



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 2021



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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\$28,329,000 for the six months ended 30 June 2021 (the “Reporting Period”), representing an increase of approximately 123.0% as compared with approximately HK\$12,701,000 for the last corresponding period.

The unaudited loss for the period attributable to owners of the Company for the Reporting Period was approximately HK\$9,583,000 (six months ended 30 June 2020: HK\$21,904,000). The basic loss per share of the Company for the six months ended 30 June 2021 is 1.03 HK cents (six months ended 30 June 2020: 2.35 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 2021 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	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue					
Goods and services		19,581	6,656	28,209	11,734
Rental		-	(2)	-	261
Interest		48	366	120	706
	3	19,629	7,020	28,329	12,701
Cost of sales		(16,294)	(6,090)	(23,755)	(10,034)
Gross profit		3,335	930	4,574	2,667
Other revenue	3	744	274	991	362
Selling and distribution expenses		(373)	(284)	(547)	(682)
Administrative expenses		(6,848)	(9,008)	(16,625)	(19,418)
Finance costs	5	(1,529)	(854)	(3,068)	(1,857)
Share of results of associates		779	413	837	(212)
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		(465)	(2,564)	4,215	(1,733)
Loss before taxation		(4,357)	(10,415)	(9,623)	(20,195)
Taxation	6	-	(1,430)	-	(1,476)
Loss for the period	7	(4,357)	(11,845)	(9,623)	(21,671)





	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Loss for the period		(4,357)	(11,845)	(9,623)	(21,671)
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	-	-
Exchange differences arising on translation of foreign operations		1,373	(2,823)	1,853	2,807
Other comprehensive income/(expense) for the period		1,373	(1,160)	1,853	2,807
Total comprehensive expense for the period		(2,984)	(13,005)	(7,770)	(18,864)
Loss for the period attributable to:					
- Owners of the Company		(4,462)	(12,622)	(9,583)	(21,904)
- Non-controlling interests		105	777	(40)	233
		(4,357)	(11,845)	(9,623)	(21,671)
Total comprehensive expense for the period attributable to:					
- Owners of the Company		(3,130)	(12,858)	(7,758)	(20,223)
- Non-controlling interests		146	(147)	(12)	1,359
		(2,984)	(13,005)	(7,770)	(18,864)
LOSS PER SHARE	9				
Basic and diluted (HK cents)		(0.48)	(1.35)	(1.03)	(2.35)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(Expressed in Hong Kong dollars)*

	<i>Notes</i>	At 30 June 2021 \$'000 (Unaudited)	At 31 December 2020 \$'000 (Audited)
Non-current assets			
Plant and equipment	<i>10</i>	986	1,387
Right-of-use assets	<i>12</i>	728	1,010
Investment properties		18,367	18,367
Goodwill	<i>11</i>	725	725
Intangible asset		758	758
Interests in associates		44,273	43,436
Equity Instruments at fair value through other comprehensive income	<i>13</i>	7,871	7,871
Deposit paid		119,756	86,152
Other receivable	<i>14</i>	-	12,459
Loans to associates		-	7,075
		193,464	179,240
Current assets			
Inventories, finished goods		9,256	69
Trade and other receivables	<i>14</i>	37,783	34,900
Loan and interest receivables	<i>15</i>	2,423	2,876
Loan to associates		4,320	29,836
Financial assets at fair value through profit or loss		13,394	20,243
Restricted bank balance		10	10
Bank balances and cash		4,278	2,951
		71,464	90,885





	<i>Notes</i>	At 30 June 2021 \$'000 (Unaudited)	At 31 December 2020 \$'000 (Audited)
Current liabilities			
Trade and other payables	16	36,649	30,857
Contract liabilities		–	1,246
Amount due to non-controlling interests		2,745	2,745
Borrowings	17	40,318	41,318
Margin loan payables		5,664	6,514
Lease liabilities	12	788	517
Financial guarantee contract		10,410	10,306
Income tax payables		47	47
		96,621	93,550
Net current (liabilities)		(25,157)	(2,665)
Total assets less current liabilities		168,307	176,575
Non-current liabilities			
Lease liabilities	12	–	506
Deferred tax liabilities		942	934
		942	1,440
Net assets		167,365	175,135
Capital and reserves			
Share capital	18	9,325	9,325
Reserves		121,492	129,250
Equity attributable to owners of the Company		130,817	138,575
Non-controlling interests		36,548	36,560
Total equity		167,365	175,135



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 (Expressed in Hong Kong dollars)

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Investment revaluation reserve	Share option reserve	Translation reserve	Special reserve	Other reserve	Accumulated losses	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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
At 1 January 2021	9,325	6,909	650,298	(31,152)	1,800	(3,865)	6,026	(1,766)	(499,000)	138,575	36,560	175,135
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(9,583)	(9,583)	(40)	(9,623)
Other comprehensive income/ (expense) for the period:												
Fair value change of available-for-sale investments	-	-	-	-	-	-	-	-	-	-	-	-
Exchange difference arising on translating foreign operations	-	-	-	-	-	1,825	-	-	-	1,825	28	1,853
Other comprehensive (expense)/ income for the period	-	-	-	-	-	1,825	-	-	-	1,825	28	1,853
Total comprehensive (expense)/ income for the period	-	-	-	-	-	1,825	-	-	(9,583)	(7,758)	(12)	(7,770)
At 30 June 2021	9,325	6,909	650,298	(31,152)	1,800	(2,040)	6,026	(1,766)	(508,583)	130,817	36,548	167,365



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Hong Kong dollars)

	For the six months ended 30 June	
	2021	2020
	\$'000	\$'000
Net cash used in operating activities	4,153	(21,502)
Net cash from/(used in) investing activities	(1,048)	42,894
Net cash (used in)/from financing activities	(1,850)	(23,076)
Net (decrease)/increase in cash and cash equivalents	1,255	(1,684)
Cash and cash equivalents at the beginning of period	2,951	2,416
Effect of foreign exchange rates changes, net	72	2,807
Cash and cash equivalents at the end of period, represented by bank balances and cash	4,278	3,539



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 20/F, Wanchai Central Building, 89 Lockhart 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 2021, 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 2021 are consistent with those adopted in preparing the audited consolidated financial statements of the Group for the year ended 31 December 2020 except for the following amendments and interpretation (“New HKFRSs”) issued by HKICPA which are or shall be in effect.

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²
Hong Kong Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

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

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

⁵ Effective for annual periods beginning on or after 1 January 2021.

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 2021 is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue:				
One-stop value chain services	1,507	–	2,648	2,031
Rental income (note (i))	–	(2)	–	261
Trading of grocery food products	5,650	1,430	7,781	3,102
Trading of consumables and agricultural products	12,424	5,065	17,780	6,440
Provision of money lending services (note (ii))	48	366	120	706
Provision of financial services	–	161	–	161
	19,629	7,020	28,329	12,701
Other revenue (note (iii))	744	274	991	362
	20,373	7,294	29,320	13,063

Notes :

(i) Rental income

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Gross rental income	–	(2)	–	261
Less: outgoing (included in cost of sales)	–	1	–	(2)
Net rental income	–	(1)	–	259

(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 2021 (six months ended 30 June 2020: 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 2020. The loans were interest-bearing with interest rate of 8% per annum, secured by the non-listed shares and repayable by 31 December 2021.



(iii) Other revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income (note (iv))	724	88	937	176
Sundry income	20	186	54	186
	744	274	991	362

(iv) Interest income

Included in interest income are approximately HK\$176,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$176,000) for the loan amount of approximately HK\$2,842,000 granted to Zhonghe Huaxia (Beijing) Investment Consulting Co. Ltd. ("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. 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 2021						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	2,648	-	17,780	7,781	120	-	28,329
Segment profit (loss)	82	(1,783)	(3,051)	170	(489)	(1,308)	(6,379)
Unallocated corporate other revenue							2,056
Unallocated corporate expenses							(7,284)
Gain from changes in fair value of financial assets at fair value through profit or loss							4,215
Share of results of associates							837
Finance costs							(3,068)
Loss before taxation							(9,623)
	Unaudited six months ended 30 June 2020						
	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	Total 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)





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	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	18,122	7,022	25,681	12,440
The PRC	–	(2)	–	261
Australia	1,507	–	2,648	–
	19,629	7,020	28,329	12,701

5. Finance costs

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on borrowings (<i>Note (i)</i>)	725	577	1,465	1,237
Reimbursement of finance costs borne by lenders	419	–	834	–
Interest on margin loan payable	142	152	292	359
Interest on balancing payment for the acquisition of further interest in subsidiaries	215	–	427	–
Interest on lease liabilities	28	125	50	261
	1,529	854	3,068	1,857

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax	–	1,430	–	1,476
Deferred tax	–	–	–	–
Income tax credit recognised in profit or loss	–	1,430	–	1,476

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 2021 and 2020 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 2021 and 2020 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss for the period has been arrived at after charging:				
Directors' and chief executive's emoluments	735	735	1,515	1,715
Other staff costs (excluding directors' and chief executive's emoluments)	3,184	2,936	7,763	7,456
Retirement benefits scheme contributions (excluding directors and chief executive)	186	104	308	221
	4,105	3,775	9,586	9,392
Auditors' remuneration	189	189	378	378
Cost of inventories recognised as an expense	16,294	6,091	23,755	10,032
Depreciation for plant and equipment	218	682	436	1,369
Depreciation of right-of-use assets	157	317	276	634



8. Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2021 (2020: 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 2021 and 2020 is based on the following data.

	For the three months ended 30 June		For the six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Unaudited loss attributable to owners of the Company for the purposes of basic and diluted loss per share (HK\$'000)	(4,462)	(12,622)	(9,583)	(21,904)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	932,552,430	932,552,430	932,552,430	932,552,430

Diluted loss per share is the same as basic loss per share for the three months and six months ended 30 June 2021. The computation of diluted loss per share does not assume the exercise of share options to subscribe for additional shares (see note 18) 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 2021.

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 conversion of the Company's outstanding convertible bonds and the exercise of share options to subscribe for additional shares as at 30 June 2020 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 2020.

10. Plant and equipment

During the six months ended 30 June 2021, the Group acquired items of plant and equipment of approximately HK\$37,000 (six months ended 30 June 2020: approximately HK\$1,101,000).

11. Goodwill

During the six months ended 30 June 2021, there were no movement in the carrying amount of goodwill (six months ended 30 June 2020: nil).





12. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

(i) *Right-of-use assets*

	Lease properties HK\$'000
As at 1 January 2021	
Carrying amount	1,010
As at 30 June 2021	
Carrying amount	728
For the period ended 30 June 2021	
Depreciation charge	276
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	647
Additions to right-of-use assets	-

(ii) *Lease liabilities*

	At 30 June 2021 HK\$'000
Lease liabilities payable:	
Within one year	643
Within a period of more than one year but not more than two years	105
Within a period of more than two years but not more than five years	-
	748
<i>Less:</i> Amount due for settlement with 12 months shown under current liabilities	(643)
Amount due for settlement after 12 months shown under non-current liabilities	105



13. Equity instruments at fair value through other comprehensive income

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Unlisted investments:		
Equity securities (<i>Note a</i>)	7,871	7,871
	7,871	7,871

Notes:

- (a) The unlisted equity investments of approximately HK\$7,871,000 as at 30 June 2021 (31 December 2020: HK\$7,871,000) represent investments in unlisted equity securities issued by private entities incorporated in the PRC.

14. Trade and other receivables

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Trade receivables (<i>Note (a)</i>)	13,217	11,722
Less: Allowance for credit losses	(409)	(401)
	12,808	11,321
Prepayment to suppliers	158	9,899
Deposit	1,518	685
Other receivables	23,857	26,105
	25,375	26,790
Less: Allowance for credit losses	(558)	(651)
	24,817	26,139
	37,783	47,359

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





- (a) The credit period granted to the Group's trade customers generally ranges from 0 days to 90 days (31 December 2020: 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 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
0 to 30 days	11,292	6,917
31 to 90 days	1,494	4,028
Over 90 days	22	376
	12,808	11,321

15. Loan and interest receivables

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Fixed-rate loan and interest receivables		
– Secured	7,602	8,542
– Unsecured	1,580	1,866
	9,182	10,408
Less: Allowance for credit losses	(6,759)	(7,532)
	2,423	2,876
Analysed as		
Current asset (within one year)	2,423	2,876

Notes:

As at 30 June 2021, included in the Group's loan and interest receivables balance are debtors with aggregate carrying amount of approximately HK\$6,687,000 (31 December 2020: HK\$7,926,000) 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\$6,687,000 (31 December 2020: HK\$7,437,000) 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\$Nil (31 December 2020: HK\$489,000) 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 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Fixed-rate loan receivables		
Within 1 year	2,423	2,876
	2,423	2,876

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 2021 (Unaudited)	At 31 December 2020 (Audited)
Effective interest rate:		
Fixed-rate loan and interest receivables	7% – 36%	7% – 36%





16. Trade and other payables

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Trade payables	8,857	9,054
Other payables	27,792	21,803
	36,649	30,857

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 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
0 to 30 days	7,346	6,636
31 to 90 days	887	2,288
Over 90 days	624	130
	8,857	9,054

The average credit period on purchases of goods is 21 days (31 December 2020: 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 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Other borrowings, unsecured (<i>Note a</i>)	23,918	24,418
Other borrowing, secured (<i>Note b</i>)	16,400	16,900
Total borrowings	40,318	41,318



Notes:

- (a) 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 2021.

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 2021. Pursuant to the deed of settlement dated 31 December 2020, 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 31 December 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.

- (b) 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\$12,300,000.





18. Share capital

	Nominal value per share <i>HK\$</i>	Number of shares	Amount <i>HK\$'000</i>
Authorised ordinary shares:			
At 1 January 2020, 31 December 2020 and 30 June 2021	0.01	18,260,869,570	182,609
Issued and fully paid ordinary shares:			
At 31 December 2020 and 1 January 2021	0.01	932,552,430	9,325
At 31 December 2020	0.01	932,552,430	9,325
At 30 June 2021	0.01	932,552,430	9,325
Authorised convertible preference shares:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	0.1	173,913,043	17,391
Issued and fully paid convertible preference shares:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	0.1	-	-

Notes:

- (a) 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 which was for a period of 10 years lapsed on 5 May 2021. During the Reporting Period, no share options was granted under the Share Option Scheme.



20. Capital commitments

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Contracted for but not provided in the consolidated financial statements:		
Unpaid registered capital for subsidiaries	48,251	47,806
Capital expenditure in respect of acquisition of further equity interests in a subsidiary	10,760	10,760
	59,011	58,566

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 2021	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Listed equity securities at FVTPL	HK\$13,394,000 (31 December 2020: HK\$20,243,000)	Level 1	Quoted closing prices in an active market	N/A
Unlisted equity investments at FVTOCI (<i>Note</i>)	HK\$7,871,000 (31 December 2020: HK\$7,871,000)	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.

22. Related party transactions

- (a) The Group entered into the following significant transactions with related parties during the six months ended 30 June 2021 and 2020:

Name of company	Nature of transaction	For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Beijing HX (Note a)	Loan interest income received	(176)	(176)
Bright Kingdom International Limited ("Bright Kingdom") (Note b)	Consultancy fee paid	–	300
Chan Kee Holdings Limited ("Chan Kee") (Note c)	Purchases of grocery food product	1,035	2,054
	Income received	(25)	(69)
	Consultancy fee paid	120	180

Note a: Beijing HX is the associates of the Group.

Note b: Bright Kingdom International Limited is connected with a 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 2021 and 2020 was as follows:

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term benefits	1,845	2,025
Post-employment benefits	36	40
	1,881	2,065

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.





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the six months ended 30 June 2021 (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\$2,648,000 (six months ended 30 June 2020: HK\$2,031,000) representing an increase of approximately 30.4% as compared with the last corresponding period.

In order to improve the performance of this business, during the financial year 2020, the team of this business segment puts a lot of effort and resources to find new customers. However, due to the outbreak of COVID-19 pandemic, many companies have cut their budget on information technology (IT) related services.

Facing this predicament, the team started to search for new business opportunities. They seize the opportunity and diversify the One-Stop Value Chain Services Business into the gaming industry to sell gaming related products during the second half year of 2020.

Property Investment

During the Reporting Period, the property investment segment reported revenue of approximately HK\$Nil (six months ended 30 June 2020: HK\$261,000). The decrease was due to decrease in commercial office rental income. At 30 June 2021, the Group held properties in the People’s Republic of China (the “PRC”) and Hong Kong for investment purpose amounted to approximately HK\$18,367,000 (31 December 2020: HK\$18,367,000).



Trading of Grocery Food Products

During the Reporting Period, the segment reported a revenue of approximately HK\$7,781,000 (six months ended 30 June 2020: HK\$3,102,000), representing an increase of approximately 150.8% as compared with the last corresponding period.

In the trading of grocery food products segment, the Group 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. The trademark licence agreement and the sole distributorship agreement for ramen and udon 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. The Group has been devoting more resources to improve the performance of this segment, and it is from time to time looking for suitable opportunities to expand the variety of products and client base in this industry. The lockdown measures caused by the outbreak of COVID-19 pandemic makes frozen foods became popular. Therefore, the Directors decided to grip this chance to expand the product mix in this segment and entered into the frozen food industry. Starting from the second half year of 2020, after careful analysis on current market situation and environment, the Group introduced new products including imported frozen seafood. The Group obtained authorised distributor certificates for distribution of frozen seafood such as king crab, shrimp, lobster, fish, crab, and surimi stick. The frozen seafood products are from the production bases of all around the world including but not limited to Thailand, Vietnam and Norway. Also, the Group has sourced more dairy products such as bread and pastry so as to diversify its grocery food portfolio. To further enhance the business, apart from sale of grocery food products in supermarkets, the Group has made more use of online platform and social media. In the second half year of 2020, the Group started online sales through social media and launched its online sales platform on HKTVMall operated by the Hong Kong Television Network Limited (stock code: 1137) to promote the products and directly reach out more potential customers. It helps the Group to further diversify the customers base and save the intermediate sales cost.





Trading of consumables and agricultural products

During the Reporting Period, the trading of consumables and agricultural products segment generated revenue of approximately HK\$17,780,000 (six months ended 30 June 2020: HK\$6,440,000), representing an increase of approximately 176.1% as compared with last companding period.

This business segment is mainly composed of re-usable bags trading business, bulk commodities trading in resin plastics (ABS) and polyethylene (PE) and recycle of used plastic products. After engaging the re-usable bags trading business, the Group gain more understanding about the raw materials of re-usable bags and regard that the business opportunities in the plastic recycling industry of turning the used plastic products into functional recyclables would produce synergy effect to the re-usable bags trading business. It will also broaden the income stream of the Group and enhance the social responsibility of the Group. Therefore, the Group has stepped into the recycle of used plastic products in this first quarter of 2021. Certain revenue was generated but due to relatively high factory overhead in the startup stage, this part of the business is yet to provide a positive margin. The Directors believe that there will be gradual improvement on the performance of this segment.

Provision of money lending services

During the Reporting Period, this segment reported a revenue of approximately HK\$120,000 (six months ended 30 June 2020: HK\$706,000), representing a decrease of approximately 83.0% as compared with the last corresponding period. With majority of the loans were secured by unlisted company shares, the Group has put its effort in maintaining, developing and expanding its Money Lending Business.

Provision of financial services

During the period ended 30 June 2021, 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 2021 of HK\$Nil (six months ended 30 June of 2020: HK\$161,000). This segment also had a corporate finance division operating under the name of China AF Corporate Finance Limited which ceased to operate and has made an application to SFC to revoke its licence in September 2019. The license was revoked in May 2020.



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\$21,265,000 as at 30 June 2021, representing approximately 8.03% of the Company's total assets (31 December 2020: approximately HK\$28,114,000, representing approximately 10.41% 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 2021 and 31 December 2020:

For the six months ended 30 June 2021 and year ended 31 December 2020

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 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
	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)	13,557	12,965	N/A	N/A	N/A	N/A	13,394	20,243	5.06%	7.49%	4,215	7,278	-	-
	13,557	12,965					13,394	20,243	5.06%	7.49%	4,215	7,278	-	-
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)	7,871	9,571	11,250,000	11,250,000	4.99%	4.99%	7,871	7,871	2.97%	2.92%	-	(1,700)	-	-
	7,871	9,571					7,871	7,871	2.97%	2.92%	-	(1,700)	-	-
Total	21,428	22,536					21,265	28,114	8.03%	10.41%	4,215	(5,578)	-	-





Notes:

1. These are all listed companies on the Stock Exchange for the year ended 30 June 2021, 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, sale of refined oil and natural gas by operating refuelling stations and storage facilities, and the provision of transportation of petroleum and natural gas services.
2. 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.

* For identification purposes only



FINANCIAL REVIEW

During the Reporting Period, the Group recorded an unaudited revenue of approximately HK\$28,329,000 (six months ended 30 June 2020: HK\$12,701,000), representing an increase of approximately 123.0% as compared with the last corresponding period.

Cost of sales for the Reporting Period amounted to approximately HK\$23,755,000 (six months ended 30 June 2020: HK\$10,034,000), representing an increase of approximately 136.7% as compared with the last corresponding period. This increase was mainly due to increase of plastics and frozen foods volume.

Administrative expenses for the Reporting Period amounted to approximately HK\$16,625,000 (six months ended 30 June 2020: HK\$19,418,000), representing a decrease of approximately 14.4% as compared with the last corresponding period. This decrease was mainly due to decrease of consultant fees of approximately HK\$2,139,000 and depreciation of approximately HK\$889,000.

Finance costs for the Reporting Period was approximately HK\$3,068,000 (six months ended 30 June 2020: HK\$1,857,000), representing an increase of approximately 65.2% as compared with the last corresponding period. The increase was mainly due to the increase of reimbursement of finance costs borne by lenders and interest on balancing payment for the acquisition of further interest in subsidiaries.

The Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately HK\$9,583,000 (six months ended 30 June 2020: HK\$21,904,000). The basic loss per share of the Company for the six months ended 30 June 2021 is 1.03 HK cents (six months ended 30 June 2020: 2.35 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 2021, the bank balances and cash of the Group was approximately HK\$4,278,000 (31 December 2020: approximately HK\$2,951,000).

At 30 June 2021, the net assets of the Group was approximately HK\$167,365,000 (31 December 2020: HK\$175,135,000) and the net current liabilities was approximately HK\$25,157,000 (31 December 2020: the net liabilities approximately HK\$2,665,000).





Gearing Ratio

At 30 June 2021, the total liabilities of the Group amounted to approximately HK\$97,563,000 (31 December 2020: HK\$94,990,000), which mainly comprised of trade and other payables, contract liabilities, 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 2021, the Group had total assets of approximately HK\$264,928,000 (31 December 2020: HK\$270,125,000). The gearing ratio of the Group, expressed as the ratio of total liabilities to total assets, increased to 0.37 as at 30 June 2021 (31 December 2020: 0.35).

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 2021, 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 2020: HK\$9,325,524.30 divided into 932,552,430 shares).

Fund Raising Activities

The Group has not conducted any fund raising activities for the period ended 30 June 2021 and during the financial year ended 31 December 2020.



Significant Investments, Acquisitions and Disposal

Disposal of investment properties

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. The Disposal was completed in October 2020.

Please refer to the announcements of the Company dated 30 July 2020, 20 August 2020 and 8 October 2020 and circular of the Company dated 21 September 2020.

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). The Disposal was duly completed in 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, 10 March 2020, 2 April 2020 and 9 April 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 20 May 2020, 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 a house located in Shenzhen City, Guangdong Province, the PRC at a consideration of RMB9,800,000 (equivalent to approximately HK\$11,022,000). The Disposal was duly completed.





Acquisition of interest in certain properties in Shenzhen, the PRC by additional acquisition of further equity interests a subsidiary

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. As at the date of this report, HK\$20,000,000 of the above part 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 further extended to 30 September 2020, and payment of the remaining balance shall be paid by one or several instalments on or before the Date of Completion. On 31 March 2020, the parties had entered into a fourth supplemental agreement whereas the Long Stop Date and deadline of Completion have been extended from 31 March 2020 to 30 September 2020. As at the date of this report, the amount of HK\$13,729,473 remained outstanding.



Disposal of Shenzhen City Jintaiyuan Investment Development Company Limited

On 2 July 2020, Luster Shine Limited (“Luster Shine”), a wholly-owned subsidiary of the Company, and the Transferee, an independent third party, entered into a sale and purchase agreement pursuant to which Luster Shine has agreed to sell, and the Transferee has agreed to acquire, the entire equity interest in Ever Chance Management Limited (“Ever Chance”) at a cash consideration of HK\$1 and the amount due from Ever Chance at a consolidation of HK\$10,000. Ever Chance is a company incorporated in Hong Kong with limited liability. The disposal was completed on 2 July 2020.

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 and the amount due from Sino at a consideration of \$1. Sino is a company incorporated in Hong Kong with limited liability. The disposal was completed on 29 May 2020.

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 report 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 settled in 2020.





Litigation

Shenzhen Shengshi Fuqiang Technology Company Limited (Shengshi Fuqiang), a non-wholly owned subsidiary of the Company, has received a claim for lost of assets at the sum of approximately RMB1.70 million. The Plaintiff commenced civil proceedings against Shengshi Fuqiang and filed a statement that they cannot retrieve the furniture and equipment from the premises owned by Shengshi Fuqiang and was leased to the Plaintiff, and therefore Shengshi Fuqiang should compensate for the Plaintiff's lost. Shengshi Fuqiang has made a counter-claim against the Plaintiff for outstanding rent and delay in deliver vacant possession at the sum of approximately RMB980,000. The case was first heard in Court on 26 February 2021 and waiting for the Court to arrange the second hearing.

Charges on Group's Assets

As at 30 June 2021, investments held for trading have been pledged to brokers' account to obtain a margin loan financing of approximately HK\$5,664,000 (31 December 2020: HK\$6,514,000).

Further, the Group had charges on certain investment properties in the PRC and Hong Kong to obtain term loans from money lenders in Hong Kong of approximately HK\$10,000,000 (31 December 2020: HK\$10,000,000). Furthermore, the Group had charges on certain investment properties in the PRC of approximately HK\$6,067,000 (2020: HK\$6,067,000) as securities for a term loan granted to an associate company.

Contingent Liabilities and Guarantee

As at 30 June 2021, 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 2020: RMB13,000,000).

Capital Commitments

As at 30 June 2021, the Group had capital commitments amounting to approximately HK\$59,011,000 (31 December 2020: HK\$58,566,000).

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. However, as more COVID-19 vaccines are being developed and people are getting vaccinated, local economy is expected to recover slowly as business activities pick up. The Group will continue allocating its resources carefully in different segments as to optimize its investment returns.

One-stop value chain services

The economy of Hong Kong has been hit hard by the COVID-19 pandemic during the start of 2020 until now. Financial performances of many companies have been affected and they have minimised their budget on IT related services, which led to decrease in revenue in this business segment. In order to maintain the Group's revenue and competitiveness in this segment, the Directors spare no effort in discovering new potential customers and provide more varieties to attract customers. Following the gradual stabilisation of the pandemic recently, the Group will use its best endeavours to develop this business segment, including but not limited to maintain good relationship and communication with current customers and actively seek for new customers. In the meantime, management is in negotiation with current and potential customers on certain IT related services. They believe that the Group's one-stop value chain service will be gradually resumed after the recovery of the pandemic. In addition to the experience and connections of the team in this market, it is believed that the prospect of this segment will still be promising following the recovery. Some new contracts are under negotiation and hopefully can be finalised in the coming months.

Other than the one-stop value chain services in relation to IT, the Directors are always striking to find other way out and explore other industries, such as the gaming industry, so as to sustain its business during this tough atmosphere in Hong Kong. The entering into of the gaming industry was originally the temporary thought of the Company. However, the Directors noticed that this industry is indeed a profitable industry even during this difficult period. The Company will not rule out the possibility of developing in the gaming industry in the future and may devote more resources in developing gaming related products. Overall, the Directors believe that after the recovery of COVID-19 pandemic, the economy of Hong Kong is expected to turnaround, and performance of this business will be improved.

Property investment

The Group originally has few property investments in Hong Kong and the PRC. The Group is cautious of the tension between USA and China, as well as the pessimistic global atmosphere. The Group will carefully monitor its property investments portfolio.





Trading of consumables and agricultural products

The Directors considered the Consumables Trading Business demonstrates a steady growth in the past years and is optimistic about its future contribution to the Group in terms of revenue and profit.

The experience of taking part in the bulk commodities trading business in resin plastics (ABS) and polyethylene (PE) has led the Group into the recycle business of used plastic products. Plant and equipment were leased for this development, and management is looking forward to the potential growth in this business.

Although there is economic downturn due to COVID-19 pandemic and this business segment was affected, the management still strived its best to develop and maintain the business. By providing value-added customisation services to the products, it is believed that the sale of re-usable bags is able to maintain a steady growth.

Also, the Group believes that there is a trend of increasing consciousness and desire for environmentally friendly products. The Group will use its best endeavours to develop opportunities to work with other private companies and non-governmental organisations for recycling and mitigate the pollution problems brought by the plastic wastes.

The Group has contributed to the society continually by way of donation to charity organisations and sponsor various campaigns in relation to environmental protection. Hence, the Group will endeavor to promote its brand through online marketing, sponsoring various environmentally friendly campaigns and participate in more brand building activities in Hong Kong and China.

With the help of these multi-dimensional advertisements and promotions especially through online marketing, the Group will be benefited from having more market shares in the field, expanding its customer base in Hong Kong, as well as building up reputation and goodwill in Hong Kong. Most importantly, the revenue this segment is expected to be in an upward trend.

In the near future, the Group would like to expand the Consumables Trading Business to the PRC by advertising through social media and sponsoring various events to be held by local reputable environmental friendly organisations.



Trading of grocery food products

Demand for frozen or fresh fish, livestock and poultry has increased the most in 2020 no matter for non-supermarket shops or supermarkets. The Directors believed that this was due to the outbreak of COVID-19 pandemic which most people prefer to stay at home to prevent infection. Apart from udon and ramen, the Directors decided to widen its food products portfolio in the second half year of 2020 to cater the needs of the market and introduced different varieties of frozen seafood.

Although the pandemic started to moderate lately, the Directors believed that people's consciousness on health will remain for a period of time, such that demand for frozen or fresh fish, livestock and poultry will remain stable. Even after the pandemic is totally under control, it is believed that the demand will not decrease significantly, as they still share a big proportion among all goods in non-supermarket shops or supermarkets. Therefore, the Directors will from time to time source more varieties of frozen seafood to expand market share in the frozen food sector. Also, the Directors will source more dairy products such as bread and pastry to diversify the risk the Group's food product portfolio.

The Group will also put more use of online platform and social media to enhance the business. The Directors target to explore the foreign grocery food market. They will discover more online platforms in other countries so as to broaden its customer base to all over the world.

The Directors have been in active discussion with food importers and brand owners for distributing certain brands of food and beverage. It is expected that the food and beverage will be launched in supermarkets and online sales platform of the Group.

With the experienced procurement and sales team of the Group, the Group is optimistic that the Grocery Food Trading Business, no matter online or offline, will progressively pick up in the future and revenue of this business will be improved after introducing more varieties of food products and broadening of customer base.

Provision of money lending services

Under the current economy environment, the Directors believe that there will be increase demand of money lending of individuals or corporate customers. However, at the same time, risk of default may increase as it may be hard for the customers to repay the loan. The management will further enhance the loan approval procedures and carefully filter and screen out customers with high risks in order to protect the interest of the Group. The Directors are of the view that it is a critical time to develop the Money Lending Business. 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

The performance of the Financial Services Business was not satisfactory. In addition to the global economic downturn and recession in Hong Kong due to the COVID-19, Hong Kong's gross domestic product contracted significantly in 2020, the global economy upheaval resulting the global financial industry takes time to recover. Further to the United State sanctions imposed to Hong Kong on August 2020 and the tension between United State and China, Hong Kong financial institutions face the unknown threats that might harm the Hong Kong economy.

In view of the abovementioned, the Directors considered the financial service industry is unfavourable in the long-term and decided to scale down the Financial Services Business in relation to the asset management and advising on securities in the future. The Group will, depending on the market conditions, reallocate its resources from the financial services to develop other businesses that the Group expected to have a brighter prospect.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 48 full-time employees (31 December 2020: 36). Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK\$9,586,000 (six months ended 30 June 2020: approximately HK\$9,392,000). 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 2021, 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 2021	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 June 2021
So David Tat Man	7 December 2020	0.0554	7 December 2020 – 6 December 2025	9,300,000	-	-	-	9,300,000

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 2021, 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	Capacity	Number of Shares	Approximate percentage of the Company's issued share capital
So Chi Ming ("Mr. So") (Note 1)	Beneficial owner, interest of spouse and interest of controlled corporation	161,676,000 (Notes 2)	17.34%
Yeung Sau Han Agnes ("Ms. Yeung")	Beneficial owner, interest of spouse and interest of controlled corporation	161,676,000 (Notes 2)	17.34%
Ever Better Holdings Limited ("Ever Better")	Interest of controlled corporation	146,352,000 (Note 2)	15.69%
A S Investment Holdings Limited ("A S Investment")	Beneficial owner	146,352,000 (Note 2)	15.69%

Notes:

1. Mr. So is uncle of So David Tat Man, an executive director of the Company.
2. Mr. So and Ms. Yeung are spouses. Based on the disclosure of interests forms both filed on 1 September 2020 by Mr. So and Ms. Yeung, Mr. So has an interest of 11,904,000 Shares as beneficial owner, and Ms. Yeung has an interest of 3,420,000 Shares as beneficial owner. By virtue of the SFO, Mr. So is deemed to be interested in the Shares owned by Ms. Yeung and Ms. Yeung is deemed to be interested in the Shares owned by Mr. So. A S Investment has an interest of 146,352,000 Shares as beneficial owner. A S Investment is wholly-owned by Ever Better. Ever Better is owned as to 50% by Mr. So and 50% by Ms. Yeung.



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 2021 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”) which was for a period of 10 years lapsed on 5 May 2021. 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.





CHANGE IN INFORMATION OF DIRECTOR

Ms. Yuen Wai Man, an independent non-executive director of the Company, has resigned as an independent non-executive director, member of nomination committee, chairman of remuneration committee and chairman of audit committee of Chinese Strategic Holdings Limited, a company listed on the GEM Board of the Stock Exchange with effect from 3 June 2021.

Save as disclosed above, there is no other change in the Directors information required to be disclosed pursuant to rule 17.50A(1) of the GEM Listing Rules since the date of the annual report of the Company for the year ended 31 December 2020 up to the date of this interim report.

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 2021

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

