



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 **2019/20**  
INTERIM REPORT

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 2019 (the "Period") together with comparative figures for the corresponding period in 2018 are as follows:

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

	Notes	Six months ended 31 December	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue	5	8,221	21,293
Cost of sales		(4,355)	(13,853)
Gross profit		3,866	7,440
Other income		1,134	975
Selling and distribution costs		(1,633)	(1,570)
Administrative expenses		(13,748)	(25,793)
Other operating expenses		(788)	(11,338)
<b>LOSS FROM OPERATIONS</b>	6	<b>(11,169)</b>	<b>(30,286)</b>
Finance costs		(128)	–
<b>LOSS BEFORE TAX</b>		<b>(11,297)</b>	<b>(30,286)</b>
Income tax credit	7	–	–
<b>LOSS FOR THE PERIOD</b>		<b>(11,297)</b>	<b>(30,286)</b>
Other comprehensive expense <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		(4,534)	124
Total comprehensive expense for the period		<b>(15,831)</b>	<b>(30,162)</b>

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

		Six months ended 31 December	
		2019	2018
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Loss for the period attributable to:			
Owners of the Company		(11,232)	(30,244)
Non-controlling interests		(65)	(42)
		<u>(11,297)</u>	<u>(30,286)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(15,762)	(30,120)
Non-controlling interests		(69)	(42)
		<u>(15,831)</u>	<u>(30,162)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			(Restated)
Basic and diluted	9	<u>HK(3.77) cent</u>	<u>HK(10.16) cent</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2019 (Unaudited) HK\$'000	30 June 2019 (Audited) HK\$'000
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment	10	2,487	2,752
Investment properties		33,469	34,032
Other receivables		–	17,062
Right of use assets		5,022	–
		40,978	53,846
<b>Current assets</b>			
Inventories	11	2,671	3,998
Trade receivables	12	8,365	6,714
Deposits, prepayments and other receivables		34,062	100,410
Cash and bank balances		81,861	8,834
		126,959	119,956
<b>Current liabilities</b>			
Trade payables	13	4,748	4,823
Trade deposits received		7,509	7,746
Accrued liabilities and other payables		11,736	10,373
Lease liabilities		3,234	–
Amounts due to directors		7,931	4,479
Tax payables		365	–
		35,523	27,421
<b>Net current assets</b>		91,436	92,535
<b>Total assets less current liabilities</b>		132,414	146,381
<b>Non-current liabilities</b>			
Lease liabilities		1,864	–
<b>Net assets</b>		130,550	146,381

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		31 December 2019 (Unaudited) HK\$'000	30 June 2019 (Audited) HK\$'000
	Notes		
<b>Capital and reserves</b>			
Share capital	14	148,828	148,828
Reserves		(18,761)	(2,999)
		<b>130,067</b>	145,829
<b>Non-controlling interests</b>		<b>483</b>	552
<b>Total equity</b>		<b>130,550</b>	146,381

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Statutory reserves	Capital redemption reserves	Share option reserves	Capital reserves	Translation reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
At 30 June 2019 (Audited)	148,828	533,642	8,789	29	4,049	28,764	9,369	(587,641)	145,829	552	146,381
Loss for the period	-	-	-	-	-	-	-	(11,232)	(11,232)	(65)	(11,297)
Other comprehensive loss for the period	-	-	-	-	-	-	(4,530)	-	(4,530)	(4)	(4,534)
Total comprehensive loss for the period	-	-	-	-	-	-	(4,530)	(11,232)	(15,762)	(69)	(15,831)
At 31 December 2019 (Unaudited)	148,828	533,642	8,789	29	4,049	28,764	4,839	(598,873)	130,067	483	130,550

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from/(used in)		
operating activities	<b>75,569</b>	(17,404)
Net cash generated from investing activities	<b>320</b>	752
Net cash used in financing activities	<b>(1,441)</b>	–
	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	<b>74,448</b>	(16,652)
Cash and cash equivalents at 1 July	<b>8,834</b>	31,178
Effect of foreign exchange	<b>(1,421)</b>	(4)
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	<b>81,861</b>	14,522
	<hr/>	<hr/>
Analysis of the balances of cash and		
cash equivalents		
Cash and bank balances	<b>81,861</b>	14,522
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## 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 Room 1101, 11/F, Wing On Plaza, No. 62 Mody Road, Tsim Sha Tsui, Kowloon, 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, and properties investments in the People’s Republic of China (the “PRC”).

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

#### 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.



### 3. 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 2019 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 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2019.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

##### 3.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

###### Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

###### As a lessee

###### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

###### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 3.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

###### As a lessee (Continued)

###### *Right-of-use assets*

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

*The cost of right-of-use assets includes:*

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within “investment properties”.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 3.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

###### As a lessee (Continued)

###### *Leasehold land and building*

For a property interest which is owned by the Group includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

###### *Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

###### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 3.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

*Lease liabilities (Continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 3.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

###### As a lessee (Continued)

###### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

###### *Taxation*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 3.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

###### As a lessor

###### *Allocation of consideration to components of a contract*

Effective on 1 July 2019, the Group applies HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

###### *Refundable rental deposits*

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Subsequently, adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

###### *Lease modification*

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

##### 3.1.2 Transition and summary of effects arising from initial application of HKFRS 16

###### Definition of a lease

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

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 3.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

###### Definition of a lease (Continued)

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

###### As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

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

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provision, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and



### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 3.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

###### As a lessee (Continued)

- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application HKFRS of 16:

The Group recognised lease liabilities of HK\$4,920,000 and right-of-use assets of HK\$4,920,000 at 1 July 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.97%.

	At 1 July 2019 HK\$'000
Operating lease commitments disclosed as at 30 June 2019	6,492
Lease liabilities discounted at relevant incremental borrowing rates	4,992
Less: Recognition exemption – leases with terms ending within 12 months of the date of initial application	(72)
Lease liabilities as at 1 July 2019	4,920
Analysed as:	
Current	2,241
Non-Current	2,679
	4,920

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 3.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

###### As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 July 2019 comprises the following:

	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognized upon application of HKFRS 16	<u>4,920</u>
By Class	
Leasehold properties	<u>4,920</u>

###### As a lessor

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

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 3.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

###### As a lessor (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 July 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30 June 2019 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 July 2019 HK\$'000
<b>Non-current Assets</b>			
Right-of-use assets	-	4,920	4,920
<b>Current Liabilities</b>			
Lease liabilities	-	2,241	2,241
<b>Non-current liabilities</b>			
Lease liabilities	-	2,679	2,679

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 July 2019 as disclosed above.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 3.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor (Continued)

*New and amendments to HKFRSs in issue but not yet effective*

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

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

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

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020

The directors of the Company consider that the application of all new and amendments to HKFRSs and HKASs is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in foreseeable future.

#### **4. SEGMENT INFORMATION**

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.

The chief operating decision maker have re-organised the business activities of the Group into six 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) Property investment: rental income; and
- (vi) Others: provision of loan financing in Hong Kong and others.

#### 4. 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 product		Healthcare food		Edible bird's nest products		Electronic and scandium oxide		Property Investment		Others		Consolidated	
	Six months ended 31 December													
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	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	4,810	6,385	3,045	3,165	10	7,673	-	3,318	307	-	49	752	8,221	21,293
Segment result	(1,199)	914	(541)	(85)	(2,012)	2,165	(145)	30	307	-	(4)	752	(3,594)	3,776
Unallocated other income													635	975
Unallocated expenses													(8,210)	(35,037)
Loss from operations													(11,169)	(30,286)
Finance costs													(128)	-
Loss before income tax													(11,297)	(30,286)
Income tax credit													-	-
Loss for the period													(11,297)	(30,286)

##### (b) Geographical segments

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

	For the six months ended 31 December	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Hong Kong (domicile)	3,045	7,235
The PRC	5,176	14,058
	<b>8,221</b>	<b>21,293</b>

## 5. 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. All significant intragroup transactions have been eliminated on consolidation.

## 6. LOSS FROM OPERATIONS

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

	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Cost of inventories sold	4,355	13,853
Amortisation of intangible assets*	3	2,113
Depreciation of property, plant and equipment <sup>#</sup>	195	258
Depreciation of right-of-use assets <sup>#</sup>	1,391	–
Operating lease charges in respect of land and building <sup>#</sup>	380	1,736
Credit loss expenses in respect of other receivables*	–	6,081
Credit loss expenses in respect of trade receivable*	–	3,144

<sup>#</sup> included in administrative expenses

\* included in other operating expenses

## 7. INCOME TAX CREDIT

No provision of Hong Kong Profits Tax has been provided as no assessable profits arising in Hong Kong during the Period (2018: 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% (2018: 25%).

## 8. DIVIDENDS

The Board has resolved not to declare any interim dividend for the Period (2018: Nil).

## 9. 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\$11.23 million (2018: loss of approximately HK\$30.24 million) and the weighted average number of 297,656,701 (2018: the weighted average number of 297,656,701 (restated)) ordinary shares in issue during the Period.

The weighted average number of shares for the purpose of calculating the basic loss per share has been retrospectively adjusted for the effect of the share consolidation completed during the year ended 30 June 2019.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 31 December 2019 and 2018 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.

## 10. PROPERTY, PLANT AND EQUIPMENT

	2019 Total HK\$'000
At 1 July 2019 (audited)	2,752
Additions	553
Disposals	(560)
Depreciation	(195)
Exchange realignment	(63)
<b>At 31 December 2019 (unaudited)</b>	<b>2,487</b>



## 11. INVENTORIES

	<b>31 December 2019 (Unaudited) Total HK\$'000</b>	30 June 2019 (Audited) Total HK\$'000
Raw materials	3,414	4,672
Work in progress	2,953	3,496
Finished goods	<b>56,636</b>	59,103
	<b>63,003</b>	67,271
Less: Provision for obsolete and slow-moving finished goods	<b>(60,332)</b>	(63,273)
	<b>2,671</b>	3,998

## 12. 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:

	<b>31 December 2019 (Unaudited) HK\$'000</b>	30 June 2019 (Audited) HK\$'000
Outstanding balances with ages:		
0–30 days	2,388	6,690
31–60 days	472	–
61–180 days	154	–
Over 180 days	<b>5,351</b>	24
	<b>8,365</b>	6,714

## 12. TRADE RECEIVABLES (CONTINUED)

Included in the balances are trade receivables with an aggregate carrying amount of HK\$5.35 million (30 June 2019: HK\$0.02 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.

## 13. TRADE PAYABLES

	31 December 2019 (Unaudited) HK\$'000	30 June 2019 (Audited) HK\$'000
0–30 days	350	107
31–60 days	385	312
61–180 days	1,138	1,365
Over 180 days	2,875	3,039
	<u>4,748</u>	<u>4,823</u>

## 14. SHARE CAPITAL

	Number of ordinary shares (Unaudited)	Share Capital HK\$'000 (Unaudited)
Authorised:		
Ordinary shares of HK\$0.5 each		
At 30 June 2019 and 31 December 2019	<u>1,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.5 each		
At 30 June 2019 and 31 December 2019	<u>297,656,701</u>	<u>148,828</u>

**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**

	<b>31 December 2019 (Unaudited) HK\$'000</b>	30 June 2019 (Audited) HK\$'000
Amount due to directors (Note)	<b>7,931</b>	4,479

Note:

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

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

	<b>Six months ended 31 December 2019 (Unaudited) HK\$'000</b>	2018 (Unaudited) HK\$'000
Total remuneration of directors and other members of key management during the period		
— Short term employee benefits	<b>2,486</b>	5,136
— Pension scheme contribution	<b>36</b>	39
	<b>2,522</b>	5,175

## 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. At the same time, under the influence of Anti-Extradition Law Amendment Bill Movement and the restricted government policy on the overall health product industry in mainland China, the retail business in both markets of Hong Kong and mainland China have been seriously jeopardized.

Accordingly, the Group has been actively restructuring all underperforming business and commenced to develop a more diversified product portfolio and new business models. 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\$11.30 million (31 December 2018: loss of approximately HK\$30.29 million), it included the credit loss expenses in respect of trade and other receivables of approximately HK\$nil (31 December 2018: HK\$9.23 million) 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\$11.30 million (31 December 2018: HK\$21.06 million).

### FINANCIAL REVIEW

#### Revenue

The Group's consolidated revenue for the Period was approximately HK\$8.22 million (31 December 2018: approximately HK\$21.29 million), representing a decrease of approximately HK\$13.07 million or approximately 61.4% as compared to the corresponding period of last year. Gross profit decreased to approximately HK\$3.57 million (31 December 2018: approximately HK\$7.44 million).

#### Selling and distribution costs

Selling and distribution costs for the Period was approximately HK\$1.63 million (31 December 2018: approximately HK\$1.57 million), representing an increase of approximately HK\$0.06 million or approximately 4.01% as compared to the corresponding period of last year.

### **Administrative expenses**

During the Period, administrative expenses was approximately HK\$13.75 million (31 December 2018: approximately HK\$25.79 million), representing a decrease of approximately HK\$12.04 million or approximately 46.68% as compared to the corresponding period of last year.

### **Other operating expenses**

During the Period, other operating expenses was approximately HK\$0.79 million which was mainly attributable to the reversal of loss provision of other receivables, and sundry expenses.

### **Loss for the period**

The Group's loss for the Period amounted to approximately HK\$11.30 million (31 December 2018: loss of approximately HK\$30.29 million). The Group's improvement in loss was mainly attributed to strict control on its costs, and the reduction in the credit loss expenses due to the impact of the adoption of an expected credit loss model under HKFRS 9 for the corresponding period in 2018.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2019, the Group employed a total of 78 (30 June 2019: 83) employees, of which 51 (30 June 2019: 56) were working in Mainland China 27 (30 June 2019: 27) were stationed in Hong Kong. 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 2019, net current assets of the Group were approximately HK\$91.44 million (30 June 2019: approximately HK\$92.54 million). The Group's cash and bank balance at that date amounted to approximately HK\$81.86 million (30 June 2019: approximately HK\$8.83 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 2019, the Group's current ratio and quick ratio were approximately 3.57 (30 June 2019: 4.37) and approximately 3.50 (30 June 2019: approximately 4.23) respectively.

The gearing ratio, total borrowings divided by total assets at the end of each year, was nil as at 31 December 2019 (30 June 2019: 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.

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for this Period (2018: 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 2019 (30 June 2019: Nil).

## PROSPECTS

The Group believes that it will continue to face strong headwinds in the foreseeable future. Since the outbreak of the novel coronavirus pneumonia epidemic at the beginning of 2020, the Group has taken a proactive approach and adopted various anti-epidemic measures to protect the safety and health of employees as top priority.

At the same time, the epidemic itself and the postponed resumption of business operation and related epidemic control have adversely affected the Group's business. The Group is taking proactive measures and making active responses in an effort to minimize the losses caused by the epidemic.

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 date of the interim report for the six months ended 31 December 2019.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 31 December 2019, 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 2019, 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 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.

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 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 2019.

### **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**

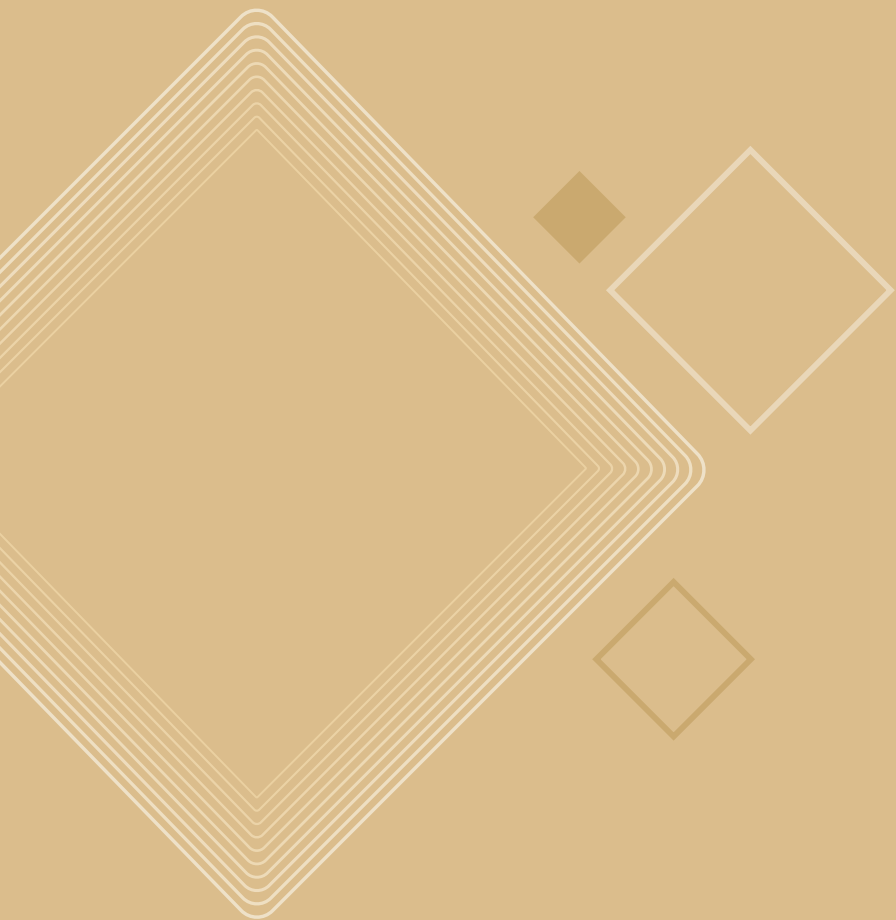
No changes of directors' information subsequent to the date of the Company's 2019 Annual Report that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **MEMBERS OF THE BOARD**

As at the date of this report, the Board comprises Mr. Kam Kit, Mr. Liu Jianping, 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, 28 February 2020



**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)**