



**Heng Tai Consumables Group Limited**  
**亨泰消費品集團有限公司**

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 00197)

Interim Report  
**2020/21**

The board (the “Board”) of directors (the “Directors”) of Heng Tai Consumables Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2020 (the “Period”) together with the comparative figures for the corresponding period as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2020

		<b>Six months ended 31 December</b>	
		<b>2020</b>	2019
	Note	<b>(Unaudited)</b> <b>HK\$'000</b>	(Unaudited) HK\$'000
<b>REVENUE</b>	4	<b>280,311</b>	344,866
Cost of sales		<b>(267,117)</b>	(318,355)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		<b>13,194</b>	26,511
Changes in fair value due to biological transformation		<b>(14,879)</b>	(9,389)
Other gains and income		<b>20,995</b>	16,899
Selling and distribution expenses		<b>(22,998)</b>	(31,554)
Administrative expenses		<b>(33,150)</b>	(44,235)
Other operating expenses		<b>(3,852)</b>	(4,696)
		<hr/>	<hr/>
<b>LOSS FROM OPERATIONS</b>		<b>(40,690)</b>	(46,464)
Finance costs	6	<b>(269)</b>	(288)
		<hr/>	<hr/>
<b>LOSS BEFORE TAX</b>		<b>(40,959)</b>	(46,752)
Income tax credit	7	<b>121</b>	776
		<hr/>	<hr/>
<b>LOSS FOR THE PERIOD</b>	8	<b>(40,838)</b>	(45,976)
		<hr/>	<hr/>
<b>Attributable to:</b>			
Owners of the Company		<b>(40,835)</b>	(45,973)
Non-controlling interests		<b>(3)</b>	(3)
		<hr/>	<hr/>
		<b>(40,838)</b>	(45,976)
		<hr/>	<hr/>
<b>LOSS PER SHARE</b>	10		
– Basic		<b>HK(2.18 cents)</b>	HK(2.45 cents)
		<hr/>	<hr/>
– Diluted		<b>N/A</b>	N/A
		<hr/>	<hr/>

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

For the six months ended 31 December 2020

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Loss for the Period</b>	<b>(40,838)</b>	(45,976)
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>21,184</b>	(13,770)
Fair value changes on financial assets at fair value through other comprehensive income ("FVTOCI")	<b>1,024</b>	–
	<hr/>	<hr/>
<b>Other comprehensive income for the Period, net of tax</b>	<b>22,208</b>	(13,770)
	<hr/>	<hr/>
<b>Total comprehensive income for the Period</b>	<b>(18,630)</b>	(59,746)
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<b>Attributable to:</b>		
Owners of the Company	<b>(18,627)</b>	(59,743)
Non-controlling interests	<b>(3)</b>	(3)
	<hr/>	<hr/>
	<b>(18,630)</b>	(59,746)
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	31 December 2020 (Unaudited) HK\$'000	30 June 2020 (Audited) HK\$'000
Note		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	240,444	251,861
Right-of-use assets	90,616	97,870
Construction in progress	70,079	60,592
Bearer plants	99,997	100,516
Goodwill	19,083	19,083
Other intangible assets	53,701	64,516
Other assets	205	1,029
Investment in a club membership	108	108
Investments	11 177,816	25,850
Deferred tax assets	5,389	5,025
	<b>757,438</b>	626,450
<b>Current assets</b>		
Biological assets	24,760	23,948
Inventories	128,651	123,204
Trade receivables	12 268,255	206,521
Prepayments, deposits and other receivables	116,147	112,124
Investments	11 103	181,324
Pledged bank deposits	13,635	424
Client trust bank balances	6,593	7,457
Bank and cash balances	289,942	349,334
	<b>848,086</b>	1,004,336
<b>TOTAL ASSETS</b>	<b>1,605,524</b>	1,630,786

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(Continued)*

At 31 December 2020

		31 December 2020 (Unaudited) HK\$'000	30 June 2020 (Audited) HK\$'000
	Note		
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	187,270	187,270
Reserves		<u>1,315,423</u>	<u>1,334,050</u>
		<b>1,502,693</b>	1,521,320
Non-controlling interests		<u>(15,891)</u>	<u>(15,888)</u>
<b>Total equity</b>		<u><b>1,486,802</b></u>	<u>1,505,432</u>
<b>Non-current liabilities</b>			
Lease liabilities		3,862	4,980
Deferred tax liabilities		<u>10,800</u>	<u>10,152</u>
		<u><b>14,662</b></u>	<u>15,132</u>
<b>Current liabilities</b>			
Trade payables	13	72,906	69,213
Accruals and other payables		17,080	16,844
Borrowings		10,528	20,424
Lease liabilities		3,049	3,087
Current tax liabilities		<u>497</u>	<u>654</u>
		<u><b>104,060</b></u>	<u>110,222</u>
<b>Total liabilities</b>		<u><b>118,722</b></u>	<u>125,354</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,605,524</b></u>	<u>1,630,786</u>
<b>Net current assets</b>		<u><b>744,026</b></u>	<u>894,114</u>
<b>Total assets less current liabilities</b>		<u><b>1,501,464</b></u>	<u>1,520,564</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Unaudited											
	Attributable to owners of the Company											
	Share capital	Share premium account	Legal reserve	Foreign currency translation reserve	Share-based payment reserve	Property revaluation reserve	FVTOCI reserve	Special reserve	Accumulated losses	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2019	187,270	2,389,536	97	90,126	11,612	11,234	-	(86,094)	(751,789)	1,651,992	(15,877)	1,836,115
Total comprehensive income for the period	-	-	-	(13,770)	-	-	-	-	(45,973)	(59,743)	(3)	(59,746)
Transfer of reserve upon lapse of share options	-	-	-	-	(132)	-	-	-	132	-	-	-
Change in equity for the period	-	-	-	(13,770)	(132)	-	-	-	(45,841)	(59,743)	(3)	(59,746)
At 31 December 2019	<u>187,270</u>	<u>2,389,536</u>	<u>97</u>	<u>76,356</u>	<u>11,480</u>	<u>11,234</u>	<u>-</u>	<u>(86,094)</u>	<u>(797,630)</u>	<u>1,792,249</u>	<u>(15,880)</u>	<u>1,776,369</u>

	Unaudited											
	Attributable to owners of the Company											
	Share capital	Share premium account	Legal reserve	Foreign currency translation reserve	Share-based payment reserve	Property revaluation reserve	FVTOCI reserve	Special reserve	Accumulated losses	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2020	187,270	2,389,536	97	76,426	-	12,251	350	(86,094)	(1,058,516)	1,521,320	(15,888)	1,505,432
Total comprehensive income for the Period	-	-	-	21,184	-	-	1,024	-	(40,835)	(18,627)	(3)	(18,630)
Change in equity for the Period	-	-	-	21,184	-	-	1,024	-	(40,835)	(18,627)	(3)	(18,630)
At 31 December 2020	<u>187,270</u>	<u>2,389,536</u>	<u>97</u>	<u>97,610</u>	<u>-</u>	<u>12,251</u>	<u>1,374</u>	<u>(86,094)</u>	<u>(1,099,351)</u>	<u>1,502,693</u>	<u>(15,891)</u>	<u>1,486,802</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	Six months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>Operating activities</b>		
Operating loss before working capital changes	(11,273)	(10,047)
Proceeds from redemption of financial assets at fair value through profit or loss ("FVTPL")	93,500	–
Purchase of financial assets at FVTPL	(60,000)	–
(Increase)/decrease in other working capital	(72,490)	7,825
Cash used in operations	(50,263)	(2,222)
Income tax paid	(400)	–
Interest on borrowings paid	(103)	(173)
<b>Net cash used in operating activities</b>	<b>(50,766)</b>	<b>(2,395)</b>
<b>Investing activities</b>		
Purchase of fixed assets	(153)	(6,168)
Purchase of other intangible assets	–	(18,330)
Payments of right-of-use assets	–	(10,088)
Increase in pledged bank deposits	(13,211)	–
Decrease in time deposits with original maturity over three months	–	11,761
Other cash flows arising from investing activities	3,979	16,226
<b>Net cash used in investing activities</b>	<b>(9,385)</b>	<b>(6,599)</b>
<b>Financing activities</b>		
Repayment of bank borrowings	(19,896)	(19,949)
Drawdown of bank borrowings	10,000	20,000
Other cash flows arising from financing activities	(1,606)	(622)
<b>Net cash used in financing activities</b>	<b>(11,502)</b>	<b>(571)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(71,653)</b>	<b>(9,565)</b>
<b>Cash and cash equivalents at 1 July</b>	<b>349,334</b>	<b>449,665</b>
<b>Effect of foreign exchanges rate changes</b>	<b>12,261</b>	<b>(9,444)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>289,942</b>	<b>430,656</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances in the condensed consolidated statement of financial position	289,942	432,472
Less: Time deposits with original maturity over three months	–	(1,816)
Cash and cash equivalents in the condensed consolidated statement of cash flows	<b>289,942</b>	<b>430,656</b>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2020*

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### **Basis of preparation**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2020. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements and segment information are consistent with those used in the audited financial statements and segment information for the year ended 30 June 2020.

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and the prior years.

### 3. FINANCIAL INSTRUMENTS

#### Fair value measurements

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy at the end of the reporting period:

Description	Fair value measurements using:			Total 31 December 2020 (Unaudited)
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	HK\$'000
<b>Recurring fair value measurements:</b>				
Financial assets at FVTPL				
– Listed equity securities in Hong Kong	103	–	–	103
– Unlisted debt investments in Hong Kong	–	–	150,942	150,942
Financial assets at FVTOCI				
– Unlisted debt investments in Hong Kong	–	–	26,874	26,874
Buildings				
Commercial and industrial				
– the PRC	–	–	95,830	95,830
<b>Total recurring fair value measurements</b>	<b>103</b>	<b>–</b>	<b>273,646</b>	<b>273,749</b>

Description	Fair value measurements using:			Total 30 June 2020 (Audited) HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Recurring fair value measurements:</b>				
Financial assets at FVTPL				
– Listed equity securities in Hong Kong	92	–	–	92
– Unlisted debt investments in Hong Kong	–	–	181,232	181,232
Financial assets at FVTOCI				
– Unlisted debt investments in Hong Kong	–	–	25,850	25,850
Buildings				
Commercial and industrial				
– the PRC	–	–	91,209	91,209
<b>Total recurring fair value measurements</b>	<b>92</b>	<b>–</b>	<b>298,291</b>	<b>298,383</b>

There are no transfers into and transfers out of any of the three levels during the period.

#### 4. REVENUE

##### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the period is as follows:

<b>Six months ended 31 December</b>	
<b>2020</b>	2019
<b>(Unaudited)</b>	(Unaudited)
<b>HK\$'000</b>	HK\$'000

##### Revenue from contracts with customers within the scope of HKFRS 15

Disaggregated by major products or service lines		
– Sales of consumer goods	<b>173,889</b>	190,803
– Sales of agri-products	<b>103,303</b>	143,850
– Logistics services income	<b>1,772</b>	6,913
– Sales of jewellery products in tourist retailing	<b>7</b>	2,157
– Commission and brokerage income on securities dealings	<b>1,340</b>	1,143
	<b>280,311</b>	344,866

The Group derives revenue from the transfer of products and services over time and at a point in time in the following major product lines and geographical regions:

	For the six months ended 31 December 2020					Total HK\$'000
	Consumer goods HK\$'000	Agri-products HK\$'000	Logistics services HK\$'000	Tourist retailing HK\$'000	Securities dealing services HK\$'000	
<b>Primary geographical markets</b>						
Hong Kong	-	24,357	-	7	1,340	25,704
PRC except Hong Kong	173,889	78,946	1,772	-	-	254,607
Revenue from external customers	<u>173,889</u>	<u>103,303</u>	<u>1,772</u>	<u>7</u>	<u>1,340</u>	<u>280,311</u>
<b>Timing of revenue recognition</b>						
Products transferred at a point in time	<u>173,889</u>	<u>103,303</u>	<u>1,772</u>	<u>7</u>	<u>1,340</u>	<u>280,311</u>
	For the six months ended 31 December 2019					
	Consumer goods HK\$'000	Agri-products HK\$'000	Logistics services HK\$'000	Tourist retailing HK\$'000	Securities dealing services HK\$'000	Total HK\$'000
<b>Primary geographical markets</b>						
Hong Kong	-	28,366	-	2,157	1,143	31,666
PRC except Hong Kong	190,803	115,484	6,913	-	-	313,200
Revenue from external customers	<u>190,803</u>	<u>143,850</u>	<u>6,913</u>	<u>2,157</u>	<u>1,143</u>	<u>344,866</u>
<b>Timing of revenue recognition</b>						
Products transferred at a point in time	<u>190,803</u>	<u>143,850</u>	<u>6,913</u>	<u>2,157</u>	<u>1,143</u>	<u>344,866</u>

## 5. SEGMENT INFORMATION

The Group has three reporting segments as follows:

- (i) The sale and trading of FMCG including packaged foods, beverages and household consumable products (“FMCG Trading Business”);
- (ii) The cultivation, sale and trading of fresh and processed fruits and vegetables (“Agri-Products Business”); and
- (iii) Provision of logistics services (“Logistics Services Business”).

The Group’s other operating segments include the provision of securities dealing services and tourist retailing of jewellery products. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the ‘All other segments’ column.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e., at current market prices.

The segment information of the Group was as follows:–

	<b>FMCG Trading Business (Unaudited) HK\$’000</b>	<b>Agri- Products Business (Unaudited) HK\$’000</b>	<b>Logistics Services Business (Unaudited) HK\$’000</b>	<b>All other segments (Unaudited) HK\$’000</b>	<b>Total (Unaudited) HK\$’000</b>
<b>For the six months ended</b>					
<b>31 December 2020</b>					
Revenue from external customers	<u>173,889</u>	<u>103,303</u>	<u>1,772</u>	<u>1,347</u>	<u>280,311</u>
Segment loss	<u>(11,362)</u>	<u>(27,265)</u>	<u>(2,516)</u>	<u>(1,686)</u>	<u>(42,829)</u>
<b>At 31 December 2020</b>					
Segment assets	<u>563,545</u>	<u>566,110</u>	<u>146,248</u>	<u>92,714</u>	<u>1,368,617</u>

	FMCG Trading Business (Unaudited) HK\$'000	Agri- Products Business (Unaudited) HK\$'000	Logistics Services Business (Unaudited) HK\$'000	All other segments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
For the six months ended 31 December 2019					
Revenue from external customers	<u>190,803</u>	<u>143,850</u>	<u>6,913</u>	<u>3,300</u>	<u>344,866</u>
Segment loss	<u>(8,930)</u>	<u>(27,456)</u>	<u>(2,091)</u>	<u>(6,711)</u>	<u>(45,188)</u>
At 30 June 2020					
Segment assets (Audited)	<u>556,633</u>	<u>543,412</u>	<u>145,906</u>	<u>46,686</u>	<u>1,292,637</u>

<b>Six months ended 31 December</b>	
<b>2020</b>	2019
<b>(Unaudited)</b>	(Unaudited)
<b>HK\$'000</b>	HK\$'000

**Reconciliation of segment loss:**

Total loss of reportable segments	<b>(42,829)</b>	(45,188)
Unallocated amounts:		
Fair value gain on financial assets at FVTPL	<b>7,073</b>	6,122
Other corporate expenses	<b>(5,082)</b>	(6,910)
Consolidated loss for the Period	<u><b>(40,838)</b></u>	<u>(45,976)</u>

**6. FINANCE COSTS**

	<b>Six months ended 31 December</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest on borrowings	<b>103</b>	173
Interest on lease liabilities	<b>166</b>	115
	<u><b>269</b></u>	<u>288</u>

## 7. INCOME TAX CREDIT

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current period tax:		
Hong Kong	<b>(243)</b>	(71)
Overseas	-	-
Deferred tax	<b>364</b>	847
	<b>121</b>	776

Under the two-tiered profits tax regime, profit tax rate for the first HK\$2 million of assessable profits of qualifying corporations in Hong Kong will be lower to 8.25% and profits above that amount will be subject to the tax rate of 16.5%.

Tax charges on profits assessable elsewhere in other jurisdictions have been calculated at the rates of tax prevailing in the relevant jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

According to the Income Tax Law of the Macau Special Administrative Region, two subsidiaries operating in Macau during the Period are in compliance with the Decree-Law No. 58/99/M of Macau Special Administrative Region, and thus, the loss/(profit) generated by the subsidiaries are exempted from the Macau Complementary Tax. Furthermore, in the opinion of the directors, that portion of the Group's loss/(profit) is not at present subject to taxation in any other jurisdictions in which the Group operates.

The provision for income tax of subsidiaries operating in the PRC has been calculated at the rate of 25% (2019: 25%), based on existing legislation, interpretation and practices in respect thereof.

**8. LOSS FOR THE PERIOD**

The Group's loss for the Period is stated after charging/(crediting) the following:

	<b>Six months ended 31 December</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b> <b>HK\$'000</b>	(Unaudited) <i>HK\$'000</i>
Amortisation and depreciation, net of amount capitalised	<b>23,561</b>	39,876
Cost of inventories sold	<b>252,889</b>	299,645
Directors' emoluments	<b>3,796</b>	3,780
Exchange (gain)/loss, net	<b>(4,745)</b>	2,130
Fair value gain on financial assets at FVTPL	<b>(7,073)</b>	(6,122)
Interest income on financial assets at FVTPL	<b>(5,695)</b>	(6,893)
Interest income on financial assets at FVTOCI	<b>(771)</b>	–
Loss on redemption of financial assets at FVTPL, net	<b>3,852</b>	–
Operating lease charges in respect of land and buildings, net of amount capitalised	–	5,394
Staff costs (excluding directors' emoluments)		
Staff salaries, bonus and allowances	<b>11,156</b>	11,734
Retirement benefits scheme contributions	<b>270</b>	384
	<b>11,426</b>	12,118

**9. DIVIDEND**

The Board does not declare the payment of an interim dividend for the six months ended 31 December 2020 (2019: Nil).

**10. LOSS PER SHARE**

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the Period attributable to owners of the Company of approximately HK\$40,835,000 (2019: HK\$45,973,000) and the weighted average number of ordinary shares of the Company of 1,872,696,182 (2019: 1,872,696,182) in issue during the Period.

**11. INVESTMENTS**

	<b>31 December 2020 (Unaudited) HK\$'000</b>	30 June 2020 (Audited) HK\$'000
<b>Non-current assets</b>		
Financial assets at FVTOCI		
– Unlisted debt investments in Hong Kong	<b>26,874</b>	25,850
Financial assets at FVTPL		
– Unlisted debt investments in Hong Kong	<b>150,942</b>	–
	<b>177,816</b>	25,850
<b>Current assets</b>		
Financial assets at FVTPL		
– Unlisted debt investments in Hong Kong	–	181,232
– Listed equity securities in Hong Kong	<b>103</b>	92
	<b>103</b>	181,324

The fair value of the listed equity securities is based on quoted closing price at the end of reporting period. The fair values of the unlisted debt investments was reference to the valuation performed by a firm of independent professional qualified valuers. The carrying amounts of the above financial assets at FVTPL are measured at fair value through profit or loss in accordance with HKFRS 9.

**12. TRADE RECEIVABLES**

	<b>31 December 2020 (Unaudited) HK\$'000</b>	30 June 2020 (Audited) HK\$'000
Trade receivables arising from		
Trading	<b>279,958</b>	258,972
Dealing in securities		
– Cash clients	<b>8,808</b>	9,720
– Clearing house	<b>298</b>	–
– Margin clients	<b>41,362</b>	–
	<b>330,426</b>	268,692
Impairment loss on trade receivables	<b>(62,171)</b>	(62,171)
	<b>268,255</b>	206,521

For trade receivables arising from trading, the Group normally allows credit terms to established customers ranging from 30 to 210 days (30 June 2020: 30 to 210 days).

The aging analysis of trade receivables arising from trading, net of impairment loss, based on the date of recognition of the sale, is as follows:

	<b>31 December 2020 (Unaudited) HK\$'000</b>	30 June 2020 (Audited) HK\$'000
1 – 30 days	<b>41,206</b>	40,318
31 – 60 days	<b>34,667</b>	31,633
61 – 90 days	<b>33,978</b>	24,974
Over 90 days	<b>113,317</b>	105,257
	<b><u>223,168</u></b>	<u>202,182</u>

Cash client receivables arising from dealing in securities which are neither past due nor impaired of approximately HK\$360,000 (30 June 2020: HK\$1,088,000) represent unsettled client trades on various securities exchanges transacted on the last two business days prior to the end of the reporting period. Such cash client receivable is considered as past due when the client fails to settle its securities trading balances on the settlement date. At 31 December 2020, cash client receivables of approximately HK\$8,448,000 (30 June 2020: HK\$8,632,000) were past due. These past due cash client receivables, net of impairment, were substantially settled after the period ended date, hence no impairment loss was recognised during the Period.

Trade receivables from clearing house arising from dealing in securities represent unsettled trades on various securities exchanges transacted on the last two business days prior to the end of the reporting period.

Margin client receivables arising from dealing in securities are repayable on demand. Margin clients are required to pledge the underlying securities to the Group in order to obtain credit facilities for securities trading.

No aging analysis of is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of these trade receivables arising from dealing in securities.

**13. TRADE PAYABLES**

	<b>31 December 2020 (Unaudited) HK\$'000</b>	30 June 2020 (Audited) HK\$'000
Trade payables arising from		
Trading	<b>66,245</b>	60,838
Dealing in securities		
– Cash clients	<b>6,661</b>	7,456
– Clearing house	<b>–</b>	919
	<u>          </u>	<u>          </u>
	<b><u>72,906</u></b>	<b><u>69,213</u></b>

The trade payables to cash clients arising from dealing in securities are repayable on demand. The Group has a practice to satisfy all the requests for payment within one business day. Trade payables to clearing house arising from dealing in securities represent unsettled trades on various securities exchanges transacted on the last two business days prior to the end of the reporting period. No aging analysis is disclosed as, in the opinion of the directors, the aging analysis does not give additional value in view of the nature of these businesses.

The aging analysis of trade payables arising from trading, based on the date of receipt of goods purchased, is as follows:

	<b>31 December 2020 (Unaudited) HK\$'000</b>	30 June 2020 (Audited) HK\$'000
1 – 30 days	<b>66,162</b>	46,458
31 – 60 days	<b>–</b>	14,293
61 – 90 days	<b>–</b>	–
Over 90 days	<b>83</b>	87
	<u>          </u>	<u>          </u>
	<b><u>66,245</u></b>	<b><u>60,838</u></b>

Trade payables to cash clients arising from dealing in securities also include those payables where the corresponding clients' monies are placed in trust and segregated accounts with authorised financial institutions of approximately HK\$6,593,000 (30 June 2020: HK\$7,457,000).

**14. SHARE CAPITAL**

	<b>Number of shares (Unaudited)</b>	<b>Amount (Unaudited) HK\$'000</b>
<b>Authorised:</b>		
At 30 June 2020, 1 July 2020 and 31 December 2020, par value HK\$0.10 each	<u>10,000,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid:</b>		
At 30 June 2020, 1 July 2020 and 31 December 2020	<u>1,872,696,182</u>	<u>187,270</u>

**15. CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities at 31 December 2020 (30 June 2020: Nil).

**16. CAPITAL COMMITMENTS**

The Group's capital commitments at the end of the reporting period were as follows:

	<b>31 December 2020 (Unaudited) HK\$'000</b>	30 June 2020 (Audited) HK\$'000
Contracted but not provided for		
– Fixed assets	<b>7,075</b>	6,593
– Construction in progress	<b>13,836</b>	20,099
	<u><b>20,911</b></u>	<u>26,692</u>

## INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 31 December 2020 (2019: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL PERFORMANCE

During the six months ended 31 December 2020 (the “Period”), the Group was principally engaged in (i) the trading of packaged foods, beverages and household consumable products (the “FMCG Trading Business”); (ii) the trading of agri-products and the upstream farming business (the “Agri-Products Business”); (iii) the provision of cold chain logistics services and value-added post-harvest food processing (the “Logistics Services Business”); and (iv) other businesses primarily arising from the securities brokerage business and the tourist retailing business (the “Other Business”). The first three businesses came together to form two vertically integrated supply chains allowing the Group to effectively deliver perishable and non-perishable consumer products in China.

During the Period, the Group’s turnover was approximately HK\$280.3 million, representing a decrease of approximately 18.7%, compared to approximately HK\$344.9 million in the same period last year. All major business segments recorded falling revenues in the aftermath of the outbreak of the novel coronavirus disease 2019 (COVID-19) (the “pandemic”) during the Period. The pandemic caused widespread disruption to global supply chain, many factories shutdown, freight restrictions and more stringent customs clearance process, the impacts were particularly severe for the Group’s traditional trading business and its associated logistics business. Furthermore, the weak market demand and keen competition from domestic brands remained key threats to the Group’s businesses. As a result, the revenue of the agri-products trading business declined by approximately 30.4% compared to the corresponding period last year. The FMCG Trading Business’s revenue declined by a lesser extent at approximately 8.9% thanks to the introduction of new products and the implementation of more aggressive pricing strategy to stimulate sales volume during the Period. The revenue of the Logistics Service Business also significantly declined not only because of the negative impact from the pandemic and the resultant decrease in the traditional trading businesses, but also the Group had trimmed down third party transportation services during the Period in order to reduce its operating and administrative costs. On the other hand, the pandemic essentially wiped out the tourism business from the mainland Chinese visitors in Hong Kong, which hit hardest the Group’s tourist retailing business and resulted in a substantial decrease in the revenue of the Other Business during the Period.

Gross profit margin decreased from approximately 7.7% to approximately 4.7% compared with the same period last year. The decrease in gross profit margin was mainly attributable to the lower selling prices to maintain competitiveness amid the pandemic during the Period. The reduction in selling prices was across different kinds of products, in particular the Group's traditional trading business including packaged foods and imported fruits, the Group had offered a special discount for these products to our loyal customers during the Period to increase stock turnover and maintain competitiveness against domestic brands amid the pandemic, together with the effect from the increase in the purchase costs for imported products due to various factors such as freight restrictions and factory shutdown, resulting in a significant decline in the gross profit margins of the FMCG Trading Business and the agri-products trading business.

Changes in fair value due to biological transformation increased from approximately HK\$9.4 million to approximately HK\$14.9 million compared with the same period last year. The increase was mainly attributable to the increased plantation costs.

Other gains and income increased from approximately HK\$16.9 million to approximately HK\$21.0 million. The other gains and income for the Period was mainly attributable to the interest income of approximately HK\$6.5 million derived from the investment in financial instruments issued by China Healthwise Holdings Limited ("China Healthwise"), Global Mastermind Holdings Limited ("Global Mastermind") and Earthasia International Holdings Limited ("Earthasia"), the unrealized fair value gain on investment of convertible bonds approximately HK\$7.1 million and exchange gain of approximately HK\$4.7 million on certain assets denominated in Renminbi due to Renminbi appreciation.

Selling and distribution expenses decreased by approximately 27.1% from approximately HK\$31.6 million to approximately HK\$23.0 million. These expenses represented approximately 8.2% of turnover which decreased compared to 9.1% of the same period last year. The decrease in the selling and distribution expenses was mainly attributable to the decrease in sales commission, promotion, and handling and distribution expenses for the traditional trading business. Selling and distribution expenses included, among others, the development of sales and marketing channels, outlays on brand building, freight and transportation, commission as well as distribution expenses all together spent in support of the Group's sales activities.

Administrative expenses decreased by approximately 25.1% from approximately HK\$44.2 million to approximately HK\$33.2 million. The decrease was mainly attributable to the various cost-saving initiatives taken by the Group. During the Period, the Group thoroughly scrutinized its operations to implement various austerity measures, including trimming down of third party logistics business to save considerable amount of administrative expenses.

Other operating expenses decreased from approximately HK\$4.7 million to approximately HK\$3.9 million. The other operating expenses for the Period represented a net loss on redemption of convertible bonds issued by China Healthwise and Global Mastermind.

Finance costs were kept at a minimal level during the Period.

The decrease in the Group's net loss can be summarized as mainly attributable to approximately HK\$4.1 million increase in other gains and income, approximately 27.1% decrease in selling and distribution expenses, approximately 25.1% decrease in administrative expenses, and approximately HK\$0.8 million decrease in other operating expenses, but partly offset by approximately 18.7% decrease in turnover and approximately 3.0% decrease in gross profit margin.

## **BUSINESS REVIEW, DEVELOPMENT AND PROSPECT**

The pandemic posed an unprecedented challenge to the global economy, despite the fact that China's economy showed signs of recovery during the second half of 2020, the overall operating environment remained difficult. The pandemic did not only affect China, but also most of countries in which the Group's suppliers are located, the Group faced difficulties in maintaining stable supply chain due to freight restrictions and large-scale lockdowns across the globe. The increase in protectionism arising from the China-United States trade tensions further damaged international trades and import business. On the other hand, the competition from domestic products was increasingly fiercer, especially considering their overwhelming advertisements and promotions. Against this backdrop, the Group had implemented aggressive pricing strategies and offered special discounts and promotions to our customers to maintain competitiveness, giving rise to a decrease in the gross profit margin during the Period. In the meantime, the Group continued to trim down unprofitable operations such as third party transportation services to streamline its operation model and implemented various cost saving initiatives to reduce operating costs. For the tourist retailing business, as its major customers were from mainland China, the border restrictions kept nearly all the crowds of mainland Chinese tourists away during the Period, thus severely affecting its operations.

The FMCG Trading Business sells finished consumer products into the domestic Chinese consumer market. These products are largely sourced overseas through the Group's wide-reaching global procurement network and are imported from different regions around the world including Europe, the Americas, Australasia and South East Asia. This business unit can be classified into three categories including packaged foods, beverages and household consumable products with their respective contribution of approximately 65%, 28%, and 7%. Packaged foods, including biscuits, candies, chocolate, condiments, margarine, milk powder products, healthy food, noodles, snacks, rice and nourishing and exclusively licensed branded products, remained the most important category, but its contribution as a percentage of the revenue of the FMCG Trading Business decreased because some new products of beverages category were launched which boosted the revenue of the latter during the Period.

FMCG Trading Business was the most important business unit and contributed approximately 62.0% of the Group's total revenues during the Period. The pandemic unavoidably caused severe impact on the FMCG Trading Business, the persistently weak market demand and the keen competition from domestic brands further worsened the operating environment. The pandemic caused disruptions to entire supply chain such as factory shutdown, freight restrictions, and more complicated customs formalities. Although Chinese economy has gradually returned to normal during the Period, some countries where the Group's suppliers are located were still severely affected by the pandemic, which put the Group at a disadvantage in comparison with other domestic brands in terms of product supply and variety. As a result, the Group had to adopt more attractive and aggressive offers to our customers for different kinds of products in order to increase its competitiveness against domestic brands during the Period, which substantially suppressed the gross profit margin amid the weak market conditions. In order to counteract the negative impact from the pandemic, the Group implemented various austerity measures to reduce selling and distribution expenses. In view of the difficulty in ascertaining how long the pandemic will last and the level of its impact on the global economy, the Group will continue to implement relatively aggressive pricing strategies for a longer period of time, and simultaneously strengthen the long term relationship and collaboration with the suppliers and customers for the FMCG Trading Business.

The Agri-Products Business contains trading fresh produce grown domestically and imported from countries like Australasia and South East Asia as well as upstream cultivations in China. During the Period, the revenue of this business unit declined by approximately 28.2% primarily attributable to the decline in the revenue of the agri-products trading business by approximately 30.4%, whereas the upstream farming business recorded an approximately 16.7% increase in its revenue. Similar to the FMCG Trading Business, the imported agri-products trading business encountered severe difficulties caused by the pandemic, especially considering the short life cycle and perishable nature of agricultural products. Worse still, the rise of global protectionism and the more stringent customs formalities for fresh produce further increased the import costs. On the contrary, the competitiveness of our domestic agri-products trading business has been improving over past few years in terms of product quality and product variety thanks to the improving agricultural knowledge and sourcing

network. Therefore, the percentage of the revenue of domestic fresh produce over the revenue of the agri-products trading business increased from approximately 20.7% to approximately 25.5% compared to the same period last year.

The revenue of the upstream farming business derived from the farming base for various fruits such as early crop oranges and ponkans in Jiangxi increased by approximately 16.7%. The increase was primarily attributable to additional arable land deployed during the Period. Although the pandemic also affected its operations, the Group is cautiously optimistic on the prospect of this business segment thanks to its better distribution channels and agricultural skills accumulated by years of operations, which was reflected by the improved revenues during the Period. The Group will carefully operate and monitor its future development according to market conditions. To further exploit its potential, the Group has been developing a project including the construction of a fruit processing centre and the development of agri-tourism business nearby. The construction of the initial phase of the fruit processing centre was nearly complete, at which the trial runs of the production lines have begun. The fruit processing centre will be further equipped with cold chain storage and other advanced machineries to enable it providing a full range of services from washing, packaging to cold-storage warehousing for agricultural products in coming years. The remaining part of the project including agri-tourism facilities such as pick-your-own farm and recreational facilities will be carefully developed after the completion of the processing centre.

On 23 September 2020, the Group entered into a memorandum of understanding for exploring an opportunity to develop ecological agricultural business. However, since the Group and the negotiating party could not reach an agreement, the memorandum of understanding lapsed on 22 December 2020 and the project would not proceed.

The Logistics Services Business provides a full range of services to customers including warehousing, food processing production lines for fresh produce, as well as trucking fleets for nationwide and regional distribution. This business unit contributed approximately 0.6% of overall revenues for the Period. The decrease in revenue of this business segment was primarily attributable to the drop of the traditional trading business as well as the trimming down of the scale of third party transportation services, which in return could reduce maintenance and administrative costs and the effect was already reflected by the fact that the administrative expenses decreased during the Period. Going forward, this business unit will focus on serving the Group's traditional trading business and the Group will continue to streamline and review its operations in order to reduce costs.

The Other Business contains providing securities trading, margin financing and IPO subscription brokerage services through Sino Wealth Securities Limited ("Sino Wealth") and operating tourist retailing business. The decline in the revenue of the Other Business was primarily attributable to the drastic plunge in the tourism industry from the mainland Chinese visitors in Hong Kong during the Period. The recovery of the tourism industry is highly dependent on the removal of the border restrictions, which is unfortunately uncertain in the foreseeable future. Therefore, the Group has

been carefully reviewing this business unit and implementing various austerity measures to cope with the toughest time. The securities brokerage business benefited from the increase in the stock market transactions during the Period, its revenue, primarily brokerage commission and margin financing income, increased by approximately 17.2% compared to the same period last year. As the global financial markets have been experiencing positive growth as a result of various expansionary policies taken or pandemic relief packages initiated by major countries, the Group has grasped the opportunities and accepted new margin clients and injected additional funding to the securities brokerage business during the Period accordingly. Although the Group has continuously been reviewing potential risks and returns before accepting these new margin clients, in the face of the unprecedented global pandemic and sudden changes of financial and securities policies in certain major countries which had unintended and drastic impact to the global business and securities markets, the Board realized that political risks that potentially may affect the securities markets could never be adequately anticipated as a result. Therefore, the Group aims to reduce the risk considering the volatile and unpredictable changing nature of the financial markets and has continuously been reviewing the Group's business strategies, but similar to many others, could not be finalized as these are subject to the global markets having better and clearer understanding to the geopolitical and pandemic situations.

The proceeds of the right issue completed on 11 January 2017 was earmarked for the securities brokerage business, of which HK\$20 million was already been used after completion of the right issue, HK\$40 million has been used as intended by various capital injections into Sino Wealth from July 2020 to September 2020 and HK\$20 million has been used as intended by capital injection in Sino Wealth in November 2020. Hence, a total of HK\$80 million has been used as intended with the remaining proceeds of approximately HK\$127.3 million as at the date of this report, which shall continue its original intended use and has been extended to 10 March 2021. As said, the Board has continuously been reviewing the Group's business objectives and strategies, including but not limited to the use of the remaining proceeds, and will make further announcement informing the shareholders of the Company of future update of such use.

Looking forward, the pandemic remains the greatest uncertainty for the global economy, there will be substantial consequences for China and global economy if the vaccines cannot effectively reduce the number of infections. On top of that, there are many other uncertainties such as the rise on protectionism and the increasing competition from domestic brands. The Group will take a more cautious stance for future development and continue to implement cost-saving initiatives, as well as ensure a strong and healthy financial position to weather any unforeseeable headwinds.

## SIGNIFICANT INVESTMENTS HELD AND THEIR PERFORMANCE

At 31 December 2020, the Group held two convertible bonds issued by China Healthwise and Global Mastermind and a bond issued by Earthasia with principal amount of HK\$85.5 million, HK\$60 million and HK\$25.5 million respectively.

China Healthwise is a listed company in the main board of the Stock Exchange and together with its subsidiaries are principally engaged in sale of Chinese health products, money lending business and investment in financial instruments. On 28 August 2020, a supplemental agreement was signed to conditionally extend the original maturity date of the outstanding HK\$85.5 million principal amount of the convertible bond issued by China Healthwise for another two years to 10 October 2022. An extraordinary general meeting was held on 7 October 2020 with shareholders' approval obtained, and the proposed amendments became effective on 10 October 2020.

At 31 December 2020, the fair value of the Group's investment in the convertible bond issued by China Healthwise was approximately HK\$89.1 million (30 June 2020: HK\$97.1 million), representing approximately 5.5% (30 June 2020: 6.0%) of the Group's total assets, and recorded an unrealised fair value gain on investment of approximately HK\$5.2 million, a gain on redemption of approximately HK\$0.3 million and an interest income of approximately HK\$2.7 million during the Period.

Global Mastermind is a listed company in the GEM of the Stock Exchange and together with its subsidiaries are principally engaged in provision and operation of travel business, treasury management business, money lending business and provision of securities, asset management and financial advisory services. On 25 September 2020, a subscription agreement was signed to conditionally subscribe a new convertible bond issued by Global Mastermind in the principal amount of HK\$60 million. The subscription price was offset and deducted on a dollar-to-dollar basis from the repayment of all sums due under the previous convertible bond payable by Global Mastermind to the Group due on 12 November 2020. An extraordinary general meeting was held on 10 November 2020 with shareholders' approval obtained, and the subscription took place on 12 November 2020.

At 31 December 2020, the fair value of the Group's investment in the convertible bond issued by Global Mastermind was approximately HK\$61.9 million (30 June 2020: HK\$84.1 million), representing approximately 3.9% (30 June 2020: 5.2%) of the total assets, and recorded an unrealised fair value gain on investment of approximately HK\$1.9 million, a loss on redemption of approximately HK\$4.1 million and an interest income of approximately HK\$3.0 million during the Period.

Earthasia is a listed company in the main board of the Stock Exchange and together with its subsidiaries are principally engaged in the provision of graphene business and landscape architecture business. At 31 December 2020, the fair value of the Group's investment in its bond was approximately HK\$26.9 million, representing approximately 1.7% of the Group's total assets (30 June 2020: 1.6%), and recorded an increase in investment revaluation reserve of approximately HK\$1.0 million and an interest income of approximately HK\$0.8 million during the Period.

The objective for the above investments is to better utilise the Group's available cash and seek higher interest income in view of the current uncertain global trading market.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

The Group maintained a strong financial position throughout the Period. During the Period, the Group financed its operations and business development with internally generated resources and banking facilities.

On 11 January 2017, the Company raised from a rights issue the net proceeds of approximately HK\$207.3 million, which were intended to inject into the securities brokerage business. Out of the net proceeds, HK\$20 million was already been used after completion of the right issue, HK\$40 million has been used as intended by various capital injections into Sino Wealth from July 2020 to September 2020 and HK\$20 million has been used as intended by capital injection in Sino Wealth in November 2020. Hence, a total of HK\$80 million has been used as intended with the remaining proceeds of approximately HK\$127.3 million as at the date of this report, which shall continue its original intended use and has been extended to 10 March 2021. As said, the Board has continuously been reviewing the Group's business objectives and strategies, including but not limited to the use of the remaining proceeds, and will make further announcement informing the shareholders of the Company of future update of such use.

At 31 December 2020, the Group had interest-bearing borrowings of approximately HK\$10.5 million (30 June 2020: HK\$20.4 million) of which all borrowings were denominated in Hong Kong dollars or US dollars and all would mature within one year. All of the Group's banking borrowings were floating-interest bearing and secured by corporate guarantees provided by the Company and certain subsidiaries of the Company and pledged bank deposits of certain subsidiaries in carrying amount of approximately HK\$13.6 million (30 June 2020: HK\$0.4 million).

A significant portion of sales, purchases, services income and bank and cash equivalents of the Group were either denominated in Renminbi, Hong Kong dollars or US dollars. During the Period, the Group experienced a high volatility in Renminbi, and the Group will closely monitor the foreign currency exposure and may consider arranging for hedging facilities when it is necessary. At 31 December 2020, the Group did not have any significant hedging instrument outstanding.

At 31 December 2020, the Group's current assets amounted to approximately HK\$848.1 million (30 June 2020: HK\$1,004.3 million) and the Group's current liabilities amounted to approximately HK\$104.1 million (30 June 2020: HK\$110.2 million). The Group's current ratio maintained to a level of approximately 8.1 as at 31 December 2020 (30 June 2020: 9.1). At 31 December 2020, the Group had total assets of approximately HK\$1,605.5 million (30 June 2020: HK\$1,630.8 million) and total liabilities of approximately HK\$118.7 million (30 June 2020: HK\$125.4 million) with a gearing ratio of approximately 0.7% (30 June 2020: 1.3%). The gearing ratio was expressed as a ratio of total bank borrowings to total assets. The Group's gearing ratio remained fairly low level as at 31 December 2020 and 30 June 2020.

## NUMBER AND REMUNERATION OF EMPLOYEES

At 31 December 2020, the Group had approximately 370 employees for its operations in China, Hong Kong and Macau. The Group's employees are remunerated in accordance with their work performance and experience. The Group also participates in a retirement benefit scheme for its staff in the PRC and a defined Mandatory Provident Fund Scheme for its staff in Hong Kong. The Group has adopted a share option scheme as well as a share award plan of which the Board may, at its discretion, grant options or award shares to eligible participants of the share option scheme and the share award plan respectively.

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2020, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

### LONG POSITIONS

Director	Note	Capacity/nature of interests	Number of shares in interest	Approximate percentage of the issued shares
Mr. Lam Kwok Hing ("Mr. Lam")	1	Interest in controlled corporation	275,078,914	14.69%
Ms. Lee Choi Lin, Joecy ("Ms. Lee")	1	Family interest	275,078,914	14.69%
Mr. Chan Cheuk Yu, Stephen ("Mr. Chan")	2	Interest in controlled corporation	436,755,073	23.32%

Notes:

1. 275,078,914 shares are held by Best Global Asia Limited (“Best Global”), a company incorporated in the British Virgin Islands (the “BVI”) wholly and beneficially owned by Mr. Lam. Ms. Lee is the spouse of Mr. Lam, by virtue of the SFO, Ms. Lee is deemed to be interested in said 275,078,914 shares.
2. 436,755,073 shares are held by Glazy Target Limited (“Glazy Target”), a company incorporated in the BVI wholly and beneficially owned by Mr. Chan.

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executive of the Company and their respective associates had any interests or short positions in shares, underlying shares or debentures of the Company, its subsidiaries or any associated corporation (within the meaning of Part XV of the SFO).

## DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section titled “Directors’ Interests in Securities”, at no time during the Period were there rights to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or where there such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouses or children under 18 years of age to acquire such rights in the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN SECURITIES

As at 31 December 2020, the interests of every person, other than a Director or chief executive of the Company, in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and to the best knowledge of the Directors were as follows:

### LONG POSITIONS

Substantial shareholder	Note	Capacity/nature of interests	Number of shares in interest	Approximate percentage of the issued shares
Best Global	1	Beneficial owner	275,078,914	14.69%
Glazy Target	2	Beneficial owner	436,755,073	23.32%

Notes:

1. These shares are in duplicate the interests held by Mr. Lam and Ms. Lee as stated in section “Directors’ Interests in Securities”.
2. These shares are in duplicate the interests held by Mr. Chan as stated in section “Directors’ Interests in Securities”.

Save as disclosed above, as at 31 December 2020, no person, other than a Director and chief executive of the Company whose interests are set out in the section titled “Directors’ Interests in Securities” above, had any interest or short position in the shares or underlying shares of the Company that was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## **SHARE OPTION SCHEME**

At 31 December 2020, the Company had no share option outstanding (31 December 2019: 45,448,000). No share option was granted, exercised, cancelled or lapsed during the period under review.

## **SHARE AWARD PLAN**

The Company has adopted the share award plan (the “Plan”) on 12 June 2020. At 31 December 2020, no share was purchased for the Plan and no share award was granted pursuant to the Plan.

## **DISCLOSURE OF INFORMATION ON DIRECTORS**

Mr. Hung Hing Man resigned as an Independent Non-executive Director of REXlot Holdings Limited (“REXlot”) and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of REXlot with effect from 26 November 2020.

Save as disclosed above, during the Period under review, there is no change in information of the Directors since the date of the 2019/20 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries, purchased, sold or redeemed any of the Company’s listed securities during the six months ended 31 December 2020.

## **CORPORATE GOVERNANCE**

The Company has applied the principles of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and complied with all the applicable code provisions of the CG Code throughout the six months ended 31 December 2020, except with deviation from code provision A.2.1.

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since March 2012, the Board has appointed Mr. Lam Kwok Hing ("Mr. Lam") as Chief Executive Officer in view of Mr. Lam's in-depth experience in the industry and the Group's overall operations. As a result of the appointment, the roles of Chairman and Chief Executive Officer are performed by Mr. Lam. Mr. Lam is the co-founder of the Group and has over 30 years' experience in the consumer products industry. In the context of the challenging business environment, the Board believes that a consistent leadership, effective and efficient planning and implementation of business decisions and strategies are of utmost importance. By virtue of Mr. Lam's in-depth experience and understanding of the Group, therefore, vesting the roles of Chairman and Chief Executive Officer on Mr. Lam can generate benefits for the Group and shareholders as a whole.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, they all confirmed that they had fully complied with the required standard set out in the Model Code throughout the six months ended 31 December 2020.

## REVIEW OF INTERIM REPORT

The interim report for the six months ended 31 December 2020 has been reviewed by the Audit Committee of the Company, but not audited by the Company's external auditors.

On behalf of the Board

**Lam Kwok Hing**

*Chairman*

Hong Kong, 26 February 2021

*As at the date of this report, the Board comprises four executive directors, namely Mr. Lam Kwok Hing (Chairman), Ms. Lee Choi Lin, Joecy, Ms. Gao Qin Jian and Mr. Chan Cheuk Yu, Stephen; and three independent non-executive directors, namely Ms. Mak Yun Chu, Mr. Poon Yiu Cheung, Newman and Mr. Hung Hing Man.*