

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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 results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2021 (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 2021

		Six months ended 31 December	
		2021	2020
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<i>Note</i>		
REVENUE	4	275,231	280,311
Cost of sales		(263,964)	(267,117)
GROSS PROFIT		11,267	13,194
Changes in fair value due to biological transformation		(13,101)	(14,879)
Other gains and income		5,086	20,995
Selling and distribution expenses		(22,198)	(22,998)
Administrative expenses		(30,486)	(33,150)
Other operating expenses		(6,566)	(3,852)
LOSS FROM OPERATIONS		(55,998)	(40,690)
Finance costs	6	(153)	(269)
LOSS BEFORE TAX		(56,151)	(40,959)
Income tax credit	7	306	121
LOSS FOR THE PERIOD	8	(55,845)	(40,838)
Attributable to:			
Owners of the Company		(63,426)	(40,835)
Non-controlling interests		7,581	(3)
		(55,845)	(40,838)
LOSS PER SHARE	10		
– Basic		HK(3.34 cents)	HK(2.18 cents)
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2021

	Six months ended 31 December	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Loss for the Period	(55,845)	(40,838)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	2,767	21,184
Fair value changes on financial assets at fair value through other comprehensive income ("FVTOCI")	805	1,024
	<hr/>	<hr/>
Other comprehensive income for the Period, net of tax	3,572	22,208
	<hr/>	<hr/>
Total comprehensive income for the Period	(52,273)	(18,630)
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Owners of the Company	(59,854)	(18,627)
Non-controlling interests	7,581	(3)
	<hr/>	<hr/>
	(52,273)	(18,630)
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

		31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Fixed assets		206,982	225,130
Right-of-use assets		54,169	57,262
Construction in progress		84,980	73,302
Bearer plants		98,979	99,488
Goodwill		10,564	10,564
Other intangible assets		35,701	32,606
Other assets		7,072	11,661
Investment in a club membership		108	108
Investments	<i>11</i>	23,786	110,548
Deferred tax assets		8,181	7,861
		<u>530,522</u>	<u>628,530</u>
Current assets			
Biological assets		19,438	18,227
Inventories		131,040	131,580
Trade receivables	<i>12</i>	275,170	247,627
Prepayments, deposits and other receivables		113,136	123,727
Investments	<i>11</i>	108,139	12,051
Current tax assets		74	394
Pledged bank deposits		14,109	17,096
Client trust bank balances		4,421	4,890
Bank and cash balances		186,552	223,423
		<u>852,079</u>	<u>779,015</u>
TOTAL ASSETS		<u><u>1,382,601</u></u>	<u><u>1,407,545</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2021

		31 December 2021 (Unaudited) <i>HK\$'000</i>	30 June 2021 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	14	210,141	187,270
Reserves		<u>1,055,550</u>	<u>1,114,489</u>
		1,265,691	1,301,759
Non-controlling interests		<u>(25)</u>	<u>(15,895)</u>
Total equity		<u>1,265,666</u>	<u>1,285,864</u>
Non-current liabilities			
Lease liabilities		7,467	3,137
Deferred tax liabilities		<u>11,856</u>	<u>11,690</u>
		<u>19,323</u>	<u>14,827</u>
Current liabilities			
Trade payables	13	75,350	71,537
Accruals and other payables		7,304	17,247
Borrowings		13,014	15,710
Lease liabilities		<u>1,944</u>	<u>2,360</u>
		<u>97,612</u>	<u>106,854</u>
Total liabilities		<u>116,935</u>	<u>121,681</u>
TOTAL EQUITY AND LIABILITIES		<u>1,382,601</u>	<u>1,407,545</u>
Net current assets		<u>754,467</u>	<u>672,161</u>
Total assets less current liabilities		<u>1,284,989</u>	<u>1,300,691</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

	Unaudited										
	Attributable to owners of the Company										
	Share capital	Share premium account	Legal reserve	Foreign	Property	FVTOCI reserve	Special reserve	Accumulated losses	Total	Non-controlling interests	Total equity
				translation reserve	revaluation reserve						
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>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>

	Unaudited										
	Attributable to owners of the Company										
	Share capital	Share premium account	Legal reserve	Foreign	Property	FVTOCI reserve	Special reserve	Accumulated losses	Total	Non-controlling interests	Total equity
				translation reserve	revaluation reserve						
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 2021	187,270	2,389,536	97	103,265	13,352	62	(86,094)	(1,305,729)	1,301,759	(15,895)	1,285,864
Issue of consideration shares	22,871	915	-	-	-	-	-	-	23,786	-	23,786
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	8,289	8,289
Total comprehensive income for the Period	-	-	-	2,767	-	805	-	(63,426)	(59,854)	7,581	(52,273)
Change in equity for the Period	<u>22,871</u>	<u>915</u>	<u>-</u>	<u>2,767</u>	<u>-</u>	<u>805</u>	<u>-</u>	<u>(63,426)</u>	<u>(36,068)</u>	<u>15,870</u>	<u>(20,198)</u>
At 31 December 2021	<u>210,141</u>	<u>2,390,451</u>	<u>97</u>	<u>106,032</u>	<u>13,352</u>	<u>867</u>	<u>(86,094)</u>	<u>(1,369,155)</u>	<u>1,265,691</u>	<u>(25)</u>	<u>1,265,666</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2021

	Six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cash flows from operating activities		
Operating loss before working capital changes	(19,118)	(11,273)
Proceeds from redemption of financial assets at fair value through profit or loss (“FVTPL”)	8,700	93,500
Purchase of financial assets at FVTPL	–	(60,000)
Increase in other working capital	(20,336)	(72,490)
Cash used in operations	(30,754)	(50,263)
Income tax refunded/(paid)	306	(400)
Interest on borrowings paid	(19)	(103)
Net cash used in operating activities	(30,467)	(50,766)
Cash flows from investing activities		
Purchase of fixed assets	(9)	(153)
Decrease/(increase) in pledged bank deposits	2,987	(13,211)
Increase in time deposits with original maturity over three months	(43,156)	–
Other cash flows arising from investing activities	(6,219)	3,979
Net cash used in investing activities	(46,397)	(9,385)
Cash flows from financing activities		
Repayment of bank borrowings	(14,696)	(19,896)
Drawdown of bank borrowings	12,000	10,000
Other cash flows arising from financing activities	(1,501)	(1,606)
Net cash used in financing activities	(4,197)	(11,502)
Net decrease in cash and cash equivalents	(81,061)	(71,653)
Cash and cash equivalents at 1 July	223,423	349,334
Effect of foreign exchanges rate changes	1,034	12,261
Cash and cash equivalents at 31 December	143,396	289,942
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances in the condensed consolidated statement of financial position	186,552	289,942
Less: Time deposits with original maturity over three months	(43,156)	–
Cash and cash equivalents in the condensed consolidated statement of cash flows	143,396	289,942

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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 2021. 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 2021.

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 2021. 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 2021 (Unaudited)
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	HK\$'000
Recurring fair value measurements:				
Financial assets at FVTPL				
– Listed equity securities in Hong Kong	9,445	–	–	9,445
– Unlisted debt investments in Hong Kong	–	–	72,327	72,327
– Unlisted equity securities outside Hong Kong	–	–	23,786	23,786
Financial assets at FVTOCI				
– Unlisted debt investments in Hong Kong	–	–	26,367	26,367
Buildings				
Commercial and industrial				
– the PRC	–	–	97,997	97,997
Total recurring fair value measurements	9,445	–	220,477	229,922

Description	Fair value measurements using:			Total 30 June 2021 (Audited) HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets at FVTPL				
– Listed equity securities in Hong Kong	12,051	–	–	12,051
– Unlisted debt investments in Hong Kong	–	–	84,986	84,986
Financial assets at FVTOCI				
– Unlisted debt investments in Hong Kong	–	–	25,562	25,562
Buildings				
Commercial and industrial				
– the PRC	–	–	98,554	98,554
Total recurring fair value measurements	12,051	–	209,102	221,153

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:

	Six months ended 31 December	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of consumer goods	154,986	173,889
– Sales of agri-products	117,615	103,303
– Logistics services income	469	1,772
– Sales of jewellery products in tourist retailing	–	7
– Commission and brokerage income on securities dealings	676	1,340
	273,746	280,311
Revenue from other sources		
– Interest income from margin financing	1,485	–
	275,231	280,311

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 2021					
	Consumer goods	Agri-products	Logistics services	Tourist retailing	Securities dealing services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets						
Hong Kong	–	23,876	–	–	676	24,552
PRC except Hong Kong	154,986	93,739	469	–	–	249,194
Revenue from external customers	<u>154,986</u>	<u>117,615</u>	<u>469</u>	<u>–</u>	<u>676</u>	<u>273,746</u>
Timing of revenue recognition						
Products and services transferred at a point in time	<u>154,986</u>	<u>117,615</u>	<u>469</u>	<u>–</u>	<u>676</u>	<u>273,746</u>
	For the six months ended 31 December 2020					
	Consumer goods	Agri-products	Logistics services	Tourist retailing	Securities dealing services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets						
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>
Timing of revenue recognition						
Products and services 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>

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 reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group’s other operating segments include the provision of securities dealing and margin financing 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 chief operating decision makers have been identified as the Board. The Board reviews the Group’s internal reporting in order to assess performance and allocate resources and determine the reporting segments.

The accounting policies of the reporting segments are the same as those described in the 2020/21 annual report. 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:–

	FMCG Trading Business (Unaudited) <i>HK\$’000</i>	Agri- Products Business (Unaudited) <i>HK\$’000</i>	Logistics Services Business (Unaudited) <i>HK\$’000</i>	All other segments (Unaudited) <i>HK\$’000</i>	Total (Unaudited) <i>HK\$’000</i>
For the six months ended 31 December 2021					
Revenue from external customers	<u>154,986</u>	<u>117,615</u>	<u>469</u>	<u>2,161</u>	<u>275,231</u>
Segment loss	<u>(13,276)</u>	<u>(25,224)</u>	<u>(2,416)</u>	<u>(1,126)</u>	<u>(42,042)</u>
At 31 December 2021					
Segment assets	<u>491,812</u>	<u>550,541</u>	<u>105,984</u>	<u>63,088</u>	<u>1,211,425</u>

	FMCG Trading Business (Unaudited) <i>HK\$'000</i>	Agri- Products Business (Unaudited) <i>HK\$'000</i>	Logistics Services Business (Unaudited) <i>HK\$'000</i>	All other segments (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
--	---	---	---	---	---

For the six months ended 31 December 2020

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>

At 30 June 2021

Segment assets (Audited)	<u>506,265</u>	<u>538,548</u>	<u>108,697</u>	<u>64,611</u>	<u>1,218,121</u>
--------------------------	----------------	----------------	----------------	---------------	------------------

Six months ended 31 December	
2021	2020
(Unaudited)	(Unaudited)
<i>HK\$'000</i>	<i>HK\$'000</i>

Reconciliation of segment loss:

Total loss of reportable segments	(42,042)	(42,829)
Unallocated amounts:		
Fair value (loss)/gain on financial assets at FVTPL	(6,138)	7,073
Other corporate expenses	(7,665)	(5,082)
Consolidated loss for the Period	<u>(55,845)</u>	<u>(40,838)</u>

6. FINANCE COSTS

Six months ended 31 December	
2021	2020
(Unaudited)	(Unaudited)
<i>HK\$'000</i>	<i>HK\$'000</i>

Interest on borrowings	19	103
Interest on lease liabilities	134	166
	<u>153</u>	<u>269</u>

7. INCOME TAX CREDIT

	Six months ended 31 December	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current tax – Hong Kong Profit Tax		
Provision for the Period	–	(259)
Under/(over)-provision in prior years	(14)	16
Deferred tax	<u>320</u>	<u>364</u>
	<u>306</u>	<u>121</u>

Under the two-tiered Profits Tax regime, the first HK\$2 million of assessable profits of the qualifying Group entity established in Hong Kong will be taxed at 8.25%, and assessable profits above that amount will be subject to the tax rate of 16.5%. The assessable profits of the Group entities not qualifying for the two-tiered Profits Tax regime will continue to be taxed at a 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 (“Macau”), two subsidiaries operating in Macau from 1 July 2020 to 31 December 2020 were in compliance with the Macau Decree-Law No. 58/99/M, and thus, the loss/profit generated by the subsidiaries during the said period was 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. According to the Macau Decree-Law No. 15/2018 in relation to repeal the regime of offshore service of Macau, the subsidiaries’ offshore permits terminated on 1 January 2021. Upon the termination of permits, the subsidiaries have been transformed as Macau local companies which is subject to Macau Profit Tax in compliance with relevant Macau tax regulations.

The provision for income tax of subsidiaries operating in the PRC have been calculated at the rate of 25% (2020: 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:

	Six months ended 31 December	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Amortisation and depreciation, net of amount capitalised	20,142	23,561
Cost of inventories sold	252,100	252,889
Directors' emoluments	3,636	3,796
Exchange gain, net	(131)	(4,745)
Fair value loss/(gain) on financial assets at FVTPL	6,138	(7,073)
Gain on disposal of a subsidiary	(744)	–
Interest income on financial assets at FVTPL	(2,333)	(5,695)
Interest income on financial assets at FVTOCI	(771)	(771)
Loss on redemption of financial assets at FVTPL, net	428	3,852
Staff costs (excluding directors' emoluments)		
Staff salaries, bonus and allowances	10,997	11,156
Retirement benefits scheme contributions	300	270
	<u>11,297</u>	<u>11,426</u>

9. DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 31 December 2021 (2020: Nil).

10. LOSS PER SHARE

Basic 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\$63,426,000 (2020: HK\$40,835,000) and the weighted average number of ordinary shares of the Company of 1,901,285,057 (2020: 1,872,696,182) in issue during the Period.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any potentially dilutive ordinary shares for both half year ended 31 December 2021 and 31 December 2020.

11. INVESTMENTS

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Non-current assets		
Financial assets at FVTOCI		
– Unlisted debt investments in Hong Kong	–	25,562
Financial assets at FVTPL		
– Unlisted debt investments in Hong Kong	–	84,986
– Unlisted equity securities outside Hong Kong	<u>23,786</u>	<u>–</u>
	<u>23,786</u>	<u>110,548</u>
Current assets		
Financial assets at FVTOCI		
– Unlisted debt investments in Hong Kong	26,367	–
Financial assets at FVTPL		
– Unlisted debt investments in Hong Kong	72,327	–
– Listed equity securities in Hong Kong	<u>9,445</u>	<u>12,051</u>
	<u>108,139</u>	<u>12,051</u>

The fair values of the listed equity securities are based on quoted closing price at the end of reporting period.

The fair value of the unlisted debt investments classified as financial assets at FVTOCI was referenced to the valuation performed by BMI Appraisals Limited, a firm of independent professional qualified valuers derived from estimation of the value by using income approach.

The fair value of the unlisted debt investments classified as financial assets at FVTPL was referenced to the valuation performed by BMI Appraisals Limited derived from estimations of the equity component and debt component value by using Binomial Option Pricing Model in which the credit spread derived from comparable bonds with similar maturities and credit rating by build-up method.

The carrying amounts of the above financial assets at FVTPL are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

None of the debt investments is neither past due nor impaired at the end of reporting period.

The financial assets at FVTOCI and FVTPL are denominated in HK\$.

At 31 December 2021, the financial assets at FVTPL of approximately HK\$149,000 (30 June 2021: HK\$136,000) have been pledged to a bank to secure the banking facilities granted to the Group.

12. TRADE RECEIVABLES

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Trade receivables arising from		
Trading (<i>note (a)</i>)	302,769	273,943
Dealing in securities and margin financing		
– Cash clients (<i>note (b)</i>)	7,039	7,823
– Margin clients (<i>note (c)</i>)	40,903	41,418
	350,711	323,184
Impairment loss on trade receivables	(75,541)	(75,557)
	275,170	247,627

Notes:

- (a) For trade receivables arising from trading, the Group normally allows credit terms to established customers ranging from 30 to 210 days (30 June 2021: 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:

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
1 – 30 days	45,954	51,955
31 – 60 days	38,486	35,603
61 – 90 days	40,625	35,302
Over 90 days	121,643	95,022
	246,708	217,882

As at 31 December 2021 and 30 June 2021, trade receivables arising from trading are unsecured and interest-free.

- (b) Cash client receivables arising from dealing in securities which are neither past due nor impaired of approximately HK\$480,000 (30 June 2021: HK\$858,000) 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 2021, cash client receivables of approximately HK\$6,559,000 (30 June 2021: HK\$6,965,000) 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. No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of these cash client receivables arising from dealing in securities.

As at 31 December 2021, cash client receivables from dealing in securities past due are unsecured and bear interest of 9.25% per annum (30 June 2021: 9.25% per annum).

- (c) Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities. The amount of credit facilities granted to the margin clients is determined with reference to the discounted market value of securities accepted by the Group. Margin loans due from margin clients are either current or repayable on demand for those margin clients subject to margin calls. No aging analysis is disclosed as, in the opinion of the directors, aging analysis does not give additional analysis value in view of the nature of these trade receivables from margin clients.

As at 31 December 2021, margin client receivables arising from margin financing are interest-bearing at rates ranging from 6% to 8% per annum (30 June 2021: ranging from 6% to 8% per annum).

As at 31 December 2021, the total market value of securities pledged as collateral in respect the margin loans to customers are approximately HK\$60,365,000 (30 June 2021: HK\$80,018,000).

13. TRADE PAYABLES

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Trade payables arising from		
Trading	70,685	66,452
Dealing in securities		
– Cash clients	4,613	5,077
– Clearing house	52	8
	<u>75,350</u>	<u>71,537</u>

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:

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
1 – 30 days	47,076	39,194
31 – 60 days	23,607	24,549
61 – 90 days	–	2,638
Over 90 days	2	71
	<u>70,685</u>	<u>66,452</u>

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\$4,421,000 (30 June 2021: HK\$4,890,000).

14. SHARE CAPITAL

	Number of ordinary shares (Unaudited)	Amount (Unaudited) HK\$'000
Authorised:		
At 30 June 2021, 1 July 2021 and 31 December 2021, par value HK\$0.10 each	<u>10,000,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
At 30 June 2021 and 1 July 2021	1,872,696,182	187,270
Shares issued on 9 December 2021 (<i>Note</i>)	<u>228,711,000</u>	<u>22,871</u>
At 31 December 2021	<u>2,101,407,182</u>	<u>210,141</u>

Note:

A total of 228,711,000 ordinary shares were allotted and issued to Smart Empire Group Limited pursuant to the sale and purchase agreement dated 20 October 2021 (as supplemented by the supplemental agreement dated 2 December 2021) and entered into between Smart Empire Group Limited, Shining Impact Limited and Mr. Tang Ka Siu Johnny, details of which were set out in the announcements of the Company dated 20 October 2021, 2 December 2021 and 9 December 2021.

15. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2021 (30 June 2021: Nil).

16. CAPITAL COMMITMENTS

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

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Contracted but not provided for		
– Fixed assets	7,344	7,229
– Construction in progress	<u>13,332</u>	<u>23,747</u>
	<u>20,676</u>	<u>30,976</u>

INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 31 December 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the six months ended 31 December 2021 (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 logistics-related services such as warehousing and post-harvest food processing (the “Logistics Services Business”); and (iv) other businesses primarily arising from the securities brokerage and margin financing 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\$275.2 million, representing a decrease of approximately 1.8%, compared to approximately HK\$280.3 million in the same period last year. The revenue of the FMCG Trading Business and the Logistics Services Business were still adversely affected by the novel coronavirus disease 2019 (COVID-19) (the “pandemic”) and the resultant supply chain disruptions during the Period, but partly offset by the increase in the revenue of Agri-Products Business. 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 FMCG Trading Business and Logistics Services Business. On the other hand, the purchase costs for certain import products, in particular agricultural products, have been surging significantly during the Period, the Group had to correspondingly increase the selling prices which in turn boosted the turnover of the agri-products trading business. The revenue of the upstream farming business also increased attributable to the increase in its production yield and selling prices. As a result, the revenue of the Agri-Products Business increased by approximately 13.9%, which essentially counterweighed the decrease in the revenues of the Group’s FMCG Trading Business and Logistics Services Business. During the Period, the revenue of the securities business increased thanks to the increase in the interest income from margin financing, whereas the tourist retailing business did not have any signs of recovery and remained depressed.

Gross profit margin decreased from approximately 4.7% to approximately 4.1% compared with the same period last year. The decrease in gross profit margin was mainly attributable to the decline of the Agri-Products Business's gross profit from approximately 8.6% to approximately 5.2% compared to the same period last year. As mentioned above, the purchase and production costs for import and self-grown products have been rising substantially. Although the Group increased the selling prices in response to the upward spike in costs, the Group could not effectively transfer all the increased costs to customers due to the keen market competition and weak demand, putting large downward pressure on its gross profit margin. Additionally, the Group ceased most of logistics operations after careful review in order to reduce operating and maintenance costs during the Period and the overall gross profit margin was thus affected. On the contrary, the gross profit margin of the FMCG Trading Business had an improvement compared to the same period last year because the Group attempted to reduce certain amount of discount that was offered to our loyal customers during the pandemic.

Changes in fair value due to biological transformation decreased from approximately HK\$14.9 million to approximately HK\$13.1 million compared with the same period last year. The decrease was mainly attributable to the increased production yield.

Other gains and income decreased from approximately HK\$21.0 million to approximately HK\$5.1 million during the Period. The other gains and income for the Period was mainly attributable to the interest income of approximately HK\$3.1 million derived from the investment in financial instruments issued by China Healthwise Holdings Limited ("China Healthwise") and Graphex Group Limited ("Graphex", formerly Earthasia International Holdings Limited), an interest income from bank deposits of approximately HK\$0.7 million, a gain on disposal of a subsidiary of approximately HK\$0.7 million and other miscellaneous income of approximately HK\$0.6 million.

Selling and distribution expenses decreased by approximately 3.5% from approximately HK\$23.0 million to approximately HK\$22.2 million. These expenses represented approximately 8.1% of turnover compared to 8.2% of the same period last year, which was fairly stable. 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, and using more outsourced logistics instead of our own transportation team to reduce operating costs. Selling and distribution expenses included, among others, the development of sales and marketing channels, outlays on brand building and promotion, 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 8.0% from approximately HK\$33.2 million to approximately HK\$30.5 million during the Period. The decrease was mainly attributable to the various cost-saving initiatives taken by the Group, as well as the termination of most logistics operations to save considerable amount of administrative expenses.

Other operating expenses increased from approximately HK\$3.9 million to approximately HK\$6.6 million during the Period. Other operating expenses for the Period represented a fair value loss of approximately HK\$3.5 million and a loss on redemption of approximately HK\$0.4 million of the convertible bonds issued by China Healthwise and a fair value loss on the investment in the shares of Global Mastermind Holdings Limited (“Global Mastermind”) of approximately HK\$2.6 million.

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

The increase in the Group’s net loss can be summarized as mainly attributable to approximately 1.8% decrease in turnover, approximately 0.6% decrease in gross profit margin, HK\$15.9 million decrease in other gains and income, and approximately HK\$2.7 million increase in other operating expenses, but partly offset by approximately HK\$1.8 million decrease in changes in fair value due to biological transformation, approximately 3.5% decrease in selling and distribution expenses and approximately 8.0% decrease in administrative expenses.

BUSINESS REVIEW, DEVELOPMENT AND PROSPECT

The pandemic posed an unprecedented challenge to the global economy, which gave rise to large scale supply chain disruption due to freight restriction and lockdowns across the globe. The rapidly rising inflation caused by the supply chain disruption and the stimulus programs launched by various central banks of different nations led to significant increase in purchase costs. Although China’s economy has demonstrated resilience in the face of the pandemic and the global economic slowdown, China’s economic growth decelerated sharply during the Period, reflected by the fact that the retail sales growth fell to below 2% in December 2021. On the other hand, the competition from domestic products remained fierce, especially considering their overwhelming advertisements and promotions. Therefore, the Group could not entirely pass on the increased purchase costs to customers amid the keen market competition and weak demand. As a result, the overall gross profit margin has been squeezed during the Period. On the other hand, the Group continued to carefully review our businesses and trim down unprofitable operations such as most of logistics services and the tourist retailing business. In view of gloomy outlook for the Hong Kong tourism industry, the Group decided to dispose the investment in Waygood Investment Development Limited (“Waygood”), which was the operator of Tsim Sha Tsui East-based department store, Tycoon City, during the Period. The disposal did not have any material impact on the financial performance of the Group.

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 77%, 17%, and 6%. Packaged foods, including biscuits, candies, chocolate, condiments, margarine, milk powder products, healthy food, noodles, snacks, rice and nourishing and exclusively licensed branded products, remained as the most important category, followed by beverage products.

FMCG Trading Business was the most important business unit and contributed approximately 56% of the Group's total revenues during the Period. The pandemic unavoidably caused severe impact on the FMCG Trading Business and the persistently weak market demand and the keen competition from domestic brands further worsened the operating environment. During the Period, the supply chains were seriously challenged by port congestion caused by pandemic-induced port closure and labour shortage due to quarantine measures by different countries. The Group faced not only the increase in shipping rates, but also the difficulty in restocking inventories timely, which inevitably inflated the purchase costs. In view of the above, the Group attempted to reduce certain amount of sales discounts that were used to incentivize our loyal customers during the pandemic, so that the increased purchase costs could be compensated by the higher selling prices to some extent, which improved the gross profit margin of this business segment during the Period.

The Agri-Products Business contains trading fresh produce 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 increased by approximately 13.9% primarily attributable to the increase in the selling prices of the agricultural products and the increase in the production yield of the upstream farming business. Similar to the FMCG Trading Business, the Agri-Trading Business encountered severe difficulties caused by the pandemic, especially considering the short life cycle and perishable nature of agricultural products. The supply chain disruption substantially increased the purchase costs for agricultural products, which was even worse than those of the FMCG Trading Business. However, the Group could not effectively pass on the increased costs to customers due to the keen market competition, which in turn adversely affected the gross profit margin of this business segment. On the other hand, the competitiveness of our domestic agricultural products has been increasing over past few years in terms of product quality and product variety thanks to the improving agricultural technology. Therefore, the Group continued to carefully develop our trading business for domestic fresh produce as a supplementary business, the percentage of its revenue over the revenue of the agri-products trading business remained fairly stable compared to the same period last year. Furthermore, the Group has commenced setting up of a new food processing and warehouse storage for agri-products in Dongguan of China in an attempt to expand the current operation of a leased premises in Zhongshan, where occasionally reached its capacity due to its size limitation.

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 26.4%. The increase was primarily attributable to additional arable land deployed and the increase in the selling prices during the Period. Although the pandemic also affected its operations, the Group is cautiously optimistic on the prospect of this business unit thanks to its better distribution channels and agricultural skills accumulated by years of operations. To facilitate the development of this business unit, the Group has been proactively developing a project including the construction of a fruit processing centre and the development of agri-tourism business nearby. The fruit processing centre will commence its trial-run operations after obtaining relevant permits from the authorities, which is expected in the first half of 2022. The centre will be equipped with cold chain storage and other advanced machineries to enable it providing a full range of services from washing, packaging to warehousing for the Group's and other third parties' agricultural products. The remaining part of the project including agri-tourism facilities such as pick-your-own farm and recreational facilities will be carefully developed subject to the development of the pandemic.

The Logistics Services Business provides certain logistics-related services such as warehousing and food processing production lines for fresh produce. During the Period, revenue from logistics services dropped by approximately 73.5% from approximately HK\$1.8 million to HK\$0.5 million compared to the same period last year. The Group has been reviewing this business segment thoroughly in the light of various containment policies such as lockdown and quarantine measures undertaken in China during the pandemic. The provision of associated logistics services to the Group's customers became particularly difficult and not financially viable considering the enduring impact of the pandemic and its relevant high operation and maintenance costs. Therefore, the Group outsourced delivery services and ceased most of its logistics services but merely provided warehousing and food processing services to customers during the Period, which resulted in a saving in operating costs, selling and distribution and administrative expenses but the revenue of this business segment inevitably decreased correspondingly.

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 revenue of the securities brokerage and margin financing business increased by approximately 61.3% from approximately HK\$1.3 million to approximately HK\$2.2 million, which was attributable to the increase in the interest income from margin financing to its customers during the Period. On the contrary, the tourist retailing business has been hit hardest over past few years and there were no any signs of recovery during the Period. The drastic plunge in the tourism industry from the mainland Chinese visitors in Hong Kong continuously brought strong blow to the tourist retailing business. As the removal of the border restrictions for tourists from China remained highly uncertain in foreseeable future, it is expected that it would take a long period of time for the tourism industry returning to a regular level in Hong Kong. Therefore, the Group has been continuously reviewing this business unit and implementing various austerity measures to reduce its operating expenses. During the Period, the Group divested its investment in Waygood to trim down the scale of this business unit and will continue to review the remaining operations carefully.

On 9 December 2021, the Group completed the acquisition of 17.5% equity interest in First Bullion Holdings Inc. (“First Bullion”) at a consideration of approximately HK\$23.8 million involving the issue of 228,711,000 ordinary shares at the issue price of HK\$0.104 each under general mandate to Smart Empire Group Limited and the acquisition was recognized as an investment — a financial asset at fair value through profit or loss. The issue price of HK\$0.104 represents a discount of approximately 19.38% to the closing price of HK\$0.129 per share as quoted on the Stock Exchange on the date of the supplemental agreement 2 December 2021. First Bullion is incorporated in the British Virgin Islands (the “BVI”) and is principally engaged in the provision of digital assets listing, trading and management services. First Bullion established Cryptosx, a digital assets exchange portal, in 2018 and is licensed in the Philippines by Cagayan Economic Zone Authority to conduct Financial Technology Solutions and Offshore Virtual Currency Exchange business activities, including the authority to approve and endorse security token offerings, operation of digital assets exchanges as well as the provision of digital assets wealth management services. The blockchain and digital asset technology has been gaining significant momentum and has steadily been adopted or entered into by different finance entities in recent years. The Board considers that the acquisition would diversify and enhance the Group’s investment portfolios and provide the Group with a good opportunity to tap into the virtual asset trading exchange business.

On 28 December 2021, the Group entered into a memorandum of understanding (the “MOU”) which was valid for one year for a possible cooperation in matters of environmental issue such as carbon neutrality and green finance with Allied Sustainability and Environmental Consultants Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8320). As the Group has recently tapped into the digital assets industry, the entering into of the MOU would promote and deepen the strategic cooperation

and business synergy between the parties in provision of green finance and environmental consultancy with the application of blockchain technology. The Board believes that the possible cooperation contemplated under the MOU, if materialise, would facilitate the Group in expanding its business operation and client base.

Looking forward, the overall operating environment is expected to be difficult and highly uncertain. The pandemic will continue to pose great uncertainty for the global economy, let alone the possible negative impacts from high inflation and the tightening policies adopted by central banks, geographical tensions among different nations and the increasing competition from domestic brands. While the Group has continuously been exploring suitable investment opportunities to enhance the Group's investment portfolios to reduce concentration risks, the Group will take 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 2021, the Group held a convertible bond issued by China Healthwise, a bond issued by Graphex, shares in Global Mastermind and shares in First Bullion.

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.

During the Period, China Healthwise redeemed in total HK\$8.7 million of the convertible bond. As at 31 December 2021, the outstanding principal amount was HK\$72.3 million and the fair value of the Group's investment in the convertible bond issued by China Healthwise was approximately HK\$72.3 million (30 June 2021: HK\$85.0 million), representing approximately 5.2% (30 June 2021: 6.0%) of the Group's total assets, and recorded a fair value loss on investment of approximately HK\$3.5 million, a loss on redemption of convertible bonds of approximately HK\$0.4 million and an interest income of approximately HK\$2.3 million during the Period.

Graphex is a listed company in the main board of the Stock Exchange and together with its subsidiaries are principally engaged in the business of processing and sale of graphite and graphene related products, landscape architecture business and catering business. At 31 December 2021, the outstanding principal amount was HK\$25.5 million and the fair value of the Group's investment in its bond was approximately HK\$26.4 million (30 June 2021: HK\$25.6 million), representing approximately 1.9% of the Group's total assets (30 June 2021: 1.8%), and recorded an interest income of approximately HK\$0.8 million for 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, brokerage business, asset management and corporate finance advisory services.

At 31 December 2021, the Group held 84,507,042 shares of Global Mastermind, representing approximately 16.54% equity interest, as financial assets at fair value through profit or loss and will remain as a passive investor by continuing holding its shares. At 31 December 2021, the fair value of the Group's investment in its shares was approximately HK\$9.3 million (30 June 2021: HK\$11.9 million), representing approximately 0.7% of the Group's total assets (30 June 2021: 0.8%), and recorded a fair value loss on investment of approximately HK\$2.6 million.

First Bullion is incorporated in the BVI and is principally engaged in the provision of digital assets listing, trading and management services. At 31 December 2021, the Group held 350,000 shares in First Bullion, representing its 17.5% equity interest, as financial assets at fair value through profit or loss. At 31 December 2021, the fair value of the Group's investment in its shares was approximately HK\$23.8 million (30 June 2021: Nil), representing approximately 1.7% of the Group's total assets (30 June 2021: Nil).

The objective for the above investments is to better utilise the Group's available cash and seek higher interest income, potential capital gain and business diversification 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 under review. The Group financed its operations and business development with internally generated resources, equity funding and banking facilities.

On 9 December 2021, the Company issued 228,711,000 ordinary shares at the issue price of HK\$0.104 per share for the acquisition of 17.5% equity interest in First Bullion.

At 31 December 2021, the Group had interest-bearing borrowings of approximately HK\$13.0 million (30 June 2021: HK\$15.7 million) of which all borrowings were denominated in Hong Kong dollars and all would mature within one year. All of the Group's bank borrowings at 31 December 2021 were floating-interest bearing and secured by corporate guarantees provided by the Company and certain subsidiaries of the Company, charge over investments of a subsidiary in carrying amount of approximately HK\$0.1 million (30 June 2021: HK\$0.1 million) and pledged bank deposits of certain subsidiaries in carrying amount of approximately HK\$14.1 million (30 June 2021: HK\$17.1 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. The Group will closely monitor the foreign currency exposure and may consider arranging for hedging facilities when it is necessary. At 31 December 2021, the Group did not have any significant hedging instrument outstanding.

At 31 December 2021, the Group's current assets amounted to approximately HK\$852.1 million (30 June 2021: HK\$779.0 million) and the Group's current liabilities amounted to approximately HK\$97.6 million (30 June 2021: HK\$106.9 million). The Group's current ratio maintained at a level of approximately 8.7 at 31 December 2021 (30 June 2021: 7.3). At 31 December 2021, the Group had total assets of approximately HK\$1,382.6 million (30 June 2021: HK\$1,407.5 million) and total liabilities of approximately HK\$116.9 million (30 June 2021: HK\$121.7 million) with a gearing ratio of approximately 0.9% (30 June 2021: 1.1%). The gearing ratio was expressed as a ratio of total bank borrowings to total assets. The Group's gearing ratio remained at a fairly low level as at 31 December 2021 and 30 June 2021.

USE OF PROCEEDS FROM RIGHTS ISSUE

On 11 January 2017, the Company raised from a rights issue the net proceeds of approximately HK\$207.3 million (the “Rights Issue”).

Set out below are the details of the use of the net proceeds of approximately HK\$207.3 million from the Rights Issue.

Approximate HK\$ million	Planned use of proceeds as disclosed in the announcement of the Company dated 10 March 2021	Remaining proceeds as at 30 June 2021	Utilised during the six months ended 31 December 2021	Utilised as at 31 December 2021	Remaining Proceeds as at 31 December 2021	Expected timeline for the intended use
(i)	Securities brokerage business for compliance with its financial resources and for future expansion purpose	80.0	–	–	80.0	–
(ii)	Upgrade of cold storage and logistics facilities in Shanghai	12.0	3.0	3.0	12.0	– by 31 December 2021
(iii)	Renovation and equipping of fruit processing centre in Jiangxi (<i>Note</i>)	14.0	14.0	9.9	9.9	4.1 by 30 June 2022
(iv)	Installation of cold storage and logistics facilities in Jiangxi	17.0	9.6	5.7	13.1	3.9 by 31 March 2022
(v)	Set up of new processing agri-product centre in Dongguan	34.0	34.0	0.4	0.4	33.6 by 31 March 2022
(vi)	Research and development expenses in upstream farming	4.0	4.0	1.1	1.1	2.9 by 31 March 2022
(vii)	Set up of an agricultural research and test-lab centre in Jiangxi	6.0	6.0	–	–	6.0 by 31 May 2022
(viii)	Promotion and marketing activities	10.0	9.7	1.7	2.0	8.0 by 30 June 2022
(ix)	Set up of an agri-tourism park with various facilities in Jiangxi	27.0	27.0	–	–	27.0 by 30 June 2022
(x)	Working capital and general corporate purposes	3.3	3.3	–	–	3.3 by 30 June 2022
Total		<u>207.3</u>	<u>110.6</u>	<u>21.8</u>	<u>118.5</u>	<u>88.8</u>

Note: The expected timeline for the planned use of proceeds of HK\$14.0 million for renovation and equipping of fruit processing centre in Jiangxi was by 31 December 2021 as disclosed in the announcement of the Company dated 10 March 2021 and 2020/21 annual report.

REASONS FOR THE DELAY IN USE OF PROCEEDS FOR RENOVATION AND EQUIPPING OF FRUIT PROCESSING CENTRE IN JIANGXI

As disclosed above, the expected timeline for the planned use of proceeds of HK\$14.0 million for renovation and equipping of fruit processing centre in Jiangxi was by 31 December 2021 as disclosed in the announcement of the Company dated 10 March 2021 and 2020/21 annual report. For the six months ended 31 December 2021, HK\$9.9 million was used as intended and HK\$4.1 million remained unutilized at 31 December 2021. Due to the disruption of pandemic and restriction measures in Jiangxi during the Period, the renovation and equipping of fruit processing centre in Jiangxi has been delayed and the expected timeline for using the remaining HK\$4.1 million unutilized proceeds is extended to by 30 June 2022.

Save for the aforesaid delay in expected timeline, there are no other changes in the use of the proceeds from Rights Issue.

NUMBER AND REMUNERATION OF EMPLOYEES

At 31 December 2021, the Group had approximately 320 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. For the six months ended 31 December 2021, no forfeited contributions by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions was used by the Group to reduce the existing level of contributions. The Group provides various trainings to employees including but not limited to induction training, on-the-job training provided by department heads and sponsorship program for position-related self-education and professional qualification. 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. At 31 December 2021, the Company had no share option outstanding (30 June 2021: Nil). No share was purchased for the share award plan and no share award was granted since the adoption of the share award plan on 12 June 2020 to 31 December 2021.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2021, 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	13.09%
Ms. Lee Choi Lin Joecy ("Ms. Lee")	1	Family interest	275,078,914	13.09%
Mr. Chan Cheuk Yu Stephen ("Mr. Chan")	2	Interest in controlled corporation	436,755,073	20.78%

Notes:

- 275,078,914 shares are held by Best Global Asia Limited ("Best Global"), a company incorporated in 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.
- 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 2021, 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 2021, 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	13.09%
Glazy Target	2	Beneficial owner	436,755,073	20.78%
Smart Empire Group Limited	3	Beneficial owner	228,711,000	10.88%
Mr. Tang Ka Siu Johnny	3	Interest in controlled corporation	228,711,000	10.88%

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”.
3. 228,711,000 shares are held by Smart Empire Group Limited, a company incorporated in Republic of Seychelles wholly and beneficially owned by Mr. Tang Ka Siu Johnny.

Save as disclosed above, as at 31 December 2021, 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 2021, the Company had no share option outstanding (31 December 2020: Nil). 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. Since the date of adoption of the Plan to 31 December 2021, no share was purchased for the Plan and no share award was granted pursuant to the Plan.

DISCLOSURE OF INFORMATION ON DIRECTORS

During the Period under review, there is no change in information of the Directors since the date of the 2020/21 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 2021.

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 2021, except with deviation from code provision A.2.1 (updated reference commencing from 1 January 2022: code provision C.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 2021.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 31 December 2021 has been reviewed by the Audit Committee of the Company, but not audited by the Company's external auditors.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is available for viewing on the websites of the Stock Exchange and the Company. The 2021/22 Interim Report of the Company will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board
Lam Kwok Hing
Chairman

Hong Kong, 28 February 2022

As at the date of this announcement, 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.