeting held on 15 November 2018, the Company proceed with capital reorganisation (the "Capital Reorganisation") involving, among others, the following:
- i) share consolidation whereby every ten shares of the Company's issued and unissued shares with par value of HK\$0.02 per share have been consolidated into one share with par value of HK\$0.2 (the "Consolidation Share"). The Consolidated Shares rank pari passu in all respects with each other;

- ii) capital reduction whereby the issued share capital of the Company will be reduced by cancelling the paid up capital of the Company to the extent of HK\$0.19 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.2 to HK\$0.01;
- iii) share sub-division whereby each of the authorised but unissued Consolidated Shares will be divided into twenty adjusted shares of HK\$0.01 each (the "Adjusted Share");
- iv) Share Premium Reduction whereby the entire amount standing to the credit of the Share Premium Account will be reduced to nil; and
- v) transfer of all the credits arising from the Capital Reduction and the Share Premium Reduction to the contributed surplus account of the Company.

Further details of the Capital Reorganisation are set out in the Company's Circular dated 23 October 2018.

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the shareholders, except for the payment of the related expenses.

On 15 November 2018, all the conditions precedent of the implementation of the Capital Reorganisation had been fulfilled and the Capital Reorganisation had become effective on 16 November 2018.

- (e) All new shares rank pari passu with other shares in issue in all respects.

## 16. Share options

The Company has a share option scheme, which was adopted on 6 May 2011, for eligible employees, the directors of the Company and other selected participants for their contribution to the Group.

Details of the share options outstanding are as follows:

	<b>At 30 June 2019 (Unaudited)</b>	At 31 December 2018 (Audited)
Number of share options outstanding	<b>30,325,000</b>	30,325,000
Exercisable at the end of the period/year	<b>30,325,000</b>	30,325,000
Weighted average exercise price	<b>HK\$1.100</b>	HK\$1.100

For the three months and six months ended 30 June 2019, no share options have been granted, lapsed, exercised or cancelled (three months and six months ended 30 June 2018: 39,000,000).

For the three months ended and six months ended 30 June 2019, the Group has not recognised expenses, (three months and six months ended 30 June 2018: HK\$874,000 and HK\$1,829,000) of share based payment expenses in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

## 17. Operating lease commitment

### **Commitments under operating lease**

#### *The Group as lessee*

At the end of the Reporting Period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
Within one year	<b>1,299</b>	3,847
In the second to the fifth year inclusive	-	-
	<b>1,299</b>	3,847

Operating lease payments represent rental payable by the Group for certain of its office premises. Leases are negotiated for terms of one to three years (31 December 2018: one to three years) and rentals are fixed over the terms of the leases.

#### *The Group as lessor*

At the end of the Reporting Period, the Group had contracted with tenants for the following future minimum lease payments:

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
Within one year	<b>3,391</b>	4,201
In the second to the fifth year inclusive	<b>1,696</b>	3,397
	<b>5,087</b>	7,598

## 18. Capital commitment

	<b>At 30 June 2019 HK\$'000 (Unaudited)</b>	At 31 December 2018 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: Acquisition of subsidiaries	<b>10,000</b>	20,000

## 19. Fair value measurements of financial instruments

### ***Fair value of the Group's financial assets that are measured at fair value on a recurring basis***

Some of the Group's financial assets are measured at fair value at the end of each Reporting Period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets	Fair value as at 30 June 2019	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Listed equity securities at FVTPL	HK\$10,568,000 (31 December 2018: HK\$20,362,000)	Level 1	Quoted closing prices in an active market	N/A
Listed equity securities at FVTOCI	HK\$Nil (31 December 2018: HK\$10,142,000)	Level 1	Quoted closing prices in an active market	N/A
Unlisted equity investments at FVTOCI ( <i>Note</i> )	HK\$21,842,000 (31 December 2018: HK\$21,842,000)	Level 3	Market approach	Price-to-book value multiple Discount of lack of marketability

During the year ended 31 December 2018, a contingent consideration was resulted upon acquisition of Inno-Bag Limited (“Inno-Bag”). The fair value of the contingent consideration arrangement of approximately HK\$512,000 as at the date of acquisition and as at 31 December 2017 which was estimated by applying the income approach. The fair value estimates are based on the volatility of the Company’s shares ranged from 45.8% to 46.1% and assumed that Inno-Bag has reached the profit after tax of not less than HK\$1,200,000 for each of the two years ending 31 March 2017 and 2018 respectively. This is a level 3 fair value measurement.

As at 31 December 2018, there was a loss on fair value of contingent consideration resulted from the acquisition of the YIHE Enterprise Holding Limited and its subsidiary (collectively referred as “YIHE Group”) of approximately HK\$1,839,000 recognised in profit or loss which comprised the price per share of the Company’s share has been decreased as at 31 December 2017 as well as the effect of the failure to meet the condition of the contingent consideration payable due to the share issuance condition had not been met in accordance with the sale and purchase agreement of the acquisition of YIHE Group. The fair value of the contingent consideration payable is determined by using the probabilistic method with reference to the projected net profit of the YIHE Group for the two financial years ended 31 December 2017 and 2018.

*Note:* There were no transfers between levels of fair value hierarchy in the current Reporting Period.

***Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis***

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to the short-term maturity or the impact of discounting was not significant.

## 20. Related party transactions

- (a) The Group entered into the following significant transactions with related parties during the six months ended 30 June 2019 and 2018:

Name of company	Nature of transaction	For the six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Au Yeung Po Leung ( <i>Note a</i> )	Loan interest income received	95	95
Beijing HX ( <i>Note b</i> )	Loan interest income received	(2,046)	(2,463)
Bright Kingdom International Limited ("Bright Kingdom") ( <i>Note c</i> )	Consultancy fee paid	300	300
Chan Kee Holdings Limited ("Chan Kee") ( <i>Note d</i> )	Purchases of grocery food product	1,481	1,990
	Income received	(103)	(147)
	Deposit paid	-	174
	Consultancy fee paid	170	159

*Note a:* Au Yeung Po Leung was an executive director of the Company who resigned on 30 September 2017.

*Note b:* Beijing HX is the associate entity of the Group.

*Note c:* Bright Kingdom International Limited is connected with the director of the Company.

*Note d:* On 4 February 2016, Maxford Wealth Limited ("Maxford Wealth"), a wholly-owned subsidiary of the Company, formed an entity named Right Ocean Asia Limited ("Right Ocean") with an independent third party Ms. Yoo (the spouse of Mr. Chan) and which Mr. Chan is the substantial shareholder of Chan Kee. Pursuant to the agreement entered into by Right Ocean and Chan Kee, Ms. Yoo and Mr. Chan shall procure Chan Kee to enter into the trademark licence agreement and the sole distributorship agreement with Right Ocean, for the sole and exclusive sale and distribution of the grocery food products and right to use the trademark granted by Chan Kee at nil consideration within the Hong Kong, Macau and Taiwan.



Upon the formation of Right Ocean, the equity of Right Ocean is held as to 51% by Maxford Wealth and 49% by Ms. Yoo. Therefore Right Ocean became a non-wholly owned subsidiary of the Company.

In the meantime, a shareholder loan agreement was entered into between Maxford Wealth and Right Ocean, pursuant to which Maxford Wealth has agreed to lend a loan of HK\$11,000,000 to Right Ocean, with a fixed interest rate of 5% per annum and repayable on demand.

Another loan agreement was entered into between Right Ocean and Chan Kee, pursuant to which Right Ocean has agreed to lend a loan of HK\$6,000,000 to Chan Kee, with Ms. Yoo and Mr. Chan as guarantors, a fixed interest rate of 7% per annum, repayable within 36 months after the date of drawdown for business operation. Details are disclosed in note 12.

Details are set out in the announcement of the Company dated 4 February 2016.

The trademark license agreement and the sole distributorship agreement were renewed on 25 March 2019. Details are set out in the announcement of the Company dated 21 March 2019.

**(b) Compensation of key management personnel**

The remuneration of directors of the Company and other members of key management during six months ended 30 June 2019 and 2018 was as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019 HK\$'000 (Unaudited)</b>	<b>2018 HK\$'000 (Unaudited)</b>
Short-term benefits	<b>2,205</b>	3,394
Post-employment benefits	<b>45</b>	50
	<b>2,250</b>	3,444

The remuneration of directors of the Company and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

**21. Events after the Reporting Period**

There are no material events after the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

During the six months ended 30 June 2019 (the "Reporting Period"), the Group has been principally engaged in the business of one-stop value chain services, property investment, trading of grocery food products, trading of consumables and agricultural products, provision of money lending services and provision of financial services.

#### One-stop Value Chain Services

During the Reporting Period, this business segment reported a revenue of approximately HK\$1,930,000 (six months ended 30 June 2018: HK\$20,105,000) representing a decrease of approximately 90.4% as compared with the last corresponding period.

The significant decrease was due to decrease in purchase orders from customers and some purchase orders were not accepted by suppliers.

#### Property Investment

During the Reporting Period, the property investment segment reported revenue of approximately HK\$1,640,000 (six months ended 30 June 2018: HK\$3,191,000), representing a decrease of approximately 48.6% as compared with last corresponding period. The decrease was due to less commercial office space were leased out. At 30 June 2019, the Group held properties in the People's Republic of China (the "PRC"), Taiwan and Hong Kong for investment purpose amounted to approximately HK\$169,800,000 (31 December 2018: HK\$169,800,000).

The demands in the property markets in Hong Kong, Taiwan and the PRC are considered stable in general. The Group will continue to review and optimize the portfolio holding of the investment properties with the aim of maximising its returns.

### **Trading of Grocery Food Products**

The Group's trading of grocery food products segment is the sole and exclusive distributor for the sale and distribution of ramen and udon products under the brand of "Nittin"(日丁) in Hong Kong, Macau and Taiwan.

During the Reporting Period, the segment reported a revenue of approximately HK\$2,573,000 (six months ended 30 June 2018: HK\$3,123,000), representing a decrease of approximately 17.6% as compared with the last corresponding period.

The trademark licence agreement and the sole distributorship agreement were renewed for a period of 3 years on 25 March 2019. Details of the renewal was disclosed in the announcement of the Company date at 25 March 2019.

### **Trading of consumables and agricultural products**

During the Reporting Period, the trading of consumables and agricultural products segment generated revenue of approximately HK\$2,931,000 (six months ended 30 June 2018: HK\$2,759,000), representing a increase of approximately 6.2% as compared with last companding period.

The competition in this business segment is still very keen and the Group is cautious in its development and will compare its profitability with other business opportunities carefully.

### **Provision of money lending services**

During the Reporting Period, this segment reported a revenue of approximately HK\$730,000 (six months ended 30 June 2018: HK\$2,881,000), representing a decrease of approximately 74.7% as compared with the last corresponding period. The Group will continue to maintain sound credit control policy to balance the finance income against credit risk from respective borrowers.

### **Provision of financial services**

During the period ended 30 June 2019, the Group has two operating subsidiaries, China AF Asset Management Limited, a company holding Type 9 (asset management) licence under Securities and Futures Commission (the "SFC"), and China AF Corporate Finance Limited, a company holding Type 6 (advising on corporate finance) licence under the SFC. This segment reported a revenue for the period ended 30 June of 2019 of HK\$1,710,000 (six months ended 30 June of 2018: HK\$3,688,000) representing a decrease of approximately 53.6% as compared to the last corresponding period.

The decrease was mainly due to the corporate finance division was only working on existing mandates. No new mandated can be entered into due to the lack of sufficient responsible officer.

### **Securities investments**

The Group had available-for-sale investments and financial assets at fair value through profit or loss in aggregate of approximately HK\$32,410,000 as at 30 June 2019, representing approximately 7.40% of the Company's total assets (31 December 2018: approximately HK\$52,346,000, representing approximately 11.65% of the Company's total assets).

The Company's investment strategy is to invest in securities that have growth potential, with the aims to capture capital appreciation and diversify the Company's investment portfolio (as detailed below) in order to reduce concentration of investment risks in one industry and maximise value for the Shareholders.

The composition of the investment portfolio may change from time to time during the coming year. In order to mitigate the possible financial risks related to the equities, the investment portfolio will be monitored regularly and appropriate actions would be taken whenever necessary in a prudent manner in response to changes in market situation.

Below is additional information in relation to the significant investments with market value exceeding HK\$10,000,000 as at 30 June 2019 and 31 December 2018:

### For the six months ended 30 June 2019 and year ended 31 December 2018

Name of investee company	Investment cost		Number of shares held		% of shareholding		Market value		% of market value to the Group's total assets		Change in fair value		Dividends received	
	For the period ended 30 June 2019	For the year ended 31 December 2018	For the period ended 30 June 2019	As at 31 December 2018	For the period ended 30 June 2019	As at 31 December 2018	For the period ended 30 June 2019	As at 31 December 2018	For the period ended 30 June 2019	As at 31 December 2018	For the period ended 30 June 2019	As at 31 December 2018	For the period ended 30 June 2019	As at 31 December 2018
	Approximately HK\$'000				Approximately		Approximately HK\$'000		Approximately		Approximately HK\$'000		Approximately HK\$'000	
<b>Financial assets at fair value through profit or loss</b>														
Others (Note 1)	16,248	26,281	N/A	N/A	N/A	N/A	10,568	20,362	2.41%	4.53%	(8,236)	(20,486)	283	968
	16,248	26,281					10,568	20,362	2.41%	4.53%	(8,236)	(20,486)	283	968
<b>Equity instruments at fair value through other comprehensive income</b>														
China Industrial Securities International Financial Group Limited (Note 2)	-	8,422	-	8,668,451	-	0.22%	-	10,142	N/A	2.26%	(1,664)	2,512	-	401
Anhui Damingyuan Tourism Development Company Limited* (安徽大明園旅遊發展股份有限公司) (Note 3)	40,005	40,005	11,250,000	11,250,000	4.99%	4.99%	21,833	21,833	4.98%	4.85%	-	(18,172)	-	-
Others (Note 4)	1,111	1,111	N/A	N/A	N/A	N/A	9	9	0.01%	0.01%	-	(1,102)	-	-
	41,116	49,538					21,842	31,984	4.99%	7.12%	(1,664)	(16,762)	-	401
<b>Total</b>	<b>57,364</b>	<b>75,819</b>					<b>32,410</b>	<b>52,346</b>	<b>7.40%</b>	<b>11.65%</b>	<b>(9,900)</b>	<b>(37,248)</b>	<b>283</b>	<b>1,369</b>

#### Notes:

- These are all listed companies on the Stock Exchange for the year ended 30 June 2019, together with their subsidiaries are mainly engaged in sales of alcoholic beverages, the provision of financial services, the provision of blockchain services and cryptocurrency mining business, the provision of auction of alcoholic beverages business, provision of QR codes on product packaging and solutions and online advertising display services, the manufacture and sale of packaging products, trading in securities and money lending, properties investments, loan financing, trading business and advising on securities, asset management and futures and options broking.
- China Industrial Securities International Financial Group Limited, a company listed on the GEM of the Stock Exchange, together with its subsidiaries are principally engaged in the provision of brokerage services, loans and financing services, investment banking services, asset management services and financial products and investments.
- Anhui Damingyuan Tourism Development Company Limited\* (安徽大明園旅遊發展股份有限公司), a company listed on Shanghai Equity Exchange in the PRC until 28 February 2018, which is principally engaged in development of tourism resources business. For details, please refer to the announcements of the Company dated 19 July 2016 and 31 August 2016.
- This is another listed company on Shanghai Equity Exchange in the PRC which is principally engaged in selling comfort shoes and insoles, as well as foot related products.

\* For identification purposes only

## FINANCIAL REVIEW

During the Reporting Period, the Group recorded an unaudited revenue of approximately HK\$11,514,000 (six months ended 30 June 2018: HK\$35,747,000), representing a decrease of approximately 67.8% as compared with the last corresponding period.

Cost of sales for the Reporting Period amounted to approximately HK\$5,721,000 (six months ended 30 June 2018: HK\$24,473,000), representing a decrease of approximately 76.6% as compared with the last corresponding period. The decrease was in line with the decrease of revenue.

Administrative expenses for the Reporting Period amounted to approximately HK\$21,277,000 (six months ended 30 June 2018: HK\$23,468,000), representing a decrease of approximately 9.3% as compared with the last corresponding period. This decrease was mainly due to decrease of share based payment of approximately HK\$1,829,000.

Finance costs for the Reporting Period was approximately HK\$3,727,000 (six months ended 30 June 2018: HK\$5,499,000), representing an decrease of approximately 32.2% as compared with the last corresponding period. The decrease was mainly due to the decrease of interest paid and payable for the secured bank loans, other borrowings and margin loans.

The Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately HK\$26,668,000 (six months ended 30 June 2018: HK\$18,215,000). The basic loss per share of the Company for the six months ended 30 June 2019 is 3.43 HK cents (six months ended 30 June 2018: 2.71 HK cents).

## Liquidity and Financial Resources

During the Reporting Period, the Group financed its business operations mainly with its internally generated resources and borrowings. At 30 June 2019, the bank balances and cash of the Group was approximately HK\$4,619,000 (31 December 2018: approximately HK\$17,870,000).

At 30 June 2019, the net assets of the Group was approximately HK\$310,657,000 (31 December 2018: HK\$336,973,000) and the net current assets was approximately HK\$12,290,000 (31 December 2018: HK\$38,100,000).

## Gearing Ratio

At 30 June 2019, the total liabilities of the Group amounted to approximately HK\$122,060,000 (31 December 2018: HK\$112,446,000), which mainly comprised of trade and other payables, contract liabilities, borrowings, margin loan payables, amount due to non-controlling interest, income tax payables and deferred tax liabilities. The liabilities are denominated in Hong Kong dollars, Renminbi and New Taiwan dollars.

At 30 June 2019, the Group had total assets of approximately HK\$432,717,000 (31 December 2018: HK\$449,419,000). The gearing ratio of the Group, expressed as the ratio of total liabilities to total assets, increased to 0.28 as at 30 June 2019 (31 December 2018: 0.25).

## Segmental Information

An analysis of the Group's performance for the Reporting Period by business segment is set out in note 4 to this report.

## Capital Structure

As at 30 June 2019, the Company's issued ordinary share capital with an aggregate nominal value of HK\$7,771,324.30 is divided into 777,132,430 ordinary shares of HK\$0.01 each ("Shares") (31 December 2018: HK\$7,771,324.30 divided into 777,132,430 Shares).

## Fund Raising Activities

### ***Issue of Convertible Bond III & Convertible Bond IV as a consideration of an acquisition – completed***

On 28 May 2015, Skyline Top Limited and Yardley Wealth Management Limited (“Yardley”) became shareholders (the “JV Partners”) of Delightful Hope Limited (the “JV Company”) for the purpose of the proposed acquisition. The JV Company is owned as to 50% by each of the JV Partners. The directors of the Company considered the JV Company is the subsidiary of the Company in accordance with HKFRS 10 Consolidated Financial Statement.

Upon formation of JV Company, the JV Partners have agreed to make provision for the management and administration of the JV Company’s affairs, and set out their respective obligations and rights on the terms and conditions set in the shareholders’ agreement (the “Shareholders’ Agreement”).

On 29 May 2015, the Company, the JV Company, Yardley and Rich Best Asia Limited (the “Vendor”) entered into the sale and purchase agreement (the “Sale and Purchase Agreement”) pursuant to which (i) the Vendor has agreed to sell and the JV Company has agreed to purchase entire equity interest in China Smart Asia Limited, a subsidiary of Chinese Strategic Holdings Limited (“Chinese Strategic”), which the shares of Chinese Strategic are listed on the GEM of the Stock Exchange (stock code: 8089); and (ii) the Vendor has agreed to assign the JV Company, and the JV Company has agreed to accept the assignment of sale loan at an aggregate consideration of HK\$93,000,000, which shall be settled and discharged by the JV Company in accordance with the time, mode and manner set out under the Sale and Purchase Agreement: (i) forthwith upon the execution of the Sale and Purchase Agreement, the JV Company and Yardley shall jointly and severally pay the sum of HK\$20,000,000 either in cash or by cashier order to Chinese Strategic for and on behalf of the Vendor as deposit (the “Deposit”), and the Deposit shall be applied for part payment of the consideration at completion; (ii) the JV Company and Yardley shall jointly and severally pay a further sum of HK\$26,500,000 either in cash or by cashier order to Chinese Strategic for and on behalf of the Vendor for partial payment of the balance of the consideration at completion; and (iii) the remaining balance of the consideration in the sum of HK\$46,500,000 shall be settled and discharged by the Company’s issuance to the Vendor (or any nominee of the Vendor) (a) the convertible bonds (“Convertible Bond III”) in the principal amount of HK\$23,000,000; and (b) the convertible bonds (“Convertible Bond IV”) in the principal amount of HK\$23,500,000 at completion.

Upon exercise of conversion rights attaching to the Convertible Bond III and Convertible Bond IV, 186,000,000 new shares shall be issued.

The completion of the acquisition involving the issue of Convertible Bond III and Convertible Bond IV as a part of the consideration took place on 20 August 2015.



Further details of the issue of convertible bonds as a consideration of an acquisition are set out in the announcements of the Company dated 29 May 2015, 20 August 2015 and the circular of the Company dated 27 July 2015.

Convertible Bond III expired on 31 March 2017 and subsequently the Company received a redemption notice from the Convertible Bond III holder for the principal amount of HK\$23,000,000. The amount remained outstanding after expiry and the Company has agreed with the Convertible Bond III holder to pay an interest of 5% per annum from 1 April 2017 up to the date of settlement. The amount was fully settled with interest on 29 March 2018. Convertible Bond IV expired on 30 September 2018 and the Company received a redemption notice from the Convertible Bond IV holder for the principal amount of HK\$23,500,000 as at the date of this report HK\$5,500,000 remained outstanding.

### Placing of new shares

On 20 February 2018, the Company entered into the placing agreement with a placing agent, it is propose that the placing agent would propose to offer for subscription of 1,200,000,000 placing shares at HK\$0.08334 per placing shares ("Placing I"), and the placing agent has agreed to procure subscriptions for the placing shares. The maximum gross proceeds from the Placing I will be approximately HK\$100,008,000. Details are set out in the announcement issued by the Company dated 20 February 2018.

On 9 March 2018, the Company announced to terminate Placing I and will be replaced by a new placing agreement with a placing agent. It is proposed that the placing agent would propose to offer for subscription of 1,200,000,000 placing shares at the placing price of HK\$0.083 per placing share. The maximum gross proceeds from the placing were approximately HK\$99,600,000 and the net proceeds after deducting the placing commission and other relevant expenses were approximately HK\$96,900,000. Further details of the placing are set out in the announcements of the Company dated 9 March 2018 and 29 March 2018.

The net proceeds from placing were used as follows:

<b>Period under review</b>	<b>Aggregate amount used during the period under review</b>	<b>Purpose of usage</b>	<b>Remaining balance of placing proceeds as the last date of the period under review</b>
Since completion of placing on 29 March 2018 up to and including 30 June 2019	HK\$18.0 million	Redemption of Convertible Bond	HK\$5.5 million
	HK\$23.9 million	Repayment of other debts	Nil
	HK\$44.5 million	Partial repayment of loan	Nil
	HK\$5.0 million	General working capital	Nil

## Significant Investments, Acquisitions and Disposal

Disposal of an investment property on 10 August 2018 and 26 October 2018, the Group entered into and signed two sale and purchase agreements with an independent third party to dispose of three of the investment properties held by the Group which are all located in the PRC with fair value of approximately RMB9,330,000 (equivalent to approximately HK\$11,186,000) as at 31 December 2017. Such property was classified as investment properties in the consolidated statement of financial position as at 31 December 2017. The transaction was completed on 30 September 2018 and 31 October 2018 with a loss of disposal between the sale proceed over the cost of acquisition of approximately HK\$3,177,000.

### ***Acquisition of Shunxin Holdings Limited and placing of convertible bonds***

#### *(a) The acquisition of Shunxin Holdings Limited (the "Acquisition")*

On 29 May 2017, Cosmic Bliss Limited as the vendor (the "Vendor"), Champion Front Limited as the purchaser (the "Purchaser") and the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the entire issued share capital of Shunxin Holdings Limited, the target company, at the maximum consideration of HK\$120,000,000, which shall be settled by the issue of the consideration CBs (the "Consideration CBs").

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the outstanding shareholder loan due to the Vendor at the consideration of HK\$1, which shall be settled by cash at completion.

The Consideration CBs are convertible at the conversion price of HK\$0.06 per consideration conversion share. Assuming the Consideration CBs in the principal amount of HK\$120,000,000 are fully converted at the initial conversion price of HK\$0.06, 2,000,000,000 new shares will be allotted and issued by the Company under specific mandate to authorise the Directors to allot and issue the conversion shares under conversion of the Consideration CBs.

Upon completion of the Acquisition, the target company and its subsidiaries will become wholly-owned subsidiaries of the Company and accordingly, their financial results will be consolidated into the accounts of the Company.

(b) *Placing of convertible bonds (the "Placing")*

On 29 May 2017, Kingston Securities Limited (the "Placing Agent") and the Company entered into a placing agreement (the "Placing Agreement") pursuant to which the Company has agreed to appoint the Placing Agent as the placing agent and the Placing Agent has agreed to procure subscribers to subscribe for the placing CBs (the "Placing CBs") in the aggregate principal amount of HK\$360,000,000, on a best effort basis, on the terms and conditions set out in the Placing Agreement.

Completion of the Placing shall be conditional upon, among other things, the completion of the Acquisition. Assuming the Placing CBs in the principal amount of HK\$360,000,000 are fully converted at the initial conversion price of HK\$0.06, 6,000,000,000 new shares will be allotted and issued by the Company under the specific mandate to authorise the Directors to allot and issue the conversion shares under conversion of the Placing CBs.

On 2 January 2018, the Company announced that the Acquisition was terminated as certain conditions precedent of the Sale and Purchase Agreement have not fulfilled or waived by the long stop date. As a result, the Company also announced that the Placing was terminated accordingly.

***Acquisition of interest in certain properties in Shenzhen, the PRC***

On 17 July 2017, Yardley Wealth Management Limited ("YWML") and Skyline Top Limited ("STL"), a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") pursuant to which the YWML has agreed to sell and the STL has agreed to purchase the sale shares (the "Sale Shares"), representing 50% of the issued share capital of Delightful Hope Limited (the "Target Company") for cash consideration of HK\$55,000,000. The Target Company is a non-wholly owned subsidiary of the Company and is owned as to 50% by each of YWML and STL. Following completion, the Target Company will be wholly owned by the STL and will become an indirect wholly-owned subsidiary of the Company.

The principal assets of the Target Company consist of properties comprise 8 commercial units of a total gross floor area of approximately 1,690 sq.m. in Shenzhen City, Guangdong Province, the PRC, and a residential house in Shenzhen City, Guangdong Province, the PRC of a total gross floor area of approximately 315.23 sq.m. According to the audited consolidated account of the Target Company, the book value of the properties was approximately HK\$110,236,000 as at 31 December 2016.

The consideration payable by the STL to the YWML for the Sale Shares is HK\$55,000,000 and shall be satisfied by the STL's payment in cash to the YWML or its nominee in the following manner: (a) as to the part payment in the sum of HK\$20,000,000, within 14 days after the date of the Agreement; (b) as to the balance of HK\$35,000,000, upon completion.

On 31 July 2017, a supplemental agreement was entered into between the parties that the part payment in the sum of HK\$20,000,000 shall be paid on or before 28 August 2017 or such later date as the parties may agree in writing. HK\$20,000,000 of the above payment has been paid.

On 17 January 2018, the parties had entered into a second supplemental agreement whereas the timing of payment of the balance of HK\$35,000,000 was extended from 17 January 2018 to 17 January 2019. On 19 March 2019, the parties had entered into a third supplemental agreement whereas the Long Stop Date has been extended from 17 January 2019 to 31 March 2020 and payment of the remaining balance shall be paid by one or several instalments on or before the Date of Completion. As at the date of this report, the amount of HK\$11,156,949 remained outstanding.

#### ***Acquisition of Max Joint Asia Pacific (China) Limited***

On 27 August 2018, Guo Weifu as the Vendor, King Noble Holdings Limited as the Purchaser, an indirect wholly-owned subsidiary of the Company and the Company entered into the sale and purchase agreement. Under and pursuant to the terms and conditions of the sale and purchase agreement, the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the entire issued capital of Max Joint Asia Pacific (China) Limited, at the Consideration of HK\$46,500,000.

Upon Completion and subject to audit, the Target Company and its wholly-owned subsidiaries are expected to be accounted for as indirect wholly-owned subsidiaries of the Company, and Higuren Agricultural and its subsidiary are expected to be accounted for as investments to the Company.

At Completion, the Company shall, and the Purchaser shall procure the Company to, allot and issue 465,000,000 new Shares at the Issue Price out of the General Mandate and free from any encumbrance whatsoever to and in favour of the Vendor for full and final settlement and discharge of the Consideration.

The Target Company is an investment holding company incorporated in Hong Kong with limited liability, which holds 15% equity interest in Higreen Agricultural Product Logistics Company Limited ("Higreen Agricultural"). Higreen Agricultural is established in PRC with limited liability. It operates a large-scale agricultural products logistics center in Bengbu of Anhui Province, PRC for wholesale of agricultural products, which also handles processing, packaging, storage, direct selling, delivery, auction, e-commerce, food safety testing and central settlement. Upon Completion, Higreen Agricultural shall be held as to 15% indirectly by the Company.

The acquisition has been completed on 25 October 2018. An aggregate of 465,000,000 consideration share were allotted and issued at the issue price of HK\$0.10 each.

### ***Disposal of Shenzhen City Jintaiyuan Investment Development Company Limited***

On 29 November 2018, Shenzhen City Chenqi Enterprise Consultancy Management Company Limited ("Chenqi"), an indirect wholly-owned subsidiary of the Company, and the transferee, an independent third party, entered into the equity transfer agreement pursuant to which the Chenqi has agreed to sell, and the Transferee has agreed to acquire, the entire equity interest in Shenzhen City Jintaiyuan Investment Development Company Limited ("Jintaiyuan") at the consideration of RMB21,000,000 (being approximately HK\$23,635,500).

Jintaiyuan is an investment holding company incorporated in the PRC with limited liability, which holds 15% equity interest in Bengbu Higreen Agricultural Product Logistics Company Limited\* (蚌埠海吉星農產品物流有限公司) ("Higreen Agricultural").

On 14 December 2018, the Transferee and the Chenqi entered into a memorandum in relation to the disposal. According to the Equity Transfer Agreement, the Transferee is obligated to pay a total consideration of RMB21,000,000 upon the completion date. As at the date of this announcement the Transferee has already paid the Chenqi a total of RMB14,000,000. The final payment of RMB7,000,000 was to be paid on the equity change registration completion date. The equity change registration completion date took place on 11 December 2018. At the request of the Transferee and after arm's length negotiations between the Parties, the Parties have entered into the memorandum to extend the final payment of RMB7,000,000 to be paid within six months upon the signing of the memorandum.

### **Charges on Group's Assets**

As at 30 June 2019, the Group had charges on one of its investment properties to obtain a mortgage financing from a bank in Taiwan of approximately HK\$7,906,000 (31 December 2018: HK\$8,230,000). Investments held for trading have been pledged to brokers' account to obtain a margin loan financing of approximately HK\$10,568,000 (31 December 2018: HK\$18,199,000). Furthermore, the Group had charges on certain investment properties in the PRC and Hong Kong to obtain term loans from money lenders in PRC and Hong Kong of approximately HK\$96,975,000 (31 December 2018: HK\$17,386,000).

### **Contingent Liabilities**

As at 30 June 2019, the Group did not have any material contingent liabilities (31 December 2018: nil).

### **Capital Commitments**

As at 30 June 2019, the Group had capital commitments amounting to approximately HK\$10,000,000 (31 December 2018: HK\$20,000,000).

### **Exposure to Fluctuations in Exchange Rates**

All of the Group's assets, liabilities and transactions are mainly denominated either in Hong Kong dollars or Renminbi or New Taiwan dollars. The Directors do not consider that the Group is exposed to any material foreign currency exchange risk. Therefore, no hedging devices or any other alternatives have been implemented.

## **OUTLOOK**

The local economic growth for the first 6 months of 2019 was obviously slowed down. The local stock market was volatile affected by among others, the trade tariff war between US and PRC. Given these unfavourable conditions, the Group will have to allocate resources carefully in different business segments in order to optimize its investment returns.

### **One-stop value chain services**

The Group noticed that the performance of this segment has dropped significantly as compared to last corresponding period. Nevertheless, the Group is still working on improvement plan.

### **Property investment**

The Group will continue monitor its property investment portfolio and grasp the opportunity to be benefited from the potential capital gain of the assets together but also balance with enhanced rental yields.

### **Trading of consumables and agricultural products**

The business segment for trading of consumables and agricultural products was mainly composed of re-usable bags trading business. The business segment demonstrates potential and the Group is optimistic about its future contribution.

### **Trading of grocery food products**

The Group will focus its resources on Nittin brand of ramen and udon products in this segment.



### **Provision of money lending services**

The Group's money lending services segment continue to make stable contribution to the Group's revenue. The Group is re-visiting its credit control policy and look to further expand this business segment if and when financial resources are available.

### **Provision of financial services**

The Group has now 2 licensed subsidiaries providing asset management and advising on corporate finance services. The Group is hoping that this segment will continue to grow and make positive contribution to the Group's revenue and profit.

### **Other Developing Business**

The Group has conducted the business of bulk commodities trading in the first half of this year, and the products are mainly resin plastics (ABS) and polyethylene plastics (PE). The management of the Company considered that under the current uncertain economic environment, conducting the new business of bulk commodities trading can disperse risks and diversify the businesses of the Group. At the same time, the management of the Company also actively identifies plastic related business opportunities to create value for the shareholders and ensure the maximization of the interests of the shareholders.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2019, the Group had 46 full-time employees (31 December 2018: 45). Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK\$8,048,000 (six months ended 30 June 2018: approximately HK\$12,109,000). The Group determines the remuneration and compensation payable to its staff based on individual performance and expertise. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

## **DIRECTORS' INTERESTS IN CONTRACTS**

No Director of the Company had a significant beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any its subsidiaries was a party at any time during the Reporting Period.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2019, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

Long position in the underlying shares in respect of the share options of the Company (which were regarded as unlisted physically settled equity derivatives) granted under the share option scheme adopted by the Company on 6 May 2011:

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2019
So David Tat Man	12 September 2016	1.10	13 September 2016 – 12 September 2019	1,560,000	-	-	-	1,560,000
			13 September 2017 – 12 September 2019	1,560,000	-	-	-	1,560,000
			13 September 2018 – 12 September 2019	2,080,000	-	-	-	2,080,000
Ng Cheuk Fan, Keith	12 September 2016	1.10	13 September 2016 – 12 September 2019	1,200,000	-	-	-	1,200,000
			13 September 2017 – 12 September 2019	1,200,000	-	-	-	1,200,000
			13 September 2018 – 12 September 2019	1,600,000	-	-	-	1,600,000
Yick Ting Fai, Jeffrey	12 September 2016	1.10	13 September 2016 – 12 September 2019	150,000	-	-	-	150,000
			13 September 2017 – 12 September 2019	150,000	-	-	-	150,000
			13 September 2018 – 12 September 2019	200,000	-	-	-	200,000

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2019
Zhang Min	12 September 2016	1.10	13 September 2016 – 12 September 2019	150,000	-	-	-	150,000
			13 September 2017 – 12 September 2019	150,000	-	-	-	150,000
			13 September 2018 – 12 September 2019	200,000	-	-	-	200,000
Yuen Wai Man	12 September 2016	1.10	13 September 2016 – 12 September 2019	150,000	-	-	-	150,000
			13 September 2017 – 12 September 2019	150,000	-	-	-	150,000
			13 September 2018 – 12 September 2019	200,000	-	-	-	200,000

## DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above, at no time during the Reporting Period, there subsisted arrangements to which the Company or any of its subsidiaries is a party, being arrangements whose subjects are, or one of whose objects is, to enable any of the directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate, and none of the directors of the Company, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company during the Reporting Period.

## SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware of and having made due enquiries, as at 30 June 2019, the following parties, other than the Directors or the chief executive of the Company, had interests or short positions directly or indirectly in the shares and underlying shares of the Company disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

## Long positions in the shares and underlying shares of the Company:

Name of shareholders	Number of shares of the Company (Corporate Interests)	Number of underlying shares of the Company	Total	Approximate percentage of the issued share capital (Note 1)
Yardley Finance Limited (Note 2)	43,080,000	-	43,080,000	5.54%
Chan Kin Sun (Note 2)	43,080,000	-	43,080,000	5.54%

### Notes:

1. As at 30 June 2019, the Company's issued ordinary share capital was HK\$7,771,324.30 divided into 777,132,430 Shares of HK\$0.01 each.
2. These shares were held by Yardley Finance Limited ("Yardley Finance"), a company incorporated in Hong Kong with limited liability. Since Yardley Finance is wholly-owned by Chan Kin Sun, Chan Kin Sun was deemed to be interested in these shares.

Save for disclosed above, the Company is not aware of any other person, other than a director or the chief executive of the Company, who held interests or short positions in the shares and underlying shares of the Company as at 30 June 2019 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## SHARE OPTION SCHEME

The Company adopted a share option scheme on 6 May 2011 (the "Share Option Scheme"). During the Reporting Period, no share options have been granted, exercised, forfeited or lapsed. As at 30 June 2019, options for 30,325,000 Shares remained outstanding.

## **COMPETING INTERESTS**

None of the Directors or controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that compete with the business of the Group or has or may have any other conflict of interest with the Group during the Reporting Period.

## **CORPORATE GOVERNANCE**

The Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules throughout the Reporting Period except for the following deviation:

Provision A.2.1 of the CG Code prescribed, among others, the roles of chairman of the Board and chief executive of the Company should be separate and should not be performed by the same individual. Throughout the Reporting Period, the Company did not appoint a chairman of the Board. The Board will keep reviewing the current structure of the Board from time to time. If candidate with suitable knowledge, skills and experience is identified, the Company will make appointment to fill the post as appropriate.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code"). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code during the Reporting Period.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

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

## AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) on 31 July 2001 with written terms of reference in compliance with GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and the internal control and risk management system of the Group. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Yuen Wai Man (Chairman of the Audit Committee), Mr. Yick Ting Fai, Jeffrey and Mr. Zhang Min.

The unaudited condensed consolidated financial results of the Group for the Reporting Period have been reviewed by the Audit Committee.

By Order of the Board  
**China Eco-Farming Limited**  
**So David Tat Man**  
*Executive Director*

Hong Kong, 8 August 2019

*As at the date of this report, the executive Directors are Mr. So David Tat Man and Mr. Ng Cheuk Fan, Keith; and the independent non-executive Directors are Mr. Yick Ting Fai, Jeffrey, Mr. Zhang Min and Ms. Yuen Wai Man.*