匯銀控股集團有限公司
Huiyin Holdings Group Limited
(香港股份代號：1178)
(HK STOCK CODE: 1178)

中期報告
Interim Report
2018/19

於開曼群島註冊成立之有限公司
Incorporated in the Cayman Islands with limited liability

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Huiyin Holdings Group Limited (the "Company"), together with its subsidiaries, (the "Group") announces the unaudited consolidated interim results of the Group for the six months ended 31 December 2018 (the "Period") together with comparative figures for the corresponding period in 2017 are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 31 December 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Revenue	4	**21,293**	17,515
Cost of sales		**(13,853)**	(13,048)
Gross profit		**7,440**	4,467
Other income		**975**	3,172
Selling and distribution costs		**(1,570)**	(2,097)
Administrative expenses		**(25,793)**	(23,497)
Other operating expenses		**(11,338)**	(2,120)
LOSS FROM OPERATIONS	5	**(30,286)**	(20,075)
Finance costs		**–**	(247)
LOSS BEFORE TAX		**(30,286)**	(20,322)
Income tax credit	6	**–**	347
LOSS FOR THE PERIOD		**(30,286)**	(19,975)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**124**	8,320
Total comprehensive expense for the period		**(30,162)**	(11,655)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Notes	Six months ended 31 December 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Loss for the period attributable to:			
Owners of the Company		**(30,244)**	(19,603)
Non-controlling interests		**(42)**	(372)
		(30,286)	(19,975)
Total comprehensive expense attributable to:			
Owners of the Company		**(30,120)**	(11,305)
Non-controlling interests		**(42)**	(350)
		(30,162)	(11,655)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted		**HK(0.51) cent**	HK(0.34) cent

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2018 (Unaudited) HK$'000	30 June 2018 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	*9*	**3,282**	3,608
Investment properties		**30,108**	30,059
Intangible assets		**7,585**	9,697
Goodwill		**3,703**	3,703
Other receivables		**21,337**	24,852
		66,015	71,919
Current assets			
Inventories	*10*	**5,628**	9,200
Trade receivables	*11*	**18,284**	47,009
Loan receivable		**–**	10,000
Deposits, prepayments and other receivables		**76,239**	78,278
Cash and bank balances		**14,522**	31,178
		114,673	175,665
Current liabilities			
Trade payables	*12*	**8,430**	9,039
Trade deposits received		**8,072**	8,524
Accrued liabilities and other payables		**10,563**	23,515
Amounts due to directors		**452**	452
Tax payables		**188**	188
		27,705	41,718
Net current assets		**86,968**	133,947
Total assets less current liabilities		**152,983**	205,866
Non-current liabilities			
Deferred tax liabilities		**1,594**	1,594
Net assets		**151,389**	204,272

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	31 December 2018 (Unaudited) HK$'000	30 June 2018 (Audited) HK$'000
Capital and reserves			
Share capital	*13*	**148,828**	148,828
Reserves		**2,363**	55,204
		151,191	204,032
Non-controlling interests		**198**	240
Total equity		**151,389**	204,272

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK$'000	Share premium HK$'000	Statutory reserves HK$'000	Capital redemption reserves HK$'000	Share option reserves HK$'000	Capital reserves HK$'000	Translation reserves HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2017 (Audited)	124,107	491,124	8,789	29	12,584	28,764	6,398	(374,610)	297,185	780	297,965
Placing of Shares	24,721	42,518	–	–	–	–	–	–	67,239	–	67,239
Total comprehensive loss for the period	–	–	–	–	–	–	8,298	(19,603)	(11,305)	(350)	(11,655)
At 31 December 2017 (Unaudited)	148,828	533,642	8,789	29	12,584	28,764	14,696	(394,213)	353,119	430	353,549
At 30 June 2018 (Audited)	**148,828**	**533,642**	**8,789**	**29**	**12,584**	**28,764**	**13,065**	**(541,669)**	**204,032**	**240**	**204,272**
Impact on initial application of HKFRS 9	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(22,721)**	**(22,721)**	**–**	**(22,721)**
Adjusted balance at 1 July 2018	**148,828**	**533,642**	**8,789**	**29**	**12,584**	**28,764**	**13,065**	**(564,390)**	**181,311**	**240**	**181,551**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(30,244)**	**(30,244)**	**(42)**	**(30,286)**
Other comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**124**	**–**	**124**	**–**	**124**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**124**	**(30,244)**	**(30,120)**	**(42)**	**(30,162)**
At 31 December 2018 (Unaudited)	**148,828**	**533,642**	**8,789**	**29**	**12,584**	**28,764**	**13,189**	**(594,634)**	**151,191**	**198**	**151,389**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash used in operating activities	**(17,404)**	(40,358)
Net cash generated from investing activities	**752**	285
Net cash generated from financing activities	**–**	50,992
(Decrease)/increase in cash and cash equivalents	**(16,652)**	10,919
Cash and cash equivalents at 1 July	**31,178**	18,069
Effect of foreign exchange	**(4)**	3,429
Cash and cash equivalents at 31 December	**14,522**	32,417
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**14,522**	32,417

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 February 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company withdrew the listing of its shares on The GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 February 2003, and on the same date, by way of introduction, listed its entire issued share capital on the Main Board of the Stock Exchange.

The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is 26/F, Great Smart Tower, No. 230 Wan Chai Road, Wan Chai, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are manufacturing and trading of BIOenergy products; healthcare food products, edible bird's nest, electronic and scandium oxide products and honey products and properties investments in People's Republic of China (the "PRC").

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of Preparation

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the Unaudited Condensed Consolidated Interim Financial Statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited. These Condensed Consolidated Interim Financial Statements are unaudited but have been reviewed by the Company's audit committee and external auditor, Elite Partners CPA Limited, of the Company.

2.2 Principal Accounting Policies

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 June 2018 which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA.

These Condensed Consolidated Interim Financial Statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Except as described below, the accounting policies and methods of computation used in the Condensed Consolidated Interim Financial Statements for the six-month ended 31 December 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2018.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except for the application of HKFRS 9, the application of the above new and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the followings major sources:

- Trading of healthcare food products
- Trading of edible bird's nest products
- Trading of electronic and scandium oxide products
- Trading of honey products
- Provision of loan financing in Hong Kong and others

The Group has applied HKFRS 15 retrospective with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.2.1.1 Key Changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognised revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and services (or a bundle of good or services) that is distinct or a series of distinct goods or services that are substantially the same.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.2.1.1 Key Changes in accounting policies resulting from application of HKFRS 15 (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the alternative use to the Group and the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point in time when the customer obtain control of the distinct good or service.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments

In the current period, the Group has applied HKFRS 9 Financial instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial instruments: Recognition and Measurement.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments (Continued)

2.2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivable arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income ("FVTOCI") criteria as measured at fair value through profit or loss ("FVTPL") if doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investment in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the FVTOCI reserve; and are not subject to impairment assessment.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments (Continued)

2.2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Equity instruments designated as at FVTOCI (Continued)

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance HKFRS 9, unless the dividends clearly represent a recovery of part of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets the do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividends or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detail in Note 2.2.2.2.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments (Continued)

2.2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loan receivable and other receivables and deposits). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the excepted life of the relevant instrument. In contrast, 12-months ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as forecast of future condition.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments (Continued)

2.2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the debtor's ability to meet its debt obligations.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments (Continued)

2.2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments (Continued)

2.2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial liabilities

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principal Accounting Policies (Continued)

2.2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments (Continued)

2.2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	At 30 June 2018 HK$'000	Impact on initial application of HKFRS 9 HK$'000	At 1 July 2018 HK$'000
Trade receivables	47,009	(6,273)	40,736
Deposits, prepayments and other receivables	78,278	(16,448)	61,830
Total current assets	175,665	(22,721)	152,944
Net assets	204,272	(22,721)	181,551
Reserves	55,204	(22,721)	32,483
Total equity	204,272	(22,721)	181,551

Impairment under ECL model

Impairment under ECL model The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivable. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision maker for the purposes of resource allocation and performance assessment.

(a) Segment revenue, results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

Segment assets and liabilities principally comprise all tangible assets, intangible assets, current assets and current liabilities directly attributable to each segment.

3. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue, results, assets and liabilities (Continued)

The chief operating decision maker have re-organised the business activities of the Group into seven reportable segments are listed as follows:

(i) BIOenergy products: manufacturing and trading of bedding products, underclothing and body protection accessories containing the BIOenergy compound and multi-functional water generators;

(ii) Healthcare food products: trading of healthcare food products;

(iii) Edible bird's nest products: trading of edible bird's nest products;

(iv) Electronic and Scandium Oxide products: trading of electronic and scandium oxide products;

(v) Honey products: trading of honey products;

(vi) Property investment: rental income; and

(vii) Others: provision of loan financing in Hong Kong and others.

3. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue, results, assets and liabilities (Continued)

Business segments

The following tables present revenue, results and certain assets, liabilities and other segment information for the Group's business segments:

	BIOenergy		Healthcare food		Edible bird's nest products		Electronic and scandium oxide		Honey products		Property Investment		Others		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue:																
Sales to external customers	**6,385**	7,463	**3,165**	2,653	**7,673**	–	**3,318**	7,192	**-**	–	**-**	141	**752**	66	**21,293**	17,515
Segment result	**914**	579	**(85)**	(620)	**2,165**	–	**30**	92	**-**	(8)	**-**	141	**752**	66	**3,776**	250
Unallocated other income															**975**	3,172
Unallocated expenses															**(35,037)**	(23,497)
Loss from operations															**(30,286)**	(20,075)
Finance costs															**-**	(247)
Loss before income tax															**(30,286)**	(20,322)
Income tax credit															**-**	347
Loss for the period															**(30,286)**	(19,975)

3. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

The Group's revenue from external customers is divided into the following geographical areas:

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Hong Kong (domicile)	**7,235**	9,911
The PRC	**14,058**	7,604
	21,293	17,515

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, after allowances for returns and trade discounts where applicable; the rental income represents the properties leasing income; interest income represents the loan financing interest income. All significant intragroup transactions have been eliminated on consolidation.

5. LOSS FROM OPERATIONS

The Group's unaudited loss from operations is arrived at after charging:

	2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Cost of inventories sold	**13,853**	13,048
Amortisation of intangible assets*	**2,113**	2,120
Depreciation of property, plant and equipment#	**258**	277
Operating lease charges in respect of land and building#	**1,736**	2,942
Credit loss expenses in respect of other receivables*	**6,081**	–
Credit loss expenses in respect of trade receivable*	**3,144**	–

included in administrative expenses
* included in other operating expenses

6. INCOME TAX CREDIT

No provision of Hong Kong Profits Tax has been provided as no assessable profits arising in Hong Kong during the Period (2017: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the Period. The PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% (2017: 25%).

7. DIVIDENDS

The Board has resolved not to declare any interim dividend for the Period (2017: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss attributable to owners for the Period of approximately HK$30.24 million (2017: loss of approximately HK$19.60 million) and the weighted average number of 5,953,134,033 (2017: the weighted average number of 5,863,731,156) ordinary shares in issue during the Period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 31 December 2018 and 2017 in arriving at diluted loss per share in respect of potential dilution impact of share option as these options had an anti-dilutive effect on the basic loss per share amount presented.

9. PROPERTY, PLANT AND EQUIPMENT

	2018 Total HK$'000
At 1 July 2018 (audited)	**3,608**
Additions	**–**
Disposals	**(49)**
Depreciation	**(258)**
Exchange realignment	**(19)**
At 31 December 2018 (unaudited)	**3,282**

10. INVENTORIES

	31 December 2018 (Unaudited) Total HK$'000	30 June 2018 (Audited) Total HK$'000
Raw materials	**4,582**	5,270
Work in progress	**3,618**	5,081
Finished goods	**62,191**	63,612
	70,391	73,963
Less: Provision for obsolete and slow-moving finished goods	**(64,763)**	(64,763)
	5,628	9,200

11. TRADE RECEIVABLES

The credit terms that the Group offers to customers are generally not more than 90 days. Details of the ageing analysis of trade receivables (net of impairment losses for bad and doubtful debts) based on the invoice dates, are as follows:

	31 December 2018 (Unaudited) HK$'000	30 June 2018 (Audited) HK$'000
Outstanding balances with ages:		
0–30 days	**1,293**	11,691
31–60 days	**–**	5
61–180 days	**–**	34
Over 180 days	**16,991**	35,279
	18,284	47,009

11. TRADE RECEIVABLES (CONTINUED)

Included in the balances are trade receivables with an aggregate carrying amount of HK$16.99 million (30 June 2018: HK$35.31 million) which are past due at the reporting date for which the Group has not provided impairment loss as there has been no significant change in credit quality and the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances. No interest is charged on the trade receivables.

12. TRADE PAYABLES

	31 December 2018 (Unaudited) HK$'000	30 June 2018 (Audited) HK$'000
0–30 days	**538**	792
31–60 days	**486**	371
61–180 days	**330**	247
Over 180 days	**7,076**	7,629
	8,430	9,039

13. SHARE CAPITAL

	Number of ordinary shares (Unaudited)	**Share Capital HK$'000 (Unaudited)**
Authorised:		
Ordinary shares of HK$0.025 each		
At 30 June 2018 and 31 December 2018	20,000,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK$0.025 each		
At 30 June 2018 and 31 December 2018	5,953,134,033	148,828

14. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group leases certain of its offices and warehouses under non-cancellable operating lease arrangements with lease terms ranging from one to five years.

As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	31 December 2018 (Unaudited) HK$'000	30 June 2018 (Audited) HK$'000
Within one year	**1,372**	1,774
In the second to fifth years, inclusive	**1,533**	1,617
	2,905	3,391

15. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Condensed Consolidated Interim Financial Statements, the Group had the following material transactions and balances with certain related parties:

(a) Related party balances

	31 December 2018 (Unaudited) HK$'000	30 June 2018 (Audited) HK$'000
Amount due to directors (Note)	**452**	452
	452	452

Note:

The amount is unsecured, interest free and repayable on demand.

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel of the Group

	Six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Total remuneration of directors and other members of key management during the period		
— Short term employee benefits	**5,136**	3,657
— Pension scheme contribution	**39**	40
	5,175	3,697

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

During the Period, the Company has been adjusting its business development plan in response to the changing economic environment.

China's and Hong Kong's economies have inevitably been impacted by the intensifying trade frictions between the United States and The People's Republic of China (the "PRC"). The overall business segments of the Group have continued to face the tough business environments due to the fierce market competition in both Hong Kong and the PRC. Accordingly, the Group has been actively restructuring all underperforming business and commenced to develop a more diversified product portfolio. In addition, the Group has been continuously expanding the comparatively profitable business among its existing business segments.

Although the Group's loss for the Period was approximately HK$30.29 million (31 December 2017: loss of approximately HK$19.98 million), it included the credit loss expenses in respect of trade and other receivables of approximately HK$9.23 million (31 December 2017: Nil) due to the impact of the adoption of an expected credit loss model under HKFRS 9.

Excluding the aforesaid credit loss expenses in respect of trade and other receivables, the Group's loss for the Period was approximately HK$21.06 million (31 December 2017: HK$19.98 million).

FINANCIAL REVIEW

Revenue

The Group's consolidated revenue for the Period was approximately HK$21.29 million (31 December 2017: approximately HK$17.52 million), representing an increase of approximately HK$3.77 million or approximately 21.5% as compared to the corresponding period of last year. Gross profit increased to approximately HK$7.44 million (31 December 2017: approximately HK$4.47 million).

Selling and distribution costs

Selling and distribution costs for the Period was approximately HK$1.57 million (31 December 2017: approximately HK$2.10 million), representing a decrease of approximately HK$0.53 million or approximately 25.2% as compared to the corresponding period of last year.

Administrative expenses

During the Period, administrative expenses was approximately HK$25.79 million (31 December 2017: approximately HK$23.50 million), representing an increase of approximately HK$2.29 million or approximately 9.7% as compared to the corresponding period of last year.

Other operating expenses

During the Period, other operating expenses was approximately HK$11.34 million which was mainly attributable to credit loss expenses in respect of trade and other receivables, and amortisation of intangible assets.

Loss for the period

The Group's loss for the Period amounted to approximately HK$30.29 million (31 December 2017: loss of approximately HK$19.98 million). The Group's loss was mainly attributed to the restructuring of the underperforming trading business, the Group's strict control on its costs, and credit loss expenses due to the impact of the adoption of an expected credit loss model under HKFRS 9.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group employed a total of 69 (30 June 2018: 79) employees, of which 42 (30 June 2018: 53) were working in Mainland China and New Zealand and 27 (30 June 2018: 26) were stationed in Hong Kong. The total salaries (excluding directors' emoluments) for the Period was approximately HK$8.67 million (30 June 2018: approximately HK$17.47 million). Remuneration packages comprises salary, mandatory provident fund, bonus, statutory contributions and medical allowance.

FOREIGN EXCHANGE RISK AND MANAGEMENT

The majority of the Group's operations are located in the PRC, and the main operational currencies are Hong Kong Dollars, Renminbi and United States Dollars. The Company is paying regular and active attention to Renminbi exchange rate fluctuations and consistently assess exchange risks.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, net current assets of the Group were approximately HK$86.97 million (30 June 2018: approximately HK$133.95 million). The Group's cash and bank balance at that date amounted to approximately HK$14.52 million (30 June 2018: approximately HK$31.18 million), which was mainly denominated in Hong Kong dollars, Renminbi and United States Dollars, and the Group had no borrowings at the end of this Period (30 June 2018: nil).

As at 31 December 2018, the Group's current ratio and quick ratio were approximately 4.14 (30 June 2018: 4.21) and approximately 3.62 (30 June 2018: approximately 3.46) respectively.

The gearing ratio, total borrowings divided by total assets at the end of each year, was nil as at 31 December 2018 (30 June 2018: Nil).

The Group continued to have no structured investment products, foreign exchange contracts and investments in listed shares, bonds and debentures.

It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity to meet operation requirements and to capture acquisition requirements.

CAPITAL COMMITMENT

During the Period, the Group had no material capital commitments or investment commitments.

The operating lease commitment for the Group as at 31 December 2018 was approximately HK$2.91 million (30 June 2018: approximately HK$3.39 million).

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for this Period (2017: Nil).

CONTINGENT LIABILITIES

Neither the Group nor the Company had any significant contingent liabilities at the end of this reporting Period.

PLEDGE OF ASSETS

No assets of the Group was pledged as securities to any third parties as at 31 December 2018 (30 June 2018: Nil).

PROSPECTS

The Group believes that it will continue to face strong head winds in the foreseeable future.

As escalating international trade tensions unfold and China's ongoing reforms to focus on transforming economic development from "high speed" to "high quality", with policies on financial de-leveraging and risk prevention firmly in place, the PRC economy has slowed down in short term but shall foster a steady and healthy economic growth over the long term.

Under these circumstances, cost-cutting measures will be implemented as a priority for improving our operating performances. The Group will also continue to restructure and reorganize its business, adopt measures that are beneficial to the growth of its trading business, constantly enriching the products categories of the Company, expand its marketing channels and customer bases, while studying the feasibility of promoting new business.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place since the interim report for the six months ended 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 31 December 2018, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

Overview of Corporate Governance

The Company is committed to establish and maintain high standards of corporate governance and the Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

Code on Corporate Governance Practices

During the six months ended 31 December 2018, the Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance practices (the "**Code**") contained in Appendix 14 to the Listing Rules, except for the deviations of code provisions A.2.1, A.2.7, A.5.1, A.6.7 and C.1.2 as stated and explained below:

Code Provision A.2.1

Under Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Following the resignation of Dr. Meng Zhaoyi as the chairman of the Board of the Company on 1 August 2018, the Company did not appoint any individual to be the chairman of the Company as the Board was still in the process of identifying a suitable candidate. As a result, the functions of the chairman had been performed collectively by the Board for the period from 1 August 2018 to 17 October 2018.

Following the resignation of Mr. Jin Zhongkao as the chief executive officer of the Company with effect from 31 August 2018, the functions of the chief executive officer had been performed collectively by the Board for the period from 1 September 2018 to 17 October 2018. The Board considered that this arrangement allowed contributions from all directors with different expertise and was beneficial to the continuity of the Company's policies and strategies.

Following Mr. Chen Jin's appointment as the chairman of the Board and the chief executive officer of the Company with effect from 18 October 2018, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

Following the resignation of Mr. Chen Jin as the chairman of the Board and the chief executive officer of the Company on 13 November 2018, during part of the Period, the Company did not appoint any individual to be the chairman of the Board and chief executive officer of the Company as the Board was still in the process of identifying a suitable candidate. As a result, the functions of the chairman and chief executive officer had been performed collectively by the Board for the period from 14 November 2018 to 26 December 2018.

Mr. Kam Kit was appointed as the chairman of the Board and the chief executive officer of the Company with effect from 27 December 2018. The Board believes that with the support of the management, vesting the roles of both chairman and chief executive officer in Mr. Kam Kit can facilitate execution of the Group's business strategies and boost effectiveness of its operation. In addition, under the supervision by the Board which consists of three independent non-executive Directors, the interests of the shareholders will be adequately and fairly represented.

Code Provision A.2.7

Under Code Provision A.2.7, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of the executive directors. During the six months ended 31 December 2018, a formal meeting could not be arranged between the chairman of the Board and the independent non-executive Directors without the executive Directors present due to their tight schedules. Although such meeting was not held during the Period, the chairman of the Board could be contacted by email or phone to discuss any potential concerns and/or questions that the non-executive Director and the independent non-executive Directors might have and would arrange to set up follow-up meetings, whenever necessary.

Code Provision A.5.1

Following the resignation of Mr. Lu Jianzhi on 17 December 2018 and retirement of Mr. Wang Zhifeng on 21 December 2018, the Company had one nomination committee member. Subsequently following the appointment of Mr. Yang Yuchuan and Ms. Lu Zhuo as independent non-executive Directors on 27 December 2018, the Company has complied with Code provision A.5.1 which sets out that the nomination committee should comprise of a majority of independent non-executive Directors.

Code Provision A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

Some Directors were not able to attend the annual general meeting of the Company held on 21 December 2018 due to their respective business engagements. Other Board members who attend the annual general meeting were already of sufficient calibre and number for answering questions raised by the shareholders at the relevant general meeting.

Code Provision C.1.2

Under this code provision, the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management provides information and updates to the members of the Board as and when appropriate.

Save as the aforesaid and in the opinion of the Directors, the Company has met all code provisions as set out in the Code during the six months ended 31 December 2018.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

REVIEW OF THIS INTERIM REPORT

The unaudited condensed consolidated interim financial information set out in this report has been reviewed by the audit committee of the Company and the Company's external auditor, Elite Partners CPA Limited.

UPDATE ON DIRECTORS' INFORMATION

Below are the changes of directors' information subsequent to the date of the Company's 2018 Annual Report required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

(i) Mr. Xiao Liang has resigned as the non-executive Director on 18 October 2018;

(ii) Mr. Chan Wai Kit has resigned as the independent non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee of the Company on 18 October 2018;

(iii) Ms. Christina Chan ("Ms. Chan") is an executive Director. She has resigned as the chief financial officer of the Company, the authorised representative of the Company under Rule 3.05 of the Listing Rules (the "Authorised Representative") and the authorised representative of the Company to accept service of process or notices in Hong Kong on behalf of the Company under Part 16 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), (the "Process Agent), on 18 October 2018. The remuneration of Ms. Chan has been decreased from HK$1,300,000 per annum to HK$780,000 per annum with effect from 18 October 2018;

(iv) Mr. Chen Jin has been appointed as the chairman, the chief executive officer, the executive Director, the Authorised Representative and the Process Agent on 18 October 2018 and resigned on 13 November 2018;

(v) Mr. Miao Xiaoxing has been appointed as the executive Director, the chief financial officer on 18 October 2018 and resigned on 13 November 2018;

(vi) Mr. Liang Bing ("Mr. Liang") has been appointed as the non-executive Director, a member of strategic development committee on 18 October 2018. Mr. Liang retired and ceased to be the member of strategic development committee with effect from the conclusion of the annual general meeting of the Company held on 21 December 2018;

(vii) Mr. Lu Jianzhi has been appointed as the independent non-executive Director and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company on 18 October 2018 and resigned on 17 December 2018;

(viii) Mr. Wang Zhifeng ("Mr. Wang") has been appointed as the independent non-executive Director and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company on 18 October 2018. Mr. Wang retired and ceased to be member of each of the audit committee, the remuneration committee and the nomination committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 21 December 2018;

(ix) Mr. Kam Kit has been appointed as an executive Director, the chairman, the chief executive officer, the Authorised Representative and the Process Agent with effect from 27 December 2018;

(x) Mr. Liu Jianping has been appointed as an executive Director with effect from 27 December 2018;

(xi) Mr. Yang Yuchuan has been appointed as an independent non-executive Director and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 27 December 2018;

(xii) Ms. Lu Zhuo has been appointed as an independent non-executive Director and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 27 December 2018; and

(xiii) Ms. Shi Yanxin ("Ms. Shi") has been appointed as the executive Director on 7 September 2018 and she has been appointed as the Authorised Representative and the Process Agent from 13 November 2018 to 27 December 2018. On 27 December 2018, Ms. Shi has been re-designated as the non-executive Director. The remuneration of Ms. Shi has been adjusted from HK$60,000 to HK$40,000 per month with effect from 27 December 2018.

MEMBERS OF THE BOARD

As at the date of this report, the Board comprises Mr. Kam Kit, Mr. Liu Jianping, Mr. Wong Kui Shing, Danny and Ms. Christina Chan as executive Directors; Ms. Shi Yanxin as non-executive Director; and Ms. Wong Chi Yan, Mr. Yang Yuchuan and Ms. Lu Zhuo as independent non-executive Directors.

By order of the Board
Huiyin Holdings Group Limited
Kam Kit
Chairman and Executive Director

Hong Kong, 26 February 2019

匯銀控股集團有限公司
Huiyin Holdings Group Limited
(香港股份代號：1178)
(HK STOCK CODE: 1178)