



HUI SHENG INTERNATIONAL HOLDINGS LIMITED

惠生國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1340

Interim Report

2022



The board (the “**Board**”) of directors (the “**Directors**”) of Huisheng International Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 with comparative figures for the corresponding period in 2021. These condensed consolidated interim financial statements have not been audited but have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	18,567	51,380
Cost of sales		(19,893)	(49,103)
Gross (loss)/profit		(1,326)	2,277
Other income	3	4,926	4,678
Other gain or loss, net		(387)	(7,177)
Loss arising from change in fair value less costs to sell of biological assets		–	(1,893)
Net gain arising from change in fair value of financial assets at fair value through profit or loss		336	3,506
Net loss arising from disposal of financial assets at fair value through profit or loss		(12)	(206)
Reversal of expected credit losses, net		4,978	6,777
Selling and distribution expenses		(36)	(51)
Administrative expenses		(9,447)	(7,571)
Finance costs		–	(1,139)
Loss before taxation		(968)	(799)
Taxation	4	–	–
Loss for the period	5	(968)	(799)

	Six months ended 30 June	
	2022	2021
Notes	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other comprehensive income for the period:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	12,084	8,810
Other comprehensive income for the period, net of income tax	12,084	8,810
Total comprehensive income for the period	11,116	8,011
(Loss)/profit for the period attributable to:		
Owners of the Company	(415)	(1,202)
Non-controlling interests	(553)	403
	(968)	(799)
Total comprehensive income/(expense) for the period attributable to:		
Owners of the Company	11,612	7,612
Non-controlling interests	(496)	399
	11,116	8,011
Loss per share attributable to owners of the Company		
	6	
Basic and diluted (RMB cents per share)	(0.05)	(0.14)

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022	As at 31 December 2021
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	179,218	183,743
Right-of-use assets	8	9,419	9,550
Investment property		11,300	11,700
Biological assets	9	-	387
Financial assets at fair value through other comprehensive income		870	870
		200,807	206,250
Current assets			
Inventories		2,984	3,326
Financial assets at fair value through profit or loss	10	5,621	5,198
Trade receivables	11	11,871	11,214
Loan receivables	12	216,962	248,458
Prepayments, deposits and other receivables	12	44,560	52,690
Bank balances and cash		186,715	131,581
		468,713	452,467
Current liabilities			
Trade payables	13	3,629	3,463
Accruals and other payables		70,937	71,404
Deferred revenue		25	25
Tax payable		9,360	9,360
		83,951	84,252

		As at 30 June 2022	As at 31 December 2021
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
Net current assets		384,762	368,215
Total assets less current liabilities		585,569	574,465
Non-current liabilities			
Lease liabilities		102	102
Deferred revenue		215	227
		317	329
Net assets		585,252	574,136
Equity			
Share capital	14	7,308	7,308
Reserves		577,654	566,042
Equity attributable to owners of the Company		584,962	573,350
Non-controlling interests		290	786
Total equity		585,252	574,136

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Equity attributable to owners of the Company										
	Share capital	Share premium	Exchange reserve	Statutory surplus reserve	Other reserve	Revaluation reserve	Share option reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021 (Audited)	7,308	445,247	(84)	43,233	17,091	(1,000)	9,980	73,049	594,824	3,316	598,140
(Loss)/profit for the period	-	-	-	-	-	-	-	(1,202)	(1,202)	403	(799)
Other comprehensive income/(expense) for the period	-	-	8,814	-	-	-	-	-	8,814	(4)	8,810
Total comprehensive income/(expense) for the period	-	-	8,814	-	-	-	-	(1,202)	7,612	399	8,011
As at 30 June 2021 (Unaudited)	7,308	445,247	8,730	43,233	17,091	(1,000)	9,980	71,847	602,436	3,715	606,151
As at 1 January 2022 (Audited)	7,308	445,247	8,189	43,233	16,329	(630)	2,416	51,258	573,350	786	574,136
Loss for the period	-	-	-	-	-	-	-	(415)	(415)	(553)	(968)
Other comprehensive income for the period	-	-	12,027	-	-	-	-	-	12,027	57	12,084
Total comprehensive income/(expense) for the period	-	-	12,027	-	-	-	-	(415)	11,612	(496)	11,116
As at 30 June 2022 (Unaudited)	7,308	445,247	20,216	43,233	16,329	(630)	2,416	50,843	584,962	290	585,252

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net cash generated from operating activities	55,235	69,013
Investing activities		
Interest received	222	38
Net cash generated from investing activities	222	38
Financing activities		
Interest paid	–	(1,114)
Repayment of borrowings	–	(1,380)
Repayment of note payable	–	(8,333)
Repayment of lease liabilities	–	(113)
Net cash used in financing activities	–	(10,940)
Net increase in cash and cash equivalents	55,457	58,111
Cash and cash equivalents at the beginning of the period	131,581	14,936
Effect of foreign exchange rate changes, net	(323)	(212)
Cash and cash equivalents at the end of the period	186,715	72,835

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The Group's condensed consolidated interim financial statements for the six months ended 30 June 2022 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 disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). They have been prepared under the historical cost convention, except for certain financial instruments and biological assets that are measured at fair value or revalued amounts at the end of each reporting period. The condensed consolidated interim financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and method of computation used in preparing the condensed consolidated interim financial statements for the six months ended 30 June 2022 are consistent with those used in the annual financial statements for the year ended 31 December 2021 except as described below.

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Other than the changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards ("HKFRSs"), in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimate uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

Application of new and amendments to HKFRSs

The accounting policies used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021, except for the impact of the adoption of the new and revised HKASs, HKFRSs, amendments and interpretations described below.

Amendments to HKFRSs adopted by the Group

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated interim financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

2. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (“CODMs”), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

The Group is principally engaged in slaughtering and trading of pork products, and pipe system products.

The two reportable segments of the Group under HKFRS 8 are as follows:

- (a) Slaughtering and trading of pork products — slaughtering and trading of pork products
- (b) Pipe system products — provision of technical advisory service on the design, application implementation and installation, and selling and distributing of pipe system products

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segments:

	Slaughtering and trading of pork products	Pipe system products	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2022			
Segment revenue	18,449	118	18,567
Segment results	(1,117)	(1,834)	(2,951)
Net gain arising from change in fair value of financial assets at fair value through profit or loss			336
Net loss arising from disposal of financial assets at fair value through profit or loss			(12)
Reversal of expected credit losses, net			4,978
Unallocated corporate income			365
Unallocated corporate expenses			(3,684)
Loss before taxation			(968)

2. SEGMENT INFORMATION (CONTINUED)
Segment revenue and results (Continued)

	Slaughtering and trading of pork products RMB'000 (Unaudited)	Pipe system products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended 30 June 2021			
Segment revenue	31,237	20,143	51,380
Segment results	(9,770)	1,406	(8,364)
Net gain arising from change in fair value of financial assets at fair value through profit or loss			3,506
Net loss arising from disposal of financial assets at fair value through profit or loss			(206)
Reversal of expected credit losses, net			6,777
Unallocated corporate income			706
Unallocated corporate expenses			(2,079)
Finance costs			(1,139)
Loss before taxation			(799)

Segment results represent the profit earned by or loss from each segment without allocation of net gain arising from change in fair value of financial assets at fair value through profit or loss, net loss arising from disposal of financial assets at fair value through profit or loss, reversal of expected credit losses, net, unallocated corporate income, unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both periods.

2. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	Slaughtering and trading of pork products RMB'000 (Unaudited)	Pipe system products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 30 June 2022			
Segment assets	421,749	23,217	444,966
Segment liabilities	(21,899)	(8,568)	(30,467)
At 31 December 2021			
Segment assets	374,387	25,421	399,808
Segment liabilities	(22,029)	(7,108)	(29,137)

2. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

Reconciliation of reportable segments' assets and liabilities:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Assets		
Total assets of reportable segments	444,966	399,808
Unallocated and other corporate assets:		
Financial assets at fair value through profit or loss	5,621	5,198
Loan receivables	216,962	248,458
Prepayments, deposits and other receivables	1,176	1,473
Bank balances and cash	795	3,780
Consolidated total assets	669,520	658,717
Liabilities		
Total liabilities of reportable segments	30,467	29,137
Unallocated and other corporate liabilities:		
Accruals and other payables	44,441	46,084
Tax payable	9,360	9,360
Consolidated total liabilities	84,268	84,581

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated and other corporate assets (mainly comprising financial assets at fair value through profit or loss, loan receivables, prepayments, deposits and other receivables and bank balances and cash); and
- all liabilities are allocated to operating segments other than unallocated and other corporate liabilities (mainly comprising accruals and other payables and tax payable).

2. SEGMENT INFORMATION (CONTINUED)

Information about geographical areas

During the reporting period, the Group was mainly operating in the People's Republic of China (the "PRC") and Japan (six months ended 30 June 2021: the PRC and Japan). The Group's revenue from external customers based on the location of the operation by geographical location is presented below.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
– The PRC	18,449	31,237
– Japan	118	20,143
	18,567	51,380

Information about major customers

For the six months ended 30 June 2022, revenue generated from six customers which has individually accounted for over 10% of the Group's total revenue (six months ended 30 June 2021: two). No other single customer contributed 10% or more to the Group's revenue for the six months ended 30 June 2022 (six months ended 30 June 2021: none).

Revenue from major customers, which contributed to 10% or more of the Group's revenue is set out below:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A from pipe system products (<i>note</i>)	–	10,247
Customer B from slaughtering and trading of pork products	3,074	5,147
Customer C from slaughtering and trading of pork products (<i>note</i>)	2,832	–
Customer D from slaughtering and trading of pork products (<i>note</i>)	2,722	–
Customer E from slaughtering and trading of pork products (<i>note</i>)	2,481	–
Customer F from slaughtering and trading of pork products (<i>note</i>)	2,318	–
Customer G from slaughtering and trading of pork products (<i>note</i>)	2,097	–

Note:

The corresponding revenue did not contribute over 10% of the total revenue of the Group.

3. REVENUE AND OTHER INCOME

The reconciliation of revenue from contracts with customers for the reporting period is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
<i>Recognition at a point in time</i>		
Sale of pork products	18,449	31,237
Sale of pipe system products	118	20,143
	18,567	51,380
Other income		
Interest income on:		
Bank deposits	222	38
Loan receivables	345	705
Amortisation of deferred revenue	12	13
Total interest income	579	756
Government grants (<i>note</i>)	1,007	–
Refund of Japan consumption tax	450	–
Rental income	2,880	3,921
Sundry income	10	1
	4,926	4,678

Note:

During the period ended 30 June 2022, the Group recognised government grants of approximately RMB7,000 (six months ended 30 June 2021: nil) in respect of COVID-19 related subsidies relates to Employment Support Scheme provided by the Hong Kong Government. The remaining government grant represents subsidies and awards from PRC government authorities for the Group's contribution to the development of the local economies.

4. TAXATION

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – Japan		
Charge for the period	–	–
Current tax – PRC		
Charge for the period	–	–
Income tax charge	–	–

Hong Kong

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

PRC

The PRC Enterprise Income Tax (the “**PRC EIT**”) is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

Meat processing of primary produce is on the list of The Range of Processing of Primary Agricultural Produces to Be Given Preferential Enterprise Income Tax Treatment (Trial Implementation) (2008 version) (享受企業所得稅優惠政策的農產品初加工範圍(試行)(2008年版)) promulgated by the Ministry of Finance (財政部) and the State Administration of Taxation (國家稅務總局) on 20 November 2008. Hunan Huisheng Meat Products Company Limited (湖南惠生肉業有限公司) (“**Hunan Huisheng**”) meets the required standard for preferential PRC EIT treatment.

According to the prevailing tax rules and regulations, Hunan Huisheng is operating in the business of primary processing of agriculture products, was exempted from the PRC EIT during the period under review.

According to the prevailing tax rules and regulations, the Group is operating in agricultural business, which is exempted from the PRC EIT, and no deferred taxation impact was considered for the reporting period.

Japan

Japan corporate income tax has been calculated on the estimated assessable profit at the rates of taxations prevailing in Japan in which the Group operates. The Group is subject to national corporate income tax, inhabitant tax, and enterprise tax in Japan, which in aggregate, resulted in effective statutory income tax rates of approximately 30.6%.

4. TAXATION (CONTINUED)

The income tax expense for the period can be reconciled to the loss before taxation per condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss before taxation	(968)	(799)
Tax at the applicable income tax rate	(92)	(200)
Tax effect of income not taxable for tax purpose	(2,317)	(2,249)
Tax effect of expenses not deductible for tax purpose	1,310	49
Tax effect of tax loss not recognised	1,099	2,400
Income tax expense	-	-

5. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' emoluments	572	553
Other staff costs:		
Salaries and other benefits	1,277	1,786
Retirement scheme contributions	133	199
Total staff costs	1,982	2,538
Depreciation of property, plant and equipment*	4,525	4,585
Depreciation of right-of-use assets	131	246
Depreciation of investment property	400	329
Cost of inventories recognised as expenses	17,363	46,947

* Depreciation of property, plant and equipment of approximately RMB2,023,000 was included in cost of sales (six months ended 30 June 2021: approximately RMB2,023,000).

6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the six months ended 30 June 2022 of approximately RMB415,000 (six months ended 30 June 2021: approximately RMB1,202,000) and the weighted average number of 880,838,000 (six months ended 30 June 2021: 880,838,000) ordinary shares in issue during the reporting period.

The diluted loss per share was same as the basic loss per share as there were no potential dilutive ordinary shares in existence during the periods under review.

7. DIVIDENDS

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the period, the Group had not incurred any costs for property, plant and equipment and right-of-use assets (year ended 31 December 2021: nil).

9. BIOLOGICAL ASSETS

Movements of the biological assets are summarised as follows:

	Breeder hogs RMB'000	Porkers RMB'000	Total RMB'000
As at 1 January 2021 (audited)	26,298	–	26,298
Increase due to purchases	–	4,194	4,194
Increase due to raising (Feeding cost and others)	1,525	1,187	2,712
Decrease due to retirement and deaths	(16,395)	(368)	(16,763)
Decrease due to sales	–	(3,951)	(3,951)
Loss arising from change in fair value less costs to sell	(11,041)	(1,062)	(12,103)
As at 31 December 2021 and 1 January 2022 (audited)	387	–	387
Decrease due to retirement and deaths	(387)	–	(387)
As at 30 June 2022 (unaudited)	–	–	–

9. BIOLOGICAL ASSETS (CONTINUED)

Analysed for reporting purposes as:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current assets – breeder hogs	–	387
At the end of the period/year	–	387

The Group's biological assets as at 31 December 2021 have been arrived at on the basis of a valuation carried out by an independent qualified professional valuer. Given the nature of the biological assets where market determined prices are available, the fair value less costs to sell have been determined by the market approach based on the market determined prices as at 31 December 2021 adjusted with such attributes as hog breed and stage of growth in the lifecycle. The resulting no change in fair value less costs to sell of biological assets (six months ended 30 June 2021: approximately RMB1,893,000) has been recognised directly in profit or loss for the six months ended 30 June 2022.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of biological assets:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

9. BIOLOGICAL ASSETS (CONTINUED)

Fair value hierarchy (Continued)

The table below analyses the fair value of the Group's biological assets that are measured at fair value on a recurring basis. The different levels are defined as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2021				
(audited)				
Biological assets				
– Breeder hogs	–	387	–	387

During the six months ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 December 2021: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value less costs to sell of the breeder hogs and porkers are determined with reference to the market-determined prices of items with similar age, weight and breeds.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Held-for-trading investments:		
Equity securities listed in Hong Kong (note)	5,621	5,198

Note:

As at 30 June 2022, the fair value of the listed equity securities, amounting to approximately RMB5,621,000 (31 December 2021: approximately RMB5,198,000), was determined based on the quoted market bid prices available on the Stock Exchange.

11. TRADE RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables	12,005	11,358
Less: Allowance for expected credit losses	(134)	(144)
	11,871	11,214

The Group offered credit period on sale of pork products and pipe system products ranged from 30 to 90 days. The aging analysis of trade receivables, net of allowance for expected credit losses, based on the invoice date, is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 30 days	1,350	1,871
31 to 60 days	1,456	2,169
61 to 90 days	194	5,821
Over 90 days	8,871	1,353
	11,871	11,214

Movement in the allowance for expected credit losses on trade receivables, is as follow:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Balance at the beginning of the period/year	144	105
Allowance for expected credit losses recognised	32	121
Reversal of expected credit losses	(35)	(72)
Exchange realignment	(7)	(10)
Balance at the end of the period/year	134	144

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aging analysis of the receivables which requires the use of judgement and estimates. Provisions would apply to the trade receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the management of the Group on the collectability of overdue balances.

12. LOAN RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Loan receivables (note (a))	219,454	251,311
Other prepayments, deposits and other receivables (notes (b) and (c))	44,999	57,763
	264,453	309,074
Less: Allowance for expected credit losses	(2,931)	(7,926)
	261,522	301,148

Analysed for reporting purposes as:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Current assets	261,522	301,148

Notes:

- (a) As at 30 June 2022, there were loan receivables of approximately RMB219,454,000 (31 December 2021: approximately RMB251,311,000) net of allowances for expected credit losses of approximately RMB2,492,000 (31 December 2021: approximately RMB2,853,000). The loan receivables were unsecured, weighted average interest bearing at 0.3% per annum (31 December 2021: 0.3% per annum) and repayable within one year (31 December 2021: one year).
- (b) As at 31 December 2021, there was other receivable of approximately RMB12,000,000 net of allowances for expected credit losses of approximately RMB4,620,000. The amount was related to cash consideration from disposal of subsidiary, 常德惠幫牧業開發有限公司 (Changde Hui Bang Animal Husbandry Development Co., Ltd.*) was fully settled during the period ended 30 June 2022.
- (c) As at 30 June 2022, there were interest receivables of approximately RMB489,000 (31 December 2021: approximately RMB598,000) net of allowances for expected credit losses of approximately RMB23,000 (31 December 2021: approximately RMB28,000).

* For identification purpose only

13. TRADE PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables	3,629	3,463

The Group was offered credit period on purchase of goods within 60 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 30 days	-	3,463
Over 61 days	3,629	-
	3,629	3,463

14. SHARE CAPITAL

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

	Number of shares	Amount	
		HK\$'000	RMB'000
Authorised:			
Balances as at 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022 of HK\$0.01 each	1,500,000,000	15,000	11,810
Issued and fully paid:			
Balances as at 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022 of HK\$0.01 each	880,838,000	8,808	7,308

15. MATERIAL RELATED PARTY TRANSACTIONS

Disclosed elsewhere in the condensed consolidated interim financial statements, the Group had entered into transactions with related parties which in the opinion of directors were carried out on normal commercial terms and in the ordinary course of the Group's business, as shown below:

Compensation of key management personnel

The directors of the Company are identified as key management members of the Group and their compensation during the six months ended 30 June 2022 and 2021 is set out in note 5.

16. CAPITAL COMMITMENTS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment	2,383	28,392

17. EVENTS AFTER THE REPORTING PERIOD

No material subsequent event undertaken by the Company or by the Group after 30 June 2022 and up to the date of this report.

18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

This condensed consolidated interim financial statements were approved and authorised for issue by the Board on 31 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period of review, the Group has two business segments: Slaughtering and trading of pork products and Pipe system products. Slaughtering and trading of pork products are mainly in the production and sale of daily consumable pork and related meat food products to the domestic market, hog breeding, and hog farming in Changde, Hunan Province, the People's Republic of China (the "PRC"). Pipe system products are in the provision of rendering technical advisory services on the design, application, implementation, and installation, selling, and distribution of pipe system products.

Slaughtering and trading of pork products

During the period under review, the PRC hog prices have been increasing slightly to about RMB15 per kilogram from the lowest hog price of about RMB12 per kilogram in the year of 2021, which was one-third of about RMB45 per kilogram of hog price in 2019.

Not merely facing a challenge of hog price fluctuation in the past years, the COVID-19 has been continuing attack against animal husbandry and breed farming industry in the past 2 to 3 years. The PRC government authorities encourage pig farmers to adopt higher technology with stricter environmental requirements for strengthening and improving nourishment and minimising diseases in the production cycle of hog breeding.

In addition, the environmental protection regulations set by the PRC government authorities led the Group hardly to fully resume our operations in this sector. More technical, administrative works and relevant operational methods are to be implemented, and more operating costs to be incurred. In order to resuming our operations on a normal basis and meeting with the pollution emission standards, throughout the past few years, we put a lot of our best effort in improving breeding farms, upgrading our equipment, balancing the breeding and slaughtering operations and/or by way of focusing on the production of pork products which to be achieving our optimal of our operations in that kind of small business operating scale whereas, we had also put more effort and internal resources to fulfill all criteria. The timeline for resumption has not been determined which will be subject to further assessments including (but not limited to) a 2-3 months continuous trial run for obtaining the approval from the PRC government authorities, we expect the permission may be obtained in the second or third quarter of year 2023.

However, a rise in the breeding costs and operational expenditures has driven to an increase in the overall expenditure too, which led the Group has struggle with the pressure on the operating costs and low profit margin.

For adopting a serious and cautious manner in order for minimising the operating costs and the risk that could be facing by the Group, we remain adopting the price control measures by purchasing piglets from independent pig farmers for fattening purposes and will be sent off for slaughtering and sold as pork products. Besides, the Group has outsourced the hog slaughtering procedures to an independent slaughterhouse, and hogs are sent to the slaughterhouse for slaughtering. Afterward, the pork products are packed and sold directly or further processed to the customers' requirements. This measure would lead the Group in stabilising of the production costs and maximising of the Group's profit margin instead.

Pipe system products

For the six months ended 30 June 2022, revenue for Pipe system products dropped significantly and recorded approximately RMB118,000, representing a decrease of 99.4%, as compared to the corresponding period of last year. A significant decrease was mainly due to the uncertainty of the COVID-19 epidemic in the areas of Japan, our several local sales orders were then delayed which affected our operations in Pipe system products. Our team has already been re-communicating with the customers in order for resuming of our services in that business segment. We expect our revenue for Pipe system products may gradually improve as a result of obtaining more sales orders in the second half of 2022.

The Group will continue to maintain the pig business ahead together with the pipelines business and strike a balance between the pork business and the pipelines business with better allocating resources of the Group to maximize the profit return to the shareholders of the Company. The Group's management will be cautiously in dealing with the business risks and internal control under the epidemic impact.

Financial Review

During the period under review, the Group recorded revenue from pork business and pipeline business of approximately RMB18.4 million (2021: approximately RMB31.2 million) and approximately RMB0.1 million (2021: approximately RMB20.1 million) respectively. The sales volume of the Group in the first six months of 2022 was maintained at a similar level as compared with the same period of 2021, with only a slight decrease of approximately 1.2%. However, the average unit price was substantially decreased in line with the market trend. For the six months ended 30 June 2022, the average unit price of fresh pork and side products decreased by approximately 40.5% and 31.6% respectively in compared with the same period of last year. With reference to the statistics published by the Ministry of Agriculture and Rural Affairs of China, the country-wide average hog wholesale price during the first half of 2022 decreased by approximately 42.4% as compared with the same period of 2021. The decrease was mainly due to the continuous increase in the supply of hogs in the market but the slowdown of demand and sluggish consumption in view of weak economic environment under severe COVID-19 pandemic. Especially during the second quarter of 2022 several province and cities reported lock-down and thus decelerate the economic recovery, people paid more cautious in spending and thus resulted the average hog price decreased substantially. The gross loss margin was mainly attributable to the pork business as a result of sales volume decreased during the six months ended 30 June 2022 and the fixed costs such as depreciation charges and fixed overhead cannot be offset by sales margin.

The selling and distribution expenses of the Group for the six months ended 30 June 2022 decreased from approximately RMB51,000 to approximately RMB36,000.

The administrative expenses of the Group for the six months ended 30 June 2022 were approximately RMB9.4 million (2021: approximately RMB7.6 million). Such increase was mainly due to heavily incidental costs incurred for pork business during the period.

The Group's finance costs were approximately RMBnil during the six months ended 30 June 2022 (2021: approximately RMB1.1 million).

The loss attributable to owners of the Company for the six months ended 30 June 2022 was approximately RMB0.4 million as compared to approximately RMB1.2 million for the corresponding period of last year.

Liquidity, Financial Resources and Funding and Treasury Policy

As at 30 June 2022, the Group had bank balances and cash of approximately RMB186.7 million (31 December 2021: approximately RMB131.6 million). The Group also had net current assets of approximately RMB384.8 million as at 30 June 2022, while it was approximately RMB368.2 million as at 31 December 2021.

The Group intends to finance its operations and investing activities principally with funds generating from its operating revenue, internal resources and bank facilities. The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

Most of the Group's trading transactions, assets and liabilities were denominated in Renminbi, Japanese Yen and Hong Kong dollars for the six months ended 30 June 2022. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. As at 30 June 2022, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Gearing Ratio

As at 30 June 2022, the Group's gearing ratio (being its total debts, which are the summation of borrowings divided by its total equity and multiplied by 100%) was approximately 0.02% (31 December 2021: 0.02%).

Foreign Exchange Exposure

The Group's assets, liabilities and cash flow from operations are mainly denominated in Hong Kong dollars, Renminbi and Japanese Yen. The Group currently does not have any related foreign exchange hedges, however the Company monitors its foreign exchange exposure and will consider hedges should the need arise.

Capital Commitments and Contingent Liabilities

Save as disclosed elsewhere in the condensed consolidated interim financial statements, for the six months ended 30 June 2022, the Directors were not aware of any material capital commitments and contingent liabilities.

Material Acquisition and Disposal

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the period under review, the Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures.

Significant Investment

During the period under review, there was no other significant investment.

Event after the Reporting Date

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2022 and up to the date of this report.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022 (2021: nil).

Employees and Remuneration Policy

As at 30 June 2022, the Group employed 22 staff members in Hong Kong, Japan and the PRC (31 December 2021: 26). The Group remunerates its employees based on their performance and experience, and their remuneration package will be reviewed periodically by the management. Other employee benefits include contributions to social security, medical insurance and retirement schemes and provision of appropriate training program.

The Company has adopted a share option scheme on 11 February 2014 which enables it to grant share options to, among others, selected eligible employees as incentive or reward for their contributions to the Group.

Capital Structure

During the six months ended 30 June 2022, there are a total of 880,838,000 of issued shares of the Company.

There were no other changes in the capital structure of the Company during the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPETING INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

During the six months ended 30 June 2022 and up to the date of this report, the Directors had an interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to the Listing Rules were as follows:

Name of Director	Name of Company	Nature of Business	Nature of interest
Wong King Shiu, Daniel (Note)	China Information Technology Development Limited ("China Information"), Stock Code: 8178	Money Lending Business	Chairman, Chief executive officer and executive director of China Information
Wong Yuk Lun, Alan	NOVA Group Holdings Limited ("NOVA Group"), Stock Code: 1360	Money Lending Business	Executive director of NOVA Group

Note: Mr. Wong King Shiu, Daniel retired as an independent non-executive Director on 30 June 2022.

As the Board is independent to the board of the above mentioned companies, the Group is capable of carrying on its business independently and at an arm's length transactions, from the business of above companies.

Save as disclosed above, none of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save for the service contracts and letters of appointment entered with the respective Directors, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or any time during the reporting period.

OUTLOOK AND FUTURE PROSPECTS

Looking forward, in the second half of 2022, our business sector in slaughtering and trading of pork products will become challenging in respect to the uncertainty of COVID-19 pandemic, the adoption of policies or regulations by the PRC government authorities and the hog price fluctuation will be dominantly by the market trend. We expect that the hog price will moderately be going upward and become more stable in the future.

The Group keeps taking cautious manner in performing and operating our core business segments and seeking for an alteration in order to resume our pork business, such as to satisfy all relevant requirements imposed by the PRC government authorities for granting the slaughtering permits, seeking for any potential investment or cooperative opportunities as to an expansion of its up- or downstream business integration, including but not limited to, an acquisition of an existing equipped breeding farm, feeding company and/or slaughterhouse for optimising of its existing operating scale.

By integrating and implementing an entire model of pork business early, the Group entered into a non-legally binding joint venture (“**JV**”) framework agreement on the cooperation of a new slaughterhouse in July 2022. According to the terms of the framework agreement, the Group intends to hold a majority shareholding in the JV Company. The JV partner is a PRC state-owned enterprise company, who holds a Certificate of Designated Location for Livestock Slaughtering* (畜禽定點屠宰證) and is having the right of 40 acres state-owned land use rights in Yuanling, Hunan, PRC. The new slaughterhouse is planning to have slaughtering capacity of 500,000 hogs per year, and is proposed to be located in Yuanling, Hunan, PRC, and will inaugurate in 2023. The details terms of the JV cooperation are still under negotiation and no formal and legally binding agreement was reached. The Company will make further announcements (if required) once concluded.

The Group is of the view that the formation of the JV with a JV partner represents a strategic move for the Group which not only enhances its position within the competitive pork business industry but also helps us gain access to a new area and increase our Group access to resources. Also a solid cooperation with a state-owned company may also help to smoothen the business commencement procedures.

In respect to Pipe system products, we expect various new local sales orders can be committed, which would strike a balance between our business sectors and will be more effectively in allocating the Group’s funding resources, and can be maximising the value of our shareholders of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2022, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, no person (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 11 February 2014 (“Share Option Scheme”). The purpose of the Share Option Scheme is to enable the Board, at its discretion, to grant options to eligible participants, including the directors of the Company, as incentives or rewards for their contributions to the Group.

The total number of securities available for issue under the Share Option Scheme as at 30 June 2022 was 88,083,800 shares (31 December 2021: 88,083,800 shares) which represented approximately 10.0% (31 December 2021: approximately 10.0%) of the issued share capital of the Company.

On 28 July 2021, the Company granted a total of 88,080,000 options with the right to subscribe 88,080,000 ordinary shares of HK\$0.01 each in the share capital of the Company under the Share Option Scheme. The closing price per share immediately before the grant of options on 28 July 2021 was HK\$0.083. A total of 88,080,000 options were granted to the employees and consultants of the Company respectively, at an exercise price of HK\$0.083 each.

The Share Option Scheme provides the grantees with an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (1) to attract and retain the best quality personnel for the development of the Group's businesses;
- (2) to provide additional incentives or rewards to selected eligible participants for their contribution to the creation of the Company's value; and
- (3) to promote the long-term financial success of the Group by aligning the interest of grantees to those of the shareholders.

Details of such interests and movement of options granted by the Company are shown below:

Name	Title	Exercise price		Exercise period	Number of share options			Note
		HK\$	Date of Grant		Outstanding as at 1 Jan 2022	Granted during the period	Outstanding as at 30 June 2022	
Employees								
		0.083	28/07/2021	28/07/2021-27/07/2024	44,040,000	-	44,040,000	
	Sub-total:				44,040,000	-	44,040,000	
Consultants								
Lau Chi Yuen	Company Secretary	0.083	28/07/2021	28/07/2021-27/07/2024	8,808,000	-	8,808,000	1
Liu Jianhua	Pig Business – Breeding and Slaughter	0.083	28/07/2021	28/07/2021-27/07/2024	8,808,000	-	8,808,000	1
Lee Kwok Leung	Pig Business – Trading	0.083	28/07/2021	28/07/2021-27/07/2024	8,808,000	-	8,808,000	1
Ng Kwok Hung, Perry	Pig Business – Trading	0.083	28/07/2021	28/07/2021-27/07/2024	8,808,000	-	8,808,000	1
Ng Ka Lun	Pipeline Business – Trading	0.083	28/07/2021	28/07/2021-27/07/2024	8,808,000	-	8,808,000	1
	Sub-total:				44,040,000	-	44,040,000	2
	TOTAL:				88,080,000	-	88,080,000	

Notes:

1. The share options granted to the grantees have no vesting period and no vesting condition
2. Each employee holds not more than 1% of the shares of the Company.

The employees of the Company are responsible for various daily operational duties for the Group including but not limited to sales, marketing, business development and other administrative duties of the Group. The Board believes that the grant of options to employees shall provide incentives and motivates the grantees to perform their best towards the goal of the Group.

Mr. Lau Chi Yuen is the company secretary and the authorised representative of the Company. He provides company secretarial services and serves us with the updated amendments in Listing Rules and other company secretarial affairs. Ms. Liu Jianhua is the business consultant of the PRC subsidiaries specializing in pig fattening and the sanitary environment of the hog farms and slaughterhouses and is responsible for coordinating to develop branding and marketing of the pig business in the PRC. Mr. Lee Kwok Leung and Mr. Ng Kwok Hung, Perry are responsible for liaising with new potential suppliers and customers to develop the pork products trading business and also coordinating in compilation of sales plans and sales proposals. Mr. Ng Ka Lun is responsible for the development of pipelines business and also assists to explore new business partners in the region of the South East Asia. All consultants have entered into service contracts with the Company with no fixed term of service.

The Company believes that the grant of share option provides motivations for the consultants to create value for the Company. The number of share options granted to them is determined with reference to the market and the potential benefits and/or income they may bring to the Group.

No performance targets or clawback mechanism are required under the share option.

Among the above grantees, to the best of the Directors' knowledge, information and belief, none of the other grantees are overlapped or connected/related to each other.

Save as disclosed above, none of the outstanding share options were exercised or cancelled or lapsed during the period ended 30 June 2022.

Save for the Share Option Scheme as disclosed above, at no time during the six months ended 30 June 2022 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2022.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (the “**Code Provision(s)**”) and certain recommended best practices contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company’s standards of corporate governance practices.

During the six months ended 30 June 2022, the Company has complied with the Code Provisions except for the deviation as described below:

- 1) Following the retirements of Mr. Chan Hin Hang and Mr. Wong King Shiu, Daniel on 30 June 2022, the Company had only two independent non-executive Directors. As a result, the number of independent non-executive Directors fell below the minimum number required under Rule 3.10(1) of the Listing Rules. In addition, the Company failed to meet the composition requirement of the Audit Committee under Rule 3.21 of the Listing Rules during the period from 30 June 2022 to 18 August 2022.
- 2) Under C.1.6 contained in Part 2 of Code Provision, independent non-executive directors shall attend general meetings and develop a balanced understanding of the view of shareholders. Mr. Chan Hin Hang was unable to attend the annual general meeting of the Company held on 30 June 2022 due to his engagement in other commitment.

Save as disclosed above, the Company had complied with all the Code Provisions during the six months ended 30 June 2022.

CHANGE IN INFORMATION OF DIRECTORS

During the six months ended 30 June 2022 and as at the date of this report, there are following changes in the information of Directors:–

Mr. Chan Chi Ching retired as an executive Director with effect from 30 June 2022. Following his retirement, he also ceased to be the authorised representative of the Company (the “**Authorised Representative**”), the member of each of the remuneration committee (the “**Remuneration Committee**”), the nomination committee (the “**Nomination Committee**”) and the investment and treasury committee (the “**Investment and Treasury Committee**”) of the Company with effect from 30 June 2022.

Mr. Chan Hin Hang retired as an independent non-executive Director with effect from 30 June 2022. Following his retirement, he also ceased to be the chairman of each of the audit committee (the “**Audit Committee**”) of the Company, the Nomination Committee and the Investment and Treasury Committee, and a member of the Remuneration Committee with effect from 30 June 2022.

Mr. Wong King Shiu, Daniel retired as an independent non-executive Director with effect from 30 June 2022. Following his retirement, he also ceased to be the chairman of the Remuneration Committee and the member of each of the Audit Committee and the Nomination Committee with effect from 30 June 2022.

Ms. Qin Yuanling, currently an executive Director, has been appointed as an Authorised Representative and a member of the Investment and Treasury Committee with effect from 30 June 2022.

Dr. Wang Guiping, currently an independent non-executive Director, has been appointed as a member of each of the Audit Committee, Nomination Committee, Remuneration Committee and Investment and Treasury Committee with effect from 30 June 2022.

Mr. Wong Yuk Lun, Alan, currently an independent non-executive Director, has been appointed as the chairman of each of the Audit Committee, Remuneration Committee, Nomination Committee and Investment and Treasury Committee with effect from 30 June 2022.

Subsequently, on 18 August 2022, Mr. Huang Ruilin has been appointed as an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Save as disclosed above, there is no other change in information regarding the Directors or chief executives of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee is primarily responsible for, among other things, reviewing the Group's financial controls, risk management and internal control systems and monitoring the integrity of its financial statements and financial reports. The Audit Committee has reviewed with the management the financial and accounting policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022. It has also discussed the financial reporting process and the risk management and internal control systems of the Company with the management. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Yuk Lun, Alan, Dr. Wang Guiping and Mr. Huang Ruilin, with Mr. Wong Yuk Lun, Alan as its chairman.

By order of the Board

HUISHENG INTERNATIONAL HOLDINGS LIMITED

Qin Yuanling

Executive Director

Hong Kong, 31 August 2022