

Interim Report 2020



中國農業生態有限公司
China Eco-Farming Limited

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

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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\$12,701,000 for the six months ended 30 June 2020 (the “Reporting Period”), representing an increase of approximately 10.3% as compared with approximately HK\$11,514,000 for the last corresponding period.

The unaudited loss for the period attributable to owners of the Company for the Reporting Period was approximately HK\$21,904,000 (six months ended 30 June 2019: HK\$26,668,000). The basic loss per share of the Company for the six months ended 30 June 2020 is 2.35 HK cents (six months ended 30 June 2019: 3.43 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 2020 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	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Revenue					
Goods and services		6,656	4,222	11,734	9,144
Rental		(2)	815	261	1,640
Interest		366	389	706	730
	3	7,020	5,426	12,701	11,514
Cost of sales		(6,090)	(2,084)	(10,034)	(5,721)
Gross profit		930	3,342	2,667	5,793
Other revenue	3	274	2,161	362	3,234
Selling and distribution expenses		(284)	(296)	(682)	(748)
Administrative expenses		(9,008)	(9,032)	(19,418)	(21,277)
Finance costs	5	(854)	(2,178)	(1,857)	(3,727)
Share of results of associates		413	(228)	(212)	710
Gain on disposal of a subsidiary		678	-	678	-
(Loss)/Gain from changes in fair value of financial assets at fair value through profit or loss		(2,564)	(7,986)	(1,733)	(9,899)
Loss before taxation		(10,415)	(14,217)	(20,195)	(25,914)
Taxation	6	(1,430)	(185)	(1,476)	(195)
Loss for the period	7	(11,845)	(14,402)	(21,671)	(26,109)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Loss for the period		(11,845)	(14,402)	(21,671)	(26,109)
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		1,663	-	-	(2,477)
Exchange differences arising on translation of foreign operations		(2,823)	(3,356)	2,807	2,270
Other comprehensive income/(expense) for the period		(1,160)	(3,356)	2,807	(207)
Total comprehensive expense for the period		(13,005)	(17,758)	(18,864)	(26,316)
Loss for the period attributable to:					
– Owners of the Company		(12,622)	(14,848)	(21,904)	(26,668)
– Non-controlling interests		777	446	233	559
		(11,845)	(14,402)	(21,671)	(26,109)
Total comprehensive expense for the period attributable to:					
– Owners of the Company		(12,858)	(16,359)	(20,223)	(27,645)
– Non-controlling interests		(147)	(1,399)	1,359	1,329
		(13,005)	(17,758)	(18,864)	(26,316)
LOSS PER SHARE	9				
Basic and diluted (HK cents)		(1.35)	(1.91)	(2.35)	(3.43)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

		At 30 June 2020 \$'000 (Unaudited)	At 31 December 2019 \$'000 (Audited)
Non-current assets			
Plant and equipment	10	3,044	2,948
Right-of-use assets	12	2,916	3,550
Investment properties		59,183	59,183
Goodwill	11	725	725
Interests in associates		53,337	53,549
Equity Instruments at fair value through other comprehensive income	13	9,571	9,571
Deposit paid		58,768	59,768
		187,544	189,294
Current assets			
Inventories, finished goods		39	908
Trade and other receivables	14	25,602	24,244
Loan and interest receivables	15	21,049	21,148
Loan to associates		37,764	31,559
Financial assets at fair value through profit or loss		11,845	7,685
Bank balances and cash		3,539	2,416
		99,838	87,960
Assets classified as held for sale		77,610	77,610
		177,448	165,570

	<i>Notes</i>	At 30 June 2020 \$'000 (Unaudited)	At 31 December 2019 \$'000 (Audited)
Current liabilities			
Trade and other payables	16	83,405	40,362
Amount due to non-controlling interests		2,995	2,995
Borrowings	17	27,845	43,366
Margin loan payables		7,707	6,012
Lease liabilities	12	1,479	1,107
Financial guarantee contract		699	727
Income tax payables		350	244
		124,480	94,813
Net current assets		52,968	70,757
Total assets less current liabilities		240,512	260,051
Non-current liabilities			
Borrowings	17	19,612	19,612
Lease liabilities	12	1,961	2,636
Deferred tax liabilities		15,212	15,212
		36,785	37,460
Net assets		203,727	222,591
Capital and reserves			
Share capital	18	9,325	9,325
Reserves		156,569	176,792
Equity attributable to owners of the Company		165,894	186,117
Non-controlling interests		37,833	36,474
Total equity		203,727	222,591

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020 (Expressed in Hong Kong dollars)

	Attributable to owners of the Company										Non-controlling interests \$'000	Total \$'000
	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	Total \$'000		
At 1 January 2019	7,771	-	-	(16,796)	14,616	(8,694)	6,026	(764)	298,198	300,357	36,616	336,973
(Loss)/profit 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
Other comprehensive (expense)/income for the period	-	-	-	(2,477)	-	1,500	-	-	-	(977)	770	(207)
Total comprehensive (expense)/income for the period	-	-	-	(2,477)	-	1,500	-	-	(26,668)	(27,645)	1,329	(26,316)
At 30 June 2019	7,771	-	-	(19,273)	14,616	(7,194)	6,026	(764)	271,530	272,712	37,945	310,657
At 1 January 2020	9,325	6,909	650,298	(28,946)	-	(16,594)	6,026	(746)	(440,155)	186,117	36,474	222,591
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(21,904)	(21,904)	233	(21,671)
Other comprehensive income (expense) for the period:												
Fair value change of available-for-sale investments	-	-	-	-	-	-	-	-	-	-	-	-
Exchange difference arising on translating foreign operations	-	-	-	-	-	1,681	-	-	-	1,681	1,126	2,807
Other comprehensive (expense)/income for the period	-	-	-	-	-	1,681	-	-	-	1,681	1,126	2,807
Total comprehensive (expense)/income for the period	-	-	-	-	-	1,681	-	-	(21,904)	(20,223)	1,359	(18,864)
At 30 June 2020	9,325	6,909	650,298	(28,946)	-	(14,913)	6,026	(746)	(462,059)	165,894	37,833	203,727

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Hong Kong dollars)

	For the six months ended 30 June	
	2020 \$'000	2019 \$'000
Net cash used in operating activities	(21,502)	(25,253)
Net cash from/(used in) investing activities	42,894	(2,335)
Net cash (used in)/from financing activities	(23,076)	12,067
Net (decrease)/increase in cash and cash equivalents	(1,684)	(15,521)
Cash and cash equivalents at the beginning of period	2,416	17,870
Effect of foreign exchange rates changes, net	2,807	2,270
Cash and cash equivalents at the end of period, represented by bank balances and cash	3,539	4,619

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 Room 2002, 20/F., Overseas Trust Bank Building, 160 Gloucester Road, 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 2020, 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 2020 are consistent with those adopted in preparing the audited consolidated financial statements of the Group for the year ended 31 December 2019 except for the following amendments and interpretation ("New HKFRSs") issued by HKICPA which are or shall be in effect.

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of Business ²
Amendments to HKAS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ *Effective for annual periods beginning on or after 1 January 2021.*

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

³ *Effective for annual periods beginning on or after a date to be determined.*

⁴ *Effective for annual periods beginning on or after 1 January 2020.*

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.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied is 15%.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets should be adjusted to reflect the discounting effect at transition. Based on the assessment by the management of the Company, the amount of the adjustment is insignificant and therefore no adjustment to refundable rental deposits received has been made.

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 2020 is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue:				
One-stop value chain services	–	422	2,031	1,930
Rental income (note (i))	(2)	815	261	1,640
Trading of grocery food products	1,430	1,158	3,102	2,573
Trading of consumables and agricultural products	5,065	1,372	6,440	2,931
Provision of money lending services (note (ii))	366	389	706	730
Provision of financial services	161	1,270	161	1,710
	7,020	5,426	12,701	11,514
Other revenue (note (iii))	274	2,161	362	3,234
	7,294	7,587	13,063	14,748

Notes :

(i) Rental income

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Gross rental income	(2)	815	261	1,640
Less: outgoing (included in cost of sales)	1	(5)	(2)	(10)
Net rental income	(1)	810	259	1,630

(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 2020 (six months ended 30 June 2019: 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 2019. The loans were interest-bearing with interest rate of 8% per annum, secured by the non-listed shares and repayable by 31 December 2020.

(iii) Other revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income (note (iv))	88	1,074	176	2,048
Sundry income	186	1,087	186	1,186
	274	2,161	362	3,234

(iv) Interest income

Included in interest income are approximately HK\$176,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$2,046,000), 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 31 August 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

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 2020						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	2,031	261	6,440	3,102	706	161	12,701
Segment profit (loss)	20	(3,995)	(857)	195	108	(2,809)	(7,338)
Unallocated corporate other revenue							362
Unallocated corporate expenses							(9,416)
Loss from changes in fair value of financial assets at fair value through profit or loss							(1,733)
Share of results of associates							(212)
Finance costs							(1,857)
Loss before taxation							(20,194)

	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)

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, other gain or loss, decrease in fair value of financial assets at FVTPL, 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.

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

Revenue from external customers	For the three months end 30 June		For the six months end 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Hong Kong	7,022	4,611	12,440	9,874
The PRC	(2)	815	261	1,640
	7,020	5,426	12,701	11,514

5. Finance costs

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on borrowings (Note (i))	577	1,972	1,237	3,279
Interest on margin loan payable	152	206	359	448
Interest on lease liabilities	125	–	261	–
	854	2,178	1,857	3,727

Note:

(i) Interest on loan payable

Included in interest on loans payable were interest expenses of approximately HK\$8,000 for the six months ended 30 June 2020, payable to Mr. So David Tat Man, an executive director of the Company, for aggregate loan amount of HK\$1,100,000 granted in December 2019. The loan was interest-bearing with interest rate of 10% per annum and fully repaid by 24 January 2020.

6. Taxation

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax	1,430	185	1,476	195
Deferred tax	–	–	–	–
Income tax credit recognised in profit or loss	1,430	185	1,476	195

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 PRC 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 2020 and 2019 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 2020 and 2019 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss for the period has been arrived at after charging:				
Directors' and chief executive's emoluments	735	735	1,715	1,715
Other staff costs (excluding directors' and chief executive's emoluments)	2,936	2,789	7,456	6,048
Retirement benefits scheme contributions (excluding directors and chief executive)	104	138	221	285
	3,775	3,662	9,392	8,048
Auditors' remuneration	189	189	378	378
Cost of inventories recognised as an expense	6,091	2,079	10,032	5,711
Depreciation for plant and equipment	682	585	1,369	1,095
Depreciation of right-of-use assets	317	–	634	–
Minimum lease payments paid under operating leases in respect of office premises	–	1,003	–	2,000

8. Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2020 (2019: 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 2020 and 2019 is based on the following data.

	For the three months ended 30 June		For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Unaudited loss attributable to owners of the Company for the purposes of basic and diluted loss per share (HK\$'000)	(12,622)	(14,848)	(21,904)	(26,668)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	(932,552,430)	777,132,430	(932,552,430)	777,132,430

Diluted loss per share is the same as basic loss per share for the three months and six months ended 30 June 2020. 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 2020.

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 conversion of the Company's outstanding convertible bonds and the exercise of share options to subscribe for additional shares as at 30 June 2019 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 2019.

10. Plant and equipment

During the six months ended 30 June 2020, the Group acquired items of plant and equipment of approximately HK\$1,101,000 (six months ended 30 June 2019: approximately HK\$8,000).

11. Goodwill

During the six months ended 30 June 2020, there were no movement in the carrying amount of goodwill (six months ended 30 June 2019: nil).

12. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

(i) *Right-of-use assets*

	Lease properties HK\$'000
As at 1 January 2020	
Carrying amount	3,550
As at 30 June 2020	
Carrying amount	2,916
For the period ended 30 June 2020	
Depreciation charge	634
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	59
Additions to right-of-use assets	-

(ii) *Lease liabilities*

	At 30 June 2020 HK\$'000
Lease liabilities payable:	
Within one year	1,479
Within a period of more than one year but not more than two years	1,511
Within a period of more than two years but not more than five years	450
	3,440
<i>Less:</i> Amount due for settlement with 12 months shown under current liabilities	1,479
Amount due for settlement after 12 months shown under non-current liabilities	1,961

13. Equity instruments at fair value through other comprehensive income

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Unlisted investments:		
Equity securities (<i>Note a</i>)	9,571	9,571
	9,571	9,571

Notes:

- (a) The unlisted equity investments of approximately HK\$9,571,000 as at 30 June 2020 (31 December 2019: HK\$9,571,000) represent investments in unlisted equity securities issued by private entities incorporated in the PRC.

14. Trade and other receivables

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Trade receivables <i>(Note (b))</i>	4,080	5,414
<i>Less:</i> Allowance for credit losses	(158)	(142)
	3,922	5,272
Prepayment to suppliers	344	354
Deposit	5,040	5,176
Other receivables <i>(Note a)</i>	16,616	13,564
	21,656	18,740
<i>Less:</i> Allowance for credit losses	(320)	(122)
	21,336	18,618
	25,602	24,244

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

Notes:

- (a) As at 31 December 2019, included in the Group's other receivables balance of RMB7,000,000 (equivalent to approximately HK\$7,823,000) represented consideration receivables in relation to the disposal of the entire issued shares of Shenzhen City Jintaiyuan Investment Development Company Limited. The amount has been fully settled in April 2020.

- (b) The credit period granted to the Group's trade customers generally ranges from 0 days to 90 days (31 December 2019: 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:

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
0 to 30 days	2,385	3,536
31 to 90 days	1,510	1,730
Over 90 days	27	6
	3,922	5,272

15. Loan and interest receivables

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Fixed-rate loan and interest receivables		
– Secured	26,399	25,792
– Unsecured	1,469	2,345
	27,868	28,137
Less: Allowance for credit losses	(6,819)	(6,989)
	21,049	21,148
Analysed as		
Current asset (within one year)	21,049	21,148

Notes:

As at 30 June 2020, included in the Group's loan and interest receivables balance are debtors with aggregate carrying amount of approximately HK\$20,110,000 (31 December 2019: HK\$19,616,000) which has been past due 90 days or more as at the reporting date. Among those past due more than 90 days, the Directors consider the credit risks of approximately HK\$16,941,000 (31 December 2019: HK\$17,271,000) have increased significantly and are considered as credit impaired. The Directors are in the view that there have been no significant increase in credit risk nor default of the remaining HK\$1,469,000 (31 December 2019: HK\$2,345,000) based on the repayment history and creditworthiness of that debtor.

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

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Fixed-rate loan receivables		
Within 1 year	21,049	21,148
	21,049	21,148

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

	At 30 June 2020 (Unaudited)	At 31 December 2019 (Audited)
Effective interest rate:		
Fixed-rate loan and interest receivables	7% – 36%	7% – 18%

16. Trade and other payables

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Trade payables	3,041	3,803
Other payables	80,364	36,559
	83,405	40,362

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

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
0 to 30 days	2,103	2,096
31 to 90 days	-	1,587
Over 90 days	938	120
	3,041	3,803

The average credit period on purchases of goods is 21 days (31 December 2019: 21 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

17. Borrowings

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Bank borrowings, secured (Note a)	7,445	18,766
Other borrowings, unsecured (Note b)	30,012	34,212
Other borrowing, secured (Note c)	10,000	10,000
	40,012	44,212
Total borrowings	47,457	62,978

Notes:

- (a) The first secured bank borrowing is secured by two investment properties of the Group located in the PRC. As at 31 December 2019, those investment properties were with fair value of approximately RMB19,477,000 (equivalent to approximately HK\$21,766,000). The secured bank borrowing is bearing an overdue interest rate at 9.7875% per annum and has been fully repaid on 6 January 2020.

The second secured bank borrowing is secured by an investment property of the Group located in Taiwan with carrying amount of NTD68,600,000 (equivalent to approximately HK\$17,664,000) (31 December 2019: NTD68,600,000 (equivalent to approximately HK\$17,664,000)). The bank borrowing is repayable in 180 monthly instalments commencing on 9 May 2015 to 9 April 2030. It carries 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.

- (b) The unsecured other borrowing was obtained from Lender A. According to the loan agreement, the Group has to reimburse Lender A for its costs of financing, which includes the interest rate of 8% per annum borne by Lender A. Those reimbursements have been recognised as financial costs of the Group for the year ended 30 June 2020.

The unsecured other borrowing was obtained from Gold Wide, an associate of the Group. According to the loan agreement, the Group has to reimburse Gold Wide for its costs of financing, which includes the interest rate of 8% per annum borne by Gold Wide. Those reimbursements have been recognised as financial costs of the Group for the year ended 30 June 2020. Pursuant to the deed of settlement dated 31 December 2019, the Group and Gold Wide canvassed amongst themselves that, instead of the Group repaying this borrowing to Gold Wide, the Group shall repay to Entity A. Any sums paid and/or to be paid by the Group to Gold Wide pursuant to this borrowing shall be paid and discharged in accordance therewith.

The unsecured other borrowings were obtained from a financial institution in Hong Kong. The unsecured other borrowing has been fully repaid on 11 February 2020.

On 25 January 2019, other payable of HK\$21,500,000 was novated to a financial institution and reclassified to borrowings. The amount is unsecured, carries interest at 15% per annum and repayable in 10 installments from 28 March 2019 to 28 December 2019.

The unsecured other borrowing was obtained from Mr. So David Tat Man, executive director of the Company. The unsecured other borrowing has been fully repaid on 24 January 2020.

- (c) The secured other borrowing is obtained from a financial institution in Hong Kong and is secured by an investment property of the Group located in Hong Kong with fair value of approximately HK\$13,000,000.

18. Share capital

	Nominal value per share <i>HK\$</i>	Number of shares	Amount <i>HK\$'000</i>
Authorised ordinary shares:			
At 1 January 2019, 31 December 2019 and 30 June 2020	0.01	18,260,869,570	182,609
Issued and fully paid ordinary shares:			
At 31 December 2018 and 1 January 2019	0.01	777,132,430	7,771
Placing of new shares (<i>Notes a</i>)	0.01	155,420,000	1,554
At 31 December 2019	0.01	932,552,430	9,325
At 30 June 2020	0.01	932,552,430	9,325
Authorised convertible preference shares:			
At 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	0.1	173,913,043	17,391
Issued and fully paid convertible preference shares:			
At 1 January 2019, 31 December 2019, at 1 January 2020 and 30 June 2020	0.1	-	-

Notes:

- (a) On 20 September 2019, the Company and Head & Shoulders Securities Limited (the "2nd Placing Agent") entered into the placing agreement, pursuant to which the Company has conditionally agreed to place, through the 2nd Placing Agent, on a best effort basis a maximum of 155,426,486 ordinary shares of the Company at a placing price of HK\$0.055 per placing share (the "2019 Placing").

The completion of the 2019 Placing took place on 31 October 2019 and 155,420,000 shares have been allotted. The gross proceeds from the 2019 Placing were approximately HK\$8,548,000. The net proceeds after deducting the placing commission and other related expenses were approximately HK\$8,463,000. Further details of the 2019 Placing are set out in the Company's announcements dated 20 September 2019 and 31 October 2019, respectively.

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

19. 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. During the Reporting Period, no share options was granted under the Share Option Scheme.

20. Capital commitments

	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Contracted for but not provided in the consolidated financial statements:		
Unpaid registered capital for subsidiaries	44,060	44,822
Capital expenditure in respect of acquisition of further equity interests in a subsidiary	10,760	10,760
	54,820	55,582

21. 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 2020	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Listed equity securities at FVTPL	HK\$11,845,000 (31 December 2019: HK\$7,685,000)	Level 1	Quoted closing prices in an active market	N/A
Unlisted equity investments at FVTOCI (<i>Note</i>)	HK\$9,571,000 (31 December 2019: HK\$9,571,000)	Level 3	Market approach	Price-to-book value multiple Discount of lack of marketability

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.

22. Disposal of a subsidiary

During the Reporting period, the Group has disposed a subsidiary. Net assets of the subsidiary, being disposed at the date of disposal was follows:

Consideration received:

	<i>HK'000</i>
Cash received	1,000

Analysis of assets and liabilities over which disposal:

Motor Vehicle	325
Deposit paid	4
Accrued expenses	(7)

Net assets disposed of	322
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Gain on deemed disposal of a subsidiary:

Consideration received	1,000
Net assets disposal of	(322)

Gain on deemed disposal of a subsidiary	678
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Net Cash inflow arising on disposal:

Cash consideration	1,000
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23. Related party transactions

- (a) The Group entered into the following significant transactions with related parties during the six months ended 30 June 2020 and 2019:

Name of company	Nature of transaction	For the six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Beijing HX (Note a)	Loan interest income received	–	(1,870)
Fuyu (Note a)	Loan interest income received	(176)	(176)
Bright Kingdom International Limited ("Bright Kingdom") (Note b)	Consultancy fee paid	300	300
Chan Kee Holdings Limited ("Chan Kee") (Note c)	Purchases of grocery food product	2,054	1,481
	Income received	(69)	(103)
	Consultancy fee paid	180	170

Note a: Beijing HX and Fuyu are the associates of the Group.

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

Note c: 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 for the period from 4 February 2016 to 31 December 2018.

On 25 March 2019, the trademark licence agreement and the sole distributorship agreement have been renewed for a period of 3 years.

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.

During the year ended 31 December 2016, 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 set out in the announcement of the Company dated 4 February 2016 and 25 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 2020 and 2019 was as follows:

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term benefits	2,025	2,205
Post-employment benefits	40	45
	2,065	2,250

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.

24. Events after the Reporting Period

On 30 July 2020, the Vendor, being an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Properties at the Consideration of NT\$72,380,000 (equivalent to approximately HK\$19,088,000). The Properties is located on 12th Floor, No. 35, Lane 235, Jingmaoer Road, Nangang District, Taipei City, Taiwan and with two car parking spaces numbered 166 and 167 in the building.

Please refer to the announcement of the Company dated 30 July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the six months ended 30 June 2020 (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\$2,031,000 (six months ended 30 June 2019: HK\$1,930,000) representing an increase of approximately 5.2% as compared with the last corresponding period.

The increase was due to extra efforts were put into trying to maintain the same level of business.

Property Investment

During the Reporting Period, the property investment segment reported revenue of approximately HK\$261,000 (six months ended 30 June 2019: HK\$1,640,000), representing a decrease of approximately 84.1% as compared with last corresponding period. The decrease was due to decrease in commercial office rental income. At 30 June 2020, the Group held properties in the People's Republic of China (the "PRC"), Taiwan and Hong Kong for investment purpose amounted to approximately HK\$136,793,000 (31 December 2019: HK\$136,793,000).

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\$3,102,000 (six months ended 30 June 2019: HK\$2,573,000), representing an increase of approximately 20.6% 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\$6,440,000 (six months ended 30 June 2019: HK\$2,931,000), representing an increase of approximately 119.7% as compared with last companding period.

This business segment is mainly composed of re-usable bags trading business and bulk commodities trading in resin plastics (ABS) and polyethylene (PE) which commenced last year.

Provision of money lending services

During the Reporting Period, this segment reported a revenue of approximately HK\$706,000 (six months ended 30 June 2019: HK\$730,000), representing a decrease of approximately 3.3% as compared with the last corresponding period. With majority of the loans secured by properties or company shares, 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 2020, the Group has a licensed subsidiary, China AF Asset Management Limited, a company holding Type 4 (advising on securities) and Type 9 (asset management) licences under Securities and Futures Commission (the "SFC"). This segment also provides financial consultancy services. This segment reported a revenue for the period ended 30 June of 2020 of HK\$161,000 (six months ended 30 June of 2019: HK\$1,710,000), representing a decrease of approximately 90.6% as compared with last companding period.

The decrease was mainly due to the corporate finance division operating under the name of China AF Corporate Finance Limited ceased to operate and has made an application to SFC to revoke its licence in September 2019.

Securities investments

The Group had equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss in aggregate of approximately HK\$21,416,000 as at 30 June 2020, representing approximately 5.87% of the Company's total assets (31 December 2019: approximately HK\$17,256,000, representing approximately 4.86% 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 2020 and 31 December 2019:

For the six months ended 30 June 2020 and year ended 31 December 2019

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	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
	Approximately HK\$'000				Approximately		Approximately HK\$'000		Approximately		Approximately HK\$'000		Approximately HK\$'000	
Financial assets at fair value through profit or loss														
Others (Note 1)	13,573	13,265	N/A	N/A	N/A	N/A	11,845	7,685	3.25%	2.16%	(1,733)	(10,077)	-	283
	13,573	13,265					11,845	7,685	3.25%	2.16%	(1,733)	(10,077)	-	283
Equity instruments at fair value through other comprehensive income														
Anhui Damingyuan Tourism Development Company Limited* (安徽大明園旅遊發展股份有限公司) (Note 2)	9,571	21,833	11,250,000	11,250,000	4.99%	4.99%	9,571	9,571	2.62%	2.70%	-	(12,262)	-	-
Others (Note 2)	-	-	N/A	N/A	N/A	N/A	-	-	N/A	-	-	(3,379)	-	-
	9,571	21,833					9,571	9,571	2.62%	2.70%	-	(15,641)	-	-
Total	23,144	35,098					21,416	17,256	5.87%	4.86%	(1,733)	(25,718)	-	283

Notes:

- These are all listed companies on the Stock Exchange for the year ended 30 June 2020, together with their subsidiaries are mainly engaged in sales of alcoholic beverages, the provision of financial services, the provision of blockchain services, the provision of loan financing services, 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, investments and trading in securities, money lending, properties investments, securities trading, trading business and dealing in, advising on securities and asset management, futures and options broking, EPC and consultancy operations, financing and solar power generation, provision of secured financing services and microfinance services, shipping and logistics, design manufacture, supply and installation of passenger vehicle leather upholstery, supply and installation of vehicle electronic accessories.
- 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.
- 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. The 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\$12,701,000 (six months ended 30 June 2019: HK\$11,514,000), representing an increase of approximately 10.3% as compared with the last corresponding period.

Cost of sales for the Reporting Period amounted to approximately HK\$10,034,000 (six months ended 30 June 2019: HK\$5,721,000), representing an increase of approximately 75.4% as compared with the last corresponding period. This increase was mainly due to increase of plastics volume.

Administrative expenses for the Reporting Period amounted to approximately HK\$19,418,000 (six months ended 30 June 2019: HK\$21,277,000), representing a decrease of approximately 8.7% as compared with the last corresponding period. This decrease was mainly due to decrease of entertainment payment of approximately HK\$1,245,000 and expected credit loss of approximately HK\$807,000.

Finance costs for the Reporting Period was approximately HK\$1,857,000 (six months ended 30 June 2019: HK\$3,727,000), representing an decrease of approximately 50.2% as compared with the last corresponding period. The decrease was mainly due to the decrease of interest paid and payable for borrowings.

The Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately HK\$21,904,000 (six months ended 30 June 2019: HK\$26,668,000). The basic loss per share of the Company for the six months ended 30 June 2020 is 2.35 HK cents (six months ended 30 June 2019: 3.43 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 2020, the bank balances and cash of the Group was approximately HK\$3,539,000 (31 December 2019: approximately HK\$2,416,000).

At 30 June 2020, the net assets of the Group was approximately HK\$203,727,000 (31 December 2019: HK\$222,591,000) and the net current assets was approximately HK\$52,968,000 (31 December 2019: HK\$70,757,000).

Gearing Ratio

At 30 June 2020, the total liabilities of the Group amounted to approximately HK\$161,265,000 (31 December 2019: HK\$132,273,000), which mainly comprised of trade and other payables, borrowings, margin loan payables, lease liabilities, financial guarantee contract, amount due to non-controlling interests, income tax payables and deferred tax liabilities. The liabilities are denominated in Hong Kong dollars, Renminbi and New Taiwan dollars.

At 30 June 2020, the Group had total assets of approximately HK\$364,992,000 (31 December 2019: HK\$354,864,000). The gearing ratio of the Group, expressed as the ratio of total liabilities to total assets, increased to 0.44 as at 30 June 2020 (31 December 2019: 0.37).

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 2020, the Company's issued ordinary share capital was HK\$9,325,524.30 divided into 932,552,430 shares of HK\$0.01 each ("Shares") (31 December 2019: HK\$9,325,524.30 divided into 932,552,430 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\$3,500,000 remained outstanding.

Placing of new shares

On 20 September 2019, the Company entered into the placing agreement with a placing agent who would place on a best effort basis of a maximum of 155,426,486 placing shares under general mandate of the Company at HK\$0.055 per placing shares. The placing was completed on 31 October 2019. Net proceeds from the placing are expected to be approximately HK\$8.4 million and will be used as general working capital and for repayment of loans. Details are set out in the announcements issued by the Company on 20 September 2019 and 31 October 2019.

Period under review	Aggregate amount used during the period under review	Purpose of usage	Remaining balance of placing proceeds as the last date of the period under review
Since completion of placing on 31 October 2019 up to and including 30 June 2020	HK\$8.4 million	Repayment of loans and general working capital	Nil

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 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:

Period under review	Aggregate amount used during the period under review	Purpose of usage	Remaining balance of placing proceeds as the last date of the period under review
Since completion of placing on 29 March 2018 up to and including 30 June 2020	HK\$20.0 million	Redemption of Convertible Bond	HK\$3.5 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

On 29 October 2019, the vendor, an indirect non-wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the vendor has agreed to sell, and the purchaser has agreed to purchase, the properties located in Shenzhen City, Guangdong Province, the PRC, at the consideration of RMB69,449,988 (equivalent to approximately HK\$77,325,617 based on the exchange rate note of RMB1 to HK\$1.1134 quoted on 31 January 2020).

Please refer to the announcements of the Company dated 29 October 2019, 19 November 2019, 19 December 2019, 17 January 2020, 12 February 2020, 24 February 2020, 25 February 2020 and 10 March 2020 and circular of the Company dated 23 March 2020.

The Disposal constitutes a very substantial disposal of the Company under the GEM Listing Rules. A special general meeting was held on 9 April 2020, the Disposal was duly passed by the shareholders by way of poll.

On 30 August 2019 and 3 September 2019, the Group entered into and signed seven sale and purchase agreements with independent third parties to dispose seven of the investment properties held by the Group which are all located in the PRC with fair value of approximately RMB2,304,000 (equivalent to approximately HK\$2,623,000) as at 31 December 2018. Such properties were classified as Investment Properties in the consolidated statement of financial position as at 31 December 2018. The transactions were completed on 30 August and 3 September 2019 with a net increase in fair value of approximately HK\$879,000.

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\$12,957,000 remained outstanding.

Disposal of a subsidiary

On 7 April 2020, Fantastic Alliance Investments Limited ("Fantastic"), a wholly-owned subsidiary of the Company, and the Transferee, an independent third party, entered into a sale and purchase agreement pursuant to which Fantastic has agreed to sell, and the Transferee has agreed to acquire, the entire equity interest in Sino Eco Green Limited ("Sino") at a cash consideration of HK\$1,000,000. Sino is a company incorporated in Hong Kong with limited liability. The disposal was completed on 29 May 2020.

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. The final payment was subsequently settled.

Litigation

Ever Chance Management Limited (“Ever Chance”), was indirect wholly-owned subsidiary of the Company, has received a petition to wind-up by Harbour View 23 Limited (the “Petitioner”). The Petitioner as Plaintiff commenced civil proceedings against Ever Chance as Defendant at the Lands Tribunal under a Tenancy Agreement date 24th November 2016. Upon application by the Petitioner, judgment was granted against Ever Chance and it was adjudged that Ever Chance do pay the Petitioner (a) outstanding rent in the sum of HK\$618,960.00; (b) arrears of rent/mesne profits in the sum of HK\$144,424.00; (c) management fees in the sum of HK\$81,300.40; (d) rates in the sum of HK\$23,845.11; (d) air-conditioning charges in the sum of HK\$50,384.34; (e) adjudged interest from overdue rent at the rate of 1.5% per month in the sum of HK\$23,468.90; and (f) assessed costs to the application in the sum of HK\$3,200.00. The Petition has been presented to the Court and shall be heard on 26 August 2020.

Ever Chance was disposal on 2 July 2020.

Charges on Group's Assets

As at 30 June 2020, the Group had charges on one of its investment properties to obtain a mortgage financing from a bank in Taiwan of approximately HK\$7,445,000 (31 December 2019: HK\$7,608,000). Investments held for trading have been pledged to brokers' account to obtain margin loan financing of approximately HK\$7,707,000 (31 December 2019: HK\$6,012,000). 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\$10,000,000 (31 December 2019: HK\$21,158,000).

Contingent Liabilities and Guarantee

As at 30 June 2020, the Group has provided financial guarantee to Gold Wide Holdings Limited, which is classified as an interest in associate in the financial statements of the Group, for a term loan with a principal amount of RMB13,000,000, bearing interest of 8% per annum for a period of three years up to 14 January 2022 (31 December 2019: RMB13,000,000).

Capital Commitments

As at 30 June 2020, the Group had capital commitments amounting to approximately HK\$54,820,000 (31 December 2019: HK\$55,582,000).

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 AND PROSPECTS

Looking ahead, the global economic activities will continue being affected by the COVID-19 pandemic for some time. Apart from that, local economy is also being affected by regional social unrest and the tension between China and USA. However, the Group will continue allocating its resources carefully in different segments as to optimize its investment returns.

One-stop value chain services

The Group noticed that the performance of this segment has improved as compared to last corresponding period. Revenue from this segment took a turn for the better in the last quarter of 2019. However, due to the outbreak of the COVID-19, this segment was expected to be severely affected. The Group will continue to operate this segment cautiously. When opportunities arise, the Group will consider diversifying the business of this segment into other related fields.

Property investment

In view of the current market environment and business prospects of the property market in the PRC, and having regard to the uncertain business operation environment of the property leasing market in the PRC, the Group is looking at disposing certain investment properties in the PRC.

On 30 July 2020, the Vendor, being an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Properties at the Consideration of NT\$72,380,000 (equivalent to approximately HK\$19,088,000). The Properties is located on 12th Floor, No. 35, Lane 235, Jingmaoer Road, Nangang District, Taipei City, Taiwan and with two car parking spaces numbered 166 and 167 in the building.

Please refer to the announcement of the Company dated 30 July 2020.

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 and bulk commodities trading in resin plastics (ABS) and polyethylene (PE). It is inevitably this segment will also affected by the COVID-19 pandemic. However, this 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. However, the Group will also look into other grocery food products to enlarge the product range.

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 a licensed subsidiary providing advising on securities and asset management services, the Group also provides financial consultancy services. The Group is still hoping that this segment can 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 2019, 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 2020, the Group had 45 full-time employees (31 December 2019: 47). Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK\$9,392,000 (six months ended 30 June 2019: approximately HK\$8,048,000). 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 2020, 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.

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 2020, 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 in the Company				Approximate percentage of the Shares in issue (Note 1)
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Ng Kwok Wai	47,560,000	–	–	47,560,000	5.10
A S Investment Holdings Ltd (Note 2)	–	–	106,352,000	106,352,000	11.40
Ever Better Holdings Ltd (Note 2)	–	–	106,352,000	106,352,000	11.40
Ms. Yeung Sau Han Agnes (Note 2)	3,420,000	11,904,000	106,352,000	116,676,000	12.51
Mr. So Chi Ming (Note 2)	11,904,000	3,420,000	106,352,000	116,676,000	12.51

Note 1: As at 30 June 2020, the Company's issued ordinary share capital was HK\$9,325,524.30 divided into 932,552,430 Shares of HK\$0.01 each.

Note 2: A S Investment Holdings Ltd is wholly-owned by Ever Better Holdings Ltd ("Ever Better"). Ever Better is 50% owned by Ms. Yeung Sau Han Agnes ("Ms. Yeung") and 50% owned by Mr. So Chi Ming ("Mr. So"). Ms. Yeung is the spouse of Mr. So. Mr. So is uncle of So David Tat Man, an executive director of the Company.

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 2020 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 under the Share Option Scheme.

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, 6 August 2020

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