



China Financial International Investments Limited

中國金融國際投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 721)



Interim Report
2020

BOARD OF DIRECTORS

Executive Director

Mr. Du Lin Dong (*Chairman and Chief Executive Officer*)

Non-executive Directors

Mr. Ding Xiaobin
Mr. Zhang Huayu (*Vice Chairman*)
Ms. Li Jie
Ms. Chen Xi

Independent Non-executive Directors

Mr. Zhang Jing
Mr. Zeng Xianggao
Mr. Wong Lok Man

EXECUTIVE COMMITTEE

Mr. Du Lin Dong (*Chairman*)

AUDIT COMMITTEE

Mr. Zhang Jing (*Chairman*)
Mr. Zeng Xianggao
Mr. Wong Lok Man

REMUNERATION COMMITTEE

Mr. Zhang Jing (*Chairman*)
Mr. Du Lin Dong
Mr. Wong Lok Man

NOMINATION COMMITTEE

Mr. Zhang Jing (*Chairman*)
Mr. Zeng Xianggao
Mr. Wong Lok Man

RISK MANAGEMENT COMMITTEE

Mr. Du Lin Dong (*Chairman*)
Mr. Zhang Jing

AUTHORISED REPRESENTATIVES

Mr. Du Lin Dong
Mr. Wong Tsz Lun

COMPANY SECRETARY

Mr. Wong Tsz Lun

AUDITORS

Moore Stephens CPA Limited
Certified Public Accountants

INVESTMENT MANAGER

China Financial International Investments & Managements Limited

CUSTODIAN

Bank of Communications Trustee Limited

LEGAL ADVISER

As to Bermuda law
Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton
HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2001, 20/F, Tower 1
The Gateway
Harbour City, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
4th Floor Cedar House
41 Cedar Avenue
Hamilton, HM 12
Bermuda

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

TRADING CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

0721

COMPANY WEBSITE

<http://www.irasia.com/listco/hk/cfii>

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2020

	Notes	Unaudited Six months ended 31 December	
		2020 HK\$'000	2019 HK\$'000
Revenue	4	187	19,199
Other income	4	22,946	5,960
Fair value loss on financial assets at fair value through profit or loss ("FVTPL")		(37,528)	(88,255)
Impairment loss on debt instruments at fair value through other comprehensive income ("FVTOCI")		–	(17,015)
Administrative expenses		(12,251)	(14,478)
Share of (loss) profit from an associate		(81)	8
Finance costs	5	(1,147)	(1,676)
Loss before tax		(27,874)	(96,257)
Income tax expense	6	–	–
Loss for the period	7	(27,874)	(96,257)
Other Comprehensive Income			
<i>Item that will not be reclassified to profit or loss:</i>			
– Fair value loss of equity instruments at FVTOCI		(8,884)	(34,755)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Debt instruments at FVTOCI			
– Change in fair value of debt instrument at fair value through other comprehensive income		–	(17,015)
– Adjustment for expected credit loss included in profit or loss		–	17,015
		–	–
– Exchange difference arising on translation of foreign operations		16,442	(1,054)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		7,558	(35,809)
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		(20,316)	(132,066)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic	9	(HK\$0.25)	(HK\$0.88)
– Diluted		(HK\$0.25)	(HK\$0.88)

Interim Condensed Consolidated Statement of Financial Position

31 December 2020

	<i>Notes</i>	Unaudited 31 December 2020 HK\$'000	Audited 30 June 2020 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	75	89
Right-of-use assets		2,291	3,390
Interest in an associate	11	1,031	1,112
Financial assets at FVTPL	12	682,085	635,796
Equity Instruments at FVTOCI	13	53,159	62,043
Deposits	14	15,318	306
		<hr/>	<hr/>
Total non-current assets		753,959	702,736
		<hr/>	<hr/>
CURRENT ASSETS			
Prepayments, deposits and other receivables	14	39,699	27,287
Financial assets at FVTPL	12	48,479	107,372
Bank balances and cash		7,554	64,911
		<hr/>	<hr/>
Total current assets		95,732	199,570
		<hr/>	<hr/>
CURRENT LIABILITIES			
Other payables and accruals		17,465	9,516
Amount due to an associate		273	58
Tax payable		4,200	4,200
Borrowings	15	29,986	52,978
Lease liabilities		1,605	2,361
Financial guarantee contracts	16	–	6,382
		<hr/>	<hr/>
Total current liabilities		53,529	75,495
		<hr/>	<hr/>
NET CURRENT ASSETS		42,203	124,075
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		796,162	826,811
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		761	1,097
Borrowings	15	–	9,997
		<hr/>	<hr/>
Total non-current liabilities		761	11,094
		<hr/>	<hr/>
NET ASSETS		795,401	815,717
		<hr/>	<hr/>
EQUITY			
Share capital	17	109,717	109,717
Reserves		685,684	706,000
		<hr/>	<hr/>
TOTAL EQUITY		795,401	815,717
		<hr/>	<hr/>
Net asset value per share		7.25	7.43
		<hr/>	<hr/>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2020

	Attributable to owners of the Company							
	Share capital	Share premium	Contributed surplus	Capital reserve	Financial assets at FVTOCI reserve	Exchange reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2020 (audited)	109,717	2,067,672	278,979	2,766	(44,201)	(24,010)	(1,575,206)	815,717
Loss for the period	-	-	-	-	-	-	(27,874)	(27,874)
Other comprehensive loss for the period:								
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(8,884)	-	-	(8,884)
Exchange differences on translation of foreign operations	-	-	-	-	-	16,442	-	16,442
Total comprehensive expense for the period	-	-	-	-	(8,884)	16,442	(27,874)	(20,316)
At 31 December 2020 (unaudited)	109,717	2,067,672	278,979	2,766	(53,085)	(7,568)	(1,603,080)	795,401
At 1 July 2019 (audited)	109,717	2,067,672	278,979	2,766	(4,296)	(13,426)	(1,356,706)	1,084,706
Loss for the period	-	-	-	-	-	-	(96,257)	(96,257)
Other comprehensive loss for the period:								
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(34,755)	-	-	(34,755)
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,054)	-	(1,054)
Total comprehensive expense for the period	-	-	-	-	(34,755)	(1,054)	(96,257)	(132,066)
At 31 December 2019 (unaudited)	109,717	2,067,672	278,979	2,766	(39,051)	(14,480)	(1,452,963)	962,640

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2020

	Unaudited	
	Six months ended 31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
Loss before tax	(27,874)	(96,257)
Adjustments for:		
Share of (loss) profit from an associate	81	(8)
Interest income	(293)	(18,508)
Dividend income	(187)	(946)
Finance costs	1,147	1,676
Depreciation	1,223	988
Loss on disposal of a subsidiary	255	–
Impairment of/(Reversal of impairment loss) on financial assets at FVTOCI	–	17,015
Net gain on disposal of financial assets at fair value through profit or loss	–	–
Fair value change of financial assets at fair value through profit or loss	37,528	88,255
(Reversal of) impairment loss on deposits and other receivables	–	(1,313)
Reversal of provision for financial guarantee liabilities	(6,382)	(4,392)
	<hr/>	<hr/>
Operating profit (loss) before working capital changes	5,498	(13,490)
(Increase) decrease in prepayments, deposits and other receivables	2,397	134,846
Increase in other payables and accruals	8,012	6,542
Increase in an amount due to a related company	–	–
Increase (decrease) in an amount due to an associate	215	(114)
Purchase of financial assets at fair value through profit or Loss	(71,259)	(118,006)
Sales of financial assets at fair value through profit or loss	43,429	–
	<hr/>	<hr/>
Cash (used in)/generated from operations	(11,708)	9,778
Interest received	293	255
Dividend received	1,450	946
	<hr/>	<hr/>
Net cash (used in) generated from operating activities	(9,965)	10,979
	<hr/>	<hr/>
Cash flows from investing activities		
Net cash outflow of disposal of a subsidiary	(16)	–
	<hr/>	<hr/>

Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 31 December 2020

	Unaudited	
	Six months ended 31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in investing activities	(16)	–
Cash flows from financing activities		
Repayment of borrowings	(32,989)	–
Interest paid	(1,147)	(1,676)
Repayment of lease liabilities	(978)	(811)
Net cash used in financing activities	(35,114)	(2,487)
Net (decrease) increase in cash and cash equivalents	(45,095)	8,492
Cash and cash equivalents at beginning of the period	64,911	36,124
Effect of foreign exchange rate changes	(12,262)	824
Cash and cash equivalents at the end of period	7,554	45,440
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	7,554	45,440

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

1. Corporation information and basis of preparation

China Financial International Investments Limited (the “Company”) was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). With effect from 9 May 2006, the Company was de-registered from the Cayman Islands under the Cayman Islands Companies Law and re-domiciled in Bermuda under the Companies Act 1981 of Bermuda as an exempted company. The Company’s registered office address is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and the Company’s principal place of business is Suite 2001, 20th Floor, Tower 1, The Gateway, Harbour City, Kowloon, Hong Kong.

The Company and its subsidiaries (the “Group”) are principally engaged in investing in listed and unlisted companies established and/or doing business in Hong Kong and the People’s Republic of China (the “PRC”).

The unaudited condensed consolidated financial statements for the six months ended 31 December 2020 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

In the preparation of the condensed consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group by continuously monitoring forecast and actual cash flows. For the six months ended 31 December 2020, the Group reported loss for the year of HK\$27,874,000. At 31 December 2020, the Group had bank balances and cash of HK\$7,554,000 and net current assets of HK\$42,203,000. Future cash flows from operating activities are dependent on realisation of the listed and unlisted investments. In order to continue funding future capital programmes, the Company may need to obtain additional equity or debt financing, or assess other options. The ability to access the required capital to maintain current financial position and cash flows is dependent on a variety of external factors.

The condensed consolidated financial statements have been prepared on a going concern basis as, in the opinion of the directors of the Company, the Group has the ability to obtain debt or equity financing, or other sources of funding for future capital programmes should the need arise.

They have been prepared on the historical cost convention, except for financial assets at FVTPL and financial assets at FVTOCI which have been measured at fair value. These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of unaudited condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 30 June 2020. The accounting policies adopted in the unaudited interim condensed consolidated financial statements are consistent with those followed in the Group's annual financial statements for the year ended 30 June 2020, except for the adoption of the following amendments to HKFRSs issued by the HKICPA as disclosed below.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2020 are the same as those presented in the Group's annual consolidated financial statements for the year ended 30 June 2020.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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

Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period has had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 30 June 2021.

2A. Significant events and transactions in the current interim period

The pandemic impact of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy and business environment, and directly and indirectly affecting the operations of the Group. The financial position and performance of the Group have been affected in different aspects, including reduction in revenue and reduction in the returns in the investments.

3. OPERATING SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the type and underlying business of the Group's investments.

In the current period, the Group reorganised its internal reporting structure which resulted in the changes to the composition of its reportable segment, as the business extension of clean energy business. Prior period segment disclosure has been represented to conform with the current period's presentation.

Specifically, the Group's reportable segments under HKFRS 8 "Operating Segments" are as follows:

1. Micro-loan service – equity investments in investees engaged in micro-loan services
2. Real estate and natural gas – equity investments in investees engaged in real estate and natural gas business
3. Investment in fixed income financial assets – debt investments
4. Clean energy – equity investment in investees engaged in clean energy industry
5. Other – equity investments in investees engaged in guarantee service, warehouse operation and management consultation service and other businesses

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

3. OPERATING SEGMENT INFORMATION (Continued)

No operating segments have been aggregated in arriving at the reportable segments of the Group.

	Micro-loan service HK\$'000	Real estate and natural gas HK\$'000	Investment in fixed Income Financial Assets HK\$'000	Clean energy HK\$'000	Others HK\$'000	Total HK\$'000
<i>Six months ended 31 December 2020</i>						
Segment results	<u>(7,327)</u>	<u>(14,439)</u>	<u>-</u>	<u>(11,801)</u>	<u>(3,774)</u>	<u>(37,341)</u>
Share of profit of an associate						(81)
Unallocated other income						22,946
Finance costs						(1,147)
Central administrative expenses						<u>(12,251)</u>
Loss before tax						<u>(27,874)</u>
<i>Six months ended 31 December 2019</i>						
Segment results	<u>(10,014)</u>	<u>(54,651)</u>	<u>1,236</u>	<u>(20,928)</u>	<u>(1,714)</u>	<u>(86,071)</u>
Share of profit of an associate						8
Unallocated other income						5,960
Finance costs						(1,676)
Central administrative expenses						<u>(14,478)</u>
Loss before tax						<u>(96,257)</u>

Segment (loss) profit represent the (loss from)/profit earned by each segment without allocation of share of (loss) profit of an associate, other income, impairment loss on other receivables, finance costs and central administrative expenses.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

3. OPERATING SEGMENT INFORMATION (Continued)

Segment assets

The following is an analysis of the Group's assets by reportable segment:

	Unaudited 31 December 2020 <i>HK\$'000</i>	Audited 30 June 2020 <i>HK\$'000</i>
Micro-loan service	15,921	53,628
Real estate and natural gas	67,791	113,382
Investment in fixed income financial assets	–	–
Clean energy	569,794	489,663
Others	130,217	148,538
	<hr/>	<hr/>
Total segment assets	783,723	805,211
Unallocated assets	65,968	97,095
	<hr/>	<hr/>
Consolidated assets	849,691	902,306

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than property, plant and equipment, right-of-use assets, interest in an associate, prepayments, deposits and other receivables and bank balances and cash; and
- no liabilities are allocated to reportable segments

4. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

	Unaudited Six months ended 31 December 2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue		
Dividend income from listed investments	187	946
Interest income from unlisted investments	–	18,253
	<hr/>	<hr/>
	187	19,199
	<hr/>	<hr/>
Other income		
Bank interest income	293	255
Exchange gain	15,599	–
Reversal of impairment loss on other receivable	–	1,313
Reversal of provision for financial guarantee liabilities	6,382	4,392
Sundry income	672	–
	<hr/>	<hr/>
	22,946	5,960
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

5. FINANCE COSTS

	Unaudited Six months ended 31 December	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on borrowings	1,060	1,588
Interest on lease liabilities	87	88
	1,147	1,676
	1,147	1,676

6. INCOME TAX EXPENSE

	Unaudited Six months ended 31 December	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current – PRC		
– Provision for the period	–	–
– Overprovision in respect of prior year	–	–
	–	–
	–	–
Deferred tax – PRC		
– Provision for the period	–	–
	–	–
	–	–
	–	–

Hong Kong Profit Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000 for both periods.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profits for the year (31 December 2019: assessable profit of the Group is wholly absorbed by tax losses brought forward for the period).

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

7. LOSS FOR THE PERIOD

The Group's profit before income tax is arrived at after charging/(crediting):

	Unaudited Six months ended 31 December	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Custodian fee	85	81
Depreciation of property, plant and equipment	14	141
Depreciation of right-of-use assets	1,209	847
Investment management fees	215	560
(Reversal of) loss allowance for deposits and other receivable	–	(1,313)
Loss on disposal of subsidiary	255	–
Reversal of provision for financial guarantee liabilities	(6,382)	(4,392)
Staff costs, including directors' remuneration:		
– Salaries and wages	2,740	5,374
– Pension scheme contributions	51	74
	<u>51</u>	<u>74</u>

8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 December 2020 (31 December 2019: Nil).

9. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Unaudited Six months ended 31 December	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the period/year attributable to owners of the Company for the purpose of basic loss per share	<u>(27,874)</u>	<u>(96,257)</u>
Number of shares		
	2020 <i>'000</i>	2019 <i>'000</i>
Weight average number of ordinary shares for the purpose of basic loss per share	<u>10,971,634</u>	<u>10,971,634</u>

No diluted loss per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

10. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 31 December 2020 HK\$'000	Audited 30 June 2020 HK\$'000
Opening net book value	89	491
Additions	–	95
Disposal	–	(315)
Depreciation provided during the period/year	(14)	(182)
	<u>75</u>	<u>89</u>
Closing net book value	<u>75</u>	<u>89</u>

11. INTEREST IN AN ASSOCIATE

	Unaudited 31 December 2020 HK\$'000	Audited 30 June 2020 HK\$'000
Cost of investment in an associate	290	290
Share of post-acquisition losses and other comprehensive income	741	822
	<u>1,031</u>	<u>1,112</u>
Closing net book value	<u>1,031</u>	<u>1,112</u>

Name of associate	Place of incorporation	Principal place of business	Paid up issued capital	Proportion of ownership interest and voting rights held by the Group		Principal activity
				31 December 2020	30 June 2020	
China Financial International Investments & Managements Limited ("CFIIM")	Hong Kong	Hong Kong	HK\$1,000,000	29%	29%	Provision of asset management services

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

12. FINANCIAL ASSETS AT FVTPL

	Unaudited 31 December 2020 HK\$'000	Audited 30 June 2020 HK\$'000
<i>Notes</i>		
Financial assets mandatorily measured at FVTPL:		
Listed securities held for trading		
– Equity securities listed in Hong Kong	(i) 48,479	107,372
Financial assets classified/designated at FVTPL:		
– Unlisted equity investments	(ii) 682,085	635,796
Total	730,564	743,168
Analysed for reporting purposes as:		
Current assets	48,479	107,372
Non-current assets	682,085	635,796
	730,564	743,168

Notes:

- (i) The fair values of listed securities are determined based on the quoted market bid prices available on the relevant exchange at the end of the period.

Particular of the major components of the investment portfolio as at 31 December 2020, in terms of the carrying value of the respective individual investment, are as follows:

China City Infrastructure Group Limited ("China City Infrastructure")

As at 31 December 2020 and 30 June 2020, the Group held 436,079,429 shares in China City Infrastructure, representing approximately 13.94% of the issued share capital of China City Infrastructure. As at 31 December 2020, the market value of the investment in the shares of China City Infrastructure was HK\$41,864,000 (30 June 2020: HK\$55,818,000).

Sino-Ocean Group Holding Limited ("Sino-Ocean Group")

As at 31 December 2020 and 30 June 2020, the Group held 500,000 and 4,212,500 shares in Sino-Ocean Group, representing approximately 0.01% and 0.06% of the issued share capital of Sino-Ocean Group respectively. Sino-Ocean Group is principally engaged in investment holding, property development and property investment in the PRC. As at 31 December 2020, the market value of the investment in the shares of Sino-Ocean Group was HK\$775,000 (30 June 2020: HK\$7,793,000).

Hidili Industry International Development Limited ("Hidili Industry")

As at 31 December 2020 and 30 June 2020, the Group held 12,369,000 shares in Hidili Industry, representing approximately 0.6% of the issued share capital of Hidili Industry. Hidili Industry is principally engaged in coal mining and manufacture and sale of clean coal. As at 31 December 2020, the market value of the investment in the shares of Hidili Industry was HK\$2,560,000 (30 June 2020: HK\$2,053,000).

China Communications Construction Co Ltd ("China Communications")

As at 31 December 2020 and 30 June 2020, the Group held 979,000 and 9,588,000 shares in China Communications, representing approximately 0.02% and 0.22% of the issued share capital of China Communications. China Communications is principally engaged in infrastructure construction, infrastructure design and dredging businesses. As at 31 December 2020, the market value of the investment in the shares of China Communications was HK\$3,280,000 (30 June 2020: HK\$41,708,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

12. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(ii) At the end of the reporting period, the Group had the following unlisted equity investments

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Unaudited	Audited	Audited
			31 December 2020	Audited 30 June 2020		31 December 2020	31 December 2020	30 June 2020	30 June 2020
						Fair value HK\$'000	Cost HK\$'000	Fair value HK\$'000	Cost HK\$'000
<i>Micro-loan service:</i>									
Tianjin Rongshun Microfinance Limited ("Tianjin Rongshun")	(a)	The People Republic of China (The "PRC")	30%	30%	Provision of small loan and financial consultation services	1,261	36,606	1,055	36,606
TiIC RongShun Micro-Loan Company Limited ("TiIC Rongshun")	(b)	The PRC	10%	10%	Provision of small loan and financial consultation services	4,165	12,189	4,378	12,189
Harbin Zhongjinguoxin Microfinance Co. Limited ("Harbin Zhongjinguoxin")	(c)	The PRC	30%	30%	Provision of small loan and financial consultation services	-	36,693	-	36,693
Tianjin Binlian Microfinance Limited ("Tianjin Binlian")	(d)	The PRC	3.3%	3.3%	Provision of small loan and financial consultation services	1,118	12,271	1,131	12,271
Ezhou Zhongjinguotou Microfinance Limited ("Ezhou Zhongjinguotou")	(e)	The PRC	-	50%	Provision of small loan and financial consultation services	-	-	19,421	185,000
Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd ("Ziyang Yanjiang")	(f)	The PRC	30%	30%	Provision of small loan and financial consultation services	126	73,730	129	73,730
Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd ("Nanjing Jiangning")	(g)	The PRC	30%	30%	Provision of small loan and financial consultation service	9,251	36,673	10,173	36,673
Tianjin Rongyang Micro-Loan Limited ("Tianjin Rongyang")	(h)	The PRC	30%	30%	Provision of small loan and financial consultation services	-	36,741	6,382	36,741
Zhenjiang CFI Guosen Technology Microfinance Corporation Limited ("Zhenjiang CFI")	(i)	The PRC	-	30%	Provision of small loan and financial consultation service	-	-	10,959	56,874

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

12. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(ii) At the end of the reporting period, the Group had the following unlisted equity investments (Continued)

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Unaudited	Audited	Audited
			Unaudited 31 December 2020	Audited 30 June 2020		31 December 2020	31 December 2020	30 June 2020	30 June 2020
						Fair value HK\$'000	Cost HK\$'000	Fair value HK\$'000	Cost HK\$'000
<i>Clean energy:</i>									
Henan Tianguan Energy and Biotechnology Company Limited ("Henan Tianguan")	(j)	The PRC	30%	30%	Production and sales of denatured fuel ethanol, sales of acetone, butanol, polyols, production and sales of biodegradable plastics and biodiesel, sales of chemical products, wheat bran flour, feed sales, acetic acid and acetaldehyde production	122,719	230,763	180,439	230,763
Hunan South China New Energy Limited ("Hunan South China")	(k)	The PRC	30%	30%	New energy technology development transfer and consultation, research and development, manufacturing and sales of chemical products, chemical reagents and auxiliaries (excluding hazardous chemicals and precursor chemicals)	54,529	51,200	50,366	51,200
Henan Keyi Huirui Energy and Biotechnology Company Limited ("Keyi Huirui")	(l)	The PRC	30%	30%	Biotechnology energy technology development, transfer and consultation, research and development, manufacturing and sales of biotechnology energy and chemical equipment	136,113	117,450	93,995	117,450
Mengzhou Houyuan Biotechnology Limited ("Mengzhou Houyuan")	(m)	The PRC	30%	30%	Biotechnology and ethanol bio- chemical product development and production	146,581	150,065	131,637	150,065
Tianguan New Energy Limited ("Tianguan New Energy")	(n)	The PRC	5%	5%	Ethanol products transportation, development, trading and consultation service	4,316	557	317	557
Henan Zhongxin Biotechnology Limited ("Zhongxin Biotechnology")	(o)	The PRC	30%	30%	Production and sales of fuel ethanol and related products	53,452	52,084	16,455	16,455
Henan Zhongxin Petrochemical Oil Trading Limited ("Zhongxin Petrochemical Oil")	(p)	The PRC	30%	30%	Operating refined petroleum products	52,084	52,084	16,455	16,455

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

12. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(ii) At the end of the reporting period, the Group had the following unlisted equity investments (Continued)

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Unaudited	Audited	Audited
			Unaudited 31 December 2020	Audited 30 June 2020		31 December 2020	31 December 2020	30 June 2020	30 June 2020
						Fair value HK\$'000	Cost HK\$'000	Fair value HK\$'000	Cost HK\$'000
<i>Others</i>									
Xi'an Kairong Financial Service Limited ("Xi'an Kairong")	(q)	The PRC	30%	30%	Provision of financial management services	5,350	18,724	5,458	18,724
Hubei Zhongjin Tech Financial Services Co., Ltd. ("Hubei Zhongjin")	(r)	The PRC	30%	30%	Provision of financial management services	3,610	19,030	3,677	19,030
Liaoyuan Hancheng Trading Limited ("Liaoyuan Hancheng")	(s)	The PRC	30%	30%	Food and agriculture products trading and warehouse management	71,259	65,400	67,134	65,400
Nanyang Xinglong Property Development Limited ("Nanyang Xinglong")	(t)	The PRC	30%	30%	Property development	16,151	15,354	16,235	15,364
						682,086		635,796	

(ii) At the end of the reporting period, the Group had the following unlisted equity investments (Continued)

- (a) On 24 August 2011, the Group invested in a 30% equity interest of Tianjin Rongshun, a joint venture established in the PRC. Tianjin Rongshun is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (b) On 2 September 2011, the Group invested in a 10% equity interest of TIIC Rongshun, a joint venture established in the PRC. TIIC Rongshun is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (c) On 29 August 2011, the Group invested in a 30% equity interest of Harbin Zhongjinguoxin, a joint venture established in the PRC. Harbin Zhongjinguoxin is principally engaged in the provision of small loan and financial consultation services in Harbin, Heilongjiang Province, the PRC.

On 22 December 2016, the Company entered into a disposal agreement to dispose of all of its equity interest in Harbin Zhongjinguoxin to an independent third party for a cash consideration of Renminbi ("RMB") 25,000,000. A deposit of HK\$2,500,000 was received and still included as receipt in advance in "other payables and accruals" as at 30 June 2019 and 2020. As at 31 December 2020, in the opinion of the Directors of the Company, the disposal transaction has yet been completed after 12 months from the date of the disposal agreement but the transaction still be considered as valid.

- (d) On 13 January 2012, the Group invested in a 10% equity interest of Tianjin Binlian, a joint venture established in the PRC. The Group's equity interest in Tianjin Binlian was reduced to 3.3% on 22 January 2014, as the registered capital of Tianjin Binlian was enlarged by the new registered capital subscribed by its other shareholders on that date. Tianjin Binlian is principally engaged in the provision of small loan and financial consultation services in Tianjin, especially Dongli District, the PRC.

12. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

- (e) On 2 March 2012, the Group invested in a 30% equity interest of Ezhou Zhongjinguotou, a joint venture established in the PRC. Ezhou Zhongjinguotou is principally engaged in the provision of small loan and financial consultation services in Ezhou, Hubei Province, the PRC.

On 18 December 2016, the shareholders' resolution of Ezhou Zhongjinguotou approved some existing shareholders of Ezhou Zhongjinguotou to withdraw their capital commitment in the sum of RMB200,000,000 in Ezhou Zhongjinguotou so that the registered capital of Ezhou Zhongjinguotou was reduced from RMB500,000,000 to RMB300,000,000. Due to the reduction in registered capital, the shareholding of the Company in Ezhou Zhongjinguotou inevitably increased from 30% to 50%. In order to comply with Rule 21.04(3)(a) of the Listing Rules, the Company shall voluntarily relinquish the voting rights beyond 30%.

During the period ended 31 December 2020, the Group disposed a subsidiary, holding the investment of Ezhou Zhongjinguotou, to an independent party. The detail of the disposal is disclosed in Note 18.

- (f) On 6 August 2012, the Group invested in a 30% equity interest of Ziyang Yanjiang, a joint venture established in the PRC. Ziyang Yanjiang is principally engaged in the provision of small loan and financial consultation services in Ziyang, Sichuan Province, the PRC.
- (g) On 31 August 2012, the Group invested in a 30% equity interest of Nanjing Jiangning, a joint venture established in the PRC. Nanjing Jiangning is principally engaged in the provision of small loan and financial consultation services in Jiangning District, Nanjing, Jiangsu Province, the PRC.
- (h) On 13 September 2012, the Group invested in a 30% equity interest of Tianjin Rongyang, a joint venture established in the PRC. Tianjin Rongyang is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (i) On 22 November 2013, the Group invested in a 30% equity interest of Zhenjiang CFI, a joint venture established in the PRC. Zhenjiang CFI is principally engaged in the provision of small loan and financial consultation services in Zhenjiang, Jiangsu Province, the PRC.

During the period ended 31 December 2020, the Group disposed a subsidiary, holding the investment of Zhenjiang CFI, to an independent party. The detail of the disposal is disclosed in Note 18.

- (j) On 11 May 2018, the Group invested in a 30% equity interest of Henan Tianguan, a joint venture established in the PRC. Henan Tianguan is principally engaged in Production and sales of denatured fuel ethanol, sales of acetone, butanol, polyols, production and sales of biodegradable plastic and biodiesel, sales of chemical products, wheat bran flour, feed sales, acetic acid and acetaldehyde production.
- (k) On 23 January 2019, Keyi (Shanghai) Investments Limited ("Keyi (Shanghai)"), a wholly-owned subsidiary of the Company, entered into an agreement with Hunan South China to inject capital contribution of RMB45,000,000 into Hunan South China for acquiring 30% of Hunan South China's equity interest. Hunan South China is engaged in new energy technologies development, transfer and consultation, research and development, manufacturing and sales of chemical products, chemical reagents and auxiliaries (excluding hazardous chemicals and precursor chemicals).
- (l) In August 2019, Keyi (Shanghai) entered into an agreement with three partners in relation to the formation of Keyi Huirui. The registered capital of Keyi Huirui is RMB350,000,000. Keyi (Shanghai) injected RMB105,000,000 for acquiring 30% of Keyi Huirui's equity interest. Keyi Huirui is engaged in biotechnology energy technology development transfer and consultation research and development, manufacturing and sales of biotechnology energy and chemical equipment. On 5 September 2019, Keyi Huirui was officially set up.

12. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(ii) At the end of the reporting period, the Group had the following unlisted equity investments (Continued)

(m) On 17 October 2019, the Group entered into an agreement with Hollys (China) Limited (“Hollys”) to obtain repayment of outstanding principal and interests accrued of the bonds issued by Hollys in return of the 30% equity interest investment in Mengzhou Houyuan.

Mengzhou Houyuan is principally engaged in development and production of biotechnology and ethanol bio-chemical products in Henan Province, the PRC.

(n) In October 2019, the Group invested in a 5% equity interest of Tianguan New Energy, a joint venture established in the PRC. Tianguan New Energy is principally engaged in ethanol products transportation, development and relevant consultation services in Huizhou, Guangdong Province, the PRC.

(o) On 16 March 2020, the Group invested in a 30% equity interest of Zhongxin Biotechnology, a joint venture established in the PRC. Zhongxin Biotechnology is principally engaged in production and sales of fuel ethanol and related products, the production and supply of electricity and heat, and the research, development and technical services of fuel ethanol and denatured fuel ethanol.

(p) On 16 March 2020, the Group invested in a 30% equity interest of Zhongxin Petrochemical Oil, a joint venture established in the PRC. Zhongxin Petrochemical Oil is principally operating refined petroleum products (such as vehicle ethanol gasoline, kerosene, diesel, natural gas) without storage facilities, selling food and chemical products, retail medicine and road cargo transport.

(q) On 18 December 2012, the Group invested in a 30% equity interest of Xi’an Kairong, a joint venture established in the PRC. Xi’an Kairong is principally engaged in the provision of financial management services to SMEs in Xi’an Economic Development Zone, Shaanxi Province, the PRC.

(r) On 22 September 2014, the Group invested in a 30% equity interest of Hubei Zhongjin, a joint venture established in the PRC. Hubei Zhongjin is principally engaged in the provision of financial management services to SMEs in Wuhan, Hubei Province, the PRC.

(s) On 11 June 2020, the Group invested in a 30% equity interest of Liaoyuan Hancheng, which is principally engaged in food and agriculture products trading and warehouse management in Jilin Province, PRC.

(t) On 2 April 2020, the Group entered into an agreement with Xing Yue Investment Limited (“Xing Yue”) and the sole shareholder of Xing Yue, Ms. Dong Lili to obtain the repayment of outstanding principal and interests accrued of the bonds issued by Xing Yue in return of the 30% equity interest investment in Nanyang Xinglong.

Nanyang Xinglong is principally engaged in property development in Henan Province, PRC.

The fair values of all the above investments were determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer.

At the end of the period, the Group held more than 20% of the effective shareholding interest in the above investee companies. The investments in these companies are not accounted for as associates as the Group had no significant influence over these companies. In accordance with the relevant agreement signed between the Group and these investee companies as well as the other shareholders of the investee companies, the Group does not have the right to participate in its policy-making processes, to appoint directors nor management and to interchange of managerial personnel. Hence, all of these investments are not regarded as associates of the Group and are accounted for as financial assets at FVTPL for the period/year ended 31 December 2020 and 30 June 2020.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

13. EQUITY INSTRUMENTS AT FVTOCI

	Unaudited 31 December 2020 HK\$'000	Audited 30 June 2020 HK\$'000
Listed investments:		
– Equity securities listed in Hong Kong (Note i)	<u>25,152</u>	<u>33,536</u>
Unlisted investments:		
– Equity securities (Note ii)	<u>28,007</u>	<u>28,507</u>
Total	<u>53,159</u>	<u>62,043</u>

Notes:

(i) Listed equity securities

The fair values of listed equity securities are determined based on the quoted market bid prices available on the relevant exchange at the end of the reporting period.

Particulars of the investment as at 31 December 2020, in terms of the carrying value of the listed investment, are as follows:

China City Infrastructure Group Limited ("China City Infrastructure")

On 21 June 2016, the Company and China City Infrastructure, a company listed on the Stock Exchange, entered into the share subscription agreement to subscribe for 262,000,000 new shares of China City Infrastructure with a one-year lock-up period for a total subscription price of HK\$131,000,000 at HK\$0.50 per share. The transaction was completed on 28 June 2016. At 31 December 2020 and 30 June 2020, the 262,000,000 shares representing approximately 8.4% of the entire issued share capital in China City Infrastructure. China City Infrastructure is principally engaged in infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC. As at 31 December 2020, the fair value of the Group's interest in China City Infrastructure was HK\$25,152,000 (30 June 2020: HK\$33,536,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

13. EQUITY INSTRUMENTS AT FVTOCI (Continued)

Notes: (Continued)

(ii) Unlisted equity investments

As at 31 December 2020, the Group held the following unlisted equity investments:

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Unaudited	Audited	Audited
			Unaudited 31 December 2020	Audited 30 June 2020		31 December 2020 Fair value HK\$'000	31 December 2020 Cost HK\$'000	30 June 2020 Fair value HK\$'000	30 June 2020 Cost HK\$'000
<i>Micro-loan services:</i>									
Jingdezhen CFI Guosen Microfinance Co., Ltd. ("Jingdezhen CFI Guosen")	(a)	The PRC	-	40%	Provision of small loan and financial consultation services	-	-	-	188,690
<i>Others:</i>									
Jiangxi Huazhang Hanchen Guarantee Group Limited ("Jiangxi Huazhang")	(b)	The PRC	2.98%	2.98%	Provision of financing guarantees to small and medium enterprises ("SMEs")	28,007	43,150	28,507	43,150
Shenzhen Zhongtounxin Asset Management Company Limited ("Zhongtounxin")	(c)	The PRC	30%	30%	Provision of consultation services on project investments	-	18,350	-	18,350
						28,007	43,150	28,507	43,150

- (a) On 26 May 2011 and 28 November 2012, the Group invested in 23.33% and 6.67% equity interests of Jingdezhen CFI Guosen, respectively, a joint venture established in the PRC. Jingdezhen CFI Guosen is principally engaged in the provision of small loan and financial consultation services in Jingdezhen, the PRC.

On 1 June 2016, the Group's equity interests in Jingdezhen CFI Guosen changed from 30% to 40% due to previous shareholders of Jingdezhen CFI Guosen withdrew their capital commitment in the sum of RMB125,000,000 in Jingdezhen CFI Guosen and the registered capital of Jingdezhen CFI Guosen was reduced from RMB500,000,000 to RMB375,000,000. Due to the reduction in registered capital, the shareholding of the Company in Jingdezhen CFI Guosen inevitably and automatically increased from 30% to 40%. In order to comply with Rule 21.04(3)(a) of the Listing Rules, the Company voluntarily relinquished the voting rights beyond 30%.

During the period ended 31 December 2020, the Group disposed a subsidiary, holding the investment of Zhenjiang CFI Guosen, to an independent party. The detail of the disposal is disclosed in Note 18.

- (b) On 13 April 2011, the Group acquired a 30% equity interest of Jiangxi Huazhang, a joint venture established in the PRC. The Group's equity interest in Jiangxi Huazhang became 7.2% on 15 July 2013 and dropped to 2.98% on 19 August 2016, as the registered capital of Jiangxi Huazhang was enlarged by the new registered capital subscribed by its other shareholders on those dates. Jiangxi Huazhang is principally engaged in the provision of financing guarantees to SMEs in the Jiangxi Province, the PRC.
- (c) On 29 April 2011, the Group invested in a 30% equity interest of Zhongtounxin, a joint venture established in the PRC. The first contribution of RMB6,000,000 (equivalent to HK\$7,200,000) was made by the Company in 2011 and the second contribution of RMB9,000,000 (equivalent to HK\$11,150,000) was made on 10 May 2012. Zhongtounxin is principally engaged in the provision of consultation services for project investments in the PRC.

13. EQUITY INSTRUMENTS AT FVTOCI (Continued)

Notes: (Continued)

(ii) Unlisted equity investments (Continued)

The fair values of all of the above investments were determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer.

As the end of the reporting period, the Group held more than 20% of the effective shareholding interest in these above investee companies. The investments in these companies are not accounted for as associates as the Group had no significant influence over these companies. IN accordance with the relevant agreement signed between the Group and these investee companies as well as the other shareholders of the investee companies, the Group does not have the right to participate in its policy-making processes, to appoint directors nor management and to interchange of managerial personnel. Hence, all of these investments are not regarded as associates of the Group and are accounted for as equity instruments at FVTOCI for the period/year ended 31 December 2020 and 30 June 2020.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Notes</i>	Unaudited 31 December 2020 HK\$'000	Audited 30 June 2020 HK\$'000
Deposits paid for potential investments	<i>(i)</i>	30,000	30,000
Rental and utilities deposits		451	510
Dividends receivable	<i>(ii)</i>	1,144	2,407
Consideration receivable for disposal of an investment	<i>(iii)</i>	30,000	–
Other receivables		559	1,808
		62,154	34,725
Less: loss allowance		(7,500)	(7,500)
		54,654	27,225
Prepayments		363	368
		55,017	27,593
Analysed for reporting purposes as:			
Current assets		39,699	27,287
Non-current assets		15,318	306
		55,017	27,593

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes:

- (i) Deposits paid for potential investments

	Unaudited 31 December 2020 HK\$'000	Audited 30 June 2020 HK\$'000
Mr. Peng Kexi ("Mr. Peng") (Note (a))	20,000	20,000
Mr. Zhang Gui Qing	10,000	10,000
	<hr/>	<hr/>
	30,000	30,000
Less: loss allowance	(7,500)	(7,500)
	<hr/>	<hr/>
	22,500	22,500
	<hr/> <hr/>	<hr/> <hr/>

- (a) The Company entered into an agreement with an independent third party, Mr. Peng. Pursuant to agreement, Mr. Peng is responsible for assisting to seek and recommend potential investments in the PRC to the Company. On August 2020, a new agreement was signed to extend the arrangement to 31 July 2022, and the Company agreed to provide the deposit to Mr. Peng amounted to HK\$20,000,000 during the period as agreed, the deposit will be refunded after the period expired and is interest free. As at 31 December 2020 and 30 June 2020, the deposit remained unutilised.

At 31 December 2020 and 30 June 2020, the provisional for ECL in respect of the deposit paid to Mr. Peng was HK\$5,000,000.

- (ii) Dividends receivable represents dividends declared from the financial assets at FVTPL which are scheduled for payment after the end of the reporting period. As at the date of approval of these consolidated financial statements, all such dividends have been received by the Group.
- (iii) During the period ended 31 December 2020, the Group disposed its subsidiary, China Financial International Investments (Jiangxi) Limited (as disclosed in Note 18) to an independent party with the consideration of HK\$30,000,000.

The subsidiary is mainly engaged in investing unlisted equities in micro-loan business in PRC.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

15. BORROWINGS

	Unaudited 31 December 2020 HK\$'000	Audited 30 June 2020 HK\$'000
The carrying amount of the above borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	29,986	52,978
Within a period of more than one year but not exceeding two years	–	9,997
	<u>29,986</u>	<u>62,975</u>
Analysed for reporting purposes as:		
Current liabilities	29,986	52,978
Non-current liabilities	–	9,997
	<u>29,986</u>	<u>62,975</u>

As at 30 June 2020, bonds with a total nominal amount of HK\$63,000,000 were issued to independent third parties at 5% interest rate per annum with maturity dates ranging from years 2020 to 2021, being seven years' maturity from the date of issue.

During the period ended 31 December 2020, the Company repaid the with total nominal amount of HK\$33,000,000 and the accrued interests.

16. FINANCIAL GUARANTEE CONTRACTS

The movement of provision for financial guarantee contracts during the current and prior periods are as follows:

	Unaudited 31 December 2020 HK\$'000	Audited 30 June 2020 HK\$'000
At beginning of the year	6,382	10,679
Decrease in fair value of financial guarantee contract	(6,382)	(4,297)
At end of the period/year end	<u>–</u>	<u>6,382</u>

In 2012, the Company provided irrevocable guarantee to Tianjin Rongyang to secure the loans granted to certain customers (the "Customers") of Tianjin Rongyang referred by Nanjing Xinning Guangdian Zidonghua Limited (南京新寧光電自動化有限公司) ("Xinning Guangdian"), an independent third party, using the Company's entire equity interests in Tianjin Rongyang.

The maximum exposure of the Group associated to such financial guarantees is limited to the fair value of the collaterals offered by the Group, i.e. the Group's entire equity in Tianjin Rongyang.

The Group holds 30% equity interest in Tianjin Rongyang as of 31 December 2020.

For the period ended 31 December 2020, a reversal of provision for financial guarantees of HK\$6,382,000 was recognised due to decrease in fair value of the Group's investment in Tianjin Rongyang to nil.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

17. SHARE CAPITAL OF THE COMPANY

	Unaudited 31 December 2020		Audited 30 June 2020	
	<i>Number of shares '000</i>	<i>HK\$'000</i>	<i>Number of shares '000</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.01 each	<u>30,000,000</u>	<u>300,000</u>	<u>30,000,000</u>	<u>300,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>10,971,634</u>	<u>109,717</u>	<u>10,971,634</u>	<u>109,717</u>

18. DISPOSAL OF A SUBSIDIARY

During the period ended 31 December 2020, the Group disposed a subsidiary, China Financial International Investments (Jiangxi) Limited, which is mainly engaged in investing unlisted equities in micro-loan business in PRC. The net assets of the subsidiary at the date of disposal were as follows:

	<i>HK\$'000</i>
Consideration received/receivable	
Deferred cash consideration	<u>30,000</u>
Analysis of assets and liabilities over which control was lost:	
Bank	16
Financial assets at FVTPL	30,380
Amount due to the Company	(141)
	<u>30,255</u>
Net assets disposed of	<u>30,255</u>
Loss on disposal of a subsidiary	
Consideration received or receivable	30,000
Net assets disposed of	(30,255)
	<u>(255)</u>
Net cash outflow arising on disposal	
Cash consideration	–
Less: bank balances and cash disposed of	(16)
	<u>(16)</u>

19. SHARE-BASED PAYMENT TRANSACTIONS

Under the share option scheme adopted by the Company on 15 January 2008 (the “Scheme”), options were granted to certain directors and consultants entitling them to subscribe for shares of the Company under the Scheme. The Scheme was approved and adopted by shareholders of the Company on 15 January 2008 (the “Date of Adoption”), whereby the directors of the Company are authorised, at their discretion, to invite full time employees of the Group, (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, consultants, agents or advisers of the Group, to take up options to subscribe for shares of the Company. The maximum number of shares in respect of which options may be granted under the Scheme, when aggregated with any shares subject to any other schemes, shall not exceed 10% of the issued share capital of the Company on the Date of Adoption.

On 15 December 2017, the Scheme was terminated and the new share option scheme (the “New Scheme”) was approved by the Shareholders of the Company at the annual general meeting to replace the Scheme. The New Scheme shall be valid and effective for a period of 10 years ending on 14 December 2027. The exercise price of the options under the New Scheme is determinable by the board of directors, but will be at least the highest of:

- (i) The closing price of the shares on the Stock Exchange (as stated in the Stock Exchange’s daily quotation sheets) on the offer date, which must be a business day;
- (ii) The average of the closing prices of the shares on the Stock Exchange (as stated in the Stock Exchange’s daily quotation sheets) for the 5 business days immediately preceding the offer date; and
- (iii) The nominal value of the Company’s shares on the offer date.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options under the New Scheme may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

The maximum number of the shares available for issue upon exercise of all share options which may be further granted under the New Scheme is 1,097,163,403 shares, representing 10% of the total number of issued shares of the Company on 15 December 2017.

No share options were granted under the New Scheme for both period/year.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

20. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties:

	Unaudited Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Investment management fee paid/payable to CFIIM (Note i)	<u>215</u>	<u>560</u>
Legal advisory fees paid/payable to Michael Li & Co (Note ii)	<u>22</u>	<u>30</u>

Notes:

- (i) An investment management agreement (the "Investment Management Agreement") was entered into between the Company and CFIIM on 25 April 2014 to renew the appointment of CFIIM as the investment manager of the Company for a further period of three years effective from 29 April 2014 to 28 April 2017. Pursuant to the Investment Management Agreement, CFIIM is entitled to a management fee which is receivable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio managed by CFIIM on the last business day of each calendar month.

The Investment Management Agreement expired on 28 April 2017 and a new investment management agreement (the "2nd Investment Management Agreement") was entered into accordingly on 26 April 2017 to renew the appointment of CFIIM as the investment manager of the Company for a further period of three years effective from 29 April 2017 to 28 April 2020. Pursuant to the 2nd Investment Management Agreement, CFIIM is entitled to a management fee which is receivable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio managed by CFIIM on the last business day of each calendar month.

The Investment Management Agreement expired on 28 April 2020 and a new investment management agreement (the "3rd Investment Management Agreement") was entered into accordingly on 27 April 2020 to renew the appointment of CFIIM as the investment manager of the Company for a further period of three years effective from 29 April 2020 to 28 April 2023. Pursuant to the 3rd Investment Management Agreement, CFIIM is entitled to a management fee which is receivable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio managed by CFIIM on the last business day of each calendar month.

Investment management fees also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are disclosed in the report of directors in the annual report.

- (ii) Michael Li & Co is a company controlled by the company secretary of the Company, Mr. Li Chi Chung, and provided various legal advisory services to the Group.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

20. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

	Unaudited Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Salaries, allowances and benefits in kind	2,740	3,762
Pension scheme contribution	51	74

21. FINANCIAL INSTRUMENTS

Fair value measurements of financial instruments

A number of assets and liabilities included in these unaudited interim condensed consolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "Fair Value Hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Fair value hierarchy at 31 December 2020 (unaudited)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Equity instruments at FVTOCI:				
– Listed equity securities	25,152	–	–	25,152
– Unlisted investments	–	–	28,007	28,007
Financial assets at FVTPL				
– Listed equity securities	48,479	–	–	48,479
– Unlisted equity investments	–	–	682,085	682,085
	<u>73,631</u>	<u>–</u>	<u>710,092</u>	<u>783,723</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

21. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Fair value hierarchy at 30 June 2020 (audited)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Equity Instruments at FVTOCI:				
– Listed equity securities	33,536	–	–	33,536
– Unlisted investments	–	–	28,507	28,507
Financial assets at FVTPL				
– Listed equity securities	107,372	–	–	107,372
– Unlisted equity investments	–	–	635,796	635,796
	<u>140,908</u>	<u>–</u>	<u>664,303</u>	<u>805,211</u>

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2020 and 30 June 2020:

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted security classified as equity instrument as FVTOCI				
<i>Micro-loan service</i>	Market comparable companies	Price to book ratio ("PB ratio")	31 December 2020: 0.1844 to 1.0356 30 June 2020: 0.1846 to 1.0084	The fair value is positively correlated to the PB ratio. Had the highest PB ratio among the comparables been used as at 31 December 2020, the Group's OCI would have no impact (30 June 2020: no impact). Had the lowest PB ratio among the comparables been used as at 31 December 2020, the Group's OCI would have no impact (30 June 2019: no impact).
		Lack of marketability discount ("LOMD")	31 December 2020: 34% 30 June 2020: 28%	The fair value is negatively correlated to the LOMD. Had the LOMD decreased by 5% as at 31 December 2020, the Group's OCI would have no impact (30 June 2020: no impact). Had the LOMD increased by 5% as at 31 December 2020, the Group's OCI would have no impact (30 June 2019: no impact).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

21. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted security classified as equity instrument as FVTOCI				
Others	Market comparable companies	PB ratio	31 December 2020: 0.1844 to 1.0356 30 June 2020: 0.1846 to 1.0084	The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2020, the Group's OCI would have increased by HK\$24,280,000 (30 June 2020: HK\$23,297,000). Had the lowest PB ratio among the comparables been used as at 31 December 2020, the Group's OCI would have decreased by HK\$18,141,000 (30 June 2020: HK\$19,024,000).
		LOMD	31 December 2020: 34% 30 June 2020: 28%	The fair value is negatively correlated to LOMD. Had the LOMD decreased by 5% as at 31 December 2020, the Group's OCI would have increased by HK\$2,117,000 (30 June 2020: HK\$1,980,000). Had the LOMD increased by 5% as at 31 December 2020, the Group's OCI would have decreased by HK\$2,117,000 (30 June 2020: HK\$1,980,000).
Unlisted equity investments classified as financial assets at FVTPL				
Micro-loan service	Market comparable companies	PB ratio	31 December 2020: 0.1844 to 1.0356 30 June 2020: 0.1846 to 1.0084	The fair value is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2020, the Group's profit or loss would have increased by HK\$12,424,000 (30 June 2020: HK\$43,825,000). Had the lowest PB ratio among the comparables been used as at 31 December 2020, the Group's profit or loss would have decreased by HK\$9,281,000 (30 June 2020: HK\$35,789,000).
		LOMD	31 December 2020: 34% 30 June 2020: 28%	The fair value is negatively correlated to the LOMD. Had the LOMD decreased by 5% as at 31 December 2020, the Group's profit or loss would have increased by HK\$1,322,000 (30 June 2020: HK\$3,724,000). Had the LOMD increased by 5% as at 31 December 2020, the Group's profit or loss would have decreased by HK\$1,322,000 (30 June 2020: HK\$3,724,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

21. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted equity investments classified as financial assets at FVTPL				
<i>Clean energy/others</i>	Market comparable companies	PB ratio	31 December 2020: 0.1844 to 1.0356 30 June 2020: 0.1846 to 1.0034	The fair value is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2020, the Group's profit or loss would have increased by HK\$23,473,000 (30 June 2020: HK\$34,679,000). Had the lowest PB ratio among the comparables been used as at 31 December 2020, the Group's profit or loss would have decreased by HK\$9,825,000 (30 June 2020: HK\$13,796,000).
		LOMD	31 December 2020: 34% 30 June 2020: 28%	The fair value measurement is negatively correlated to the LOMD. Had the LOMD decreased by 5% as at 31 December 2020, the Group's profit or loss would have increased by HK\$1,265,000 (30 June 2020: \$1,453,000). Had the LOMD increased by 5% as at 31 December 2020, the Group's profit or loss would have decreased by HK\$1,265,000 (30 June 2020: \$1,453,000).
Unlisted equity investments classified as financial assets at FVTPL				
<i>Clean energy/others</i>	Market comparable companies	Ratio of enterprise value over earnings before interest, tax depreciation and amortization ("EV/EBITD ratio")	31 December 2020: 0.76 to 21.91 30 June 2020: 0.92 to 19.21	The fair value is positively correlated to the EV/EBITDA ratios. Had the highest EV/EBITDA ratio amount the comparables been used as at 31 December 2020, the Group's profit or loss would have increased by HK\$126,327,000 (30 June 2020: 183,055,000). Had the lowest EV/EBITDA ratio among the comparables been used as at 30 December 2020, the Group's profit or loss would have decreased by HK\$62,168,000 (30 June 2020: 79,527,000)
		LOMD	31 December 2020: 22.67% to 34% 30 June 2020: 24.4% to 28.6%	The fair value measurement is negatively correlated to the LOMD. Had the LOMD decreased by 5% as at 31 December 2020, the Group's profit or loss would have increased by HK\$18,489,000 (30 June 2020: \$28,084,000). Had the LOMD increased by 5% as at 31 December 2020, the Group's profit or loss would have decreased by HK\$18,489,000 (30 June 2020: \$28,084,000).

There were no transfers between Level 1 and 2 during both period/year.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2020

21. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements

31 December 2020 (Unaudited)

	Financial assets at FVTPL (unlisted securities) HK\$'000	Equity instruments at FVTOCI HK\$'000	Debt Instruments at FVTOCI HK\$'000	Total HK\$'000
Opening balance	635,796	28,507	–	664,303
Total losses:				
– in profit or loss	(22,065)	–	–	(22,065)
– in OCI	–	(500)	–	(500)
– exchange realignment	27,475	–	–	27,475
Purchases	71,259	–	–	71,259
Disposals	(30,380)	–	–	(30,380)
Closing balance	<u>682,085</u>	<u>28,007</u>	<u>–</u>	<u>710,092</u>

30 June 2020 (Audited)

	Financial assets at FVTPL (unlisted securities) HK\$'000	Equity instruments at FVTOCI HK\$'000	Debt instruments at FVTOCI HK\$'000	Total HK\$'000
Opening balance	313,408	25,718	302,234	641,360
Total losses:				
– in profit or loss	(48,962)	–	(55,471)	(104,433)
– in OCI	–	2,789	(55,471)	(52,682)
– reclassified from OCI to profit or loss	–	–	55,471	55,471
– exchange realignment	(10,396)	–	–	(10,396)
Purchases	381,746	–	–	381,746
Disposals	–	–	(246,763)	(246,763)
Closing balance	<u>635,796</u>	<u>28,507</u>	<u>–</u>	<u>664,303</u>

22. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 26 February 2021.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the investments in the listed and unlisted companies established and/or doing business in Hong Kong and the People's Republic of China (the "PRC" or, "China").

The Group recorded a loss of HK\$27,874,000 for the six months ended 31 December 2020 (the "Period"), as compared to a loss of HK\$96,257,000 for the same period last year. The loss was mainly attributable to the fair value loss of approximately HK\$37,528,000 on financial assets at fair value through profit or loss.

LISTED INVESTMENT REVIEW

During the Period, the Group recorded the total loss of HK\$15,464,000 on listed securities business. Dividend income of HK\$187,000 from listed investments was recorded for the Period (31 December 2019: HK\$946,000).

As at 31 December 2020, the market value of the listed securities amounted to HK\$73,631,000 (30 June 2020: HK\$140,908,000). All the listed securities were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Listed Securities Portfolio

Name of listed securities	Nature of business	Number of shares held	Group's effective interest	Market value at 31 December 2020 <i>HK\$'000</i>	Dividend received/receivable during the Period <i>HK\$'000</i>	% to the Group's net assets as at 31 December 2020	Investment cost <i>HK\$'000</i>	Disposal consideration <i>HK\$'000</i>	Realized gain/(loss) <i>HK\$'000</i>
Hidili Industry International Development Limited	Coal mining and manufacture and sale of clean coal	12,369,000	0.6%	2,560	-	0.32%	-	-	-
China City Infrastructure Group Limited ("China City Infrastructure")	Infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC	698,079,429	22.32%	67,016	-	8.43%	-	-	-
Sino-Ocean Group Holding Limited	Investment holding, property development and property investment in the PRC	500,000	0.01%	775	187	0.10%	14,229	6,347	7,882
China Communications Construction Co. Ltd.	Infrastructure construction, infrastructure design, dredging and other businesses	979,000	0.02%	3,280	-	0.41%	74,988	37,083	37,905
				73,631	187				

UNLISTED INVESTMENT REVIEW

For the Period, the total loss on the Group's unlisted investment portfolio recorded as HK\$22,064,000 (31 December 2019: HK\$47,487,000). The loss was mainly attributable to the decrease in fair value of small loan companies and investments in fixed income financial assets. No dividend income was recorded for the six months ended 31 December 2020 and 2019, no interest income from the unlisted investments was recorded (31 December 2019: HK\$18,253,000).

The fair value of the Group's unlisted investments increased by 6.89% to HK\$710,092,000 (30 June 2020: HK\$664,303,000).

Unlisted Equity Investments

The Company's unlisted equity investments are mainly concentrated on clean energy industry and small loan companies in the PRC.

Since 2018, the Group focusing on clean energy industry and made several investments. Bioenergy is a carbon neutral and renewable energy source that reducing greenhouse gas emissions. Biofuels such as ethanol and biodiesel, are less toxic and are biodegradable. Using biomass can help build resilience in agricultural, timber and food-processing industries. Bioenergy provides a use for their waste streams, can help them reduce their energy costs.

Meanwhile, small loan industry in the PRC is still facing worries of the decreasing interest rate of private lending and the increase of operation risks, resulting in certain small loan companies continue to generate overdue loans and incur losses. In view of the slipping performance of the small loan industry, the Company has plan to exit the investments in small loan industry.

In the foreseeable future, the Company will continuously focus its investment on the bioenergy sector and gradually exit the past investment in the small loan industry which aim to maximize value of the shareholders of the Company.

UNLISTED INVESTMENT REVIEW (Continued)
Unlisted Equity Investments (Continued)
Unlisted equity investment portfolio

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 31 December 2020 HK\$'000	% to the Group's net assets as at 31 December 2020
Micro-loan service							
1		Tianjin	30%	Provision of small loan and financial consultation services	36,606	1,261	0.16%
2		Tianjin	10%	Provision of small loan and financial consultation services	12,189	4,165	0.52%
3	(1)	Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	36,693	–	–
4		Tianjin	3.3%	Provision of small loan and financial consultation services	12,271	1,118	0.14%
5		Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730	126	0.02%
6		Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	36,673	9,251	1.16%
7		Tianjin	30%	Provision of small loan and financial consultation services	36,741	–	–
				Sub-total:	<u>244,903</u>	<u>15,921</u>	
Guarantee Service							
8	(2)	Nanchang, Jiangxi Province	2.98%	Provision of financing guarantees to small and medium enterprises	43,150	28,007	3.52%
Investment and management consultation service							
9		Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	18,350	–	–
10		Xi'an, Shaanxi Province	30%	Provision of financial management services	18,724	5,350	0.67%
11		Wuhan, Hubei Province	30%	Provision of financial management services	19,030	3,610	0.45%
				Sub-total:	<u>56,104</u>	<u>8,960</u>	

UNLISTED INVESTMENT REVIEW (Continued)

Unlisted Equity Investments (Continued)

Unlisted equity investment portfolio (Continued)

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 31 December 2020 HK\$'000	% to the Group's net assets as at 31 December 2020
Clean energy							
12 Henan Tianguan Energy and Biotechnology Company Limited ("Henan Tianguan")	(3)	Henan Province	30%	Production and sales of denatured fuel ethanol, sales of acetone, butanol, polyols, production and sales of biodegradable plastics and biodiesel, sales of chemical products, wheat bran flour, feed sales, acetic acid and acetaldehyde production	230,763	122,719	15.43%
13 Hunan South China New Energy Limited ("South China New Energy")	(4)	Hunan Province	30%	New energy technologies development, transfer and consultation, research and development, manufacturing and sales of chemical products, chemical reagents and auxiliaries (excluding hazardous chemicals and precursor chemicals)	51,200	54,529	6.86%
14 Mengzhou Houyuan Biotechnology Company Limited	(5)	Henan Province	30%	Biotechnology and ethanol bio-chemical product development and production of ethanol chemical products	150,065	146,581	18.43%
15 Henan Keyi Huirui Bioenergy Technology Company Limited ("Keyi Huirui")	(6)	Henan Province	30%	Biotechnology energy technology development, transfer and consultation, research and development, manufacturing and sales of biotechnology energy and chemical equipment	117,450	136,113	17.11%
16 Tianguan New Energy Limited ("Tianguan New Energy")	(7)	Guangdong Province	5%	Ethanol products transportation, development, trading and consultation service	557	4,316	0.54%
17 Henan Zhongxin Petrochemical Oil Sales Co., Ltd ("Zhongxin Petrochemical")	(8)	Henan Province	30%	Engage in petrol station operation	52,084	52,084	6.55%
18 Henan Zhongxin Bioenergy Co., Ltd ("Zhongxin Bioenergy")	(9)	Henan Province	30%	Denatured ethanol, ethanol, acetone, n-butanone, biogas, polyols, fully degradable plastics, chemical products, gluten, feed, instrumentation, mechanical and electrical equipment, special chemical equipment, environmental protection equipment, electrical equipment, bioenergy and biochemical complete set equipment sales; technical development and consultation, import and export of goods or technologies in the field of bioenergy and biochemical science and technology	52,084	53,452	6.72%
					654,203	569,794	
			Total:		1,322,809	574,778	

UNLISTED INVESTMENT REVIEW (Continued)

Unlisted Equity Investments (Continued)

Unlisted equity investment portfolio (Continued)

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 31 December 2020 HK\$'000	% to the Group's net assets as at 31 December 2020	
Others								
19	Jilin Jusheng Light Alloy Co., Ltd (formerly known as Liaoyuan Hancheng Economic and Trade Co., Ltd)	(10)	Jilin Province	30%	Corn distribution, grain purchase, storages (excluding hazardous chemicals); sales of building materials, mechanical and electrical products, communication equipment, chemical products (excluding hazardous chemical), aluminum alloy strip, foil production and product processing	65,400	71,259	8.96%
20	Nanyang Xinglong Real Estate Co., Ltd	(11)	Henan Province	30%	Real Estate Development (with valid license); flowers, seedlings planting (excluding breeding seedlings), hardware and building materials sales	15,354	16,151	2.03%
					80,754	87,410		
Total:					<u>1,079,114</u>	<u>710,092</u>		

Notes:

- On 22 December 2016, the Company entered into a disposal agreement to dispose of all of its equity interest in Harbin Zhongjinguoxin to an independent third party for a cash consideration of RMB25,000,000. A deposit of HK\$2,500,000 has been received which was included in receipt in advance in "other payables and accruals" as at 30 June 2020 and 2019. As at 31 December 2020, in the opinion of the Directors of the Company, the disposal transaction has yet been completed after 12 months from the date of the disposal agreement but the transaction still be considered as valid.
- On 13 April 2011, the Group acquired a 30% equity interest of Jiangxi Huazhang, a joint venture establish in the PRC. The Group's equity interest in Jiangxi Huazhang became 7.2% on 15 July 2013 and reduce to 2.98% on 19 August 2016, as Jiangxi Huazhang was enlarged by the new registered capital subscribed by its other shareholders on these dates.
- On 11 May 2018, the Company entered into the joint venture agreement with the joint venture partners in relation to the formation of the Henan Tianguan in Henan province, the PRC. Pursuant to the joint venture agreement, the Company owned 30% of the registered capital of the Henan Tianguan. On 31 July 2018, Henan Tianguan increased the registered capital from RMB300,000,000 to RMB660,000,000 hence Keyi (Shanghai) Investments Limited ("Keyi") and Joy State Holdings Limited, wholly-owned subsidiaries of the Company, further injected RMB30,000,000 and RMB78,000,000 respectively.
- In January 2019, Keyi entered into an agreement with South China New Energy to inject capital contribution of RMB45,000,000 into South China New Energy for acquiring 30% of South China New Energy's equity interest. On 23 January 2019, the legal title of 30% equity interest in South China New Energy has been successfully transferred to Keyi.
- On 17 October 2019, the Group entered into an agreement with Hollys (China) Limited ("Hollys") to obtain repayment of outstanding principal and interests accrued of the bonds issued by Hollys in return of the 30% equity interest investment in Mengzhou Houyuan.

Mengzhou Houyuan is principally engaged in development and production of biotechnology and ethanol bio-chemical products in Henan Province, the PRC.

UNLISTED INVESTMENT REVIEW (Continued)

Unlisted Equity Investments (Continued)

Unlisted equity investment portfolio (Continued)

- (6) In August 2019, Keyi (Shanghai) entered into an agreement with three partners in relation to the formation of Keyi Huirui. The registered capital of Keyi Huirui is RMB350,000,000. Keyi (Shanghai) injected RMB105,000,000 for acquiring 30% of Keyi Huirui's equity interest. Keyi Huirui is engaged in biotechnology energy technology development, transfer and consultation, research and development, manufacturing and sales of biotechnology energy and chemical equipment. On 5 September 2019, Keyi Huirui was officially set up.
- (7) In October 2019, the Group invested in a 5% equity interest of Tianguan New Energy, a joint venture established in the PRC. Tianguan New Energy is principally engaged in ethanol products transportation, development and relevant consultation services in Huizhou, Guangdong Province, the PRC.
- (8) On 16 March 2020, the Group invested in a 30% equity interest of Zhongxin Petrochemical Oil, a joint venture established in the PRC. Zhongxin Petrochemical Oil is principally operating refined petroleum products (such as vehicle ethanol gasoline, kerosene, diesel, natural gas) without storage facilities, selling food and chemical products, retail medicine and road cargo transport.
- (9) On 16 March 2020, the Group invested in a 30% equity interest of Zhongxin Biotechnology, a joint venture established in the PRC. Zhongxin Biotechnology is principally engaged in production and sales of fuel ethanol and related products, the production and supply of electricity and heat, and the research, development and technical services of fuel ethanol and denatured fuel ethanol.
- (10) On 11 June 2020, the Group invested in a 30% equity interest of Jilin Jusheng Light Alloy Co., Ltd, which is principally engaged in food and agriculture products trading and warehouse management in Jilin Province, PRC.
- (11) On 2 April 2020, the Group entered into an agreement with Xing Yue Investment Limited ("Xing Yue") and the sole shareholder of Xing Yue, Ms. Dong Lili to obtain the repayment of outstanding principal and interests accrued of the bonds issued by Xing Yue in return of the 30% equity interest investment in Nanyang Xinglong.

Nanyang Xinglong is principally engaged in property development in Henan Province, PRC.

PROSPECT

The Company is expected to continue to focus on China's bioethanol sector with the aim to maximize value for the Shareholders.

In this year, the Company has continuously Invested in the bioethanol sector in mainland China. The Company executed a cooperation agreement with the People's Government of Nanyang of the PRC, Sinopec Marketing Company Limited and South South Asia Pacific Bioenergy Limited In relation to formation of two joint venture companies, Zhongxin Petrochemical Oil Sales Co., Ltd and Zhongxin Bioenergy Co., Ltd.

As the Group's business is moving forward towards its strategic goals, the Board will carefully assess and minimize potential risks and strive to generate more returns to all shareholders.

MAJOR ACQUISITIONS AND DISPOSALS

During the period ended 31 December 2020, the Group disposed a directly wholly-owned subsidiary, China Financial International Investments (Jiangxi) Limited, to independent third parties at considerations of HK\$30,000,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2020, the Group had cash and cash equivalents of HK\$7,554,000 (30 June 2020: HK\$64,911,000). Majority of the cash and bank balances denominated in Hong Kong dollars, United States dollars and Renminbi are placed with banks in Hong Kong and the PRC. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2020 was approximately 1.79 times (30 June 2020: 2.64 times), gearing ratio (total liabilities to total assets) of the Group as at 31 December 2020 was approximately 6.39% (30 June 2020: 9.60%).

The Group did not have any bank borrowing as at 31 December 2020 (30 June 2019: Nil). The Group did not have any capital commitments as at 31 December 2020 (30 June 2020: Nil).

INTERIM DIVIDEND

The Board of the Directors does not recommend any payment of interim dividend for the Period (2019: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2020, there were no charges on the Group's assets.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2020.

CAPITAL STRUCTURE

As at 31 December 2020, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$795,401,000 (30 June 2020: HK\$815,717,000) and approximately 10,971,634,030 (30 June 2020: 10,971,634,030), respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Hong Kong dollars and Renminbi are the main currencies of the Group to carry out its business transactions. During the Period, transactions in Renminbi were not significant, the Board considers that the Group's exposure to fluctuation in exchange rates was insignificant.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 13 employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Period was HK\$2,791,000 (2019: HK\$5,448,000). The remuneration package of the employees is determined by various factors including the employees' experience and performance, the market condition, industry practice and applicable employment law.

DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the ordinary shares, share options, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of director	Capacity	Number of issued ordinary shares held			Approximate percentage of shareholding in the Company
		Personal interests	Corporate interests	Total interests	
Du Lin Dong	Beneficial owner and interests of controlled corporation	185,914,830	500,000,000	685,914,830	6.25%
Ding Xiaobin		1,300,000	–	1,300,000	0.01%
Zeng Zianggao		1,000,000	–	1,000,000	0.01%

Note: Mr. Du Lin Dong is personally holding 185,914,830 ordinary shares. The 500,000,000 ordinary shares were held by Rightfirst, a company wholly owned by Mr. Du Lin Dong. Under SFO, Mr. Du Lin Dong is deemed to be interested in the ordinary shares in which Rightfirst is interested.

Save as disclosed above, as at 31 December 2020, none of the Directors nor the chief executive of the Company and their respective associates had or was deemed to have any interests and short positions in the ordinary shares, share options, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

The register of substantial Shareholders maintained under Section 336 of the SFO shows that as at 31 December 2020, the Company had been notified of the following substantial Shareholders' interests or short positions, being 5% or more of the Company's ordinary shares and underlying shares:

Name of Shareholder	Capacity	Notes	Number of issued ordinary shares held			Approximate percentage of shareholding in the Company
			Personal interests	Corporate interests	Total interests	
Zhang Zuhao	Beneficial owner		1,000,000,000	–	1,000,000,000	9.11%
Jumbo View Holdings Limited	Beneficial owner	(1)	1,016,860,000	–	1,016,860,000	9.27%
Zhang Gui	Interests of controlled corporation	(1)	–	1,016,860,000	1,016,860,000	9.27%
Century Golden Resources Investments Co., Ltd	Beneficial owner	(2)	1,000,000,000	–	1,000,000,000	9.11%
Huang Shiyong	Interests of controlled corporation	(2)	–	1,000,000,000	1,000,000,000	9.11%
Huang Tao	Interests of controlled corporation	(2)	–	1,000,000,000	1,000,000,000	9.11%
Gen Xiaoqing	Beneficial owner		770,110,000	–	770,110,000	7.02%

Notes:

- (1) 70% of the issued share capital of Jumbo View Holdings Limited is owned by Mr. Zhang Gui, and Mr. Zhang Gui is therefore deemed to be interested in the ordinary shares held by Jumbo View Holdings Limited.
- (2) 40% and 50% of the issued share capital of Century Golden Resources Investment Co., Limited is owned by Mr. Huang Shiyong and Mr. Huang Tao, respectively, and Mr. Huang Shiyong and Mr. Huang Tao are therefore deemed to be interested in the ordinary shares held by Century Golden Resources Investment Co., Limited.

Save as disclosed above, as at 31 December 2020, the Company has not been notified by any other persons, not being a Director or chief executive of the Company, who has interests or short positions in the ordinary shares and underlying shares of the Company representing 5% or more of the Company's issued share capital.

SHARE OPTION SCHEME

In light of the requirements of Chapter 17 of the Listing Rules, the Company adopted a share option scheme (the “Scheme”) on 15 December 2017. Under the Scheme, the Directors may grant options to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest. As at 31 December 2020, no any share options were granted, exercised, lapsed, forfeited or outstanding.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Period.

CORPORATE GOVERNANCE

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to Shareholders. During the Period, the Company complied with the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Listing Rules except for the following deviations:

- (a) The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The positions of both chairman and chief executive officer have been held by Mr. Du Lin Dong. Given the Group’s current stage of development, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. Mr. Du Lin Dong possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company’s strategies.

The Board will continue to monitor and review the Company’s corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the Period.

AUDIT COMMITTEE

The Company established the audit committee (the “Audit Committee”) which comprises three independent non-executive Directors namely, Mr. Zhang Jing (chairman of the audit committee), Mr. Zeng Xianggao and Mr. Wong Lok Man. The Audit Committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management system, internal control systems and financial reporting matters including the review of the unaudited interim consolidated financial statements for the Period before recommending them to the Board for approval. The Audit Committee is established with specific terms of references which deal clearly with the committee’s authority and duties and is available on the website of the Stock Exchange and the Company.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES

The Group’s interim results will be included in the Company’s interim report for the Period which will be published on the website of the Stock Exchange (<http://www.hkex.com.hk>) as well as the website of the Company (<http://www.irasia.com/listco/hk/cfii>) as soon as possible.

China Financial International Investments Limited

Du Lin Dong

Chairman and Chief Executive Officer

Hong Kong, 26 February 2021