中國農業生態有限公司
China Eco-Farming Limited

(Continued into Bermuda with limited liability)

(Stock Code: 8166)

(1) DELAY IN PUBLICATION OF AUDITED RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 AND DESPATCH OF THE 2021 ANNUAL REPORT; AND (2) UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

CHARACTERISTICS OF THE GEM ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of China Eco-Farming Limited (the "Company") (the "Director(s)") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Company's website at http://www.aplushk.com/clients/8166chinaeco-farming/index.html and the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting.

DELAY IN PUBLICATION OF AUDITED RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 AND DESPATCH OF THE 2021 ANNUAL REPORT

The board of directors of the Company (the "Board") wishes to inform the shareholders of the Company (the "Shareholders") and hereby announces that:

Pursuant to Rules 18.03, 18.48A, 14.49 and 18.50C, the Company is required to publish a preliminary results for the year ended 31 December 2021 (the "2021 Annual Results") and send the annual report for the same period (the "2021 Annual Report") to the Shareholders no later than three months after the end of the financial year i.e. 31 March 2022.

Affected by the novel coronavirus disease (COVID-19) pandemic, the auditors of the Company cannot complete the audit of the consolidated financial statements of the Group for the year ended 31 December 2021 by 31 March 2022. There are certain outstanding matters raised by the auditor of the Company that the Company is in the process of addressing. Such outstanding matters including but not limited to valuations of the assets of the Group, accounts of the PRC associated companies and subsidiaries, impairment assessment of financial assets and external confirmations.

It is expected that the audit field work of the auditors will continue. The Company is in constant liaison with the auditors to monitor the situation. This will inevitably cause delay in the publication and despatch of the 2021 Annual Results announcement and the 2021 Annual Report of the Group. It is expected that the publication of the audited 2021 Annual Results and the publication and dispatch of the 2021 Annual Report will be delayed to a date falling on or before 15 May 2022. The Company will publish further announcement(s) to inform the Shareholders and potential investors of the Company of any material developments in connection with the audited 2021 Annual Results and the 2021 Annual Report as and when appropriate.

UNAUDITED RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

CAUTION STATEMENT

The board of directors (the "Board") of the Company announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2021 based on the management account of the Group together with the comparative figures for the year ended 31 December 2020 which has been agreed by the Audit Committee of the Company.

Please note that the figures presented in this preliminary results announcement might materially affected, among others, by finalization of the financial statements of the Group's PRC associated companies and subsidiaries, the impairment assessments under the expected credit loss model, recognition of gain or loss in changes in fair value of investment properties, impairment assessment of financial assets of the Group, recognition of impairment loss on interest in associates (if any) and share of results of associates. Depends on the finalization of the financial statements of the Group's PRC associated companies and subsidiaries, results of the assessments and recognition of gain or loss, respective profit or loss and balance sheet items in the unaudited financial statements might need to be adjusted accordingly.

The unaudited consolidated financial results based on the management account of the Group hereby published have not been agreed with the Company's auditors. The Company will make appropriate announcements and disclosures as and when it is aware of any material adjustment to the unaudited consolidated financial results.

FINANCIAL HIGHLIGHTS

The Company and its subsidiaries (collectively, the "Group") recorded unaudited revenue of approximately HK$64,857,000 for the year ended 31 December 2021, representing an increase of approximately 84.3% as compared with approximately HK$35,196,000 for the last year.

The unaudited loss for the year attributable to owners of the Company for the year ended 31 December 2021 was approximately HK$37,039,000 (2020: HK$58,845,000). The basic loss per share of the Company for the year ended 31 December 2021 was approximately HK38.36 cents (2020: HK63.10 cents (restated)).

The board of directors of the Company (the "Board") does not recommend the payment of a final dividend for the year ended 31 December 2021.

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

For the year ended 31 December 2021

	NOTES	2021 HK$'000 (Unaudited)	2020 HK$'000 (Audited)
Revenue			
Goods and services		**64,640**	33,549
Leases		**–**	266
Interest under effective interest method		**217**	1,381
Total revenue	4	**64,857**	35,196
Cost of sales		**(64,014)**	(29,365)
Gross profit		**843**	5,831
Other income, gains or losses		**2,418**	10,061
Impairment losses under expected credit loss model, net of reversal		**(2,449)**	(10,781)
Loss from changes in fair value of investment properties, net		**(1,256)**	(11,673)
Gains from changes in fair value of financial assets at fair value through profit or loss		**3,019**	7,278
Impairment loss on goodwill		**(725)**	–
Impairment loss on interest in associates		**–**	(855)
Selling and distribution expenses		**(870)**	(1,174)
Administrative expenses		**(32,278)**	(54,386)
Share of results of associates		**(118)**	(9,258)
Finance costs	5	**(6,279)**	(8,455)
Loss before tax		**(37,695)**	(73,412)
Income tax (expense) credit	6	**(684)**	14,528
Loss for the year	7	**(38,379)**	(58,884)

	NOTES	2021 HK$'000 (Unaudited)	2020 HK$'000 (Audited)
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		**(812)**	(2,206)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,842**	11,834
Release of exchange reserve upon disposal of subsidiaries		**1,155**	–
		2,997	11,834
Other comprehensive income for the year, net of income tax		**2,185**	9,628
Total comprehensive expense for the year		**(36,194)**	(49,256)
Loss for the year attributable to:			
Owners of the Company		**(37,039)**	(58,845)
Non-controlling interests		**(1,340)**	(39)
		(38,379)	(58,884)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(35,245)**	(48,322)
Non-controlling interests		**(949)**	(934)
		(36,194)	(49,256)
LOSS PER SHARE			(Restated)
Basic and diluted *(HK cents)*	*9*	**(38.36)**	(63.10)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTES	**2021** **HK$'000** **(Unaudited)**	2020 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Plant and equipment		**810**	1,387
Right-of-use assets		**382**	1,010
Investment properties		**17,297**	18,367
Goodwill		**–**	725
Intangible asset		**758**	758
Interests in associates		**29,886**	43,436
Equity instruments at fair value through other comprehensive income		**7,261**	7,871
Deposits paid		**114,527**	86,152
Other receivables		**–**	12,459
Loans to associates		**–**	7,075
		170,921	179,240
CURRENT ASSETS			
Inventories		**2,716**	69
Trade and other receivables	*10*	**48,647**	34,900
Loan and interest receivables		**1,935**	2,876
Loans to associates		**3,826**	29,836
Financial assets at fair value through profit or loss		**8,780**	20,243
Restricted bank balance		**705**	10
Bank balances and cash		**2,850**	2,951
		69,459	90,885
Assets classified as held for sale	*11*	**13,432**	–
		82,891	90,885
CURRENT LIABILITIES			
Trade and other payables	*12*	**42,372**	30,857
Contract liabilities		**2,504**	1,246
Amounts due to non-controlling interests		**3,645**	2,745
Borrowings		**41,040**	41,318
Margin loans payable		**6,090**	6,514
Lease liabilities		**506**	517
Financial guarantee contract		**12,102**	10,306
Income tax payable		**38**	47
		108,297	93,550
NET CURRENT LIABILITIES		**(25,406)**	(2,665)
TOTAL ASSETS LESS CURRENT LIABILITIES		**145,515**	176,575

	NOTES	2021 HK$'000 (Unaudited)	2020 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		**–**	506
Deferred tax liabilities		**1,593**	934
		1,593	1,440
NET ASSETS		**143,922**	175,135
CAPITAL AND RESERVES			
Share capital		**1,060**	9,325
Reserves		**101,946**	129,250
Equity attributable to owners of the Company		**103,006**	138,575
Non-controlling interests		**40,916**	36,560
TOTAL EQUITY		**143,922**	175,135

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

China Eco-Farming Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Company Law of the Cayman Islands on 30 November 2000.

The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 5 February 2002.

During the year ended 31 December 2007, the Company re-domiciled from the Cayman Islands into Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change of domicile was approved by the shareholders of the Company on 15 October 2007 and the Company was continued into Bermuda with limited liability with effect from 29 October 2007.

The addresses of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company is Room 20/F., Wanchai Central Building, 89 Lockhart Road, Wanchai, Hong Kong. The directors of the Company (the "Directors") do not consider any company to be the ultimate holding company and parent company of the Company.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the business of one-stop value chain services, property investment, trading of consumables and agricultural products, trading of grocery food products, provision of money lending services and provision of financial services.

The unaudited consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. Other than those subsidiaries established in the People's Republic of China (the "PRC") and incorporated in Taiwan whose functional currencies are Renminbi ("RMB") and New Taiwan dollars ("NTD") respectively, the functional currency of the Company and its subsidiaries is HK$.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, Hong Kong Accounting Standards ("HKAS") 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

2.1 Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

[1] *Effective for annual periods beginning on or after 1 April 2021.*
[2] *Effective for annual periods beginning on or after 1 January 2022.*
[3] *Effective for annual periods beginning on or after 1 January 2023.*
[4] *Effective for annual periods beginning on or after a date to be determined.*

Except for the new and amendments to HKFRSs mentioned in the consolidated financial statements, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

During the year ended 31 December 2021, the Group reported loss attributable to owner of the Company of approximately HK$37,039,000 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$25,406,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Although the Group has been continuously incurring losses in these years, the Directors are of the opinion that the Group will have sufficient working capital to meet its operating cash flows as and when they fall due for the next twelve months from the end of the reporting period given that:

(i) the Directors will continuously review the cost structure of the Group and formulate appropriate cost saving measures to improve the performance and the cash flows of the Group's operations;

(ii) the Directors are also considering streamlined the Group's asset base by realise some of its investment properties, selling the Group's equity interests in PRC and interest in associates in PRC to strengthen the Group's cash flows and utilise the existing standby facility granted to the Company whenever appropriate; and

(iii) the Directors have also proposed to raise further funding by way of rights issue.

Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2021 on a going concern basis. The consolidated financial statements do not provide for further liabilities which might arise, and do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Segment revenue	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
One-stop value chain services	**3,252**	3,002
Trading of consumables and agricultural products		
– Reusable bags	**6,397**	6,149
– Recycle plastics	**38,790**	8,226
Trading of grocery food products		
– Ramen and udon	**3,211**	5,247
– Frozen foods and others	**12,990**	9,491
Provision of financial services	**–**	1,434
Revenue from contracts with customers	**64,640**	33,549
Leases	**–**	266
Interest under effective interest method	**217**	1,381
Total revenue	**64,857**	35,196

(ii) Leases

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
For operating leases:		
Lease payments that are fixed	**–**	266

5. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest on borrowings	**2,873**	4,762
Reimbursement of finance costs borne by lenders	**1,719**	1,579
Interest on lease liabilities	**85**	322
Interest on margin loans payables	**590**	723
Interest on balancing payment for the acquisition of further interest in subsidiaries	**861**	861
Others	**151**	208
	6,279	8,455

6. INCOME TAX EXPENSE (CREDIT)

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current tax:		
Hong Kong Profits Tax		
– Current tax	**–**	14
– Under-provision (over-provision) in prior years	**60**	(108)
	60	(94)
Deferred tax:		
Current year	**624**	(14,434)
	684	(14,528)

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2018. No EIT is provided for the years ended 31 December 2021 and 2020 as the Group did not derive any assessable profit subject to EIT.

The Taiwan Profit-Seeking Enterprise Income Tax is calculated at 17% of the estimated assessable profits for both years. No Profit-Seeking Enterprise Income Tax is provided for the years ended 31 December 2021 and 2020 as the Group did not derive any assessable profit subject to Profit-Seeking Enterprise Income Tax.

7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2021 ***HK$'000*** **(Unaudited)**	2020 *HK$'000* (Audited)
Directors' emoluments (included share-based payments to a director)	**2,976**	3,276
Other staff costs (excluding directors' emoluments)	**14,475**	14,494
Retirement benefits scheme contributions (excluding directors)	**786**	449
Total staff costs	**18,237**	18,219
Auditors' remuneration:		
– Audit services	**870**	970
– Non-audit services	**–**	262
Amount of inventories recognised as an expense	**51,263**	28,540
Depreciation for plant and equipment	**991**	1,294
Depreciation of right-of-use assets	**557**	786
Impairment loss on right-of-use assets	**71**	–
Loss on written-off of other receivables	**–**	2,934
Loss on settlement of loan to associates	**6,303**	133
Share-based payments to consultants	**–**	1,500

8. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

9. LOSS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss		
Loss for the year attributable to owners of the Company	**(37,039)**	(58,845)

	2021	2020
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**96,560,722**	93,255,243

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the share consolidation on 22 October 2021.

The denominator for the purpose of calculating basic and diluted loss per share in 2020 has been restated to reflect the effect of the share consolidation during the year ended 31 December 2021.

For the years ended 31 December 2021 and 2020, the computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 31 December 2021 and 2020.

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables arise from contracts with customers	**16,078**	11,722
Less: Allowance for credit losses	**(1,324)**	(401)
	14,754	11,321
Prepayments to suppliers	**10,125**	9,899
Deposits	**1,679**	685
Other receivables	**22,758**	26,105
	24,437	26,790
Less: Allowance for credit losses	**(669)**	(651)
	23,768	26,139
	48,647	47,359
Analysed for reporting purposes, as:		
Current asset	**48,647**	34,900
Non-current asset	**–**	12,459
	48,647	47,359

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates:

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**8,111**	6,917
31 to 90 days	**4,092**	4,028
Over 90 days	**2,551**	376
	14,754	11,321

11. ASSETS CLASSIFIED AS HELD FOR SALE

On 30 December 2021, Skyline Top Limited, a direct wholly-owned subsidiary of the Company, entered into a disposal agreement with an independent third party (the "Purchaser"), whereby the Purchaser has conditionally agreed to purchase and Skyline Top Limited has conditionally agreed to sell the entire issued share capital of Konson Global Investments Limited ("Konson"), an indirect wholly-owned subsidiary of the Company, at the consideration of HK$8,000,000. The assets attributable to Konson and its subsidiaries (collectively referred as the "Konson Group"), which is expected to be sold within twelve months, have been classified as a disposal group held for sale in the consolidated statement of financial position.

As at 31 December 2021, no consideration has been received and the disposal has not been completed.

The assets of Konson Group classified as held for sale are as follows:

	2021 ***HK$'000***
Interest in associates	**13,431**
Bank balances and cash	**1**
Total assets classified as held for sale	**13,432**

12. TRADE AND OTHER PAYABLES

	2021 ***HK$'000*** **(Unaudited)**	2020 *HK$'000* (Audited)
Trade payables	**14,985**	9,054
Other payables	**27,387**	21,803
	42,372	30,857

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2021 ***HK$'000*** **(Unaudited)**	2020 *HK$'000* (Audited)
0 to 30 days	**3,541**	6,636
31 to 90 days	**5,252**	2,288
Over 90 days	**6,192**	130
	14,985	9,054

13. EVENTS AFTER THE REPORTING PERIOD

Disposal of listed shares

On 28 January 2022, the Board announced that during the period from 22 June 2021 to 27 January 2022, the Group has disposed of the sale shares, being an aggregate of 127,000 shares of United Strength Power Holdings Limited, on the open market for the consideration of HK$1,424,370 (before transaction costs). The disposals constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements pursuant to Chapter 19 of the GEM Listing Rules. Please refer to the announcement of the Company dated 28 January 2022 for details.

Proposed Rights Issue

On 3 March 2022, the Board announced that the Company proposes to raise up to approximately HK$8,922,819 before expenses, by way of the rights issue, by issuing up to 55,767,621 rights shares (assuming all outstanding share options are exercised in full on or before the record date, but otherwise no other shares are issued and no repurchase of shares on or before the record date and full subscription under the rights issue) at the subscription price of HK$0.16 per rights share on the basis of one (1) rights share for every two (2) existing shares held on the record date. The rights issue will not be available to the excluded shareholders.

The net proceeds from the rights issue, after deducting the underwriting commission, professional fees and all other relevant expenses, are estimated to be not more than approximately HK$8.2 million (assuming all outstanding share options are exercised in full on or before the record date, but otherwise no other shares are issued and no repurchase of shares on or before the record date and full subscription under the rights issue). The Company intends to apply such net proceeds as to approximately (i) 24% (approximately HK$2.0 million) of net proceeds for payment of outstanding interest expenses; (ii) 24% (approximately HK$2.0 million) of net proceeds for the payment of outstanding liabilities; and (iii) the remaining 52% (approximately HK$4.2 million) of net proceeds for the general working capital of the Group and business expansion. In the event that there is an undersubscription of the rights issue, the net proceeds of the rights issue will be utilized in proportion to the above uses.

Please refer to the announcement of the Company dated 3 March 2022 for details.

Underwriting Agreement

On 3 March 2022 (after trading hours), the Company entered into the underwriting agreement with the underwriter in relation to the underwriting and respective arrangements in respect of the rights issue. Pursuant to the underwriting agreement, the underwriter has conditionally agreed to underwrite, on a best-effort basis, the underwritten shares up to 55,767,621 rights shares (assuming all outstanding share options are exercised in full on or before the record date, but otherwise no other shares are issued and no repurchase of shares on or before the record date), subject to the terms and conditions set out in the underwriting agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions of the underwriting agreement are set out in the section headed "THE UNDERWRITING AGREEMENT" in the announcement.

Please refer to the announcement of the Company dated 3 March 2022 for details.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the year ended 31 December 2021, the Company and its subsidiaries (collectively, the "Group") was principally engaged in the business of one-stop value chain services, property investment, trading of grocery food products, trading of consumables and agricultural products, provision of money lending services and provision of financial services.

During the year ended 31 December 2021, the Group recorded revenue of approximately HK$64,857,000 (2020: HK$35,196,000), representing an increase of approximately 84.3% as compared to that of last year. Loss for the year attributable to owners of the Company amounted to approximately HK$37,039,000 (2020: HK$58,845,000). The basic loss per share of the Company was approximately HK38.36 cents (2020: HK63.10 cents (restated)).

Property Investment

During the year ended 31 December 2021, the property investment segment reported revenue of approximately HK$Nil (2020: HK$266,000) compared to the last year. The decrease was due to decrease in rental income from commercial office. At 31 December 2021, the Group held properties in the People's Republic of China (PRC) and Hong Kong for investment purpose amounted to approximately HK$17,297,000 (2020: HK$18,367,000). The portfolio's rental yield was shown in the table below.

Key performance – data of property investment

	2021	2020
Average occupancy level	**–%**	14.3%
Average monthly rental income per square metre (sq.m)	**HK$Nil**	HK$157

Definition and calculation: Average occupancy level, being percentage of floor area occupied by tenant. Average monthly rental income per sq.m. being average rental income charged to tenant per sq.m. of floor area leased.

One-stop Value Chain Services

During the year ended 31 December 2021, the one-stop value chain services segment reported a revenue of approximately HK$3,252,000 (2020: HK$3,002,000), representing an increase of approximately 8.3%, as compared to the last year.

In order to improve the performance of this business, during the financial year 2020, the team of this business segment put a lot of efforts and resources to find new customers. However, due to the outbreak of COVID-19 pandemic, many companies have cut their budget on information technology (IT) related services.

Facing this predicament, the Directors started to search for new business opportunities. They seize the opportunity and diversify the One-Stop Value Chain Services Business into the gaming industry to sell gaming related products during the second half year of 2020.

Key performance – data of one-stop value chain services

	2021	2020
Gross profit margin	**3.2%**	1.4%

Definition and calculation: Gross profit margin, being percentage of gross profit to segment turnover.

Trading of Consumables and Agricultural Products

During the year ended 31 December 2021, this business segment reported a revenue of approximately HK$45,187,000 (2020: HK$14,375,000), representing an increase of approximately 214.3%, as compared to the last year. This business segment is mainly composed of re-usable bags trading business, bulk commodities trading in resin plastics (ABS) and polyethylene (PE) and recycle of used plastic products. After engaging the re-usable bags trading business, the Group gain more understanding about the raw materials of re-usable bags and regard that the business opportunities in the plastic recycling industry of turning the used plastic products into functional recyclables would produce synergy effect to the re-usable bags trading business. It will also broaden the income stream of the Group and enhance the social responsibility of the Group. Therefore, the Group has stepped into the recycle of used plastic products in this first quarter of 2021. Certain revenue was generated but due to relatively high factory overhead in the startup stage, this part of the business is yet to provide a positive margin. The Directors believe that there will be gradual improvement on the performance of this segment.

Key performance – data of trading of consumables and agricultural products

	2021	2020
Gross (loss)/profit margin	**(1.4)%**	10.5%

Definition and calculation: Gross profit margin, being percentage of gross profit to segment turnover.

Trading of Grocery Food Products

In the trading of grocery food products segment, the Group is the sole and exclusive distributor for the sale and distribution of ramen and udon products under the brand of "Nittin"（日丁）in Hong Kong, Macau and Taiwan. The trademark licence agreement and the sole distributorship agreement for ramen and udon were renewed for a period of 3 years on 25 March 2019. Details of the renewal was disclosed in the announcement of the Company date at 25 March 2019. The agreements have expired in February 2022 and the parties are discussing the future direction of this cooperation.

The Group has been devoting more resources to improve the performance of this segment, and it is from time to time looking for suitable opportunities to expand the variety of products and client base in this industry. The lockdown measures caused by the outbreak of COVID-19 pandemic makes frozen foods became popular. Therefore, the Directors decided to grip this chance to expand the product mix in this segment and entered into the frozen food industry. Starting from the second half year of 2020, after careful analysis on current market situation and environment, the Group introduced new products including imported frozen seafood. The Group obtained authorised distributor certificates for distribution of frozen seafood such as king crab, shrimp, lobster, fish, crab, and surimi stick. The frozen seafood products are from the production bases of all around the world including but not limited to Thailand, Vietnam and Norway. Also, the Group has sourced more dairy products such as bread and pastry so as to diversify its grocery food portfolio. To further enhance the business, apart from sale of grocery food products in supermarkets, the Group has made more use of online platform and social media. In the second half year of 2020, the Group started online sales through social media and launched its online sales platform on HKTVmall operated by the Hong Kong Television Network Limited (stock code: 1137) to promote the products and directly reach out more potential customers. It helps the Group to further diversify the customers base and save the intermediate sales cost.

During the Reporting Period, the segment reported a revenue of approximately HK$16,201,000 (2020: HK$14,738,000), representing an increase of approximately 9.9% as compared with the last corresponding period.

Key performance – data of trading of grocery food products

	2021	2020
Gross profit margin	**7.1%**	8.4%

Definition and calculation: Gross profit margin, being percentage of gross profit to segment turnover.

Provision of money lending services

During the year ended 31 December 2021, the Group's money lending services segment reported a revenue of approximately HK$217,000 (2020: HK$1,381,000), representing a decrease of approximately 84.3% as compared with the last corresponding period. With majority of the loans were secured by un-listed company shares, the Group has put its effort in maintaining, developing and expanding its money lending business. The Group's money lending business is operating by its wholly-owned subsidiary, China AF Finance Limited ("China AF Finance").

Key performance – loan interest data

	2021	2020
Interest rate earned	**2.3%**	15.2%

Definition and calculation: Interest rate earned, being percentage of interest income divided by loan amount.

Business model

(i) China AF Finance mainly provides loan financing to individuals customers. Customers are mainly solicited by the staff/ management or by referrals of business associates or clients;

(ii) Directors of China AF Finance have over 5 years of experience in operating the money lending business supported by back office staff including finance and accounting departments.

Internal control procedures

The Operation Manual of China AF Finance has set out the internal control guidelines for the money lending business.

(i) In light of the credit risk, the company will also consider as additional factors in credit assessment including but not limited to (i) the background of the potential customer including its job nature; (ii) the credit history such as previous loans and the repayment durations; and (iii) the bank history in the bank statement;

(ii) according to the Operation Manual of China AF Finance, loan terms are determined with mainly reference to the market rates, financial background of each client and value of collaterals (if applicable);

(iii) China AF Finance will assess the identity, beneficial ownership of collaterals (if applicable) and the amount wishes to borrow of the potential customer. After the assessment and based on the information provided, the Company will review the application and conduct preliminary due diligence. Upon the loan assessment, the loan officer will approve the loan application and need to ensure that the customer meet the eligibility and approval criteria for the loan, If the applicant is considered fail after the assessment, the application will be denied. The application together with the relevant results from the credit assessment are approved. The applicant will sign the loan agreement with the Company and the loan will be draw to the applicant thereafter;

(iv) China AF Finance will maintain a loan register to keep track of loan and interest repayments. It will also remind clients before due date by telephone calls and/or sending relevant debit notes;

(v) If there were overdue loans, follow up telephone calls will be made to remind clients for repayment. If clients still fail to repay, China AF Finance will issue demand letters. After a final reminder and no response from customer, legal proceedings may be considered to institute to recover the outstanding loan and interest receivable.

Major terms of the loan receivables

The total outstanding principal amount of loan receivables as at 31 December 2021 was HK$8.33 million bearing interest at the rate ranging from 8% to 36%, maturing from one month to one year, with unlisted shares as collaterals.

There are only 3 borrowers. The outstanding principal amount of the largest borrower is HK$4.79 million which account for approximately 57% of the total loan receivables.

Provision of impairment

(i) Provision of impairment were made, among others, (a) after considering whether the loan was overdue; (b) assessment of collaterals; and (c) repayment history of clients. Executive directors of the Company are fully aware of all loans when they became due and receivable;

(ii) The amount of impairment was determined by using the Expected Credit Loss (ECL) model conducted by an independent valuer as at year end date during annual audit.

(iii) Reversal of provision of loan and interest receivables amounted to HK$0.81 million for the year ended 31 December 2021 (2020: provision of HK$0.54 million). The movement in impairment provision was a result of some loan interest was received

Provision of financial services

During the year ended 31 December 2021, the Group has a licensed operating subsidiary, China AF Asset Management Limited, a company holding Type 4 (advising on securities) and Type 9 (asset management) licence under Securities and Futures Commission (the "SFC"). The Group also provides financial consultancy services. This segment reported a revenue for the year ended 31 December of 2021 of HK$Nil (2020: HK$1,434,000). It was mainly due to the corporate finance division operating under the name of China AF Corporate Finance Limited ceased to operate and has made an application to SFC to revoke its licence in September 2019. The license was revoked in May 2020. Also, due to unfavorable market conditions, no income was generated from consultancy services.

Securities investments

The Group had equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss in aggregate of approximately HK$16,041,000 as at 31 December 2021, representing approximately 6.32% of the Company's total assets (2020: approximately HK$28,114,000, representing approximately 10.41% of the Company's total assets).

The Company's investment strategy is to invest in securities that have growth potential, with the aims to capture capital appreciation and diversify the Company's investment portfolio (as detailed below) in order to reduce concentration of investment risks in one industry and maximise value for the Shareholders. The composition of the investment portfolio may change from time to time during the coming year. In order to mitigate the possible financial risks related to the equities, the investment portfolio will be monitored regularly and appropriate actions would be taken whenever necessary in a prudent manner in response to changes in market situation. Below is additional information in relation to the significant investments with market value exceeding HK$10,000,000 as at 31 December 2021 and 31 December 2020:

For the year ended 31 December 2021 and year ended 31 December 2020

Name of investee company	Balances shares of investment cost		Number of shares held		% of shareholding		Market value		% of market value to the Group's total assets		Change in fair value and exchange differences		Dividends received	
	As at 31 December 2021	As at 31 December 2020	**As at 31 December 2021**	As at 31 December 2020	**As at 31 December 2021**	As at 31 December 2020	**As at 31 December 2021**	As at 31 December 2020	**As at 31 December 2021**	As at 31 December 2020	**As at 31 December 2021**	As at 31 December 2020	**As at 31 December 2021**	As at 31 December 2020
	Approximately HK$'000				*Approximately*		*Approximately HK$'000*		*Approximately*		*Approximately HK$'000*		*Approximately HK$'000*	
Financial assets at fair value through profit or loss														
Others *(Note 1)*	**5,761**	12,965	**N/A**	N/A	**N/A**	N/A	**8,780**	20,243	**3.46%**	7.49%	**3,019**	7,278	**–**	–
	5,761	12,965					**8,780**	20,243	**3.46%**	7.49%	**3,019**	7,278	**–**	–
Equity instruments at fair value through other comprehensive income														
Anhui Damingyuan Tourism Development Company Limited* (安徽大明園旅遊發展股份有限公司) *(Note 2)*	**7,871**	9,571	**11,250,000**	11,250,000	**4.99%**	4.99%	**7,261**	7,871	**2.86%**	2.92%	**(610)**	(1,700)	**–**	–
	7,871	9,571					**7,261**	7,871	**2.86%**	2.92%	**(610)**	(1,700)	**–**	–
Total	**13,632**	22,536					**16,041**	28,114	**6.32%**	10.41%	**2,409**	5,578	**–**	–

Notes:

1. These are all listed companies on the Stock Exchange. For the year ended 31 December 2021, together with their subsidiaries are mainly engaged in sales of alcoholic beverages, the provision of financial services, the provision of blockchain services, the provision of loan financing services, the provision of auction of alcoholic beverages business, provision of QR codes on product packaging and solutions and online advertising display services, the manufacture and sale of packaging products, investments and trading in securities, money lending, properties investments, securities trading, trading business and dealing in, advising on securities and asset management, futures and options broking, EPC and consultancy operations, financing and solar power generation, provision of secured financing services and microfinance services, shipping and logistics, design manufacture, supply and installation of passenger vehicle leather upholstery, supply and installation of vehicle electronic accessories.

2. Anhui Damingyuan Tourism Development Company Limited*（安徽大明園旅遊發展股份有限公司）, a company listed on Shanghai Equity Exchange in the PRC until 28 February 2018, which is principally engaged in development of tourism resources business. For details, please refer to the announcements of the Company dated 19 July 2016 and 31 August 2016.

Environmental Policies and Performance

The Board admits the responsibility to environmental protection. Over the years, the Group has committed to reduce waste and pollution with a view of effective and efficient resources utilisation in the office spaces. Staff are reminded from time to time the Group's direction in this respect.

Compliance with the Relevant Laws and Regulations

The Group's main business and operation work within common trade practice environment and the Group endeavours to comply with all legal and regulatory requirements. In relation to the human resources, the Group is committed to comply with the requirements of the applicable laws and regulations, such as the Employment Ordinance, ordinances in relation to discrimination, the Privacy Ordinance and the Minimum Wage Ordinance. The Group also values good conduct of the employees and has set out clear guidelines to prevent bribery and to regulate the acceptance of benefits by the employees. On the corporate level, the Group continuously complies with the requirements under the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules") of The Stock Exchange of Hong Kong Limited ("Stock Exchange") and the Securities and Futures Ordinance ("SFO"), such as disclosure of interests, corporate governance, Model Code for Securities Transactions by Directors of the Listed Issuers and "Inside Information" disclosure. The Group employs legal and financial advisers when undergoing acquisitions or other corporate exercises. During the year ended 31 December 2021, there was no material breach of or non-compliance with the applicable laws and rules by the Group.

* *For identification purposes only*

Relationships with Employees, Customers and Suppliers

The Group recognises importance of retaining talents to ensure the ongoing execution of business plans. The Group has established all-rounded staff policy and guidelines for staff welfare, provide a safe workplace, and support the development of talent. The Group provides incentives to its employees based on their performance. The Group encouraged employees to update their work-related knowledge, skill by providing training offered by external organisations. During the year ended 31 December 2021, the employee voluntary turnover rate of the Group was kept at a low level. During the year, no violation of labour law was recorded. The key customers of the Group include the long term trading customers and tenants of the investment properties. The key suppliers of the Group are the suppliers of the trading business. The Group has established long term and solid business relationship with the suppliers which ensures stable supply and quality products which meet customers' demand. During the year, there was no material dispute between the Group and the customers/suppliers.

FINANCIAL REVIEW

For the year ended 31 December 2021, the Group recorded an unaudited revenue of approximately HK$64,857,000 (2020: HK$35,196,000), representing an increase of approximately 84.3% as compared to that of last year.

Cost of sales for the year under review was approximately HK$64,014,000 (2020: HK$29,365,000), representing an increase of approximately 118.0% as compared to that of last year. The increase of cost of sales was mainly due to increase plastics and frozen foods volume.

Administrative expenses for the year under review was approximately HK$32,278,000 (2020: HK$54,386,000), representing a decrease of approximately 40.7% as compared to that of last year. The decrease was mainly attributable to decrease in consultancy fee, staff salary and rental.

Finance costs for the year under review was approximately HK$6,279,000 (2020: HK$8,455,000), representing a decrease of approximately 25.7% as compared to that of last year. The decrease was mainly due to decrease in interest-paid and payable for borrowings.

The Group recorded an unaudited loss for the year attributable to owners of the Company in the amount of approximately HK$37,039,000 (2020: HK$58,845,000). Basic loss per share of the Company decreased from HK63.10 cents for the year ended 31 December 2020 to HK38.36 cents for the year ended 31 December 2021.

Liquidity and Financial Resources

The Group financed its business operations mainly with its internally generated resources and borrowings during the year under review. At 31 December 2021, the bank balances and cash of the Group was approximately HK$2,850,000 (2020: HK$2,951,000).

At 31 December 2021, the net assets of the Group was approximately HK$143,922,000 (2020: HK$175,135,000) and the net current liabilities was approximately HK$25,406,000 (2020: net current liabilities HK$2,665,000).

Gearing Ratio

At 31 December 2021, the total liabilities of the Group amounted to approximately HK$109,890,000 (2020: HK$94,990,000), which mainly comprised of trade and other payables, contract liabilities, borrowings, margin loans payable, lease liabilities, financial guarantee contract, amount due to non-controlling interests, income tax payable and deferred tax liabilities. These liabilities are denominated in Hong Kong dollars, Renminbi and New Taiwan Dollars.

At 31 December 2021, the Group had total assets of approximately HK$253,812,000 (2020: HK$270,125,000). The gearing ratio of the Group, expressed as the ratio of total liabilities to total assets, turned to 0.43 as at 31 December 2021 (2020: 0.35).

Employees and Remuneration Policies

As at 31 December 2021, the Group had 52 (2020: 36) total number of full-time employees. Staff costs, including directors' emoluments of the Company for the year ended 31 December 2021 were approximately HK$18,237,000 in total (2020: HK$18,219,000). The Group determines the remuneration and compensation payable to its staff based on individual performance and expertise. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

Capital Structure

As at 31 December 2021, the Company's issued ordinary share capital was HK$1,059,552.43 divided into 105,955,243 shares of HK$0.01 each ("Shares") (2020: HK$9,325,524.30 divided into 932,552,430 shares of HK$0.01 each).

Placing of new shares

On 2 September 2021, the Company entered into the placing agreement with a placing agent. It is proposed that the placing agent would propose to offer for subscription of 186,500,000 placing shares at the placing price of HK$0.034 per placing share. A total of 127,000,000 Placing Shares have been successfully placed and the net proceeds raised after deducting the placing commission and other relevant expenses were approximately HK$4.1 million. Further details of the placing are set out in the announcements of the Company dated 2 September 2021 and 28 September 2021.

The net proceeds from placing were used as follows:

Period under review	**Purpose of usage**	**Total planned amount to be used** *HK$ million*	**Aggregate amount used during the period under review** *HK$ million*	**Remaining balance of placing proceeds as the last date of the period under review** *HK$ million*
Since completion of placing on 28 September 2021 up to and including 31 December 2021	Settlement of outstanding liabilities	2.0	2.0	0.0
	General working capital	2.1	2.1	0.0

Significant Investments, Acquisitions and Disposal of investment properties

Acquisition of interest in certain properties in Shenzhen, the PRC by additional acquisition of further equity interests a subsidiary

On 17 July 2017, Yardley Wealth Management Limited ("YWML") and Skyline Top Limited ("STL"), a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") pursuant to which the YWML has agreed to sell and the STL has agreed to purchase the sale shares (the "Sale Shares"), representing 50% of the issued share capital of Delightful Hope Limited (the "Target Company") for cash consideration of HK$55,000,000. The Target Company is a non-wholly owned subsidiary of the Company and is owned as to 50% by each of YWML and STL. Following completion, the Target Company will be wholly owned by the STL and will become an indirect wholly-owned subsidiary of the Company.

The principal assets of the Target Company consist of properties comprise 8 commercial units of a total gross floor area of approximately 1,690 sq.m. in Shenzhen City, Guangdong Province, the PRC, and a residential house in Shenzhen City, Guangdong Province, the PRC of a total gross floor area of approximately 315.23 sq.m. According to the audited consolidated account of the Target Company, the book value of the properties was approximately HK$110,236,000 as at 31 December 2016.

The consideration payable by the STL to the YWML for the Sale Shares is HK$55,000,000 and shall be satisfied by the STL's payment in cash to the YWML or its nominee in the following manner: (a) as to the part payment in the sum of HK$20,000,000, within 14 days after the date of the Agreement; (b) as to the balance of HK$35,000,000, upon completion.

On 31 July 2017, a supplemental agreement was entered into between the parties that the part payment in the sum of HK$20,000,000 shall be paid on or before 28 August 2017 or such later date as the parties may agree in writing. HK$20,000,000 of the above payment has been paid.

On 17 January 2018, the parties had entered into a second supplemental agreement whereas the timing of payment of the balance of HK$35,000,000 was extended from 17 January 2018 to 17 January 2019. On 19 March 2019, the parties had entered into a third supplemental agreement whereas the Long Stop Date has been extended from 17 January 2019 to 31 March 2020 and further extended to 30 September 2020, and payment of the remaining balance shall be paid by one or several instalments on or before the Date of Completion. As at the date of this announcement, the amount of HK$13,548,420 remained outstanding.

Disposal of subsidiaries

On 30 December 2021, Skyline Top Limited ("Skyline") as vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which Skyline has conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from Skyline, the Sale Shares, representing the entire issued share capital of the Konson Global Investments Limited, a company wholly-owned by Skyline, at the Consideration of HK$8,000,000.

Please refer to the announcement of the Company dated 30 December 2021, 14 February 2022 and 14 March 2022 for details.

On 31 December 2021, All Ready Holdings Limited ("All Ready") as vendor, a wholly-owned subsidiary of the Company, entered into agreements with the purchaser, pursuant to which All Ready has agreed to sell to the purchaser, and the purchaser has agreed to purchase from All Ready the entire issued share capital of Ease Chance Investments Limited and Sky Success International Investment Limited, both companies were wholly-owned by All Ready, at the Consideration of HK$1 for each company respectively. The disposals were completed on 31 December 2021.

Litigation

Shenzhen Shengshi Fuqiang Technology Company Limited (Shengshi Fuqiang), a non-wholly owned subsidiary of the Company, has received a claim for lost of assets at the sum of approximately RMB1.70 million. The Plaintiff commenced civil proceedings against Shengshi Fuqiang and filed a statement that they cannot retrieve the furniture and equipment from the premises owned by Shengshi Fuqiang and was leased to the Plaintiff, and therefore Shengshi Fuqiang should compensate for the Plaintiff's lost. Shengshi Fuqiang has made a counter-claim against the Plaintiff for outstanding rent and delay in deliver vacant possession at the sum of approximately RMB980,000. The case was first heard in Court on 26 February 2021. After second court hearing, according to the written judgement of the court, the Plaintiff will be responsible to pay to Shengshi Fuqiang an amount of RMB594,648 for claims and legal expense and Shengshi Fuqiang will be responsible to pay to the Plaintiff an amount of RMB594,237.59 for damages and valuation fee. The Plaintiff has made an appeal and Shengshi Fuqiang is currently seeking legal advice for the appeal.

Charges on Group's Assets

As at 31 December 2021, the listed equity investments listed in Hong Kong with the fair value of approximately HK$5,922,000 (2020: HK$13,986,000) have been pledged to financial institutions to secure the margin loans payables of approximately HK$6,090,000 (2020: HK$6,514,000) and term loans of HK$6,900,000 (2020: HK$6,900,000).

Further, the investment property located in Hong Kong with the fair value of approximately HK$9,730,000 has been pledged to a financial institution in Hong Kong to secure a term loan of HK$9,000,000 (2020: HK$10,000,000). The investment properties located in PRC with the fair value of approximately HK$7,567,000 (2020: HK$6,067,000) have been pledged to a PRC company to secure a 3-year loan of RMB13,000,000 granted to an associate of the Group.

Unlisted investment which are classified as equity instruments at fair value through other comprehensive income were pledged to a PRC company as to secure a 3-year loan of RMB4,550,000 granted to a private company.

Contingent Liabilities and Guarantee

At 31 December 2021, the Group has provided financial guarantee to Gold Wide Holdings Limited, which is classified as an interest in associate in the consolidated financial statements of the Group, for a term loan with a principal amount of RMB13 million, bearing interest of 8% per annum for a period of three years up to 14 January 2022 (2020: RMB13 million). Since the team loan has not been repaid, the financial guarantee shall continue in force.

Capital Commitments

At 31 December 2021, the Group had capital commitment amounting to approximately HK$46,628,000 (2020: HK$58,566,000).

Exposure to Fluctuation in Exchange Rates

All of the Group's assets, liabilities and transactions are mainly denominated either in Hong Kong dollars or Renminbi or United State Dollars, Australian Dollars or New Taiwan dollars. The Directors do not consider that the Group is exposed to any material foreign currency exchange risk. Therefore, no hedging devices or other alternative have been implemented.

Events after the Reporting Period

Details are set out in note 13 to the unaudited consolidated financial statements.

OUTLOOK AND PROSPECTS

Looking ahead, apart from social unrest at some parts of the world, the global economic activities will continue being affected by the COVID-19 pandemic for some time. However, as more COVID-19 vaccines and medicines to treat the disease are being developed and people are getting vaccinated, local economy is expected to recover slowly as business activities pick up. The Group will continue allocating its resources carefully in different segments as to optimize its investment returns.

One-stop value chain services

The economy of Hong Kong has been hit hard by the COVID-19 pandemic during the start of 2020 until now. Financial performances of many companies have been affected and they have minimised their budget on IT related services, which led to decrease in revenue in this business segment. In order to maintain the Group's revenue and competitiveness in this segment, the Directors spare no effort in discovering new potential customers and provide more varieties to attract customers. Following the gradual stabilisation of the pandemic recently, the Group has used its best endeavours to develop this business segment, including but not limited to maintain good relationship and communication with current customers and actively seek for new customers. Management believes that the Group's one-stop value chain service will be gradually resumed after the recovery of the pandemic. In addition to the experience and connections of the team in this market, it is expected that business in this segment will improve.

Other than the one-stop value chain services in relation to IT, the Management has diversified into the gaming industry, so as to sustain its business during this tough atmosphere in Hong Kong. The entering into of the gaming industry was originally the temporary thought of the Company. However, the Directors noticed that this industry is indeed a profitable industry even during this difficult period. The Company will develop further in the gaming industry in the future and may devote more resources in developing gaming related products. Overall, the Directors believe that after the recovery of COVID-19 pandemic, the economy of Hong Kong is expected to turnaround, and performance of this business will be improved.

Property investment

The Group originally has few property investments in Hong Kong and the PRC. The Group is cautious of the tension between USA and China, as well as the pessimistic global atmosphere. The Group will carefully monitor its property investments portfolio.

Trading of consumables and agricultural products

The Directors considered the Consumables Trading Business demonstrates a steady growth in the past years and is optimistic about its future contribution to the Group in terms of revenue and profit.

The experience of taking part in the bulk commodities trading business in resin plastics (ABS) and polyethylene (PE) has led the Group into the recycle business of used plastic products. Plant and equipment were leased for this development, and management is looking forward to the potential growth in this business.

Although there is economic downturn due to COVID-19 pandemic and this business segment was affected, the management still strived its best to develop and maintain the business. By providing value-added customisation services to the products, it is believed that the sale of re-usable bags is able to maintain a steady growth.

Also, the Group believes that there is a trend of increasing consciousness and desire for environmentally friendly products. The Group will use its best endeavours to develop opportunities to work with other private companies and non-governmental organisations for recycling and mitigate the pollution problems brought by the plastic wastes.

The Group has contributed to the society continually by way of donation to charity organisations and sponsor various campaigns in relation to environmental protection. Hence, the Group will endeavor to promote its brand through online marketing, sponsoring various environmentally friendly campaigns and participate in more brand building activities in Hong Kong and China.

With the help of these multi-dimensional advertisements and promotions especially through online marketing, the Group will be benefited from having more market shares in the field, expanding its customer base in Hong Kong, as well as building up reputation and goodwill in Hong Kong. Most importantly, the revenue this segment is expected to be in an upward trend.

In the near future, the Group would like to expand the Consumables Trading Business to the PRC by advertising through social media and sponsoring various events to be held by local reputable environmental friendly organisations.

Trading of grocery food products

Demand for frozen or fresh fish, livestock and poultry has increased the most in 2020 and continued in 2021 no matter for non-supermarket shops or supermarkets. The Directors believed that this was due to the outbreak of COVID-19 pandemic which most people prefer to stay at home to prevent infection. Apart from udon and ramen, the Directors decided to widen its food products portfolio in the second half year of 2020 to cater the needs of the market and introduced different varieties of frozen seafood.

As the fifth wave of COVID-19 pandemic is sweeping Hong Kong, the Directors believed that people's consciousness on health will remain for a period of time, such that demand for frozen or fresh fish, livestock and poultry will remain stable. Even after the pandemic is totally under control, it is believed that the demand will not decrease significantly, as they still share a big proportion among all goods in non-supermarket shops or supermarkets. Therefore, the Directors will from time to time source more varieties of frozen seafood to expand market share in the frozen food sector. Also, the Directors will source more dairy products such as bread and pastry to diversify the risk the Group's food product portfolio.

The Group will also put more use of online platform and social media to enhance the business. The Directors target to explore the foreign grocery food market. They will discover more online platforms in other countries so as to broaden its customer base to all over the world.

The Directors have been in active discussion with food importers and brand owners for distributing certain brands of food and beverage. It is expected that the food and beverage will be launched in supermarkets and online sales platform of the Group.

With the experienced procurement and sales team of the Group, the Group is optimistic that the Grocery Food Trading Business, no matter online or offline, will progressively pick up in the future and revenue of this business will be improved after introducing more varieties of food products and broadening of customer base.

Provision of money lending services

Under the current economy environment, the Directors believe that there will be increase demand of money lending of individuals or corporate customers. However, at the same time, risk of default may increase as it may be hard for the customers to repay the loan at this difficult time. The management will further enhance the loan approval procedures and carefully filter and screen out customers with high risks in order to protect the interest of the Group. The Directors are more cautions in the development of the Money Lending Business. The Group will continue to maintain sound credit control policy to balance the finance income against credit risk from respective borrowers.

Provision of financial services

The performance of the Financial Services Business was not satisfactory. In addition to the global economic downturn and uncertainty of the Hong Kong economy brought by the fifth wave of COVID-19 pandemic, the geographical threats deteriated as war broke out between Russia and Ukrain. Further to the United State sanctions imposed to Hong Kong on August 2020 and the tension between United State and China, Hong Kong financial institutions face the unknown threats that might harm the Hong Kong economy.

In view of the abovementioned, the Directors considered the financial service industry is unfavourable in the long-term and decided to scale down the Financial Services Business in relation to the asset management and advising on securities in the future. The Group will, depending on the market conditions, reallocate its resources from the financial services to develop other businesses that the Group expected to have a brighter prospect.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that compete with the business of the Group or has or may have any other conflict of interest with the Group during the year ended 31 December 2021.

DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2021, neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions on Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules throughout the year under review except for the following deviation:

The code provision A.2.1 of the Code provides, among others, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Throughout the year ended 31 December 2021, the Company did not appoint a chairman. The Board will keep reviewing the structure of the Board from time to time. If candidate with suitable knowledge, skills and experience is identified, the Company will make appointment to fill the post of chairman as appropriate.

Under code provision A.2.7 of the Code, the chairman of board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As the Company does not have the Chairman, no such meeting was held in this regard for the year ended 31 December 2021.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 31 July 2001 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Ms. Yuen Wai Man, Mr. Yick Ting Fai, Jeffrey and Mr. Zhang Min. Ms. Yuen Wai Man is the chairman of the Audit Committee.

The financial information in this announcement has not been audited or reviewed by the Company's auditors, but the Audit Committee has reviewed the unaudited consolidated results of the Group for the year ended 31 December 2021 and is of the opinion that such results complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

SCOPE OF WORK PERFORMED BY AUDITOR

The financial figures in respect of this preliminary announcement of the Group's unaudited results for the year ended 31 December 2021 have not been agreed by the Company's auditors, Asian Alliance (HK) CPA Limited. The work performed by the Company's auditors in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Company's auditor on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This preliminary results announcement will be posted on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.aplushk.com/clients/8166chinaeco-farming/index.html).

On behalf of the Board
China Eco-Farming Limited
Liu Chun Fai
Chairman & Executive Director

Hong Kong, 30 March 2022

As at the date of this announcement, the executive Directors are Mr. Liu Chun Fai (Chairman), Mr. Tin Ka Pak, Timmy (Chief Executive Officer), Mr. So David Tat Man and Mr. Ng Cheuk Fan, Keith and the independent non-executive Directors are Mr. Yick Ting Fai, Jeffrey, Mr. Zhang Min and Ms. Yuen Wai Man.