



# 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

# 2023



## BOARD OF DIRECTORS

### Executive Director

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

### Independent Non-executive Directors

Mr. Lei Zhiwei  
Mr. Liu Xiaodong  
Mr. Zong Shijian

## EXECUTIVE COMMITTEE

Mr. Du Lin Dong *(Chairman)*

## AUDIT COMMITTEE

Mr. Zong Shijian *(Chairman)*  
Mr. Lei Zhiwei  
Mr. Liu Xiaodong

## REMUNERATION COMMITTEE

Mr. Lei Zhiwei *(Chairman)*  
Mr. Du Lin Dong  
Mr. Liu Xiaodong

## NOMINATION COMMITTEE

Mr. Lei Zhiwei *(Chairman)*  
Mr. Liu Xiaodong  
Mr. Zong Shijian

## RISK MANAGEMENT COMMITTEE

Mr. Du Lin Dong *(Chairman)*  
Mr. Lei Zhiwei

## AUTHORISED REPRESENTATIVES

Mr. Du Lin Dong  
Mr. Wong Tsz Lun

## COMPANY SECRETARY

Mr. Wong Tsz Lun

## AUDITORS

Moore 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  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
Bermuda

## SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited  
17/F, Far East Centre,  
16 Harcourt Road,  
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>

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

For the six months ended 31 December 2023

|  | Notes | Unaudited<br>Six months ended 31 December |                  |
|--|-------|---|------------------|
|  |       | 2023<br>HK\$'000                          | 2022<br>HK\$'000 |
| Revenue  | 4     | 123                                       | 79               |
| Other income   | 4     | –   | 10               |
| Other gains or losses  | 7     | 1,000                                     | –                |
| Fair value (gain) loss on financial assets at fair value through profit or loss (“FVTPL”)                  |       | 72,082                                    | (34,978)         |
| Administrative expenses  |       | (4,263)                                   | (7,329)          |
| Share of profit from an associate  |       | (164)                                     | (128)            |
| Finance costs  | 5     | (453)                                     | (361)            |
| Profit (loss) before tax   |       | 68,325                                    | (42,707)         |
| Income tax expense   | 6     | –   | –                |
| <b>Profit (loss) for the period</b>  | 7     | <b>68,325</b>                             | <b>(42,707)</b>  |
| <b>Other comprehensive income</b>  |       |   |                  |
| <i>Item that will not be reclassified to profit or loss:</i>   |       |   |                  |
| – Fair value gain (loss) of equity instruments at fair value through other comprehensive income (“FVTOCI”) |       | 9,105                                     | (10,135)         |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                                      |       |   |                  |
| – Exchange differences arising on translation of functional currency to presentation currency              |       | 1,832                                     | (11,306)         |
| <b>OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD</b>   |       | <b>10,937</b>                             | <b>(21,441)</b>  |
| <b>TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD</b>   |       | <b>79,262</b>                             | <b>(64,148)</b>  |
| <b>PROFIT (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>                                       |       |   |                  |
| – Basic  | 9     | HK\$0.62 cents                            | (HK\$0.39 cents) |
| – Diluted  |       | HK\$0.62 cents                            | (HK\$0.39 cents) |

# Condensed Consolidated Statement of Financial Position

At 31 December 2023

|  | <i>Notes</i> | <b>Unaudited<br/>31 December<br/>2023<br/>HK\$'000</b> | <b>Audited<br/>30 June<br/>2023<br/>HK\$'000</b> |
|--|--------------|--|--|
| <b>NON-CURRENT ASSETS</b>                    |              |  |  |
| Property, plant and equipment                |              | –  | –  |
| Right-of-use asset                           |              | –  | –  |
| Interest in an associate                     | 10           | 285  | 449  |
| Financial assets at FVTPL                    | 11           | 142,470  | 83,448   |
| Equity Instruments at FVTOCI                 | 12           | 28,466   | 19,361   |
| Deposit                                      | 13           | 268  | 268  |
|  |              | <b>171,489</b>   | 103,526  |
| <b>CURRENT ASSETS</b>                        |              |  |  |
| Prepayments, deposits and other receivables  | 13           | 40,080   | 39,904   |
| Financial assets at FVTPL                    | 11           | 29,547   | 15,221   |
| Cash and cash equivalents                    |              | 523  | 606  |
|  |              | <b>70,150</b>  | 55,731   |
| <b>CURRENT LIABILITIES</b>                   |              |  |  |
| Other payables and accruals                  |              | 17,120   | 13,792   |
| Amount due to an associate                   |              | 353  | 285  |
| Tax payable                                  |              | 4,200  | 4,200  |
| Borrowing                                    | 14           | –  | 9,997  |
| Lease liability                              |              | 581  | 561  |
|  |              | <b>22,254</b>  | 28,835   |
| <b>NET CURRENT ASSETS</b>                    |              | <b>47,896</b>  | 26,896   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |              | <b>219,385</b>   | 130,422  |
| <b>NON-CURRENT LIABILITIES</b>               |              |  |  |
| Lease liability                              |              | 677  | 973  |
| Borrowing                                    | 14           | 9,997  | –  |
|  |              | <b>10,674</b>  | 973  |
| <b>NET ASSETS</b>                            |              | <b>208,711</b>   | 129,449  |
| <b>EQUITY</b>                                |              |  |  |
| Share capital                                | 15           | 109,717  | 109,717  |
| Reserves                                     |              | 98,994   | 19,732   |
| <b>TOTAL EQUITY</b>                          |              | <b>208,711</b>   | 129,449  |
| <b>Net asset value per share</b>             |              | <b>HK\$1.90 cents</b>                                  | HK\$1.18 cents                                   |

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

|  | Share capital<br><i>HK\$'000</i> | Share premium<br><i>HK\$'000</i> | Contributed surplus<br><i>HK\$'000</i> | Capital reserve<br><i>HK\$'000</i> | Financial assets at FVTOCI reserve<br><i>HK\$'000</i> | Exchange reserve<br><i>HK\$'000</i> | Accumulated losses<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|----------------------------------|----------------------------------|--|------------------------------------|---|-------------------------------------|---------------------------------------|--------------------------|
| At 1 July 2023 (audited)                   | 109,717                          | 2,067,672                        | 278,979                                | 2,766                              | (86,883)  | 1,415                               | (2,244,217)                           | 129,449                  |
| Profit for the period                      | -                                | -                                | -                                      | -                                  | -   | -                                   | 68,325                                | 68,325                   |
| Other comprehensive income for the period  | -                                | -                                | -                                      | -                                  | 9,105   | 1,832                               | -                                     | 10,937                   |
| Total comprehensive income for the period  | -                                | -                                | -                                      | -                                  | 9,105   | 1,832                               | 68,325                                | 79,262                   |
| <b>At 31 December 2023 (unaudited)</b>     | <b>109,717</b>                   | <b>2,067,672</b>                 | <b>278,979</b>                         | <b>2,766</b>                       | <b>(77,778)</b>                                       | <b>3,247</b>                        | <b>(2,175,892)</b>                    | <b>208,711</b>           |
| At 1 July 2022 (audited)                   | 109,717                          | 2,067,672                        | 278,979                                | 2,766                              | (47,315)  | 18,016                              | (1,857,046)                           | 572,789                  |
| Loss for the period                        | -                                | -                                | -                                      | -                                  | -   | -                                   | (42,707)                              | (42,707)                 |
| Other comprehensive expense for the period | -                                | -                                | -                                      | -                                  | (10,135)  | (11,306)                            | -                                     | (21,441)                 |
| Total comprehensive expense for the period | -                                | -                                | -                                      | -                                  | (10,135)  | (11,306)                            | (42,707)                              | (64,148)                 |
| <b>At 31 December 2022 (unaudited)</b>     | <b>109,717</b>                   | <b>2,067,672</b>                 | <b>278,979</b>                         | <b>2,766</b>                       | <b>(57,450)</b>                                       | <b>6,710</b>                        | <b>(1,899,753)</b>                    | <b>508,641</b>           |

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2023

|  | <b>Unaudited</b>        |                 |
|--|-------------------------|-----------------|
|  | <b>Six months ended</b> |                 |
|  | <b>31 December</b>      |                 |
|  | <b>2023</b>             | <b>2022</b>     |
|  | <b>HK\$'000</b>         | <b>HK\$'000</b> |
| <b>Cash flows from operating activities</b>                                |                         |                 |
| Profit (loss) before tax   | 68,325                  | (42,707)        |
| Adjustments for:   |                         |                 |
| Share of loss from an associate  | 164                     | 128             |
| Interest income  | –                       | (10)            |
| Dividend income  | (123)                   | –               |
| Finance costs  | 453                     | 361             |
| Reversal of impairment loss of other receivables                           | (1,000)                 | –               |
| Fair value change of financial assets at fair value through profit or loss | (72,082)                | 34,978          |
|  | <hr/>                   | <hr/>           |
| <b>Operating loss before working capital changes</b>                       | <b>(4,263)</b>          | <b>(7,250)</b>  |
| Decrease (increase) in prepayments, deposits and other receivables         | 1,478                   | (31,920)        |
| Increase in other payables and accruals                                    | 3,319                   | 919             |
| Increase in an amount due to an associate                                  | 68                      | 88              |
| Proceeds on disposal of financial assets at FVTPL                          | –                       | 1,324           |
|  | <hr/>                   | <hr/>           |
| <b>Cash generated from (used in) operations</b>                            | <b>602</b>              | <b>(36,839)</b> |
| Interest received  | –                       | 10              |
| Dividend received  | 123                     | –               |
|  | <hr/>                   | <hr/>           |
| <b>Net cash generated from (used in) operating activities</b>              | <b>725</b>              | <b>(36,829)</b> |
|  | <hr/>                   | <hr/>           |
| <b>Cash flows from investing activities</b>                                |                         |                 |
| Prepayments for potential investments                                      | (79)                    | –               |
|  | <hr/>                   | <hr/>           |
| <b>Financing activities</b>  |                         |                 |
| Interest paid  | (453)                   | (361)           |
| Repayment of lease liability   | (276)                   | (356)           |
|  | <hr/>                   | <hr/>           |
| <b>Cash used in financing activities</b>                                   | <b>(729)</b>            | <b>(717)</b>    |
|  | <hr/>                   | <hr/>           |
| <b>Net decrease in cash and cash equivalents</b>                           | <b>(83)</b>             | <b>(37,546)</b> |
| Cash and cash equivalents at beginning of the period                       | 606                     | 39,600          |
| Effect of foreign exchange rate changes                                    | –                       | (1,291)         |
|  | <hr/>                   | <hr/>           |
| Cash and cash equivalents at the end of period                             | <b>523</b>              | <b>763</b>      |
|  | <hr/> <hr/>             | <hr/> <hr/>     |
| <b>Analysis of the balances of cash and cash equivalents</b>               |                         |                 |
| Cash and bank balances   | <b>523</b>              | <b>763</b>      |
|  | <hr/> <hr/>             | <hr/> <hr/>     |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

## 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 2023 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 2023, the Group reported profit for the period of HK\$68,325,000. At 31 December 2023, the Group had cash and cash equivalents of HK\$523,000 and net current assets of HK\$47,896,000. 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 financing 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 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 2023. 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 2023, 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 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 30 June 2023.

### *Application of amendments to HKFRSs*

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 June 2023 for the preparation of the condensed consolidated financial statements:

|  |  |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts  |
| Amendments to HKAS 8   | Definition of Accounting Estimates   |
| Amendments to HKAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

The application of the amendments to HKFRSs in the current interim 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 consolidated financial statements.

## 3. OPERATING SEGMENTS

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.

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. Clean energy – equity investment in investees engaged in clean energy industry
4. Other – equity investments in investees engaged in guarantee service, aluminium, alloy strip, foil production and product processing and management consultation service and other businesses

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 3. OPERATING SEGMENTS (Continued)

|  | Micro-loan<br>Service<br>HK\$'000 | Real estate<br>and natural<br>gas<br>HK\$'000 | Clean energy<br>HK\$'000 | Others<br>HK\$'000 | Total<br>HK\$'000 |
|--|-----------------------------------|---|--------------------------|--------------------|-------------------|
| <b>Six months ended 31 December 2023</b>         |                                   |   |                          |                    |                   |
| Segment revenue                                  | -                                 | -   | 123                      | -                  | 123               |
| Segment profit                                   | -                                 | 14,827  | 4,645                    | 52,733             | 72,205            |
| Share of loss of an associate                    |                                   |   |                          |                    | (164)             |
| Reversal of impairment loss of other receivables |                                   |   |                          |                    | 1,000             |
| Finance cost                                     |                                   |   |                          |                    | (453)             |
| Central administrative expenses                  |                                   |   |                          |                    | (4,263)           |
| Profit before tax                                |                                   |   |                          |                    | 68,325            |
| <b>Six months ended 31 December 2022</b>         |                                   |   |                          |                    |                   |
| Segment revenue                                  | -                                 | -   | 79                       | -                  | 79                |
| Segment loss                                     | (762)                             | (14,748)                                      | (14,481)                 | (4,908)            | (34,899)          |
| Share of loss of an associate                    |                                   |   |                          |                    | (128)             |
| Unallocated other income                         |                                   |   |                          |                    | 10                |
| Finance costs                                    |                                   |   |                          |                    | (361)             |
| Central administrative expenses                  |                                   |   |                          |                    | (7,329)           |
| Loss before tax                                  |                                   |   |                          |                    | (42,707)          |

Segment profit (loss) represent the profit (loss from) earned by each segment without allocation of share of loss of an associate, other income, reversal of impairment loss on other receivables, finance costs and central administrative expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 3. OPERATING SEGMENTS (Continued)

### Segment assets

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

|                             | <b>Unaudited<br/>31 December<br/>2023<br/>HK\$'000</b> | Audited<br>30 June<br>2023<br>HK\$'000 |
|-----------------------------|--|--|
| Micro-loan service          | –  | –                                      |
| Real estate and natural gas | 46,771   | 23,037                                 |
| Clean energy                | 106,349  | 100,993                                |
| Others                      | 86,791   | 32,815                                 |
|                             | <hr/>  | <hr/>                                  |
| Total segment assets        | 239,911  | 156,845                                |
| Unallocated assets          | 1,728  | 2,412                                  |
|                             | <hr/>  | <hr/>                                  |
| Consolidated assets         | <b>241,639</b>   | 159,257                                |

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 asset, interest in an associate, certain prepayments, deposits and other receivables and cash and cash equivalents; and
- no liabilities are allocated to reportable segments.

## 4. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

|  | <b>Unaudited<br/>Six months ended 31 December<br/>2023<br/>HK\$'000</b> | 2022<br>HK\$'000 |
|--|---|------------------|
| <b>Revenue</b>                                 |   |                  |
| Dividend income from financial assets at FVTPL | 123   | 79               |
|  | <hr/>   | <hr/>            |
| <b>Other income</b>                            |   |                  |
| Bank interest income                           | –   | 10               |
|  | <hr/>   | <hr/>            |

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 5. FINANCE COSTS

|                             | Unaudited<br>Six months ended 31 December |                  |
|-----------------------------|---|------------------|
|                             | 2023<br>HK\$'000                          | 2022<br>HK\$'000 |
| Interest on borrowing       | 403                                       | 353              |
| Interest on lease liability | 50  | 8                |
|                             | <u>453</u>                                | <u>361</u>       |

## 6. INCOME TAX EXPENSE

|                            | Unaudited<br>Six months ended 31 December |                  |
|----------------------------|---|------------------|
|                            | 2023<br>HK\$'000                          | 2022<br>HK\$'000 |
| <b>Current – PRC</b>       |   |                  |
| – Provision for the period | –   | –                |
|                            | –   | –                |
| <b>Deferred tax – PRC</b>  |   |                  |
| – Provision for the period | –   | –                |
|                            | –   | –                |
|                            | <u>–</u>                                  | <u>–</u>         |

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the interim condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

For the six months ended 31 December 2023, assessable profit of the Group is wholly absorbed by tax losses brought forward for the period (31 December 2022: No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profits 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 2023

## 7. PROFIT (LOSS) FOR THE PERIOD

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

|   | Unaudited                    |                 |
|---|------------------------------|-----------------|
|   | Six months ended 31 December |                 |
|   | 2023                         | 2022            |
|   | HK\$'000                     | HK\$'000        |
| Custodian fee   | 78                           | 78              |
| Investment management fees  | 68                           | 89              |
| Impairment loss reversed on other receivables (note 13(i)(a))<br>(included in other gains and losses) | (1,000)                      | –               |
| Staff costs, including directors' remuneration:   |                              |                 |
| – Salaries and wages  | 2,295                        | 4,845           |
| – Pension scheme contributions  | 32                           | 70              |
|   | <u>68,325</u>                | <u>(42,707)</u> |

## 8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 December 2023 (31 December 2022: nil).

## 9. PROFIT (LOSS) PER SHARE

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

|   | Unaudited                    |                 |
|---|------------------------------|-----------------|
|   | Six months ended 31 December |                 |
|   | 2023                         | 2022            |
|   | HK\$'000                     | HK\$'000        |
| Profit (loss) for the period attributable to owners of the<br>Company for the purpose of basic loss per share | <u>68,325</u>                | <u>(42,707)</u> |

### Number of shares

|  | 2023              | 2022              |
|--|-------------------|-------------------|
|  | '000              | '000              |
| Weight average number of ordinary shares for the<br>purpose of basic profit (loss) per share | <u>10,971,634</u> | <u>10,971,634</u> |

No diluted profit (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 2023

## 10. INTEREST IN AN ASSOCIATE

|   | <b>Unaudited<br/>31 December<br/>2023<br/>HK\$'000</b> | Audited<br>30 June<br>2023<br>HK\$'000 |
|---|--|--|
| Cost of investment in an associate  | 290  | 290                                    |
| Share of post-acquisition (losses)/profits and other comprehensive (expense) income | (5)  | 159                                    |
|   | <b>285</b>   | <b>449</b>                             |

| 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 2023   | 30 June 2023 |  |
| China Financial International Investments & Managements Limited ("CFIIM") | Hong Kong              | Hong Kong                   | HK\$1,000,000          | 29%  | 29%          | Provision of asset management services |

## 11. FINANCIAL ASSETS AT FVTPL

|  | Notes | <b>Unaudited<br/>31 December<br/>2023<br/>HK\$'000</b> | Audited<br>30 June<br>2023<br>HK\$'000 |
|--|-------|--|--|
| Financial assets mandatorily measured at FVTPL:  |       |  |  |
| Listed securities held for trading               |       |  |  |
| – Equity securities listed in Hong Kong          | (i)   | 29,547   | 15,221                                 |
| Financial assets classified/designated at FVTPL: |       |  |  |
| – Unlisted equity investments                    | (ii)  | 142,470  | 83,448                                 |
| Total  |       | <b>172,017</b>   | <b>98,669</b>                          |
| Analysed for reporting purposes as:              |       |  |  |
| Current assets                                   |       | 29,547   | 15,221                                 |
| Non-current assets                               |       | 142,470  | 83,448                                 |
|  |       | <b>172,017</b>   | <b>98,669</b>                          |

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 11. FINANCIAL ASSETS AT FVTPL (Continued)

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 2023, 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 2023 and 30 June 2023, 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 2023, the market value of the investment in the shares of China City Infrastructure was HK\$29,217,000 (30 June 2023: HK\$14,391,000).

### *Hidili Industry International Development Limited ("Hidili Industry")*

As at 31 December 2023, the Group held 2,555,000 (30 June 2023: 2,555,000) shares in Hidili Industry, representing approximately 0.06% (30 June 2023: 0.06%) 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 2023, the market value of the investment in the shares of Hidili Industry was HK\$330,000 (30 June 2023: HK\$830,000).

- (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      |
|------|-------|---|----------------------------|----------------------|----------------------|------------------|------------------|--------------|--------------|
|      |       |   | Unaudited 31 December 2023 | Audited 30 June 2023 |                      | 31 December 2023 | 31 December 2023 | 30 June 2023 | 30 June 2023 |
|      |       |   |                            |                      |                      | Fair value       | Cost             | Fair value   | Cost         |
|      |       |   |                            |                      |                      | HK\$'000         | HK\$'000         | HK\$'000     | HK\$'000     |

*Micro-loan service:*

|   |     |  |      |      |   |   |        |   |        |
|---|-----|--|------|------|---|---|--------|---|--------|
| Tianjin Rongshun Microfinance Limited ("Tianjin Rongshun")                                  | (a) | The People Republic of China (The "PRC") | 30%  | 30%  | Provision of small loan and financial consultation services | - | 36,606 | - | 36,606 |
| TIIC RongShun Micro-Loan Company Limited ("TIIC Rongshun")                                  | (b) | The PRC                                  | -    | -    | Provision of small loan and financial consultation services | - | -      | - | -      |
| 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  | (d) | The PRC                                  | 3.3% | 3.3% | Provision of small loan and financial consultation services | - | 12,271 | - | 12,271 |
| Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd ("Ziyang Yanjiang")                        | (e) | The PRC                                  | 30%  | 30%  | Provision of small loan and financial consultation services | - | 73,730 | - | 73,730 |
| Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd ("Nanjing Jiangning") | (f) | The PRC                                  | 30%  | 30%  | Provision of small loan and financial consultation service  | - | 36,673 | - | 36,673 |

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 11. 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/<br>registration<br>and business | Group's effective interest       |                            | Principal activities   | Unaudited              | Unaudited           | Audited                | Audited          |
|---|-------|---|----------------------------------|----------------------------|--|------------------------|---------------------|------------------------|------------------|
|   |       |   | Unaudited<br>31 December<br>2023 | Audited<br>30 June<br>2023 |  | 31 December<br>2023    | 31 December<br>2023 | 30 June<br>2023        | 30 June<br>2023  |
|   |       |   |                                  |                            |  | Fair value<br>HK\$'000 | Cost<br>HK\$'000    | Fair value<br>HK\$'000 | Cost<br>HK\$'000 |
| <i>Clean energy:</i>  |       |   |                                  |                            |  |                        |                     |                        |                  |
| Henan Tianguan Energy and<br>Biotechnology Company Limited<br>("Henan Tianguan")  | (g)   | The PRC   | 30%                              | 30%                        | Production and sales of denatured<br>fuel ethanol, sales of acetone,<br>butanol, polyols, production<br>and sales of biodegradable<br>plastics and biodiesel, sales of<br>chemical products, wheat bran<br>flour, feed sales, acetic acid and<br>acetaldehyde production | 34,899                 | 230,763             | 38,725                 | 230,763          |
| Hunan South China New Energy<br>Limited ("Hunan South China")   | (h)   | The PRC   | 30%                              | 30%                        | New energy technology<br>development transfer and<br>consultation, research and<br>development, manufacturing<br>and sales of chemical products,<br>chemical reagents and auxiliaries<br>(excluding hazardous chemicals<br>and precursor chemicals)                      | -                      | 51,200              | -                      | 51,200           |
| Hainan Keyi Huirui Energy and<br>Biotechnology Company Limited<br>("Keyi Huirui")   | (i)   | The PRC   | 30%                              | 30%                        | Biotechnology energy technology<br>development, transfer and<br>consultation, research and<br>development, manufacturing and<br>sales of biotechnology energy<br>and chemical equipment  | -                      | 117,450             | -                      | 117,450          |
| Mengzhou Houyuan Biotechnology<br>Limited ("Mengzhou Houyuan")  | (j)   | The PRC   | -                                | -                          | Biotechnology and ethanol bio-<br>chemical product development<br>and production   | -                      | -                   | -                      | -                |
| Tianguan New Energy Limited<br>("Tianguan New Energy")  | (k)   | The PRC   | -                                | -                          | Ethanol products transportation,<br>development, trading and<br>consultation service   | -                      | -                   | -                      | -                |
| Henan Zhongxin Biotechnology Limited<br>("Zhongxin Biotechnology")  | (l)   | The PRC   | 30%                              | 30%                        | Production and sales of fuel<br>ethanol and related products   | 12,001                 | 52,084              | 13,030                 | 52,084           |
| Henan Zhongxin Petrochemical<br>Oil Trading Limited<br>("Zhongxin Petrochemical Oil")                                     | (m)   | The PRC   | 30%                              | 30%                        | Operating refined petroleum<br>products  | 29,922                 | 52,084              | 20,147                 | 52,084           |
| <i>Others:</i>  |       |   |                                  |                            |  |                        |                     |                        |                  |
| Xi'an Kairong Financial Service Limited<br>("Xi'an Kairong")  | (n)   | The PRC   | 30%                              | 30%                        | Provision of financial<br>management services  | -                      | 18,724              | -                      | 18,724           |
| Jilin Jusheng Light Alloy Co., Ltd<br>(formerly known as Liaoyuan<br>Hancheng Trading Limited ("Jusheng<br>Light Alloy")) | (o)   | The PRC   | 16.67%                           | 30%                        | Aluminium alloy strip, foil production<br>and product processing   | 65,648                 | 65,400              | 11,546                 | 65,400           |
|   |       |   |                                  |                            |  | <b>142,470</b>         |                     | <b>83,448</b>          |                  |

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 11. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(ii) (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.

During the year ended 30 June 2023, the Group disposed of its entire interest of TIIC Rongshun at the consideration of RMB8,722,000 (equivalent to HK\$10,122,000) to an independent third party.

- (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 2023 and 2022. As at 31 December 2023, 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.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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).
- (i) 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.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 11. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(ii) (Continued)

- (j) 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.

During the year ended 30 June 2023, the Group disposed of its entire interest of Mengzhou Houyuan at the consideration of RMB9,000,000 (equivalent to HK\$9,723,000) to an independent third party.

- (k) 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.

During the year ended 30 June 2023, the Group disposed of its entire interest of Tianguan New Energy at the consideration of RMB500,000 (equivalent to HK\$551,000) to an independent third party.

- (l) 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.

- (m) 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.

- (n) 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.

- (o) On 11 June 2020, the Group invested in a 30% equity interest of Jusheng Light Alloy. The Group’s equity interest in Jusheng Light Alloy was reduced to 16.67% on 8 July 2023, as the registered capital of Jusheng Light Alloy was enlarged by the new registered capital subscribed by its other shareholder on that date. Jusheng Light Alloy is principally engaged in food and agriculture products trading and warehouse management in Jilin Province, the 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 GW Financial Advisory Services Limited, an independent valuer not connected to the Group.

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 2023 and 30 June 2023.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 12. EQUITY INSTRUMENTS AT FVTOCI

|  | <b>Unaudited<br/>31 December<br/>2023<br/>HK\$'000</b> | Audited<br>30 June<br>2023<br>HK\$'000 |
|--|--|--|
| Listed investments:                              |  |  |
| – Equity securities listed in Hong Kong (note i) | <b>17,554</b>  | 8,646                                  |
| Unlisted investments:                            |  |  |
| – Equity securities (note ii)                    | <b>10,912</b>  | 10,715                                 |
| Total  | <b>28,466</b>  | 19,361                                 |

### 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 2023, 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 2023, 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 2023, the fair value of the Group's interest in China City Infrastructure was HK\$17,554,000 (30 June 2023: HK\$8,646,000).

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 12. EQUITY INSTRUMENTS AT FVTOCI (Continued)

Notes: (Continued)

- (ii) Unlisted equity investments

As at 31 December 2023, the Group held the following unlisted equity investments:

| Name  | Notes | Place of incorporation/<br>registration and<br>business | Group's effective interest       |                            | Principal activities   | Unaudited           | Unaudited           | Audited         | Audited         |
|---|-------|---|----------------------------------|----------------------------|--|---------------------|---------------------|-----------------|-----------------|
|   |       |   | Unaudited<br>31 December<br>2023 | Audited<br>30 June<br>2023 |  | 31 December<br>2023 | 31 December<br>2023 | 30 June<br>2023 | 30 June<br>2023 |
|   |       |   |                                  |                            |  | Fair value          | Cost                | Fair value      | Cost            |
|   |       |   |                                  |                            |  | HK\$'000            | HK\$'000            | HK\$'000        | HK\$'000        |
| <i>Others:</i>  |       |   |                                  |                            |  |                     |                     |                 |                 |
| Jiangxi Huazhang Hanchen Guarantee Group Limited ("Jiangxi Huazhang") | (a)   | The PRC   | 2.06%                            | 2.06%                      | Provision of financing guarantees to small and medium enterprises ("SMEs") | 10,912              | 43,150              | 10,715          | 43,150          |
| Shenzhen Zhongtougou Asset Management Company Limited ("Zhongtougou") | (b)   | The PRC   | 30%                              | 30%                        | Provision of consultation services on project investments                  | -                   | 18,350              | -               | 18,350          |
|   |       |   |                                  |                            |  | <u>10,912</u>       |                     | <u>10,715</u>   |                 |

- (a) 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 and further dropped to 2.06% on 23 September 2021, 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.
- (b) On 29 April 2011, the Group invested in a 30% equity interest of Zhongtougou, 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. Zhongtougou is principally engaged in the provision of consultation services for project investments in the PRC.

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 GW Financial Advisory Services Limited, an independent valuer not connected to the Group.

As the end of the reporting period, the Group held more than 20% of the effective shareholding interest in China City Infrastructure and Zhongtougou. 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/declaration signed between the Group and the investee companies as well as the other shareholders of the investee companies, the Group does not have the right to participate in their policy-making processes, to appoint directors nor management and to interchange of managerial personnel. Hence, 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 2023 and 30 June 2023.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|  | <i>Notes</i> | <b>Unaudited<br/>31 December<br/>2023<br/>HK\$'000</b> | Audited<br>30 June<br>2023<br>HK\$'000 |
|--|--------------|--|--|
| Deposits paid for potential investments                | <i>(i)</i>   | <b>9,000</b>   | 10,000                                 |
| Rental and utilities deposits                          |              | <b>273</b>   | 273                                    |
| Prepayment for investments                             | <i>(ii)</i>  | <b>29,706</b>  | 29,092                                 |
| Consideration receivable for disposal of an investment | <i>(iii)</i> | <b>9,723</b>   | 9,723                                  |
| Other receivables                                      | <i>(iv)</i>  | <b>3,283</b>   | 3,715                                  |
|  |              | <b>51,985</b>  | 52,803                                 |
| Less: loss allowance                                   |              | <b>(12,000)</b>  | (13,000)                               |
|  |              | <b>39,985</b>  | 39,803                                 |
| Prepayments  |              | <b>363</b>   | 369                                    |
|  |              | <b>40,348</b>  | 40,172                                 |
| Analysed for reporting purposes as:                    |              |  |  |
| Current assets   |              | <b>40,080</b>  | 39,904                                 |
| Non-current assets                                     |              | <b>268</b>   | 268                                    |
|  |              | <b>40,348</b>  | 40,172                                 |

*Notes:*

- (i) Deposits paid for potential investments

|                      | <b>Unaudited<br/>31 December<br/>2023<br/>HK\$'000</b> | Audited<br>30 June<br>2023<br>HK\$'000 |
|----------------------|--|--|
| Mr. Zhang Gui Qing   | <b>9,000</b>   | 10,000                                 |
| Less: loss allowance | <b>(9,000)</b>   | (10,000)                               |
|                      | <b>-</b>   | -                                      |

During the year ended 30 June 2020, the Company entered into an agreement ("Agreement 1") with an independent third party, Mr. Zhang. Pursuant to Agreement 1, Mr. Zhang is responsible for assisting to seek and recommend potential investments in the PRC to the Company with a term of three years, and the Company agreed to provide the deposit to Mr. Zhang amounted to HK\$10,000,000 during the period as agreed, the deposit is refundable after the period expired and is interest free. This contract's three-years term expired in October 2022, although Mr. Zhang recommenced several investment projects to the Group, no suitable investment project was chosen by the Group. Hence, the Group made a request to Mr. Zhang to refund the deposit in full. However, Mr. Zhang has yet refunded such deposit to the Group as at the end of the reporting period. In the opinion of the directors of the Company, the collectability of this amount receivable from the Mr. Zhang was considered as low and the internal credit rating was determined as credit-impaired and an impairment loss of HK\$7,500,000 (30 June 2023: HK\$7,500,000) was made and recognised in profit of loss accordingly. During the period ended 31 December 2023, there was a repayment of HK\$1,000,000 received. As a result, a reversal of loss allowed of HK\$1,000,000 (30 June 2023: nil) has been recognised and included in other gains and losses in the current year.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (ii) During the year ended 30 June 2023, the Group made certain prepayments totaling HK\$29,706,000 (equivalent to RMB26,827,000) intended as capital injection for two unlisted investments. In the opinion of the directors of the Company, such amounts would be recorded as investment costs and included unlisted investment included in financial assets at FVTPL once all their existing investors fulfilling their capital call and the official capital registration procedure is completed. Subsequently, there was no additional capital injection made from other investors into these entities up to the end of reporting period, and hence the Group are in the process of retrieving these amounts from the two investees. However, such amounts have yet been received by the Group as of the date of issuance of these condensed consolidated financial statements
- (iii) During the year ended 30 June 2023, the Group disposed its entire interest of Mengzhou Houyuan with the consideration of HK\$9,723,000 (equivalent to RMB9,000,000) to an independent third party, in which the Group provided one-year credit period to this purchaser. In the opinion of the directors of the Company, the amount of this receivable is expected to be recoverable based on the assessment of the financial background of the purchaser. However, such amount has yet been received by the Group as of the date of issuance of these condensed consolidated financial statements.
- (iv) Included in the other receivables represented interest receivable of approximately HK\$1,144,000 (30 June 2023: HK\$1,144,000) from a bond issued by China City Infrastructure and an advance made to Zhongtougjinxin of approximately HK\$2,053,000 (30 June 2023: HK\$2,053,000). In the opinion of the directors of the Company, the directors are in negotiating with the counterparties for repayment of the receivables to the Group, however, such amounts have yet been repaid to the Group and the impairment loss of HK\$3,000,000 was made and recognised in the profit or loss during the year ended 30 June 2023.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 14. BORROWING

|  | <b>Unaudited<br/>31 December<br/>2023<br/>HK\$'000</b> | Audited<br>30 June<br>2023<br>HK\$'000 |
|--|--|--|
| Bonds (unsecured)  | <b>9,997</b>   | 9,997                                  |
| The carrying amount of the above borrowing is repayable (based on scheduled repayment dates set out in the loan agreements): |  |  |
| Within one year  | –  | 9,997                                  |
| Within a period of more than two years but not exceeding five years  | <b>9,997</b>   | –                                      |
|  | <b>9,997</b>   | 9,997                                  |
| Analysed for reporting purposes as:  |  |  |
| Current liabilities  | –  | 9,997                                  |
| Non-current liabilities  | <b>9,997</b>   | –                                      |
|  | <b>9,997</b>   | 9,997                                  |

As at 31 December 2023 and 30 June 2023, bonds with a total nominal amount of HK\$10,000,000 were issued to independent third parties at 5% interest rate per annum.

Note:

- (a) As at 9 April 2020, the Group has entered into an extension agreement for the bond of HK\$5,000,000 (the "Bond 1") to extend the maturity date from 8 July 2020 to 7 July 2021.
- (b) As at 9 April 2020, the Group has entered into an extension agreement for the bond of HK\$5,000,000 (the "Bond 2") to extend the maturity date from 12 November 2020 to 11 November 2021.
- (c) As at 30 June 2021, the Group has entered into an agreement with the bond holder of Bond 1 and Bond 2 (collectively referred to as the "Bond 3") to combine two bonds with the principal amount of HK\$10,000,000 at an interest rate of 7% per annum with maturity date on 30 June 2023, effective from 1 July 2021.
- (d) The Group has entered into a subscription agreement with the bond holder of Bond 3 for a bond with principal amount of HK\$10,000,000 (the "Bond 4") at an interest rate of 8% per annum with maturity date on 30 June 2026, effective from 1 July 2023. The bond holder of Bond 3 agreed the Company to use Bond 4 to repay the Bond 3 matured on 30 June 2023.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 15. SHARE CAPITAL OF THE COMPANY

|                                  | Unaudited<br>31 December 2023 |                | Audited<br>30 June 2023     |          |
|----------------------------------|-------------------------------|----------------|-----------------------------|----------|
|                                  | Number<br>of shares<br>'000   | HK\$'000       | Number<br>of shares<br>'000 | HK\$'000 |
| <b>Authorised:</b>               |                               |                |                             |          |
| Ordinary shares of HK\$0.01 each | <b>30,000,000</b>             | <b>300,000</b> | 30,000,000                  | 300,000  |
| <b>Issued and fully paid:</b>    |                               |                |                             |          |
| Ordinary shares of HK\$0.01 each | <b>10,971,634</b>             | <b>109,717</b> | 10,971,634                  | 109,717  |

## 16. 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 2023

## 17. RELATED PARTY TRANSACTIONS

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

|   | Unaudited<br>Six months ended 31 December |                  |
|---|---|------------------|
|   | 2023<br>HK\$'000                          | 2022<br>HK\$'000 |
| Investment management fee paid/payable to CFIIIM (Note) | <b>68</b>                                 | 89               |

### Notes:

An investment management agreement (the "Investment Management Agreement") was entered into between the Company and CFIIIM on 25 April 2014 to renew the appointment of CFIIIM 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, CFIIIM 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 CFIIIM 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 CFIIIM as the investment manager of the Company for a further period of three years effective from 29 April 2017 to 28 April 2021. Pursuant to the 2nd Investment Management Agreement, CFIIIM 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 CFIIIM on the last business day of each calendar month.

The Investment Management Agreement expired on 28 April 2021 and a new investment management agreement (the "3rd Investment Management Agreement") was entered into accordingly on 27 April 2020 to renew the appointment of CFIIIM 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, CFIIIM 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 CFIIIM on the last business day of each calendar month.

The Investment Management Agreement expired on 28 April 2023 and a new investment management agreement (the "4th Investment Management Agreement") was entered into accordingly on 27 April 2023 to renew the appointment of CFIIIM as the investment manager of the Company for a further period of three years effective from 29 April 2023 to 28 April 2026. Pursuant to the 4th Investment Management Agreement, CFIIIM 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 CFIIIM 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.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 17. RELATED PARTY TRANSACTIONS (Continued) Compensation of key management personnel

|   | Unaudited<br>Six months ended 31 December |                  |
|---|---|------------------|
|   | 2023<br>HK\$'000                          | 2022<br>HK\$'000 |
| Salaries, allowances and benefits in kind | 1,682                                     | 2,531            |
| Pension scheme contribution               | 9   | 9                |

## 18. 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 2023 (unaudited)

|                               | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Total<br>HK\$'000 |
|-------------------------------|---------------------|---------------------|---------------------|-------------------|
| Equity instruments at FVTOCI: |                     |                     |                     |                   |
| – Listed equity securities    | 17,554              | –                   | –                   | 17,554            |
| – Unlisted investments        | –                   | –                   | 10,912              | 10,912            |
| Financial assets at FVTPL     |                     |                     |                     |                   |
| – Listed equity securities    | 29,547              | –                   | –                   | 29,547            |
| – Unlisted equity investments | –                   | –                   | 142,470             | 142,470           |
|                               | <b>47,101</b>       | <b>–</b>            | <b>153,382</b>      | <b>200,483</b>    |

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 18. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurements of financial instruments (Continued)

Fair value hierarchy at 30 June 2023 (audited)

|                               | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Total<br>HK\$'000 |
|-------------------------------|---------------------|---------------------|---------------------|-------------------|
| Equity Instruments at FVTOCI: |                     |                     |                     |                   |
| – Listed equity securities    | 8,646               | –                   | –                   | 8,646             |
| – Unlisted investments        | –                   | –                   | 10,715              | 10,715            |
| Financial assets at FVTPL     |                     |                     |                     |                   |
| – Listed equity securities    | 15,221              | –                   | –                   | 15,221            |
| – Unlisted equity investments | –                   | –                   | 83,448              | 83,448            |
|                               | <u>23,867</u>       | <u>–</u>            | <u>94,163</u>       | <u>118,030</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 2023 and 30 June 2023:

|  | Valuation technique         | Significant unobservable inputs             | Range/value                                   | Sensitivity of fair value to the input   |
|--|-----------------------------|---|---|--|
| <b>Unlisted equity investments classified as financial assets at FVTPL</b> |                             |   |   |  |
| <b>Micro-loan service</b>  | Market comparable companies | Price to book ratio ("PB ratio")            | 31 December 2023: nil<br>30 June 2023: 0.2242 | The fair value is positively correlated to the PB ratios. Had the PB ratio increased by 5%, the carrying amount would have increased by increased by nil (30 June 2023: nil). Had the PB ratio decreased by 5%, the carrying amount would have decreased by nil (30 June 2023: nil).                     |
|  |                             | Discount for lack of marketability ("DLOM") | 31 December 2023: nil<br>30 June 2023: 70%    | The fair value is negatively correlated to the DLOM. Had the DLOM decreased by 5% as at 31 December 2023, the carrying amount would have increased by nil (30 June 2023: nil). Had the DLOM increased by 5% as at 31 December 2023, the carrying amount would have decreased by nil (30 June 2023: nil). |

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 18. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurements of financial instruments (Continued)

|  | Valuation technique         | Significant unobservable inputs | Range/value   | Sensitivity of fair value to the input  |
|--|-----------------------------|---------------------------------|---|---|
| <b>Unlisted equity investments classified as financial assets at FVTPL</b> |                             |                                 |   |   |
| <b>Others</b>  | Market comparable companies | PB ratio (financial service)    | 31 December 2023: (financial service: nil)<br>30 June 2023: (financial service: 0.2566) | The fair value is positively correlated to the PB ratios. Had the PB and EV/EBITDA ratios increased by 5%, the carrying amount would have increased by nil (30 June 2023: nil). Had the PB ratios decreased by 5%, the carrying amount would have decreased by nil (30 June 2023: nil). |
|  |                             | DLOM                            | 31 December 2023: nil<br>30 June 2023: 70%  | The fair value is negatively correlated to the DLOM. Had the DLOM decreased by 5%, the carrying amount would have increased by nil (30 June 2023: nil). Had the DLOM increased by 5%, the carrying amount would have decreased by nil (30 June 2023: nil).                              |

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 18. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurements of financial instruments (Continued)

|  | Valuation technique         | Significant unobservable inputs | Range/value  | Sensitivity of fair value to the input  |
|--|-----------------------------|---------------------------------|--|---|
| <b>Unlisted equity investments classified as financial assets at FVTPL</b> |                             |                                 |  |   |
| <b><i>Clean energy</i></b>   | Market comparable companies | EV/EBITD ratio                  | 31 December 2023:<br>(ethanol producer: 0.49; Ethanol trading: 4.47)<br><br>30 June 2023:<br>(ethanol producer: 4.11; Ethanol trading: 6.28) | The fair values of companies are also determined with reference to multiples of comparable listed companies, using average of the EV/EBITDA ratio of comparables.<br><br>The fair value measurement is positively correlated to the EV/EBITDA ratio. Had the EV/EBITDA ratio increased by 5%, the carrying value would have increased by HK\$1,127,000 (30 June 2023: HK\$1,548,000). Had the EV/EBITDA ratio decreased by 5%, the carrying amount would have decreased by HK\$1,127,000 (30 June 2023: HK\$1,548,000). |
|  |                             | DLOM                            | 31 December 2023:<br>75.6%<br><br>30 June 2023:<br>60%   | The fair values of companies are also determined with reference to DLOM.<br><br>The fair value measurement is negatively correlated to the DLOM. Had the DLOM decreased by 5%, the carrying amount would have increased by HK\$11,240,000 (30 June 2023: HK\$6,469,000). Had the DLOM increased by 5%, the carrying amount would have decreased by HK\$11,240,000 (30 June 2023: HK\$6,469,000).  |

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2023

## 18. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurements of financial instruments (Continued)

|  | Valuation technique         | Significant unobservable inputs | Range/value                                   | Sensitivity of fair value to the input  |
|--|-----------------------------|---------------------------------|---|---|
| <b>Unlisted security classified as equity instrument as FVTOCI</b> |                             |                                 |   |   |
| <b>Others</b>  | Market comparable companies | PB ratio                        | 31 December 2023: nil<br>30 June 2023: 0.7208 | The fair value the companies are determined with reference to multiples of comparable listed companies, using average of the PB ratios of comparables.<br><br>The fair value measurement is positively correlated to the PB ratios. Had the PB ratio increased by 5%, the carrying amount have increased by nil (30 June 2023: HK\$536,000). Had the PB ratio decreased by 5%, the carrying amount would have decreased by nil (30 June 2023: HK\$536,000). |
|  |                             | DLOM                            | 31 December 2023: 50%<br>30 June 2023: 70%    | The fair value of companies are also determined with reference to DLOM.<br><br>The fair value is negatively correlated to DLOM. Had the DLOM decreased by 5%, the carrying amount would have increased by nil (30 June 2023: HK\$1,786,000). Had the DLOM increased by 5%, the carrying amount would have decreased by nil (30 June 2023: HK\$1,786,000).   |

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 2023

## 18. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements

31 December 2023 (Unaudited)

|                        | Financial Assets at FVTPL (unlisted securities)<br>HK\$'000 | Equity instruments at FVTOCI<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------|---|--|-------------------|
| Opening balance        | 83,448  | 10,715                                   | 94,163            |
| Total losses:          |   |  |                   |
| – in profit or loss    | 57,756  | –  | 57,756            |
| – in OCI               | –   | –  | –                 |
| – exchange realignment | 1,266   | 197                                      | 1,463             |
| Closing balance        | <u>142,470</u>  | <u>10,912</u>                            | <u>153,382</u>    |

30 June 2023 (Audited)

|                        | Financial Assets at FVTPL (unlisted securities)<br>HK\$'000 | Equity instruments at FVTOCI<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------|---|--|-------------------|
| Opening balance        | 451,436   | 35,349                                   | 486,785           |
| Total losses:          |   |  |                   |
| – in profit or loss    | (333,601)   | –  | (333,601)         |
| – in OCI               | –   | (24,634)                                 | (24,634)          |
| – exchange realignment | (13,992)  | –  | (13,992)          |
| Disposals              | (20,395)  | –  | (20,395)          |
| Closing balance        | <u>83,448</u>   | <u>10,715</u>                            | <u>94,163</u>     |

## 19. EVENTS AFTER REPORTING PERIOD

In January 2024, Keyi, a wholly-owned subsidiary of the Company, entered into a disposal agreement to dispose of all of its 16.67% equity interest in Jilin Jusheng Light Alloy Co. Ltd. (included in the financial assets at FVTPL) to an independent third party for a cash consideration of RMB60,000,000.

## 20. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the board of directors on 29 February 2024.

# 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 profit of HK\$68,325,000 for the six months ended 31 December 2023 (the "Period"), as compared to a loss of HK\$42,707,000 for the same period last period. The profit was mainly attributable to the fair value gain of approximately HK\$14,326,000 on listed investments at FVTPL and the fair value gain of approximately HK\$57,756,000 on unlisted investments at FVTPL.

## LISTED INVESTMENT REVIEW

During the Period, the Group recorded the total profit of HK\$23,234,000 on listed securities business. No dividend income from listed investment was recorded for the six months ended 31 December 2023 and 2022.

As at 31 December 2023, the market value of the listed securities amounted to HK\$47,101,000 (30 June 2023: HK\$23,867,000). 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 2023<br><i>HK\$'000</i> | Dividend received/receivable during the Period<br><i>HK\$'000</i> | % to the Group's net assets as at 31 December 2023 | Investment cost<br><i>HK\$'000</i> | Disposal consideration<br><i>HK\$'000</i> | Realized gain/(loss)<br><i>HK\$'000</i> |
|---|--|-----------------------|----------------------------|---|---|--|------------------------------------|---|---|
| Hidili Industry International Development Limited                     | Coal mining and manufacture and sale of clean coal   | 2,555,000             | 0.06%                      | 330   | -   | 0.16%  | -                                  | -   | -                                       |
| 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%                     | 46,771  | -   | 22.38%   | -                                  | -   | -                                       |
|   |  |                       |                            | 47,101  | -   |  |                                    |   |   |

## UNLISTED INVESTMENT REVIEW

For the Period, the total profit on the Group's unlisted investment portfolio recorded as HK\$53,431,000 (31 December 2022: HK\$19,726,000). The profit was mainly attributable to the increase in fair value of clean energy companies and warehouse management company. During the Period, dividend income from an unlisted investment, Henan Zhongxin Bioenergy Co., Ltd was recorded (31 December 2022: HK\$79,000).

The fair value of the Group's unlisted investments increased by 62.89% to HK\$153,382,000 (30 June 2022: HK\$94,163,000).

### 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 focuses 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.

# Management Discussion and Analysis (Continued)

## UNLISTED INVESTMENT REVIEW (Continued)

### Unlisted Equity Investments (Continued)

#### Unlisted equity investment portfolio

| Name of company                                       | Notes  | Location                          | Group's effective interest | Business nature   | Fair value at 31 December 2023 |          | % to the Group's net assets as at 31 December 2023 |
|---|--|-----------------------------------|----------------------------|---|--------------------------------|----------|--|
|   |  |                                   |                            |   | Cost<br>HK\$'000               | HK\$'000 |  |
| <b>Micro-loan service</b>                             |  |                                   |                            |   |                                |          |  |
| 1   | Tianjin Rongshun Microfinance Limited                                      | Tianjin                           | 30%                        | Provision of small loan and financial consultation services   | 36,606                         | -        | -  |
| 2   | Harbin Zhongjinguoxin Microfinance Co., Ltd. ("Harbin Zhongjinguoxin")     | (1) Harbin, Heilongjiang Province | 30%                        | Provision of small loan and financial consultation services   | 36,693                         | -        | -  |
| 3   | Tianjin Binlian Microfinance Limited                                       | Tianjin                           | 3.3%                       | Provision of small loan and financial consultation services   | 12,271                         | -        | -  |
| 4   | Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd.                          | Ziyang, Sichuan Province          | 30%                        | Provision of small loan and financial consultation services   | 73,730                         | -        | -  |
| 5   | Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.     | Nanjing, Jiangsu Province         | 30%                        | Provision of small loan and financial consultation service  | 36,673                         | -        | -  |
|   |  |                                   |                            | Sub-total:  | 195,973                        | -        |  |
| <b>Guarantee Service</b>                              |  |                                   |                            |   |                                |          |  |
| 6   | Jiangxi Huazhang Hanchen Guarantee Group Limited                           | (2) Nanchang, Jiangxi Province    | 2.06%                      | Provision of financing guarantees to small and medium enterprises   | 43,150                         | 10,912   | 5.23%  |
| <b>Investment and management consultation service</b> |  |                                   |                            |   |                                |          |  |
| 7   | Shenzhen Zhongtounxin Asset Management Company Limited                     | Shenzhen, Guangdong Province      | 30%                        | Provision of consultation services on project investments   | 18,350                         | -        | -  |
| 8   | Xi'an Kairong Financial Service Limited                                    | Xi'an, Shaanxi Province           | 30%                        | Provision of financial management services  | 18,724                         | -        | -  |
|   |  |                                   |                            | Sub-total:  | 37,074                         | -        |  |
| <b>Clean energy</b>                                   |  |                                   |                            |   |                                |          |  |
| 9   | 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                        | 34,899   | 16.72%   |
| 10  | 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                         | -        | -  |

## UNLISTED INVESTMENT REVIEW (Continued)

### Unlisted Equity Investments (Continued)

#### Unlisted equity investment portfolio (Continued)

| Name of company | Notes  | Location | Group's effective interest | Business nature | Fair value at 31 December 2023  |          | % to the Group's net assets as at 31 December 2023 |        |
|-----------------|--|----------|----------------------------|-----------------|---|----------|--|--------|
|                 |  |          |                            |                 | Cost<br>HK\$'000  | HK\$'000 |  |        |
| 11              | Henan Keyi Huirui Bioenergy Technology Company Limited ("Keyi Huirui")     | (5)      | Henan Province             | 30%             | Biotechnology energy technology development, transfer and consultation, research and development, manufacturing and sales of biotechnology energy and chemical equipment  | 117,450  | -  | -      |
| 12              | Henan Zhongxin Petrochemical Oil Sales Co., Ltd ("Zhongxin Petrochemical") | (6)      | Henan Province             | 30%             | Engage in petrol station operation  | 52,084   | 29,922   | 14.34% |
| 13              | Henan Zhongxin Bioenergy Co., Ltd ("Zhongxin Bioenergy")                   | (6)      | Henan Province             | 30%             | Engage in biotechnology and ethanol bio-chemical product development and production of ethanol chemical products  | 52,084   | 12,001   | 5.75%  |
|                 |  |          |                            |                 | Sub-total:  | 503,581  | 76,822   |        |
| <b>Others</b>   |  |          |                            |                 |   |          |  |        |
| 14              | Jiliu Jusheng Light Alloy Co., Ltd ("Jusheng Light Alloy")                 | (7)      | Jilin Province             | 16.67%          | 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   | 65,648   | 31.45% |
|                 |  |          |                            |                 | Total:  | 845,178  | 153,382  |        |

#### 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 2023 and 2022. As at 31 December 2023, in the opinion of the Directors of the Company, this disposal transaction has not 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.
- On 23 January 2019, Keyi invested in a 30% equity interest of South China New Energy with the capital contribution of RMB45,000,000.

## UNLISTED INVESTMENT REVIEW (Continued)

### Unlisted Equity Investments (Continued)

#### *Unlisted equity investment portfolio (Continued)*

Notes: (Continued)

- (5) In August 2019, Keyi 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 injected RMB105,000,000 for acquiring 30% of Keyi Huirui's equity interest. On 5 September 2019, Keyi Huirui was officially set up.
- (6) On 16 March 2020, 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 the formation of two joint venture companies, Zhongxin Petrochemical and Zhongxin Bioenergy. The company acquired 30% equity interest in both companies.
- (7) On 18 June 2020, Keyi entered into the capital increase agreement with Jusheng Light Alloy to inject capital contribution of RMB60,000,000 into Jusheng Light Alloy for acquiring 30% of Jusheng Light Alloy's equity interest. The Group's equity interest in Jusheng Light Alloy was reduced to 16.67% on 8 July 2023, as the registered capital of Jusheng Light Alloy was enlarged by the new registered capital subscribed by its other shareholder on that date.

## PROSPECT

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

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.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2023, the Group had cash and cash equivalents of HK\$523,000 (30 June 2023: HK\$606,000). 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 2023 was approximately 3.15 times (30 June 2023: 1.93 times), gearing ratio (total liabilities to total assets) of the Group as at 31 December 2023 was approximately 13.63% (30 June 2023: 18.72%).

The Group did not have any bank borrowing as at 31 December 2023 (30 June 2023: Nil). The Group did not have any capital commitments as at 31 December 2023 (30 June 2023: Nil).

## INTERIM DIVIDEND

The Board of the Directors does not recommend any payment of interim dividend for the Period (31 December 2022: Nil).

## CHARGES ON THE GROUP'S ASSETS

As at 31 December 2023, there were no charges on the Group's assets.

## CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2023.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

In January 2024, Keyi (Shanghai) Investments Limited, a wholly-owned subsidiary of the Company, entered into a disposal agreement to dispose of all of its 16.67% equity interest in Jilin Jusheng Light Alloy Co. Ltd. (included in the financial assets at FVTPL) to an independent third party for a cash consideration of RMB60,000,000.

## CAPITAL STRUCTURE

As at 31 December 2023, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$208,711,000 (30 June 2023: HK\$129,449,000) and approximately 10,971,634,030 (30 June 2023: 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 2023, the Group had 8 employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Period was HK\$2,327,000 (31 December 2022: HK\$4,915,000). 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.

## Other Information

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

As at 31 December 2023, 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                    | Interests of spouse | Corporate interests |   |       |
| Du Lin Dong      | Beneficial owner and interests of spouse | 173,624,830                           | 34,400,000          | -                   | 208,024,830   | 1.90% |

*Note:* Mr. Du Lin Dong is personally holding 173,624,830 ordinary shares. The 34,400,000 ordinary shares were held by Ms. Liu Zan, who is the spouse of 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 2023, 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 2023, 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 |   |
| Gen Xiaoqing                                  | Beneficial owner                    |       | 1,117,780,000                         | –                   | 1,117,780,000   | 10.19%  |
| 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%   |
| Zhang Zuhao                                   | Beneficial owner                    |       | 1,000,000,000                         | –                   | 1,000,000,000   | 9.11%   |
| 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%   |
| Li Zebin                                      | Beneficial owner                    |       | 662,070,000                           | –                   | –               | 6.03%   |

### 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 2023, 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 2023, 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 C1 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 C3 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. Zong Shijian (chairman of the audit committee), Mr. Lei Zhiwei and Mr. Liu Xiaodong. 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.