



奇点国际有限公司

Qidian International Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1280



2022
INTERIM REPORT



CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Other Information	11
Condensed Consolidated Interim Financial Statements (Unaudited)	
• Condensed Consolidated Interim Statement of Financial Position	16
• Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
• Condensed Consolidated Interim Statement of Changes in Equity	20
• Condensed Consolidated Interim Statement of Cash Flows	21
• Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)	22

The English names of the PRC entities mentioned in this interim report marked “” are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Yuan Li (*Chairman*)

Mr. Xu Xinying (*Vice-chairman*)

Ms. Liu Simei (*Chief Executive Officer*)

NON-EXECUTIVE DIRECTOR

Ms. Xu Honghong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhao Jinyong

Mr. Chen Rui

Mr. Fung Tak Choi

COMPANY SECRETARY

Ms. Wong Yuen Ki, *ACG, HKACG*

AUDIT COMMITTEE

Mr. Zhao Jinyong (*Chairman*)

Mr. Chen Rui

Mr. Fung Tak Choi

REMUNERATION COMMITTEE

Mr. Zhao Jinyong (*Chairman*)

Mr. Yuan Li

Mr. Chen Rui

NOMINATION COMMITTEE

Mr. Chen Rui (*Chairman*)

Mr. Zhao Jinyong

Mr. Fung Tak Choi

AUTHORISED REPRESENTATIVES

Mr. Yuan Li

Ms. Wong Yuen Ki

REGISTERED OFFICE

The offices of Vistra (Cayman) Limited

P.O. Box 31119 Grand Pavilion

Hibiscus Way

802 West Bay Road

Grand Cayman

KY1-1205

Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN CHINA

6/F, Huiyin Building

No. 539 Wenchang Zhong Road

Yangzhou City

Jiangsu Province

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKERS

Bank of Communications (Yangzhou Branch)

No. 2 Wenhe North Road

Yangzhou City

Jiangsu Province

PRC

Agricultural Bank of China (Runyang Sub-branch)

No. 47 Hanjiang Road

Yangzhou City

Jiangsu Province

PRC

China Merchant Bank (Yangzhou Branch)

Haiguan Building, West Wing

No. 12 Wenchang West Road

Yangzhou City

Jiangsu Province

PRC

China Citic Bank (Yangzhou Branch)

No. 171 Weiyang Road

Yangzhou City

Jiangsu Province

PRC

STOCK CODE

1280

WEBSITE OF THE COMPANY

www.hyjd.com

(information on the website does not form part of this interim report)



MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

There were domestic pandemic outbreaks in various places in the first half of 2022, which have a relatively large impact on the industrial chain and supply chain. Unstable factors increased internationally, with the Russia-Ukraine conflict which is difficult to be resolved in short term. Some countries, especially developing countries with relatively poor economic foundations, may suffer difficulties of food, energy and debt. With the high inflation in the United States and Europe, a continuous increase in interest may magnify the risk of hard landing of relevant economies. The macro environment remained locked in a stalemate in the first-half of the year.

BUSINESS REVIEW

During the reporting period, under the macro environment of the repeated pandemic situation, slowdown of economic growth and frequent external black swan events, government agencies including the Ministry of Housing and Urban-Rural Development, Central Bank and local governments, published policies regarding releasing housing demand, government-subsidized housing construction standard and adjustment of mortgage interest rate floor for many times. Each local government also successively published supporting measures, including stimulation of end consumer demand of home appliance industry. As a retail sales enterprise of household appliances, the Group continuously promotes optimization and improvement in various aspects such as alliance among different industries, aftersales and logistics support, enterprise culture, informatization system, digitalization and internal control system. The Group continuously promotes work from the aspects below:

1. UNDER DIFFERENTIATION OF DOMESTIC DEMAND, FOCUS ON MARKETING AND PAY ATTENTION TO MARKETING RETURN OF EMERGING CHANNELS

Under the macro environment of the slowdown of economic growth and frequent economic black swan events, corporates of consumer goods are facing greater challenges, which brings larger demand for differentiated and refined operations. Channels of post-pandemic are changing obviously. In terms of online channels, traditional shelves' flow is decreasing, while channels like Douyin are rising rapidly and in the process of the development bonus period, and the content platform of Xiaohongshu has become the recommendation blue ocean of home appliances category. In terms of offline channels, despite pressures during the pandemic, there is an integration tendency of home appliance channel front-loading with home construction materials, constantly refining and expanding lower tier markets .

The Group, as a home appliance chain retailer in the third- and fourth-tier cities, on the one hand, further explores channels for marketing, and on the other hand, promotes the transformation of various channels. In particular, the Group enhances offline customer experience through redecorating all stores, with comfortable, cozy offline experience as a breakthrough point, which speeds up the integration of multiple channels such as live, short video, wechat community and the like, so as to improve the Group's retail performance.

MANAGEMENT DISCUSSION AND ANALYSIS

2. ESTABLISHING A DATA PROCESSING PLATFORM TO PROMOTE DIGITAL-BASED RETAIL

According to the Statistical Reports on Internet Development in China (hereafter referred to the "Report"), as of December 2021, the scale of Internet users in China has reached 1.032 billion, representing an increase of 42.96 million as compared to December 2020, and the Internet penetration rate has reached 73.0%. Digitalization is reconstructing the channel and retail model of home appliances and is accelerating at an unimaginable speed especially since the outbreak of the COVID-19 pandemic. Whether it can effectively embrace digitization and promote channel reform is the key to the future development of home appliance enterprises.

In future, the Group will continue to accelerate the digital-based retail in stores and gradually establish a data processing platform to enable it to solve issues on information exchange and data sharing, which will lead to a more accurate and clearer category planning. The Group will promote Uni Marketing, and conduct more effective marketing activities with precise data analysis. Through the layout of data platform and multichannel, the customers profiles can be improved, which helps digitalize customer information and achieve precise positioning and customized development. The Group will realize digitalization of all the processes of sales, process logistics, and warehousing by applying new technologies, so as to improve the commodity turnover efficiency. The Group will attach great importance in improving the digital experience with customer needs as the core, and establish a complete experience closed-loop centering on customers and integrating display, communication, trial, transaction and service, which enhances the Group's competitiveness of comprehensive market.

3. GEARING UP THE MARKET SHARE OF DIVERSIFIED HOME APPLIANCES UNDER THE BACKGROUND OF SUPPLY-AND-DEMAND UPGRADING

On the policy front, as a result of the PRC's efforts to strengthen the fundamental role of consumption in economic development, high-quality consumption has been comprehensively promoted. On the demand front, there were 180 million new middle-class consumers in China, and the number of middle-class families reached 33.20 million. On the technology front, with the rapid development of 5G and the Internet of Things, the penetration of high-end home appliances has accelerated. Under various favorable policies, potential customers are being gradually guided to mid-to-high-end home appliances.

In such context, during the reporting period, the Group focused on selecting healthy and smart home appliances, and placed particular emphasis on the integration and systematic construction of technical functions of home appliances, while adhering to the concept of a comfortable home and promoting the sale of green and environmental-friendly home appliances. Meanwhile, the Group adjusted its product selection strategy in a timely manner. Under the guidance of the policy of building a smart home ecosystem, it spent more effort in selecting healthy and smart home appliances with extra emphasis on the health and smart functions and product personalization demands. As a part of its diversified home appliance marketing strategy, the Group introduced mid-to-high-end products for white home appliances (such as refrigerators, washing machines and air-conditioners) and continuously introduced integrated stoves, dishwashers and embedded products for kitchen appliances.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

For the six months ended 30 June 2022, the Group's revenue was approximately RMB128.5 million, representing an decrease of 20.6% from approximately RMB161.8 million for the six months ended 30 June 2021.

Turnover of the Group comprising revenues by operations is as follows:

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Types of goods and services		
Sales of goods	126,815	161,250
Rendering of services		
– Maintenance and installation service	1,637	590
Total revenue	128,452	161,840

COST OF SALES

For the six months ended 30 June 2022, the cost of sales of the Group was approximately RMB112.8 million, decreased by 22.6% from approximately RMB145.7 million for the six months ended 30 June 2021, which was due to an decrease of sales volume.

GROSS PROFIT

For the six months ended 30 June 2022, the gross profit of the Group was approximately RMB15.7 million, decreased by 3.1% from approximately RMB16.2 million for the six months ended 30 June 2021.

OTHER INCOME

For the six months ended 30 June 2022, other income recorded by the Group amounted to approximately RMB3.1 million, representing an decrease of 36.7% in comparison to approximately RMB4.9 million for the six months ended 30 June 2021.

OTHER GAINS

For the six months ended 30 June 2022, the Group recorded other net gains of approximately RMB0.5 million, representing a decrease of 88.9% from approximately RMB4.5 million for the six months ended 30 June 2021.

SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2022, the Group's total selling and marketing expenses amounted to approximately RMB19.0 million, representing a decrease of 24.9% from approximately RMB25.3 million for the six months ended 30 June 2021.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2022, the Group's total administrative expenses amounted to approximately RMB20.8 million, increased by 24.6% from approximately RMB16.7 million for the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING LOSS

For the six months ended 30 June 2022, the operating loss amounted to approximately RMB20.6 million, increased by 25.6% from approximately RMB16.4 million for the six months ended 30 June 2021.

FINANCE COSTS-NET

For the six months ended 30 June 2022, the net financial cost of the Group amounted to approximately RMB11.9 million, representing a decrease of 6.3% in comparison to approximately RMB12.7 million for the six months ended 30 June 2021.

LOSS BEFORE INCOME TAX

For the six months ended 30 June 2022, the loss before income tax amounted to approximately RMB32.5 million, while it was approximately RMB29.0 million for the six months ended 30 June 2021.

INCOME TAX EXPENSE

For the six months ended 30 June 2022, the income tax credit of the Group amounted to approximately RMB6,000, while the income tax expense was approximately RMB18,000 for the six months ended 30 June 2021.

LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company for the six months ended 30 June 2022 was approximately RMB31.8million, while there was loss attributable to equity holders of approximately RMB26.1 million for the six months ended 30 June 2021.

CASH AND CASH EQUIVALENTS

As at 30 June 2022, the Group's cash and cash equivalents were approximately RMB15.4 million, representing an increase of 5.5% from approximately RMB14.6 million as at 31 December 2021.

INVENTORIES

As at 30 June 2022, the Group's inventories amounted to approximately RMB56.3 million, representing an increase of 9.3% from approximately RMB51.5 million as at 31 December 2021.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2022, prepayments, deposits and other receivables of the Group amounted to approximately RMB27.7 million, representing a decrease of 41.9% from approximately RMB47.7 million as at 31 December 2021.

TRADE AND BILLS RECEIVABLES

At 30 June 2022, trade and bills receivables of the Group amounted to approximately RMB6.9 million, representing an increase of 1.5% from approximately RMB6.8 million as at 31 December 2021.

TRADE AND BILLS PAYABLES

At 30 June 2022, trade and bills payables of the Group amounted to approximately RMB132.0 million, representing an increase of 3.4% from approximately RMB127.7 million as at 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

GEARING RATIO AND THE BASIS OF CALCULATION

As at 30 June 2022, gearing ratio of the Group was 211.6%, in comparison to 192.0% as at 31 December 2021. The gearing ratio is equal to total liabilities divided by the sum of total equity and total liabilities.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2022, the Group's cash and cash equivalents (excluding the restricted cash) were approximately RMB15.4 million (31 December 2021: approximately RMB14.6 million).

The net current liabilities of the Group were approximately RMB223.6 million (31 December 2021: approximately RMB263 million), which consisted of current assets of approximately RMB118.7 million (31 December 2021: approximately RMB131.2 million) and current liabilities of approximately RMB342.3 million (31 December 2021: approximately RMB394.1 million).

The Group manages its capital structure to finance its overall operation by using different sources of funds. As at 30 June 2022, the interest-bearing borrowings of the Group amounted to approximately RMB413.5 million, increased from approximately RMB405.7 million as at 31 December 2021. As at 30 June 2022, the Group's borrowings were denominated in RMB and Hong Kong Dollar with fixed interest rate ranging from 4.5% to 6.5%.

PLEDGING OF ASSETS

As at 30 June 2022, certain land use rights, buildings and investment properties with a total net book value of approximately RMB169 million had been pledged.

INVESTMENT PROPERTIES

The Group's investment properties as of 30 June 2022 and 31 December 2021 represent certain properties receiving rental income during the respective reporting periods. Details of the investment properties of the Group as at 30 June 2022 and 31 December 2021 are as follows:

Address	Existing Use	Term of Lease
Guangling Industrial Park, Building 6, West of Shawan Road on the south side of Yinyan Road in Guangling Industrial Park (Huiyin Home Appliances), Jiangsu, PRC	Factory	Medium-term lease
Buildings 4, 5 and 6, No. 18 Gudu Road, Yangzhou Economic & Technology Development Zone, Jiangsu, PRC	Warehouse	Medium-term lease
Building 7, No. 18 Gudu Road, Yangzhou Economic & Technology Development Zone, Jiangsu, PRC	Warehouse	Medium-term lease
Building 6-10, No. 277 Wenchang Middle Road, Guangling District, Yangzhou, Jiangsu, PRC	Shop	Medium-term lease

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCIES AND TREASURY POLICY

All the income and the majority of expenses of the Group were denominated in RMB. During the six months ended 30 June 2022, the Group has not entered into any forward contracts to hedge its exposure to foreign exchange risk. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting appropriate foreign currency hedging policy in the future.

LITIGATION AND CONTINGENCIES

As at 30 June 2022, the Group had no any significant contingent liabilities.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022.

EMPLOYMENT AND REMUNERATION POLICY

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed with reference to the prevailing market rates in the region. Our management receives a fixed sum of basic salary and a discretionary performance bonus after annual/monthly/quarterly assessments.

The remuneration of other employees of the Group comprises basic salary and an attractive sum of monthly performance bonuses. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group participates in different social welfare plans for the employees.

HUMAN RESOURCES

As at 30 June 2022, the Group had 278 employees, decreased by 7.9% from 302 employees as at 31 December 2021.

SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group did not hold any significant investments, the fair value of which accounted for more than 5% of the Group's total assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group did not have any plans for future material investments and capital assets with established and legally enforceable contracts for the coming year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the six months ended 30 June 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

Overall, in the second half of the year, with the weakening of pandemic, marginal easing of real estate policy and effect of consumption subsidy, residents' consumption willingness is expected to recover, together with the recovery and prosperity of home appliance industry.

1. THE MARGINAL EASING OF REAL ESTATE POLICY HAS BEEN RELEASED, WHICH STRENGTHENS THE MERKING AND HOUSE APPLIACES

On 8 April 2022, the "23 Measures" clearly proposed for the first time support policies on both sides of the supply and demand of real estate at the policy level, implemented differentiated housing credit policies on the demand side, and increased financial support for housing enterprises on the supply side; on 29 April 2022, it increased attention to improvement needs and broadened the financing channels for housing enterprises; on 25 May 2022, it proposed 11 specific measures for the steady and healthy development of the real estate market, such as increasing the support for personal housing mortgage loans. These policies have entered a substantial implementation stage, with demand-side adjustments and clearer signals of a reviving market.

Home appliances have strong decoration attributes and are a typical industry of the latter real estate cycle. From the perspective of the transmission chain, large home appliance products such as kitchen appliances and white home appliances are more affected by real estate, while small home appliance products are relatively less affected. In general, the growth in the size of the home appliance market can be divided into volume and price growth, of which volume growth is mainly divided into new demand and renewal demand. The performance of real estate mainly affects the new housing demand in volume growth, as well as the increase in the household appliance ownership in existing homes and renewal demand.

In the future, the Group will, on the one hand, focus on analysing macro and relevant industry policies, and study the impact of policies on home appliance products. On the other hand, the Group will adjust its marketing strategies in a timely manner, and appropriately increase the sales of kitchen appliances, white appliances and other major home appliances according to the policies and increase sales.

2. STIMULATED BY TERMINAL DEMAND, CONTINUE TO STRENGTHEN THE INTEGRATION OF ONLINE AND OFFLINE

In 2022, it is encouraged in the Report on the Work of the Government that local areas shall conduct green smart home appliances going to the countryside and renewal of home appliances, improve product and service quality, strengthen consumer rights protection, make efforts to meet the needs of customers and increase their willingness to consume. At the same time, in response to the repeated impact of the pandemic on consumer confidence, consumer coupons have been issued for home appliances in many places. According to incomplete statistics from China Business Daily, about 40 regions across the country have issued consumer coupons, with a cumulative amount of over 5 billion issued, and an amount of over 500 million issued for the home appliance industry. Most of the supplementary discount rates are 10%-15%.

Stimulated by the demand for retail terminals, as a home appliance retailer in third- and fourth-tier cities, the Group will make full use of the policy dividends, and under the expansion of consumer demand, it will increase its efforts to promote channel reform, focus on the integration of online and offline, fully leverage on their own advantages of online and offline and are committed to improving the retail performance of home appliances.

MANAGEMENT DISCUSSION AND ANALYSIS

3. EXPLORE AND STUDY NEW BUSINESS AREAS, CONTINUOUS IMPROVEMENT ON CAPABILITIES AND PROFITABILITY

During the reporting period, while continuing to strengthen the home appliance business, on the one hand, the management of the Group pays attention to strengthening the study on macroeconomic policies, the development trend of the household appliance industry and competing companies, and explore to strengthen the sales of green, environmental and mid-to-high-end home appliances under the upgrading of supply and demand in the household appliance industry, so as to lay out a diversified home appliance sales pattern. On the other hand, the Group organized the management team to participate in forums related to macroeconomic policy and industry development, so as to understand the development trends of the industry in real time and strengthen exchanges and discussions between the industry and different industries. Moreover, the management team was arranged to carry out field visits and research on some high-margin projects, aiming to further explore new business areas and improve the profitability of the group.



OTHER INFORMATION

SHARE OPTION SCHEME

On 5 March 2010, the Company adopted a share option scheme (the “**Share Option Scheme**”), which expired on 5 March 2020.

The 5,000,000 share options (adjusted pursuant to the share consolidation with effect from 7 January 2020 (the “**Share Consolidation**”)) granted at subscription price of HK\$33.8 payable upon exercise of the same on 14 May 2015, among which 1,075,000 share options were outstanding as at 1 January 2020, with the following vesting schedule had all lapsed on 13 May 2020:

- (i) half of the share options (rounded down to the nearest whole number) shall be exercisable at any time during the period commencing on 14 August 2015 and ending on 13 May 2020;
- (ii) the remaining half of share options (rounded down to the nearest whole number) shall be exercisable at any time during the period commencing on 14 May 2016 and ending on 13 May 2020.

The 7,284,000 share options (adjusted pursuant to the Share Consolidation) granted at subscription price of HK\$19.0 payable upon exercise of the same on 22 December 2015, among which 569,000 share options were outstanding as at 1 January 2020, were exercisable at any time during the period commencing on 22 June 2016 and ending on 21 December 2025, and had all lapsed during the year of 2020.

During the six months ended 30 June 2022, there was no outstanding share options under the Share Option Scheme and no share options were granted, exercised, canceled or lapsed under the Share Option Scheme.

AUTHORISED SHARE CAPITAL OF THE COMPANY

As at 30 June 2022, the authorised share capital of the Company was US\$12,000,000 divided into 600,000,000 Shares.

DIRECTORS’ RIGHT TO ACQUIRE SHARE OR DEBT SECURITIES

Other than as disclosed in the paragraph headed “Share Option Scheme” in this interim report, at no time during the reporting period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the reporting period, there was no transaction, agreement or contract of significance in relation to the Company’s business, to which the Company or any of its subsidiaries was a party, and in which a Director or his/her connected entity had, whether directly or indirectly, a material interest.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests or short positions of the Directors and chief executives of the Company in the equity or debt securities of the Company or any associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (the "SFO")) which had to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which was required, under Section 352 of the SFO, to be entered in the register referred to in that section, or under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange, to be notified to the Company and the Stock Exchange, were as follows:

Name	Name of corporation	Capacity and nature of interest	Aggregate number of ordinary shares or underlying shares	Approximate percentage of interest in the corporation
Yuan Li ^(Note)	The Company	Interest of controlled corporation	65,001,624 shares (L)	29.64%

(L) Denotes long position

Note:

The 65,001,624 shares were held by Noble Trade International Holdings Limited* (聖行國際集團有限公司) (formerly 聖商國際集團有限公司) ("Noble Trade International") as beneficial owner. Noble Trade International was wholly-owned by Mogen Ltd. ("Mogen"). Mogen was 100% wholly-owned by Chongqing Saint Information Technology Co., Ltd.* (重慶聖商信息科技有限公司) which was owned by Mr. Yuan Li, an Executive Director as to 40.44%.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2022, the interests or short positions of those persons (other than Directors or chief executives whose interests are disclosed above) in the ordinary shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Name of corporation	Capacity and Nature of interest	Aggregate number of ordinary shares	Approximate percentage of interest in the corporation
Mogen Ltd. ^(Note 1)	The Company	Interest of controlled corporation	65,001,624 shares (L)	29.64%
Noble Trade International Holdings Limited* (聖行國際集團有限公司) ^(Note 1)	The Company	Beneficial owner	65,001,624 shares (L)	29.64%

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES OF THE COMPANY (Continued)

Name	Name of corporation	Capacity and Nature of interest	Aggregate number of ordinary shares	Approximate percentage of interest in the corporation
Chongqing Saint Information Technology Co., Ltd.* (重慶聖商信息科技有限公司) ^(Note 1)	The Company	Interest of controlled corporation	65,001,624 shares (L)	29.64%
Opu Shanwei (International) Holdings Limited (歐普善偉(國際)控股有限公司) ^(Note 2)	The Company	Beneficial owner	23,755,306 shares (L)	10.83%
Shan Weiwei ^(Note 2)	The Company	Interest of controlled corporation	23,755,306 shares (L)	10.83%
Hong Kong Ruihong Yixing International Co., Limited (香港瑞宏藝興國際有限公司) ^(Note 3)	The Company	Beneficial owner	23,400,210 shares (L)	10.67%
Sun Yan ^(Note 3)	The Company	Interest of controlled corporation	23,400,210 shares (L)	10.67%
Hong Kong Teng Chun Tak Sing International Co., Limited (香港騰創德馨國際有限公司) ^(Note 4)	The Company	Beneficial owner	17,679,604 shares (L)	8.06%
Chen Bo ^(Note 4)	The Company	Interest of controlled corporation	17,679,604 shares (L)	8.06%
Baoshi (Tianjin) E-commerce Company Limited (寶世(天津)電子商務有限公司) ^(Note 5)	The Company	Interest of controlled corporation	13,095,000 shares (L)	5.97%
Tianjin Bohai Commodity Exchange Corporation (天津渤海商品交易所股份有限公司) ^(Note 5)	The Company	Interest of controlled corporation	13,095,000 shares (L)	5.97%
BOCE (Hong Kong) Co., Limited ^(Note 5)	The Company	Beneficial owner	13,095,000 shares (L)	5.97%
China Ruike Investment & Development Co., Ltd. (中華瑞科投資發展有限公司) ^(Note 6)	The Company	Beneficial owner	11,955,181 shares (L)	5.45%
Cao Kuanping (曹寬平) ^(Note 6)	The Company	Interest of controlled corporation	11,955,181 shares (L)	5.45%
Mao Shanzhen (茅善珍) ^(Note 6)	The Company	Spouse interest	11,955,181 shares (L)	5.45%

(L) Denote long position

OTHER INFORMATION

Notes:

- (1) The 65,001,624 shares were held by Noble Trade International Holdings Limited* (聖行國際集團有限公司) (formerly 聖商國際集團有限公司) ("Noble Trade International") as beneficial owner. Noble Trade International was 100% wholly-owned by Mogen Ltd. ("Mogen"). Mogen was wholly-owned by Chongqing Saint Information Technology Co., Ltd.* (重慶聖商信息科技有限公司) which was owned by Mr. Yuan Li, an Executive Director as to 40.44%.
- (2) The 23,755,306 shares were held by Oupu Shanwei (International) Holdings Limited (歐普善偉(國際)控股有限公司)("Oupu Shanwei") as beneficial owner. Oupu Shanwei was 100% wholly-owned by Mr. Shan Weiwei.
- (3) The 23,400,210 shares were held by Hong Kong Ruihong Yixing International Co., Limited (香港瑞宏藝興國際有限公司) ("Ruihong Yixing") as beneficial owner. Ruihong Yixing was 100% wholly-owned by Ms. Sun Yan.
- (4) The 17,679,604 shares were held by Hong Kong Teng Chun Tak Sing International Co., Limited (香港騰創德馨國際有限公司) ("Teng Chun Tak Sing") as beneficial owner. Teng Chun Tak Sing was wholly-owned by Mr. Chen Bo.
- (5) The 13,095,000 shares were held by BOCE (Hong Kong) Co., Limited ("BOCE") as beneficial owner. BOCE was wholly owned by Baoshi (Tianjin) E-commerce Company Limited which was owned by Tianjin Bohai Commodity Exchange Corporation as to 99%.
- (6) The 11,955,181 shares were held by China Ruike Investment & Development Co., Ltd. (中華瑞科投資發展有限公司) ("Ruike") as beneficial owner. Mr. Cao Kuanping holds 100% interests of Ruike. Ms. Mao Shanzhen is the spouse of Mr. Cao Kuanping.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period from 1 January 2022 up to the date of this interim report, no Directors were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to enhancing corporate governance, and the Board reviews and updates all necessary measures from time to time in order to promote good corporate governance.

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the six months ended 30 June 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made with all Directors and each of the Directors has confirmed his/her compliance with the required standard set out in the Model Code during the six months ended 30 June 2022.

The Company has also established the written guidelines no less exacting than the Model Code for securities transactions by relevant employees of the Company (the "**Employees Written Guidelines**"). No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

AUDIT COMMITTEE

During the six months ended 30 June 2022, the Audit Committee comprises the Independent Non-executive Directors, namely Mr. Zhao Jinyong, Mr. Chen Rui and Mr. Fung Tak Choi, including one Independent Non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise.

As of the date of this report, the composition of the Audit Committee is in compliance with related requirements of the Listing Rules. The Audit Committee has adopted the terms of reference in line with the Code issued by the Stock Exchange. The principal duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee has in conjunction with management reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained a sufficient public float throughout the period from 1 January 2022 to 30 June 2022, and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2022.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Up to the date of this report, apart from the daily business activities of the Company, there has been no significant event after the reporting period.

On behalf of the Board

Yuan Li

Chairman

Hong Kong, 4 August 2022

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		119,554	128,893
Right-of-use assets		54,892	65,707
Investment properties		32,603	33,064
Intangible assets	4	962	1,037
Equity investment designated at fair value through other comprehensive income		600	600
		208,611	229,301
Current assets			
Inventories	5	56,289	51,466
Trade receivables	6	6,890	6,772
Prepayments, deposits and other receivables	7	27,658	47,716
Restricted bank deposits	8	12,441	10,600
Cash and cash equivalents	9	15,421	14,619
		118,699	131,173
Total assets		327,310	360,474
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	10	29,174	29,174
Reserves		(412,684)	(380,909)
		(383,510)	(351,735)
Non-controlling interests		18,153	18,844
Total equity		(365,357)	(332,891)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	13	331,543	270,626
Lease liabilities		18,322	28,113
Provision for reinstatement costs		486	486
		350,351	299,225
Current liabilities			
Trade and bills payables	11	131,981	127,717
Accruals and other payables	12	33,628	40,365
Contract liabilities		23,763	19,277
Borrowings	13	81,990	135,053
Lease liabilities		17,031	16,781
Other current liabilities		53,560	53,560
Provision for litigations		201	1,225
Provision for reinstatement costs		162	162
		342,316	394,140
Total liabilities		692,667	693,365
Total equity and liabilities		327,310	360,474
Net current liabilities		(223,617)	(262,967)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Revenue	14	128,452	161,840
Cost of sales		(112,799)	(145,661)
Gross profit		15,653	16,179
Other income	15	3,061	4,888
Other gains – net	16	452	4,495
Selling and marketing expenses		(18,978)	(25,253)
Administrative expenses		(20,802)	(16,694)
Operating loss		(20,614)	(16,385)
Finance income		102	13
Finance costs		(11,960)	(12,666)
Finance costs – net	18	(11,858)	(12,653)
Loss before income tax	17	(32,472)	(29,038)
Income tax credit/(expense)	19	6	(18)
Loss for the period		(32,466)	(29,056)
Attributable to:			
– Equity holders of the Company		(31,755)	(26,122)
– Non-controlling interests		(691)	(2,934)
		(32,466)	(29,056)
Loss per share for loss attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	20	(0.14)	(0.16)
Dividends	21	—	—

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Total comprehensive loss for the period	(32,466)	(29,056)
Attributable to:		
– Equity holders of the Company	(31,775)	(26,122)
– Non-controlling interest	(691)	(2,934)
	(32,466)	(29,056)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021	24,512	1,855,155	28,007	55,395	(2,289,523)	(326,454)	20,987	(305,467)
Loss and total comprehensive loss for period	—	—	—	—	(26,122)	(26,122)	(2,934)	(29,056)
Subscription of new shares	4,662	30,090	—	—	—	34,752	—	34,752
Balance at 30 June 2021	29,174	1,885,245	28,007	55,395	(2,315,645)	(317,824)	18,053	(299,771)
Balance at 1 January 2022	29,174	1,885,248	28,007	55,395	(2,349,559)	(351,735)	18,844	(332,891)
Loss and total comprehensive loss for period	—	—	—	—	(31,775)	(31,775)	(691)	(32,466)
Balance at 30 June 2022	29,174	1,885,248	28,007	55,395	(2,381,334)	(383,510)	18,153	(365,357)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	(20,247)	29,165
Net cash generated from/(used in) investing activities	5,808	(2,315)
Net cash generated from/(used in) financing activities	15,241	(44,304)
Net increase/(decrease) in cash and cash equivalents	802	(17,454)
Cash and cash equivalents at beginning of period	14,619	36,457
Cash and cash equivalents at end of period	15,421	19,003
Analysis of balances of cash and cash equivalents		
Bank and cash balances	15,421	19,003

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands. The address of its registered office is the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The principal place of business of the Group is located at 6/F, Huiyin Building No. 539 Wenchang Zhong Road, Yangzhou City, Jiangsu Province, PRC.

The Company is principally engaged in investment holding. The principal activities of the Group are mainly engaged in the retail of household appliance, mobile phones, computers, import and general merchandise and provision of maintenance and installation services in the People's Republic of China (the "PRC").

The shares of the Company ("Shares") were listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 25 March 2010.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and equity investment designated at fair value through other comprehensive income which are measured at fair value, and in accordance to Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 December 2021 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs").

The condensed consolidated interim financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and all values are rounded to the nearest thousands (RMB'000), unless otherwise indicated.

In preparing these condensed consolidated interim financial statements, the Directors have considered the operation of the Group as a going concern notwithstanding that the Group incurred a net loss of approximately RMB32,466,000 for the six months ended 30 June 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB223,617,000. These conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors considered that it is appropriate to adopt the going concern basis in preparing these condensed consolidated interim financial statements, having given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as a going concern. The ability of the Group to continue as a going concern depends on the ongoing availability of finance to the Group, including the financial support from the parent company of a substantial shareholder of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the foreseeable future after taking into consideration of the following:

- (i) The Company obtained financial support from 重慶聖商信息科技有限公司 (Chongqing Saint Information Technology Co., Ltd.*) (“Chongqing Saint”), the parent company of a substantial shareholder of the Company (i.e. Noble Trade International Holdings Limited), under which Chongqing Saint has given an irrevocable undertaking that it would provide financial support to the Group to meet its financial obligations for a maximum amount of RMB400 million for a period of 18 months from the date of approval of the audited financial statements for the year ended 31 December 2021.
- (ii) The Group will continue to carry out cost control measurement in the forthcoming years, including but not limited to reducing discretionary expenses and administrative costs.

Based on the Group’s cash flow projections, which cover a period of twelve months from the date of the approval of these condensed consolidated interim financial statements and taking into account the available financial resources, the Directors are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of these condensed consolidated interim financial statements. Accordingly, the Directors consider that it is appropriate to prepare these condensed consolidated interim financial statements on a going concern basis.

Should the Group be unable to continue its business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated interim financial statements.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Except for the application of new and amendments to HKFRSs issued by the HKICPA that are effective for the annual periods beginning on or after 1 January 2022, the principal account policies used in the preparation of these condensed consolidated interim financial statements for the six months ended 30 June 2022 are consistent with those adopted in the preparation of audited financial statements for the year ended 31 December 2021.

For the six months ended 30 June 2022, the Group has applied all new and amendments to HKFRSs issued by the HKICPA that are effective for the Group’s financial year beginning on or after 1 January 2022. The application of the new and amendments to HKFRSs has had no material impact on the Group’s financial performance and positions for the current/prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

The Group has not early adopted any new and amendments to HKFRSs that have been issued by the HKICPA but are not yet effective.

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

3. FINANCIAL RISK MANAGEMENT

3.1. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest rate risk, credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Categories of financial instruments

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Financial assets		
Equity investment designated at fair value through other comprehensive income	600	600
Financial assets at amortised cost	39,362	35,999
Financial liabilities		
Financial liabilities at amortised cost	666,647	658,143

(b) Foreign exchange risk

The Group operates mainly in the PRC and is exposed to foreign exchange risk with respect to primarily Hong Kong dollar ("HKD") and United States dollar ("USD"). Foreign exchange risk arises from recognised assets and liabilities. The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the six months ended 30 June 2022 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1. FINANCIAL RISK FACTORS *(Continued)*

(b) Foreign exchange risk *(Continued)*

As at 30 June 2022, the carrying amount of the Group's monetary assets and liabilities that are denominated in currency other than functional currencies of the respective group entities are as follows:

	Unaudited 30 June 2022		Audited 31 December 2021	
	HKD	USD	HKD	USD
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	5,279	20	771	20
Accruals and other payables	(5,834)	—	(16,830)	—
Borrowings	(33,541)	—	(13,497)	—
	(34,096)	20	(29,556)	20

As at 30 June 2022, if RMB had weakened/strengthened by 5% (2021:5%), against HK Dollar with all other variables held constant, pre-tax loss for the period would have been approximately RMB1,705,000 higher/lower (2021, pre-tax loss for the year RMB1,478,000), mainly as a result of foreign exchange gains/losses on translation of HK dollar-denominated cash and bank balances, accruals and other payables, and borrowings.

(c) Cash flow and fair value interest rate risk

Other than bank deposits with stable interest rate, the Group has no other significant interest-bearing assets. The Group does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, as the interest rates of bank deposits are not expected to change significantly.

The Group's interest-rate risk mainly arises from borrowings. As at 30 June 2022, borrowings at fixed rates comprise bank borrowing of RMB2,000,000 (31 December 2021: RMB2,000,000) and other borrowings/advances of approximately RMB411,533,000 (31 December 2021: RMB403,679,000). Borrowings at fixed rates exposed the Group to fair value interest rate risk. The Group did not hedge its cash flow and fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 13.

(d) Credit risk

Majority of the Group's retail sales are settled in cash, credit/other payment cards, bank acceptance bills or telegraph bank transfers by its customers upon delivery of goods. The carrying amounts of the bank balances, trade and bills receivables, and other financial assets included in prepayments, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carrying significant exposure to credit risk.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1. FINANCIAL RISK FACTORS *(Continued)*

(d) Credit risk *(Continued)*

(i) Bank balances

The credit risk on bank balance is limited because the counterparties are banks with high credit ratings. Accordingly, no loss allowance was provided in respect of bank balances as at 30 June 2022 and 31 December 2021.

(ii) Receivables

Trade receivables are due from wholesale customers with an appropriate financial strength. The Group grants the average credit term to these customers ranging from 30 days to 90 days, and the balances exceeding the credit term are monitored by the Group.

Bills receivables are the bills issued by customers and accepted by banks, they are expired usually in 3 months to 6 months. The directors are of the opinion that there is no significant credit risk on those bills, because most of the bills are accepted by several nationwide and regional renowned financial institutions in the PRC without significant credit risk.

The Group assess the credit quality of other receivables by taking into account various factors including their financial position, past experience and other factors.

Other receivables also comprise the rental deposits. Rental deposits are placed with various landlords in the PRC and are due upon the expiry of the tenancy agreements and handover of the leased premises.

The carrying amount of receivables included in the condensed consolidated interim statement of financial position represents the Group's maximum exposure to credit risk in relation to these financial assets.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

As at 30 June 2022 and 31 December 2021, the Group's trade receivables with the aggregate gross carrying amount of RMB19,954,000 and RMB20,007,000, respectively were assessed on individual basis. These trade receivable balances were considered as credit impaired and were fully impaired.

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1. FINANCIAL RISK FACTORS (Continued)

(e) Liquidity risk

Management of the Group aims to maintain sufficient cash through internally generated sales proceeds and external sources of funds through committed credit facilities from bank or other borrowings from individual third parties and related parties of the Company to meet the operation needs. Actions taken by management of the Group to meet immediate liquidity needs.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Contractual undiscounted cash flow						Carrying Amount RMB'000	
	Weighted average interest rate %	Within 1 year or demand RMB'000	More than 1 year but Less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000		
	As at 30 June 2022							
	Non-derivative financial liabilities							
Other borrowings	5.81%	77,284	336,430	—	—	413,714	403,917	
Bonds payables	12.6%	505	8,100	—	—	8,605	7,616	
Bank borrowings	3.65%	2,073	—	—	—	2,073	2,000	
Trade and bills payables	—	131,981	—	—	—	131,981	131,981	
Accruals and other payables	—	32,220	—	—	—	32,220	32,220	
Other current liabilities	—	53,560	—	—	—	53,560	53,560	
Lease liabilities	8.72%	18,151	11,632	8,099	4,554	42,436	35,353	
		315,774	356,162	8,099	4,554	684,589	666,647	
As at 31 December 2021								
Non-derivative financial liabilities								
Other borrowings	5.33%	98,904	290,450	50,567	—	439,921	395,154	
Bonds payables	12.6%	505	9,110	—	—	9,615	8,525	
Bank borrowings	3.65%	2,073	—	—	—	2,073	2,000	
Trade and bills payables	—	127,717	—	—	—	127,717	127,717	
Accruals and other payables	—	26,293	—	—	—	26,293	26,293	
Other current liabilities	—	53,560	—	—	—	53,560	53,560	
Lease liabilities	8.78%	18,254	14,381	19,862	2,704	55,201	44,894	
		327,306	313,941	70,429	2,704	714,380	658,143	

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1. FINANCIAL RISK FACTORS *(Continued)*

(e) Liquidity risk *(Continued)*

Note:

The interest payments on borrowing are calculated based on borrowings held as at 30 June 2022 and 31 December 2021 without taking into account of future borrowings.

3.2. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of cash and cash equivalents of approximately RMB15,421,000 as at 30 June 2022 (31 December 2021: RMB14,619,000) and equity attributable to owners of the Company of approximately (RMB383,510,000) as at 30 June 2021 (31 December 2021: (RMB351,735,000)), comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with its capital.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

4. INTANGIBLE ASSETS

	Computer software RMB'000
At 1 January 2021	
Cost	9,604
Accumulated amortisation	(8,413)
Net carrying amount	1,191
At 1 January 2021	1,191
Amortisation	(154)
31 December 2021	1,037
31 December 2021	
Cost	9,604
Accumulated amortisation	(8,567)
Net carrying amount	1,037
At 1 January 2022	
Cost	9,604
Accumulated amortisation	(8,567)
Net carrying amount	1,037
At 1 January 2022	1,037
Amortisation	(75)
At 30 June 2022	962
At 30 June 2022	
Cost	9,604
Accumulated amortisation	(8,642)
Net carrying amount	962

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

5. INVENTORIES

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Merchandise held for resale	59,079	54,391
Write-down of inventories for obsolescence	(2,790)	(2,925)
Total	56,289	51,466

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Included in cost of sales		
– Carrying amount of merchandise sold	112,721	263,148
– (Reversal of write-down)/Write down of inventories for obsolescence	(135)	961
Total	112,586	264,109

The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realizable value of certain merchandise as a result of a change in consumer preferences.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

6. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Trade receivables	26,844	26,779
Less: Provision for impairment	(19,954)	(20,007)
Trade receivables, net	6,890	6,772
Trade receivables, net	6,890	6,772

The credit terms granted to customers by the Group ranges from 30 days to 90 days.

The aging analysis of trade receivables based on invoice date, before provision for impairment, as at the end of the reporting period is as follows:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
0 - 90 days	5,346	5,074
91 - 365 days	1,240	1,394
1 year - 2 years	645	638
2 years - 3 years	611	671
Over 3 years	19,002	19,002
Total	26,844	26,779

All bills received by the Group are with a maturity period of less than one year.

As at 30 June 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB21,498,000 (31 December 2021: RMB21,705,000) which are past due as at the reporting date. None of them is considered as in default.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

7. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLE

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Prepayments to suppliers	15,273	24,557
Deposits	668	650
Value added tax recoverable	7,685	19,151
Staff advances	1,089	1,180
Others	2,943	2,178
	27,658	47,716

8. RESTRICTED BANK DEPOSITS

As at 30 June 2022, bank deposits of RMB241,000 (31 December 2021: RMB711,000) were frozen by courts for certain legal proceedings against the Group. The remaining amount of RMB12,200,000 is pledged as collateral for the Group's bills payable and is for the purchase of financial products of banks.

9. CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Cash on hand		
– denominated in RMB	17	37
Cash at bank		
– denominated in RMB	10,105	13,791
– denominated in HKD	5,279	771
– denominated in USD	20	20
	15,404	14,582
Total cash and cash equivalent	15,421	14,619

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

10. SHARE CAPITAL OF THE COMPANY

Details of the share capital of the Company are as follows:

	Par value	Number of ordinary Shares	Nominal value of ordinary Shares USD	Equivalent nominal value of ordinary Shares RMB'000
Authorised:				
At 1 January 2021	US\$0.02	200,000,000	4,000,000	24,147
Increase of authorised shares (note a)	US\$0.02	400,000,000	8,000,000	48,297
At 31 December 2021, 1 January 2022 and 30 June 2022	US\$0.02	600,000,000	12,000,000	72,444
Issued and fully paid				
At 1 January 2021		182,733,120	3,654,662	24,512
Issuance of new shares (b)	US\$0.02	36,546,624	730,932	4,662
At 31 December 2021, 1 January 2022 and 30 June 2022		219,279,744	4,385,594	29,174

Notes:

- (a) On 31 May 2021, the Company has increased the authorised shares capital of the Company from US\$4,000,000 divided into 200,000,000 shares to US\$12,000,000 divided into 600,000,000 shares.
- (b) On 2 June 2021, the Company allotted and issued 36,546,624 new shares to the subscriber at the subscription price of HK\$1.14 per subscription share. All the subscription shares of approximately HK\$41,663,000 payable by subscriber to settle the shareholders' loan of approximately HK\$40,734,000 and the remaining balance of approximately HK\$929,000 was settled by cash.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

11. TRADE AND BILLS PAYABLES

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Trade payables	(a)	124,781	117,117
Bills payable	(b)	7,200	10,600
		131,981	127,717

Notes:

- (a) At 30 June 2022, the trade payables included outstanding balances of RMB58,911,000 (2021: RMB58,911,000) arising from purchase of goods from Yangzhou Suohai Electronics Co. Limited ("Suohai") and Jiangsu Zhipu Electronics Appliance Co. Ltd. ("Zhipu") due to Ruihu, an associate of the Group.
- (b) At 30 June 2022, the bills payable were secured by bank deposits.

Most of the principal suppliers require prepayment for goods purchase. The credit period granted by the Group's principal suppliers ranges from 15 to 60 days for both reporting periods.

Aging analysis of trade payables based on invoice date as at the end of the reporting period is as follows:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
0 - 30 days	5,628	5,138
31 - 90 days	2,124	833
91 - 365 days	7,969	7,725
1 year - 2 years	5,687	4,595
2 years -3 years	4,930	2,303
Over 3 years	98,443	96,523
	124,781	117,117

The trade and bills payables are denominated in RMB and their carrying amounts were approximate to their fair values as at the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

12. ACCRUALS AND OTHER PAYABLES

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Salary and welfare payables	2,498	2,068
Accrued expenses	18,826	15,542
Deposits	3,606	3,468
Value added tax and other tax payables	1,408	1,506
Amount due to a shareholder	5,057	5,057
Others	2,075	12,566
Amount due to Chongqing Saint	158	158
	33,628	40,365

13. BORROWINGS

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Non-current			
Bonds payables	(a)	7,616	8,525
Other borrowings	(b)	323,927	262,101
		331,543	270,626
Current			
Bank borrowings	(c)	2,000	2,000
Other borrowings	(b)	79,990	133,053
		81,990	135,053
		413,533	405,679

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

13. BORROWINGS (Continued)

(a) BONDS PAYABLES

The bonds payables balance represent 2 bonds at a total nominal value of HK\$10,000,000 to certain third party individuals. These bonds are unsecured, interest bearing at 6% per annum and with a term of 8 years from the year of 2015. These bonds were initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

(b) OTHER BORROWINGS

	Note	30 June 2022 RMB'000	31 December 2021 RMB'000
Independent third parties	(i)	9,242	108,060
Entities controlled by the Chairman	(ii)	156,478	60,968
Shareholders	(iii)	238,197	226,126
		403,917	395,154
Secured		9,242	82,635
Unsecured		394,675	312,519
		403,917	395,154

As 30 June 2022, the other borrowings were repayable as follows:

	30 June 2022 RMB'000	31 December 2021 RMB'000
Within 1 year or on demand	75,725	133,053
After 1 year but within 2 years	328,192	205,502
After 2 years but within 5 years	—	56,599
	403,917	395,154

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

13. BORROWINGS (Continued)

(b) OTHER BORROWINGS (Continued)

Notes:

(i) Independent third parties

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Party A	9,242	82,635
Party B	—	3,804
Party C	—	1,380
Party D	—	82
Party E	—	16,833
Party F	—	3,326
Total	9,242	108,060

Party A

Party A is Mr. Wu Jipeng who is a friend of the chairman. The Directors after the consultation of a legal advisor, considered that Party A is an independent third party of the Group.

On 6 June 2022, Party A entered into a loan agreement with a subsidiary of the Group pursuant to which Party A granted loan of approximately RMB4,250,000 (equivalent to HK\$5,000,000) to the Group for a period of two years. The loan is unsecured and bearing interest at 5.5% per annum.

As of 30 June 2022, the subsidiary made loan repayments of RMB78,704,000, with its current outstanding loans and accrued interest of RMB9,242,000 with an interest of 5.5%

Party B

On 15 August 2019 Party B entered into a loan agreement with a subsidiary of the Group pursuant to which Party B granted a loan of RMB4,000,000 to the Group for a period of eighteen months, the loan is unsecured and bearing interest at 5.5% per annum. As of 30 June 2022, the principal amount of loans and interests have been repaid.

Party C

On 16 January 2019, Party C entered into a loan agreement with a subsidiary of the Group pursuant to which Party C granted a loan of RMB22,000,000 to the Group for a period of two years. The loan is unsecured and bearing interest at 5% per annum. As of 30 June 2022, the principal amount of loans and interests have been repaid.

Party D

On 16 January 2019, Party D entered into a loan agreement with a subsidiary of the Group pursuant to which Party D granted a loan of RMB20,000,000 to the Group for a period of two years. The loan is unsecured and bearing interest at 5% per annum. As of 30 June 2022, the principal amount of loans and interests have been repaid.

Party E

On 2 November 2021, Party E entered into a loan agreement with a subsidiary of the Group pursuant to which Party E granted a loan of RMB16,700,000 to the Group for a period of two years. The loan is unsecured and bearing interest at 5% per annum. As of 30 June 2022, the principal amount of loans and interests have been repaid.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

13. BORROWINGS (Continued)

(b) OTHER BORROWINGS (Continued)

Notes: (Continued)

Party F

On 2 November 2021, Party F entered into a loan agreement with a subsidiary of the Group pursuant to which Party F granted a loan of RMB3,300,000 to the Group for a period of two years. The loan is unsecured and bearing interest at 5% per annum. As of 30 June 2022, the principal amount of loans and interests have been repaid.

(ii) Entities controlled by the chairman

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
廣東聖融金服控股有限公司("廣東聖融")	54,066	52,941
北京奇點新科技集團有限公司(formerly known as 聖行(北京)控股集團有限公司("北京奇點"))	—	8,027
Beijing Shengshang Venture Technology Co., Ltd. (北京聖商創業科技有限公司)	102,412	—
	156,478	60,968

On 23 May 2018, 廣東聖融 entered into a loan agreement with a subsidiary of the Group pursuant to which 廣東聖融 granted a loan of RMB15,000,000 to the Group for a period of two years. The loan is unsecured and bearing interest at 5% per annum.

On 14 June 2018, 廣東聖融 entered into a loan agreement with a subsidiary of the Group pursuant to which 廣東聖融 granted a loan of RMB30,000,000 to the Group for a period of two years. The loan is unsecured and bearing interest at 5% per annum.

On 12 October 2018, 北京奇點 entered into a loan agreement with a subsidiary of the Group pursuant to which 北京奇點 granted a loan of RMB5,000,000 to the Group for a period of two years. The loan is unsecured and bearing interest at 5% per annum.

On 16 April 2020, 廣東聖融 and 北京奇點 agreed to extend the outstanding loans and interests which are due for repayment between May 2020 and October 2020 for a further period of two years.

On 26 January 2021, 北京奇點 entered into loan agreement with a subsidiary of the Group pursuant to which 北京奇點 granted a loan of RMB1,000,000. The loan is unsecured and bearing interest at 5% per annum. As of 30 June 2022, the principal amount of loans and interests of 北京奇點 have been fully repaid.

On 4 January 2022, Beijing Shengshang Venture entered into loan agreement with a subsidiary of the Group pursuant to which Beijing Shengshang Venture granted a loan of RMB100,000,000. The loan is unsecured and bearing interest at 5% per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

13. BORROWINGS (Continued)

(b) OTHER BORROWINGS (Continued)

Notes: (Continued)

(iii) Shareholders

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Chongqing Saint	221,515	226,126
Noble Trade International	16,682	—
	238,197	226,126

During the year ended 31 December 2020, Chongqing Saint entered into a loan agreement with subsidiaries of the Group pursuant to which Chongqing Saint granted a number loans with a total amount of RMB214,440,000 to the Group for a period ranging from 1 to 3 years. The loans are unsecured and bearing interest ranging from 5% to 6.5% per annum. At 30 June 2022, the remaining outstanding loan were amounted to RMB221,515,000.

On 30 June 2022, Noble Trade International entered into a loan agreement with a subsidiary of the Group pursuant to which Noble Trade International granted a loan of RMB16,329,000 to the Group for a period of two years and the loans is unsecured and bearing interest to 4.5%.

(c) BANK BORROWINGS

As at 30 June 2022, a subsidiary of the Group has bank loan of RMB2,000,000, denominated to Renminbi and repayable within one year. The borrowing is unsecured, carried variable interest rate at RMB Loan Prime Rate. The effective interest rate on the bank borrowings is 3.65% per annum for the period ended 30 June 2022.

14. REVENUE AND SEGMENT INFORMATION

(i) REVENUE

The principal activities of the Group are mainly engaged in the retail of household appliance, mobile phone and computers and import and general merchandise and provision of maintenance and installation services in the PRC.

Disaggregation of revenue from contracts with customers is as follows:

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Types of goods and services		
Sales of goods	126,815	161,250
Rendering of services		
– Maintenance and installation service	1,637	590
Total revenue	128,452	161,840
Timing of revenue recognition		
A point in time	128,452	161,840

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

14. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) SEGMENT INFORMATION

The Group is principally engaged in the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services in the PRC. Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no additional reportable segment and geographical information have been presented.

15. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Rental income from investment properties	1,868	1,078
Maintenance and repairment service	228	3,340
Other	965	470
	3,061	4,888

16. OTHER GAINS NET

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment, net	12	8
Other	440	4,487
	452	4,495

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

17. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Cost of merchandise sold	112,586	145,351
Employee benefit expenses - including the Directors' emoluments	11,678	12,151
Amortisation of right-of-use assets	10,815	9,855
Depreciation of property, plant and equipment	3,621	4,405
Depreciation of investment properties	461	507
Amortisation of intangible assets	75	79
(Reversal)/Provision for obsolescence on inventories	(135)	727
(Reversal)/Provision for impairment on trade receivables	(53)	84

18. FINANCE COST - NET

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Finance costs		
– Interest expenses on bank borrowings	38	89
– Interest expenses on advances from third parties and related parties	9,754	8,988
– Interest expenses on bonds payables	510	249
– Net foreign exchange loss	49	—
Interest expenses on lease liabilities	1,609	3,340
	11,960	12,666
Finance income		
– Interest income on bank deposits	(102)	(13)
Finance costs – net	11,858	12,653

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2022

19. INCOME TAX (CREDIT)/EXPENSE

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
PRC enterprise and withholding income taxes		
– Income tax (credit)/expenses	(6)	18

(a) HONG KONG PROFITS TAX

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong for the six months ended 30 June 2022 (2021: Nil).

(b) PRC ENTERPRISE INCOME TAX

Under the Corporate Income Tax Law of the PRC, the enterprise income tax rate applicable to the subsidiaries located in mainland China is 25% (2021: 25%).

20. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Unaudited	
	Six months ended 30 June	
	2022	2021
Loss attributable to equity holders of the Company (RMB'000)	(31,755)	(26,122)
Weighted average number of ordinary shares in issue ('000)	219,280	159,311
Basic and diluted loss per share (RMB)	(0.14)	(0.16)

The computation of diluted loss per share for the six months ended 30 June 2022 and 2021 did not assume the exercise of share options and settlement in ordinary shares for the other liabilities arising from the contingent consideration arrangements in prior years as such assumed exercise would decrease the loss per share for both of the six months ended 30 June 2022 and 2021.

21. INTERIM DIVIDENDS

No interim dividend was declared during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) and the Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2022.