



China Financial International Investments Limited

中國金融國際投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 721)

Interim Report
2022



BOARD OF DIRECTORS

Executive Director

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

Non-executive Director

Ms. Chen Xi

Independent Non-executive Directors

Mr. Zhang Jing
Mr. Zeng Xianggao
Mr. Wong Lok Man

EXECUTIVE COMMITTEE

Mr. Du Lin Dong *(Chairman)*

AUDIT COMMITTEE

Mr. Zhang Jing *(Chairman)*
Mr. Zeng Xianggao
Mr. Wong Lok Man

REMUNERATION COMMITTEE

Mr. Zhang Jing *(Chairman)*
Mr. Du Lin Dong
Mr. Wong Lok Man

NOMINATION COMMITTEE

Mr. Zhang Jing *(Chairman)*
Mr. Zeng Xianggao
Mr. Wong Lok Man

RISK MANAGEMENT COMMITTEE

Mr. Du Lin Dong *(Chairman)*
Mr. Zhang Jing

AUTHORISED REPRESENTATIVES

Mr. Du Lin Dong
Mr. Wong Tsz Lun

COMPANY SECRETARY

Mr. Wong Tsz Lun

AUDITORS

Moore Stephens CPA Limited
Certified Public Accountants

INVESTMENT MANAGER

China Financial International Investments &
Managements Limited

CUSTODIAN

Bank of Communications Trustee Limited

LEGAL ADVISER

As to Bermuda law
Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton
HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2001, 20/F, Tower 1
The Gateway
Harbour City, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

TRADING CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

0721

COMPANY WEBSITE

<http://www.irasia.com/listco/hk/cfi>

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

For the six months ended 31 December 2022

	Notes	Unaudited Six months ended 31 December	
		2022 HK\$'000	2021 HK\$'000
Revenue	4	79	181
Other income	4	10	3
Fair value loss on financial assets at fair value through profit or loss ("FVTPL")		(34,978)	(37,829)
Administrative expenses		(7,329)	(7,988)
Share of loss from an associate		(128)	(80)
Finance costs	5	(361)	(380)
Loss before tax		(42,707)	(46,093)
Income tax expense	6	–	–
Loss for the period	7	(42,707)	(46,093)
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
– Fair value (loss) gain of equity instruments at fair value through other comprehensive income ("FVTOCI")		(10,135)	7,046
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange difference arising on translation of foreign Operations		(11,306)	7,602
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD		(21,441)	14,648
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(64,148)	(31,445)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic	9	(HK\$0.39)	(HK\$0.42)
– Diluted		(HK\$0.39)	(HK\$0.42)

Interim Condensed Consolidated Statement of Financial Position

31 December 2022

	<i>Notes</i>	Unaudited 31 December 2022 HK\$'000	Audited 30 June 2022 HK\$'000
NON-CURRENT ASSETS			
Interest in an associate	10	577	705
Financial assets at FVTPL	11	422,806	451,436
Equity Instruments at FVTOCI	12	48,794	58,929
Total non-current assets		472,177	511,070
CURRENT ASSETS			
Prepayments, deposits and other receivables	13	41,695	9,785
Financial assets at FVTPL	11	28,000	45,803
Bank balances and cash		763	39,600
Total current assets		70,458	95,188
CURRENT LIABILITIES			
Other payables and accruals		19,511	18,718
Amount due to an associate		226	138
Tax payable		4,200	4,200
Borrowings	14	9,997	9,997
Lease liabilities		60	416
Total current liabilities		33,994	33,469
NET CURRENT ASSETS		36,464	61,719
TOTAL ASSETS LESS CURRENT LIABILITIES		508,641	572,789
NET ASSETS		508,641	572,789
EQUITY			
Share capital	15	109,717	109,717
Reserves		398,924	463,072
TOTAL EQUITY		508,641	572,789
Net asset value per share (HK cents)		4.64	5.22

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Financial assets at FVTOCI reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2022 (audited)	109,717	2,067,672	278,979	2,766	(47,315)	18,016	(1,857,046)	572,789
Loss for the period	-	-	-	-	-	-	(42,707)	(42,707)
Other comprehensive loss for the period:								
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(10,135)	-	-	(10,135)
Exchange differences on translation of foreign operations	-	-	-	-	-	(11,306)	-	(11,306)
Total comprehensive expense for the period	-	-	-	-	(10,135)	(11,306)	(42,707)	(64,148)
At 31 December 2022 (unaudited)	109,717	2,067,672	278,979	2,766	(57,450)	6,710	(1,899,753)	508,641
At 1 July 2021 (audited)	109,717	2,067,672	278,979	2,766	(42,599)	24,847	(1,641,851)	799,531
Loss for the period	-	-	-	-	-	-	(46,093)	(46,093)
Other comprehensive loss for the period:								
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	7,046	-	-	7,046
Exchange differences on translation of foreign operations	-	-	-	-	-	7,602	-	7,602
Total comprehensive expense for the period	-	-	-	-	7,046	7,602	(46,093)	(31,445)
At 31 December 2021 (unaudited)	109,717	2,067,672	278,979	2,776	(35,553)	32,449	(1,687,944)	768,086

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2022

	Unaudited	
	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Cash flows from operating activities		
Loss before tax	(42,707)	(46,093)
Adjustments for:		
Share of loss from an associate	128	80
Interest income	(10)	(3)
Finance costs	361	380
Depreciation	–	344
Fair value change of financial assets at FVTPL	34,978	37,829
	<hr/>	<hr/>
Operating loss before working capital changes	(7,250)	(7,463)
(Increase) decrease in prepayments, deposits and other receivables	(31,920)	3,624
Increase in other payables and accruals	919	7,157
Increase in an amount due to an associate	88	218
Sales of financial assets at fair value through profit or loss	1,324	–
	<hr/>	<hr/>
Cash generated (used in)/from operations	(36,839)	3,536
Interest received	10	3
	<hr/>	<hr/>
Net cash (used in) generated from operating activities	(36,829)	3,539
	<hr/>	<hr/>
Cash flows used in financing activities		
Interest paid	(361)	(380)
Repayment of lease liabilities	(356)	(336)
	<hr/>	<hr/>
Net cash used in financing activities	(717)	(716)
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(37,546)	2,823
Cash and cash equivalents at beginning of the period	39,600	6,044
Effect of foreign exchange rate changes	(1,291)	567
	<hr/>	<hr/>
Cash and cash equivalents at the end of period	763	9,434
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	763	9,434
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

1. CORPORATION INFORMATION AND BASIS OF PREPARATION

China Financial International Investments Limited (the “Company”) was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). With effect from 9 May 2006, the Company was de-registered from the Cayman Islands under the Cayman Islands Companies Law and re-domiciled in Bermuda under the Companies Act 1981 of Bermuda as an exempted company. The Company’s registered office address is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and the Company’s principal place of business is Suite 2001, 20th Floor, Tower 1, The Gateway, Harbour City, Kowloon, Hong Kong.

The Company and its subsidiaries (the “Group”) are principally engaged in investing in listed and unlisted companies established and/or doing business in Hong Kong and the People’s Republic of China (the “PRC”).

The unaudited condensed consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

In the preparation of the condensed consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group by continuously monitoring forecast and actual cash flows. For the six months ended 31 December 2022, the Group reported loss for the year of HK\$42,707,000. At 31 December 2022, the Group had bank balances and cash of HK\$763,000 and net current assets of HK\$36,464,000. Future cash flows from operating activities are dependent on realisation of the listed and unlisted investments. In order to continue funding future capital programmes, the Company may need to obtain additional equity or debt financing, or assess other financing options. The ability to access the required capital to maintain current financial position and cash flows is dependent on a variety of external factors.

The condensed consolidated financial statements have been prepared on a going concern basis as, in the opinion of the directors of the Company, the Group has the ability to obtain debt or equity financing, or other sources of funding for future capital programmes should the need arise.

They have been prepared on the historical cost convention, except for financial assets at FVTPL and financial assets at FVTOCI which have been measured at fair value. These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of unaudited condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 30 June 2022. The accounting policies adopted in the unaudited interim condensed consolidated financial statements are consistent with those followed in the Group's annual financial statements for the year ended 30 June 2022, except for the adoption of the following amendments to HKFRSs issued by the HKICPA as disclosed below.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2022 are the same as those presented in the Group's annual consolidated financial statements for the year ended 30 June 2022.

Application of amendments to HKFRSs

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

HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements	Annual Improvements to HKFRS Standards 2018 – 2020 Cycle
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

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.

3. OPERATING SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the type and underlying business of the Group's investments.

Specifically, the Group's reportable segments under HKFRS 8 "Operating Segments" are as follows:

1. Micro-loan service – equity investments in investees engaged in micro-loan services
2. Real estate and natural gas – equity investments in investees engaged in real estate and natural gas business
3. Clean energy – equity investment in investees engaged in clean energy industry
4. Other – equity investments in investees engaged in guarantee service, aluminium alloy strip, foil production and product processing and management consultation service and other businesses

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

3. OPERATING SEGMENT INFORMATION (Continued)

	Micro-loan Service <i>HK\$'000</i>	Real estate and natural gas <i>HK\$'000</i>	Clean energy <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 31 December 2022					
Segment results	<u>(762)</u>	<u>(14,748)</u>	<u>(14,481)</u>	<u>(4,908)</u>	<u>(34,899)</u>
Share of loss of an associate					(128)
Unallocated other income					10
Finance costs					(361)
Central administrative expenses					<u>(7,329)</u>
Loss before tax					<u><u>(42,707)</u></u>
Six months ended 31 December 2021					
Segment results	<u>772</u>	<u>11,519</u>	<u>(61,324)</u>	<u>11,385</u>	(37,648)
Share of loss of an associate					(80)
Unallocated other income					3
Finance costs					(380)
Central administrative expenses					<u>(7,988)</u>
Loss before tax					<u><u>(46,093)</u></u>

Segment (loss)/profit represent the (loss from)/profit earned by each segment without allocation of share of loss of an associate, other income, finance costs and central administrative expenses.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

3. OPERATING SEGMENT INFORMATION (Continued)

Segment assets

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

	Unaudited 31 December 2022 HK\$'000	Audited 30 June 2022 HK\$'000
Micro-loan service	6,704	7,466
Real estate and natural gas	39,092	62,827
Clean energy	359,486	381,995
Others	94,318	103,880
	<hr/>	<hr/>
Total segment assets	499,600	556,168
Unallocated assets	43,035	50,090
	<hr/>	<hr/>
Consolidated assets	542,635	606,258

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

- all assets are allocated to reportable segments other than interest in an associate, prepayments, deposits and other receivables and bank balances and cash; and
- no liabilities are allocated to reportable segments

4. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

	Unaudited Six months ended 31 December 2022 HK\$'000	2021 HK\$'000
Revenue		
Dividend income from investments	79	181
	<hr/>	<hr/>
Other income		
Bank interest income	10	3
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

5. FINANCE COSTS

	Unaudited Six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Interest on borrowings	353	353
Interest on lease liabilities	8	27
	<u>361</u>	<u>380</u>

6. INCOME TAX EXPENSE

	Unaudited Six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Current – PRC		
– Provision for the period	–	–
	<u>–</u>	<u>–</u>
Deferred tax – PRC		
– Provision for the period	–	–
	<u>–</u>	<u>–</u>

Hong Kong Profit Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000 for both periods.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profits for the year (31 December 2021: assessable profit of the Group is wholly absorbed by tax losses brought forward for the period).

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

7. LOSS FOR THE PERIOD

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

	Unaudited	
	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Custodian fee	78	78
Depreciation of property, plant and equipment	–	12
Depreciation of right-of-use assets	–	332
Investment management fees	89	60
Staff costs, including directors' remuneration:		
– Salaries and wages	4,845	5,193
– Pension scheme contributions	70	60
	70	60

8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 December 2022 (31 December 2021: Nil).

9. LOSS PER SHARE

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

	Unaudited	
	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(42,707)	(46,093)

Number of shares

	2022	2021
	'000	'000
Weight average number of ordinary shares for the purpose of basic loss per share	10,971,634	10,971,634

No diluted loss per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

10. INTEREST IN AN ASSOCIATE

	Unaudited 31 December 2022 HK\$'000	Audited 30 June 2022 HK\$'000
Cost of investment in an associate	290	290
Share of post-acquisition losses and other comprehensive income	287	415
	<hr/>	<hr/>
Closing net book value	577	705

Name of associate	Place of incorporation	Principal place of business	Paid up issued capital	Proportion of ownership interest and voting rights held by the Group		Principal activity
				31 December 2022	30 June 2022	
China Financial International Investments & Managements Limited ("CFIIM")	Hong Kong	Hong Kong	HK\$1,000,000	29%	29%	Provision of asset management services

11. FINANCIAL ASSETS AT FVTPL

	Notes	Unaudited 31 December 2022 HK\$'000	Audited 30 June 2022 HK\$'000
Financial assets mandatorily measured at FVTPL:			
Listed securities held for trading			
– Equity securities listed in Hong Kong	(i)	28,000	45,803
Financial assets classified/designated at FVTPL:			
– Unlisted equity investments	(ii)	422,806	451,436
Total		450,806	497,239
Analysed for reporting purposes as:			
Current assets		28,000	45,803
Non-current assets		422,806	451,436
		450,806	497,239

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

11. FINANCIAL ASSETS AT FVTPL (Continued)

Notes:

- (i) The fair values of listed securities are determined based on the quoted market bid prices available on the relevant exchange at the end of the period.

Particular of the major components of the investment portfolio as at 31 December 2022, in terms of the carrying value of the respective individual investment, are as follows:

China City Infrastructure Group Limited ("China City Infrastructure")

As at 31 December 2022 and 30 June 2022, the Group held 436,079,429 shares in China City Infrastructure, representing approximately 13.94% of the issued share capital of China City Infrastructure. As at 31 December 2022, the market value of the investment in the shares of China City Infrastructure was HK\$24,420,000 (30 June 2022: HK\$39,247,000).

Hidili Industry International Development Limited ("Hidili Industry")

As at 31 December 2022, the Group held 9,063,000 (30 June 2022: 12,369,000) shares in Hidili Industry, representing approximately 0.44% (30 June 2022: 0.6%) of the issued share capital of Hidili Industry. Hidili Industry is principally engaged in coal mining and manufacture and sale of clean coal. As at 31 December 2022, the market value of the investment in the shares of Hidili Industry was HK\$3,580,000 (30 June 2022: HK\$6,556,000).

- (ii) At the end of the reporting period, the Group had the following unlisted equity investments

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Unaudited	Audited	Audited
			Unaudited 31 December 2022	Audited 30 June 2022		31 December 2022	31 December 2022	30 June 2022	30 June 2022
						Fair value	Cost	Fair value	Cost
						HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Micro-loan service:</i>									
Tianjin Rongshun Microfinance Limited ("Tianjin Rongshun")	(a)	The People Republic of China (The "PRC")	30%	30%	Provision of small loan and financial consultation services	872	36,606	981	36,606
TIIC RongShun Micro-Loan Company Limited ("TIIC Rongshun")	(b)	The PRC	10%	10%	Provision of small loan and financial consultation services	2,912	12,189	3,213	12,189
Harbin Zhongjinguoxin Microfinance Co. Limited ("Harbin Zhongjinguoxin")	(c)	The PRC	30%	30%	Provision of small loan and financial consultation services	-	36,693	-	36,693
Tianjin Binlian Microfinance Limited	(d)	The PRC	3.3%	3.3%	Provision of small loan and financial consultation services	599	12,271	658	12,271
Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd ("Ziyang Yanjiang")	(e)	The PRC	30%	30%	Provision of small loan and financial consultation services	-	73,730	-	73,730
Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd ("Nanjing Jiangning")	(f)	The PRC	30%	30%	Provision of small loan and financial consultation service	2,321	36,673	2,614	36,673

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

11. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(ii) At the end of the reporting period, the Group had the following unlisted equity investments (Continued)

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Unaudited	Audited	Audited
			Unaudited 31 December 2022	Audited 30 June 2022		31 December 2022	31 December 2022	30 June 2022	30 June 2022
						Fair value HK\$'000	Cost HK\$'000	Fair value HK\$'000	Cost HK\$'000
<i>Clean energy:</i>									
Henan Tianguan Energy and Biotechnology Company Limited ("Henan Tianguan")	(g)	The PRC	30%	30%	Production and sales of denatured fuel ethanol, sales of acetone, butanol, polyols, production and sales of biodegradable plastics and biodiesel, sales of chemical products, wheat bran flour, feed sales, acetic acid and acetaldehyde production	119,338	230,763	132,963	230,763
Hunan South China New Energy Limited ("Hunan South China")	(h)	The PRC	30%	30%	New energy technology development transfer and consultation, research and development, manufacturing and sales of chemical products, chemical reagents and auxiliaries (excluding hazardous chemicals and precursor chemicals)	28,411	51,200	27,934	51,200
Hainan Keyi Huirui Energy and Biotechnology Company Limited ("Keyi Huirui")	(i)	The PRC	30%	30%	Biotechnology energy technology development, transfer and consultation, research and development, manufacturing and sales of biotechnology energy and chemical equipment	83,739	117,450	86,224	117,450
Mengzhou Houyuan Biotechnology Limited ("Mengzhou Houyuan")	(j)	The PRC	30%	30%	Biotechnology and ethanol bio- chemical product development and production	28,199	150,065	33,910	150,065
Tianguan New Energy Limited ("Tianguan New Energy")	(k)	The PRC	5%	5%	Ethanol products transportation, development, trading and consultation service	6,481	5,952	6,872	5,952
Henan Zhongxin Biotechnology Limited ("Zhongxin Biotechnology")	(l)	The PRC	30%	30%	Production and sales of fuel ethanol and related products	42,225	52,084	41,219	52,084
Henan Zhongxin Petrochemical Oil Trading Limited ("Zhongxin Petrochemical Oil")	(m)	The PRC	30%	30%	Operating refined petroleum products	51,093	52,084	52,873	52,084
<i>Others:</i>									
Xi'an Kairong Financial Service Limited ("Xi'an Kairong")	(n)	The PRC	30%	30%	Provision of financial management services	1,697	18,724	2,241	18,724
Jilin Jusheng Light Alloy Co., Ltd (formerly known as Liaoyuan Hancheng Trading Limited ("Jusheng Light Alloy"))	(o)	The PRC	30%	30%	Aluminium alloy strip, foil production and product processing	54,919	65,400	59,734	65,400
						422,806		451,436	

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

11. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(ii) (Continued)

- (a) On 24 August 2011, the Group invested in a 30% equity interest of Tianjin Rongshun, a joint venture established in the PRC. Tianjin Rongshun is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (b) On 2 September 2011, the Group invested in a 10% equity interest of TIIC Rongshun, a joint venture established in the PRC. TIIC Rongshun is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (c) On 29 August 2011, the Group invested in a 30% equity interest of Harbin Zhongjinguoxin, a joint venture established in the PRC. Harbin Zhongjinguoxin is principally engaged in the provision of small loan and financial consultation services in Harbin, Heilongjiang Province, the PRC.

On 22 December 2016, the Company entered into a disposal agreement to dispose of all of its equity interest in Harbin Zhongjinguoxin to an independent third party for a cash consideration of Renminbi ("RMB") 25,000,000. A deposit of HK\$2,500,000 was received and still included as receipt in advance in "other payables and accruals" as at 30 June 2021 and 2022. As at 31 December 2022, in the opinion of the Directors of the Company, the disposal transaction has yet been completed after 12 months from the date of the disposal agreement but the transaction still be considered as valid.

- (d) On 13 January 2012, the Group invested in a 10% equity interest of Tianjin Binlian, a joint venture established in the PRC. The Group's equity interest in Tianjin Binlian was reduced to 3.3% on 22 January 2014, as the registered capital of Tianjin Binlian was enlarged by the new registered capital subscribed by its other shareholders on that date. Tianjin Binlian is principally engaged in the provision of small loan and financial consultation services in Tianjin, especially Dongli District, the PRC.
- (e) On 6 August 2012, the Group invested in a 30% equity interest of Ziyang Yanjiang, a joint venture established in the PRC. Ziyang Yanjiang is principally engaged in the provision of small loan and financial consultation services in Ziyang, Sichuan Province, the PRC.
- (f) On 31 August 2012, the Group invested in a 30% equity interest of Nanjing Jiangning, a joint venture established in the PRC. Nanjing Jiangning is principally engaged in the provision of small loan and financial consultation services in Jiangning District, Nanjing, Jiangsu Province, the PRC.
- (g) On 11 May 2018, the Group invested in a 30% equity interest of Henan Tianguan, a joint venture established in the PRC. Henan Tianguan is principally engaged in Production and sales of denatured fuel ethanol, sales of acetone, butanol, polyols, production and sales of biodegradable plastic and biodiesel, sales of chemical products, wheat bran flour, feed sales, acetic acid and acetaldehyde production.
- (h) On 23 January 2019, Keyi (Shanghai) Investments Limited ("Keyi (Shanghai)"), a wholly-owned subsidiary of the Company, entered into an agreement with Hunan South China to inject capital contribution of RMB45,000,000 into Hunan South China for acquiring 30% of Hunan South China's equity interest. Hunan South China is engaged in new energy technologies development, transfer and consultation, research and development, manufacturing and sales of chemical products, chemical reagents and auxiliaries (excluding hazardous chemicals and precursor chemicals).
- (i) In August 2019, Keyi (Shanghai) entered into an agreement with three partners in relation to the formation of Keyi Huirui. The registered capital of Keyi Huirui is RMB350,000,000. Keyi (Shanghai) injected RMB105,000,000 for acquiring 30% of Keyi Huirui's equity interest. Keyi Huirui is engaged in biotechnology energy technology development transfer and consultation research and development, manufacturing and sales of biotechnology energy and chemical equipment. On 5 September 2019, Keyi Huirui was officially set up.
- (j) On 17 October 2019, the Group entered into an agreement with Hollys (China) Limited ("Hollys") to obtain repayment of outstanding principal and interests accrued of the bonds issued by Hollys in return of the 30% equity interest investment in Mengzhou Houyuan.

Mengzhou Houyuan is principally engaged in development and production of biotechnology and ethanol bio-chemical products in Henan Province, the PRC.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

11. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(ii) (Continued)

- (k) In October 2019, the Group invested in a 5% equity interest of Tianguan New Energy, a joint venture established in the PRC. Tianguan New Energy is principally engaged in ethanol products transportation, development and relevant consultation services in Huizhou, Guangdong Province, the PRC.
- (l) On 16 March 2020, the Group invested in a 30% equity interest of Zhongxin Biotechnology, a joint venture established in the PRC. Zhongxin Biotechnology is principally engaged in production and sales of fuel ethanol and related products, the production and supply of electricity and heat, and the research, development and technical services of fuel ethanol and denatured fuel ethanol.
- (m) On 16 March 2020, the Group invested in a 30% equity interest of Zhongxin Petrochemical Oil, a joint venture established in the PRC. Zhongxin Petrochemical Oil is principally operating refined petroleum products (such as vehicle ethanol gasoline, kerosene, diesel, natural gas) without storage facilities, selling food and chemical products, retail medicine and road cargo transport.
- (n) On 18 December 2012, the Group invested in a 30% equity interest of Xi'an Kairong, a joint venture established in the PRC. Xi'an Kairong is principally engaged in the provision of financial management services to SMEs in Xi'an Economic Development Zone, Shaanxi Province, the PRC.
- (o) On 11 June 2020, the Group invested in a 30% equity interest of Jusheng Light Alloy, which is principally engaged in food and agriculture products trading and warehouse management in Jilin Province, PRC.

The fair values of all the above investments were determined by the directors of the Company with reference to the professional valuation carried out by GW Financial Advisory Services Limited, an independent valuer.

At the end of the period, the Group held more than 20% of the effective shareholding interest in the above investee companies. The investments in these companies are not accounted for as associates as the Group had no significant influence over these companies. In accordance with the relevant agreement signed between the Group and these investee companies as well as the other shareholders of the investee companies, the Group does not have the right to participate in its policy-making processes, to appoint directors nor management and to interchange of managerial personnel. Hence, all of these investments are not regarded as associates of the Group and are accounted for as financial assets at FVTPL for the period/year ended 31 December 2022 and 30 June 2022.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

12. EQUITY INSTRUMENTS AT FVTOCI

	Unaudited 31 December 2022 HK\$'000	Audited 30 June 2022 HK\$'000
Listed investments:		
– Equity securities listed in Hong Kong (Note i)	14,672	23,580
Unlisted investments:		
– Equity securities (Note ii)	34,122	35,349
Total	48,794	58,929

Notes:

- (i) Listed equity securities

The fair values of listed equity securities are determined based on the quoted market bid prices available on the relevant exchange at the end of the reporting period.

Particulars of the investment as at 31 December 2022, in terms of the carrying value of the listed investment, are as follows:

China City Infrastructure Group Limited (“China City Infrastructure”)

On 21 June 2016, the Company and China City Infrastructure, a company listed on the Stock Exchange, entered into the share subscription agreement to subscribe for 262,000,000 new shares of China City Infrastructure with a one-year lock-up period for a total subscription price of HK\$131,000,000 at HK\$0.50 per share. The transaction was completed on 28 June 2016. At 31 December 2021 and 30 June 2020, the 262,000,000 shares representing approximately 8.4% of the entire issued share capital in China City Infrastructure. China City Infrastructure is principally engaged in infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC. As at 31 December 2022, the fair value of the Group’s interest in China City Infrastructure was HK\$14,672,000 (30 June 2022: HK\$23,580,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

12. EQUITY INSTRUMENTS AT FVTOCI (Continued)

Notes: (Continued)

- (ii) Unlisted equity investments

As at 31 December 2022, the Group held the following unlisted equity investments:

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Unaudited	Audited	Audited
			Unaudited 31 December 2022	Audited 30 June 2022		31 December 2022	31 December 2022	30 June 2022	30 June 2022
						Fair value	Cost	Fair value	Cost
						HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Others:</i>									
Jiangxi Huazhang Hanchen Guarantee Group Limited ("Jiangxi Huazhang")	(a)	The PRC	2.06%	2.06%	Provision of financing guarantees to small and medium enterprises ("SMEs")	34,122	43,150	35,349	43,150
Shenzhen Zhongtoujinxin Asset Management Company Limited ("Zhongtoujinxin")	(b)	The PRC	30%	30%	Provision of consultation services on project investments	-	18,350	-	18,350
						<u>34,122</u>	<u>18,350</u>	<u>35,349</u>	<u>18,350</u>

- (a) On 13 April 2011, the Group acquired a 30% equity interest of Jiangxi Huazhang, a joint venture established in the PRC. The Group's equity interest in Jiangxi Huazhang became 7.2% on 15 July 2013 and dropped to 2.98% on 19 August 2016 and furtherly dropped to 2.06% on 23 September 2021, as the registered capital of Jiangxi Huazhang was enlarged by the new registered capital subscribed by its other shareholders on those dates. Jiangxi Huazhang is principally engaged in the provision of financing guarantees to SMEs in the Jiangxi Province, the PRC.

- (b) On 29 April 2011, the Group invested in a 30% equity interest of Zhongtoujinxin, a joint venture established in the PRC. The first contribution of RMB6,000,000 (equivalent to HK\$7,200,000) was made by the Company in 2011 and the second contribution of RMB9,000,000 (equivalent to HK\$11,150,000) was made on 10 May 2012. Zhongtoujinxin is principally engaged in the provision of consultation services for project investments in the PRC.

The fair values of all of the above investments were determined by the directors of the Company with reference to the professional valuation carried out by GW Financial Advisory Services Limited, an independent valuer.

As the end of the reporting period, the Group held more than 20% of the effective shareholding interest in these above investee companies. The investments in these companies are not accounted for as associates as the Group had no significant influence over these companies. IN accordance with the relevant agreement signed between the Group and these investee companies as well as the other shareholders of the investee companies, the Group does not have the right to participate in its policy-making processes, to appoint directors nor management and to interchange of managerial personnel. Hence, all of these investments are not regarded as associates of the Group and are accounted for as equity instruments at FVTOCI for the period/year ended 31 December 2022 and 30 June 2022.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	Unaudited 31 December 2022 HK\$'000	Audited 30 June 2022 HK\$'000
Deposits paid for potential investments	(i)	9,320	10,000
Rental and utilities deposits		307	313
Prepayment for investments	(ii)	32,482	–
Other receivables		1,723	1,607
		43,832	11,920
Less: loss allowance		(2,500)	(2,500)
		41,332	9,420
Prepayments		363	365
		41,695	9,785
Analysed for reporting purposes as:			
Current assets		41,695	9,785

Notes:

- (i) Deposits paid for potential investments

	Unaudited 31 December 2022 HK\$'000	Audited 30 June 2022 HK\$'000
Mr. Zhang Gui Qing	9,320	10,000
	9,320	10,000
Less: loss allowance	(2,500)	(2,500)
	6,820	7,500

During the year ended 30 June 2020, the Company entered into an agreement (“Agreement”) with an independent third party, Mr. Zhang. Pursuant to Agreement, Mr. Zhang is responsible for assisting to seek and recommend potential investments in the PRC to the Company with a term of three years, and the Company agreed to provide the deposit to Mr. Zhang amounted to HK\$10,000,000 during the period as agreed, the deposit is refundable after the period expired and is interest free.

As at 31 December 2022 certain of the deposit was utilised for the project of Zhongxin Biotechnology and Zhongxin Petrochemical Oil. The provisional for ECL in respect of the deposit paid to Mr. Zhang was HK\$2,500,000.

- (ii) During the period ended 31 December 2022, one of the investees (unlisted investment included in financial assets at FVTPL) had made a capital call to their investors for fulfilling the capital investment amount committed, hence the Group prepaid the amount of HK\$32,482,000 (equivalent to RMB28,727,000) to this investee. In the opinion of the directors of the Company, such amount will be recorded as investment cost and included unlisted investment included in financial assets at FVTPL once all their existing investors fulfilling their capital call commitment and the official capital registration procedure is completed.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

14. BORROWINGS

	Unaudited 31 December 2022 HK\$'000	Audited 30 June 2022 HK\$'000
Bonds (unsecured)	9,997	9,997
The carrying amount of the above borrowings are repayable (based on scheduled repayment dates set out in the loan agreements): Within one year	9,997	9,997
Analysed for reporting purposes as:		
Current liabilities	9,997	9,997
Non-current liabilities	-	-
	9,997	9,997

As at 31 December 2022 and 30 June 2022, bonds with a total nominal amount of HK\$10,000,000 were issued to independent third parties at 5% interest rate per annum.

Note:

- (a) As at 9 April 2020, the Group has entered into an extension agreement for the bond of HK\$5,000,000 (the "Bond I") to extend the maturity date from 8 July 2020 to 7 July 2021.
- (b) As at 9 April 2020, the Group has entered into an extension agreement for the bond of HK\$5,000,000 (the "Bond II") to extend the maturity date from 12 November 2020 to 11 November 2021.
- (c) As at 30 June 2021, the Group has entered into an agreement with the bond holder of Bond I and Bond II to combine two bonds with the principal amount of HK\$10,000,000 at 7% interest rate per annum with maturity date in 30 June 2023, effective from 1 July 2021.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

15. SHARE CAPITAL OF THE COMPANY

	Unaudited 31 December 2022		Audited 30 June 2022	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	30,000,000	300,000	30,000,000	300,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	10,971,634	109,717	10,971,634	109,717

16. SHARE-BASED PAYMENT TRANSACTIONS

Under the share option scheme adopted by the Company on 15 January 2008 (the "Scheme"), options were granted to certain directors and consultants entitling them to subscribe for shares of the Company under the Scheme. The Scheme was approved and adopted by shareholders of the Company on 15 January 2008 (the "Date of Adoption"), whereby the directors of the Company are authorised, at their discretion, to invite full time employees of the Group, (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, consultants, agents or advisers of the Group, to take up options to subscribe for shares of the Company. The maximum number of shares in respect of which options may be granted under the Scheme, when aggregated with any shares subject to any other schemes, shall not exceed 10% of the issued share capital of the Company on the Date of Adoption.

On 15 December 2017, the Scheme was terminated and the new share option scheme (the "New Scheme") was approved by the Shareholders of the Company at the annual general meeting to replace the Scheme. The New Scheme shall be valid and effective for a period of 10 years ending on 14 December 2027. The exercise price of the options under the New Scheme is determinable by the board of directors, but will be at least the highest of:

- (i) The closing price of the shares on the Stock Exchange (as stated in the Stock Exchange's daily quotation sheets) on the offer date, which must be a business day;
- (ii) The average of the closing prices of the shares on the Stock Exchange (as stated in the Stock Exchange's daily quotation sheets) for the 5 business days immediately preceding the offer date; and
- (iii) The nominal value of the Company's shares on the offer date.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options under the New Scheme may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

16. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The maximum number of the shares available for issue upon exercise of all share options which may be further granted under the New Scheme is 1,097,163,403 shares, representing 10% of the total number of issued shares of the Company on 15 December 2017.

No share options were granted under the New Scheme for both period/year.

17. RELATED PARTY TRANSACTIONS

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

	Unaudited Six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Investment management fee paid/payable to CFIIIM (Note)	89	60

Notes:

An investment management agreement (the "Investment Management Agreement") was entered into between the Company and CFIIIM on 25 April 2014 to renew the appointment of CFIIIM as the investment manager of the Company for a further period of three years effective from 29 April 2014 to 28 April 2017. Pursuant to the Investment Management Agreement, CFIIIM is entitled to a management fee which is receivable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio managed by CFIIIM on the last business day of each calendar month.

The Investment Management Agreement expired on 28 April 2017 and a new investment management agreement (the "2nd Investment Management Agreement") was entered into accordingly on 26 April 2017 to renew the appointment of CFIIIM as the investment manager of the Company for a further period of three years effective from 29 April 2017 to 28 April 2020. Pursuant to the 2nd Investment Management Agreement, CFIIIM is entitled to a management fee which is receivable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio managed by CFIIIM on the last business day of each calendar month.

The 2nd Investment Management Agreement expired on 28 April 2020 and a new investment management agreement (the "3rd Investment Management Agreement") was entered into accordingly on 27 April 2020 to renew the appointment of CFIIIM as the investment manager of the Company for a further period of three years effective from 29 April 2020 to 28 April 2023. Pursuant to the 3rd Investment Management Agreement, CFIIIM is entitled to a management fee which is receivable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio managed by CFIIIM on the last business day of each calendar month.

Investment management fees also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are disclosed in the report of directors in the annual report.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

17. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

	Unaudited	
	Six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Salaries, allowances and benefits in kind	2,531	2,770
Pension scheme contribution	9	9

18. FINANCIAL INSTRUMENTS

Fair value measurements of financial instruments

A number of assets and liabilities included in these unaudited interim condensed consolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "Fair Value Hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Fair value hierarchy at 31 December 2022 (unaudited)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Equity instruments at FVTOCI:				
– Listed equity securities	14,672	–	–	14,672
– Unlisted investments	–	–	34,122	34,122
Financial assets at FVTPL				
– Listed equity securities	28,000	–	–	28,000
– Unlisted equity investments	–	–	422,806	422,806
	<u>42,672</u>	<u>–</u>	<u>456,928</u>	<u>499,600</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

18. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments(Continued)

Fair value hierarchy at 30 June 2022 (audited)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Equity Instruments at FVTOCI:				
– Listed equity securities	23,580	–	–	23,580
– Unlisted investments	–	–	35,349	35,349
Financial assets at FVTPL				
– Listed equity securities	45,803	–	–	45,803
– Unlisted equity investments	–	–	451,436	451,436
	<u>69,383</u>	<u>–</u>	<u>486,785</u>	<u>556,168</u>

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2022 and 30 June 2022:

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted equity investments classified as financial assets at FVTPL				
Micro-loan service	Market comparable companies	Price to book ratio ("PB ratio")	31 December 2022: 0.4444 30 June 2022: 0.4743	The fair value is positively correlated to the PB ratios. Had the PB ratio increased by 5%, the carrying amount would have increased by HK\$352,000 (30 June 2022: HK\$373,300). Had the PB ratio decreased by 5%, the carrying amount would have decreased by HK\$352,000 (30 June 2022: HK\$373,300).
		Discount for lack of marketability ("LOMD")	31 December 2022: 50% 30 June 2022: 50%	The fair value is negatively correlated to the LOMD. Had the LOMD decreased by 5% as at 31 December 2022, the carrying amount would have increased by HK\$698,000 (30 June 2022: HK\$746,000). Had the LOMD increased by 5% as at 31 December 2022, the carrying amount would have decreased by HK\$698,000 (30 June 2022: HK\$746,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

18. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments(Continued)

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted equity investments classified as financial assets at FVTPL				
Others	Market comparable companies	PB ratio (financial service)	31 December 2022: (financial service: 0.2573;	The fair value is positively correlated to the PB and EV/EBITDA ratios. Had the PB and EV/EBITDA ratios increased by 5%, the carrying amount would have increased by HK\$109,000 (30 June 2022: HK\$112,000). Had the PB and EV/EBITDA ratios decreased by 5%, the carrying amount would have decreased by HK\$109,000 (30 June 2022: HK\$112,000).
		Ratio of enterprise value over earning before interest, tax, depreciation and amortisation ("EV/EBITDA ratio") (trading of agriculture product)	Trading of agriculture product: 14,52) 30 June 2022: (financial service: 0.3212; Trading of agriculture product: 14,74)	
		LOMD	31 December 2022: 50% 30 June 2022: 50%	
Clean energy	Market comparable companies	EV/EBITD ratio	31 December 2022: (ethanol producer:5.51; Ethanol trading:5.55) 30 June 2022: (ethanol producer:5.66; Ethanol trading:7.12)	The fair values of companies are also determined with reference to multiples of comparable listed companies, using average of the EV/EBITDA ratio of comparables. The fair value measurement is positively correlated to the EV/EBITDA ratio. Had the EV/EBITDA ratio increased by 5%, the carrying value would have increased by HK\$10,811,000 (30 June 2022: HK\$12,201,000). Had the EV/EBITDA ratio decreased by 5%, the carrying amount would have decreased by HK\$10,811,000 (30 June 2022: HK\$12,201,000).
		LOMD	31 December 2022: 40% 30 June 2022: 38%	The fair values of companies are also determined with reference to DLOM. The fair value measurement is negatively correlated to the LOMD. Had the LOMD decreased by 5%, the carrying amount would have increased by HK\$23,187,000 (30 June 2022: HK\$25,828,000). Had the LOMD increased by 5%, the carrying amount would have decreased by HK\$23,187,000 (30 June 2022: HK\$25,828,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

18. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments(Continued)

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted security classified as equity instrument as FVTOCI				
Others	Market comparable companies	PB ratio	31 December 2022: 0.87 30 June 2022: 1	The fair value the companies are determined with reference to multiples of comparable listed companies, using average of the PB ratios of comparables. The fair value measurement is positively correlated to the PB ratios. Had the PB ratio increased by 5%, the carrying amount have increased by HK\$1,752,000 (30 June 2022: HK\$1,767,000). Had the PB ratio decreased by 5%, the carrying amount would have decreased by HK\$1,752,000 (30 June 2022: HK\$1,767,000).
		LOMD	31 December 2022: 50% 30 June 2022: 50%	The fair value of companies are also determined with reference to DLOM. The fair value is negatively correlated to LOMD. Had the LOMD decreased by 5%, the carrying amount would have increased by HK\$3,322,000 (30 June 2022: HK\$3,535,000). Had the LOMD increased by 5%, the carrying amount would have decreased by HK\$3,322,000 (30 June 2022: HK\$3,535,000).

There were no transfers between Level 1 and 2 during both period/year.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2022

18. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments(Continued)

Reconciliation of Level 3 fair value measurements

31 December 2022 (Unaudited)

	Financial Assets at FVTPL (unlisted securities) <i>HK\$'000</i>	Equity instruments at FVTOCI <i>HK\$'000</i>	Total <i>HK\$'000</i>
Opening balance	451,436	35,349	486,785
Total losses:			
– in profit or loss	(18,499)	–	(18,499)
– in OCI	–	(1,227)	(1,227)
– exchange realignment	(10,131)	–	(10,131)
Closing balance	<u>422,806</u>	<u>34,122</u>	<u>456,928</u>

30 June 2022 (Audited)

	Financial Assets at FVTPL (unlisted securities) <i>HK\$'000</i>	Equity instruments at FVTOCI <i>HK\$'000</i>	Total <i>HK\$'000</i>
Opening balance	654,067	31,157	685,224
Total losses:			
– in profit or loss	(189,492)	–	(189,492)
– in OCI	–	4,192	4,192
– exchange realignment	(6,799)	–	(6,799)
Disposals	(6,340)	–	(6,340)
Closing balance	<u>451,436</u>	<u>35,349</u>	<u>486,785</u>

19. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 February 2023.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the investments in the listed and unlisted companies established and/or doing business in Hong Kong and the People's Republic of China (the "PRC" or, "China").

The Group recorded a loss of HK\$42,707,000 for the six months ended 31 December 2022 (the "Period"), as compared to a loss of HK\$46,093,000 for the same period last year. The loss was mainly attributable to the fair value loss of approximately HK\$16,479,000 on listed investments at FVTPL and the fair value loss of approximately HK\$18,499,000 on unlisted investments at FVTPL.

LISTED INVESTMENT REVIEW

During the Period, the Group recorded the total loss of HK\$25,387,000 on listed securities business. No dividend income from listed investments was recorded for the Period (31 December 2021: HK\$181,000).

As at 31 December 2022, the market value of the listed securities amounted to HK\$42,672,000 (30 June 2022: HK\$69,383,000). All the listed securities were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Listed Securities Portfolio

Name of listed securities	Nature of business	Number of shares held	Group's effective interest	Market value at 31 December 2022 <i>HK\$'000</i>	Dividend received/receivable during the Period <i>HK\$'000</i>	% to the Group's net assets as at 31 December 2022	Investment cost <i>HK\$'000</i>	Disposal consideration <i>HK\$'000</i>	Realized gain/(loss) <i>HK\$'000</i>
Hidili Industry International Development Limited	Coal mining and manufacture and sale of clean coal	9,063,000	0.44%	3,580	-	0.66%	10,564	1,324	(9,240)
China City Infrastructure Group Limited ("China City Infrastructure")	Infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC	698,079,429	22.32%	39,092	-	7.20%	-	-	-
				42,672	-				

UNLISTED INVESTMENT REVIEW

For the Period, the total loss on the Group's unlisted investment portfolio recorded as HK\$19,726,000 (31 December 2021: HK\$52,037,000). The loss was mainly attributable to the decrease in fair value of small loan companies and clean energy companies. No dividend income was recorded for the six months ended 31 December 2022 and 2021.

The fair value of the Group's unlisted investments decreased by 6.13% to HK\$456,928,000 (30 June 2022: HK\$486,785,000).

Unlisted Equity Investments

The company's unlisted equity investments are mainly concentrated on clean energy industry and small loan companies in the PRC.

Since 2018, the Group focusing on clean energy industry and made several investments. Bioenergy is a carbon neutral and renewable energy source that reducing greenhouse gas emissions. Biofuels such as ethanol and biodiesel, are less toxic and are biodegradable. Using biomass can help build resilience in agricultural, timber and food-processing industries. Bioenergy provides a use for their waste streams, can help them reduce their energy costs.

Meanwhile, small loan industry in the PRC is still facing worries of the decreasing interest rate of private lending and the increase of operation risks, resulting in certain small loan companies continue to generate overdue loans and incur losses. In view of the slipping performance of the small loan industry, the company has plan to exit the investments in small loan industry.

In the foreseeable future, the company will continuously focus its investment on the bioenergy sector and gradually exit the past investment in the small loan industry which aim to maximize value of the shareholders of the company.

Management Discussion and Analysis (Continued)

UNLISTED INVESTMENT REVIEW (Continued)

Unlisted Equity Investments (Continued)

Unlisted equity investment portfolio

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 31 December 2022 HK\$'000	% to the Group's net assets as at 31 December 2022
Micro-loan service							
1		Tianjin	30%	Provision of small loan and financial consultation services	36,606	872	0.16%
2		Tianjin	10%	Provision of small loan and financial consultation services	12,189	2,912	0.54%
3	(1)	Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	36,693	-	-
4		Tianjin	3.3%	Provision of small loan and financial consultation services	12,271	599	0.11%
5		Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730	-	-
6		Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	36,673	2,321	0.43%
				Sub-total:	208,162	6,704	
Guarantee Service							
7	(2)	Nanchang, Jiangxi Province	2.06%	Provision of financing guarantees to small and medium enterprises	43,150	34,122	6.29%
Investment and management consultation service							
8		Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	18,350	-	-
9		Xi'an, Shaanxi Province	30%	Provision of financial management services	18,724	1,697	0.31%
				Sub-total:	37,074	1,697	
Clean energy							
10	(3)	Henan Province	30%	Production and sales of denatured fuel ethanol, sales of acetone, butanol, polyols, production and sales of biodegradable plastics and biodiesel, sales of chemical products, wheat bran flour, feed sales, acetic acid and acetaldehyde production	230,763	119,338	21.99%
11	(4)	Hunan Province	30%	New energy technologies development, transfer and consultation, research and development, manufacturing and sales of chemical products, chemical reagents and auxiliaries (excluding hazardous chemicals and precursor chemicals)	51,200	28,411	5.24%

UNLISTED INVESTMENT REVIEW (Continued)

Unlisted Equity Investments (Continued)

Unlisted equity investment portfolio (Continued)

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 31 December 2022 HK\$'000	% to the Group's net assets as at 31 December 2022
12 Mengzhou Houyuan Biotechnology Company Limited	(5)	Henan Province	30%	Biotechnology and ethanol bio-chemical product development and production of ethanol chemical products	150,065	28,199	5.20%
13 Henan Keyi Huirui Bioenergy Technology Company Limited ("Keyi Huirui")	(6)	Henan Province	30%	Biotechnology energy technology development, transfer and consultation, research and development, manufacturing and sales of biotechnology energy and chemical equipment	117,450	83,739	15.43%
14 Tianguan New Energy Limited ("Tianguan New Energy")	(7)	Guangdong Province	5%	Ethanol products transportation, development, trading and consultation service	5,952	6,481	1.19%
15 Henan Zhongxin Petrochemical Oil Sales Co., Ltd ("Zhongxin Petrochemical")	(8)	Henan Province	30%	Engage in petrol station operation	52,084	51,093	9.42%
16 Henan Zhongxin Bioenergy Co., Ltd ("Zhongxin Bioenergy")	(8)	Henan Province	30%	Engage in biotechnology and ethanol bio-chemical product development and production of ethanol chemical products	52,084	42,225	7.78%
				Sub-total:	659,598	359,486	
Others							
17 Jilin Jusheng Light Alloy Co., Ltd	(9)	Jilin Province	30%	Aluminum alloy strip, foil production and product processing	65,400	54,919	10.12%
				Total:	1,013,384	456,928	

UNLISTED INVESTMENT REVIEW (Continued)

Unlisted Equity Investments (Continued)

Unlisted equity investment portfolio (Continued)

Notes:

- (1) On 22 December 2016, the Company entered into a disposal agreement to dispose of all of its equity interest in Harbin Zhongjinguoxin to an independent third party for a cash consideration of RMB25,000,000. A deposit of HK\$2,500,000 has been received which was included in receipt in advance in "other payables and accruals" as at 30 June 2022 and 2021. As at 31 December 2022, in the opinion of the Directors of the Company, this disposal transaction has not been completed after 12 months from the date of the disposal agreement but the transaction still be considered as valid.
- (2) On 13 April 2011, the Group acquired a 30% equity interest of Jiangxi Huazhang, a joint venture establish in the PRC. The Group's equity interest in Jiangxi Huazhang became 7.2% on 15 July 2013 and reduce to 2.98% on 19 August 2016, as Jiangxi Huazhang was enlarged by the new registered capital subscribed by its other shareholders on these dates.
- (3) On 11 May 2018, the Company entered into the joint venture agreement with the joint venture partners in relation to the formation of the Henan Tianguan in Henan province, the PRC. Pursuant to the joint venture agreement, the Company owned 30% of the registered capital of the Henan Tianguan. On 31 July 2018, Henan Tianguan increased the registered capital from RMB300,000,000 to RMB660,000,000 hence Keyi (Shanghai) Investments Limited ("Keyi") and Joy State Holdings Limited, wholly-owned subsidiaries of the Company, further injected RMB30,000,000 and RMB78,000,000 respectively.
- (4) On 23 January 2019, Keyi invested in a 30% equity interest of South China New Energy with the capital contribution of RMB45,000,000.
- (5) On 17 October 2019, the Group entered into an agreement with Hollys (China) Limited ("Hollys") to get the repayment of outstanding principal and interests of the bond issued by Hollys in return the 30% equity interest of Mengzhou Houyuan.
- (6) In August 2019, Keyi entered into an agreement with three partners in relation to the formation of Keyi Huirui. The registered capital of Keyi Huirui is RMB350,000,000. Keyi injected RMB105,000,000 for acquiring 30% of Keyi Huirui's equity interest. On 5 September 2019, Kei Huirui was officially set up.
- (7) In October 2019, the Group invested in a 5% equity interest of Tianguan New Energy, a joint venture established in the PRC.
- (8) On 16 March 2020, the Company executed a cooperation agreement with the People's Government of Nanyang of the PRC, Sinopec Marketing Company Limited and South South Asia Pacific Bioenergy Limited, in relation to the formation of two joint venture companies, Zhongxin Petrochemical and Zhongxin Bioenergy. The company acquired 30% equity interest in both companies.
- (9) On 18 June 2020, Keyi entered into the capital increase agreement with Jusheng Light Alloy to inject capital contribution of RMB60,000,000 into Jusheng Light Alloy for acquiring 30% of Jusheng Light Alloy's equity interest.

PROSPECT

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

As the Group's business is moving forward towards its strategic goals, the Board will carefully assess and minimize potential risks and strive to generate more returns to all shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2022, the Group had cash and cash equivalents of HK\$763,000 (30 June 2022: HK\$39,600,000). Majority of the cash and bank balances denominated in Hong Kong dollars, United States dollars and Renminbi are placed with banks in Hong Kong and the PRC. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2022 was approximately 2.07 times (30 June 2022: 2.84 times), gearing ratio (total liabilities to total assets) of the Group as at 31 December 2022 was approximately 6.26% (30 June 2022: 5.52%).

The Group did not have any bank borrowing as at 31 December 2022 (30 June 2022: Nil). The Group did not have any capital commitments as at 31 December 2022 (30 June 2022: Nil).

INTERIM DIVIDEND

The Board of the Directors does not recommend any payment of interim dividend for the Period (31 December 2021: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2022, there were no charges on the Group's assets.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2022.

CAPITAL STRUCTURE

As at 31 December 2022, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$508,486,000 (30 June 2022: HK\$572,789,000) and approximately 10,971,634,030 (30 June 2022: 10,971,634,030), respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Hong Kong dollars and Renminbi are the main currencies of the Group to carry out its business transactions. During the Period, transactions in Renminbi were not significant, the Board considers that the Group's exposure to fluctuation in exchange rates was insignificant.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had 8 employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Period was HK\$4,915,000 (31 December 2021: HK\$5,253,000). The remuneration package of the employees is determined by various factors including the employees' experience and performance, the market condition, industry practice and applicable employment law.

Other Information

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

As at 31 December 2022, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the ordinary shares, share options, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of director	Capacity	Number of issued ordinary shares held			Approximate percentage of shareholding in the Company
		Personal interests	Corporate interests	Total interests	
Du Lin Dong	Beneficial owner and interests of controlled corporation	173,624,830	492,000,000	665,624,830	6.07%
Zeng Zianggao		1,000,000	–	1,000,000	0.01%

Note: Mr. Du Lin Dong is personally holding 173,624,830 ordinary shares. The 492,000,000 ordinary shares were held by Rightfirst, a company wholly owned by Mr. Du Lin Dong. Under SFO, Mr. Du Lin Dong is deemed to be interested in the ordinary shares in which Rightfirst is interested.

Save as disclosed above, as at 31 December 2022, none of the Directors nor the chief executive of the Company and their respective associates had or was deemed to have any interests and short positions in the ordinary shares, share options, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

The register of substantial Shareholders maintained under Section 336 of the SFO shows that as at 31 December 2022, the Company had been notified of the following substantial Shareholders' interests or short positions, being 5% or more of the Company's ordinary shares and underlying shares:

Name of Shareholder	Capacity	Notes	Number of issued ordinary shares held			Approximate percentage of shareholding in the Company
			Personal interests	Corporate interests	Total interests	
Gen Xiaoqing	Beneficial owner		1,117,780,000	–	1,117,780,000	10.19%
Jumbo View Holdings Limited	Beneficial owner	(1)	1,016,860,000	–	1,016,860,000	9.27%
Zhang Gui	Interests of controlled corporation	(1)	–	1,016,860,000	1,016,860,000	9.27%
Zhang Zuhao	Beneficial owner		1,000,000,000	–	1,000,000,000	9.11%
Century Golden Resources Investments Co., Ltd	Beneficial owner	(2)	1,000,000,000	–	1,000,000,000	9.11%
Huang Shiyong	Interests of controlled corporation	(2)	–	1,000,000,000	1,000,000,000	9.11%
Huang Tao	Interests of controlled corporation	(2)	–	1,000,000,000	1,000,000,000	9.11%

Notes:

- (1) 70% of the issued share capital of Jumbo View Holdings Limited is owned by Mr. Zhang Gui, and Mr. Zhang Gui is therefore deemed to be interested in the ordinary shares held by Jumbo View Holdings Limited.
- (2) 40% and 50% of the issued share capital of Century Golden Resources Investment Co., Limited is owned by Mr. Huang Shiyong and Mr. Huang Tao, respectively, and Mr. Huang Shiyong and Mr. Huang Tao are therefore deemed to be interested in the ordinary shares held by Century Golden Resources Investment Co., Limited.

Save as disclosed above, as at 31 December 2022, the Company has not been notified by any other persons, not being a Director or chief executive of the Company, who has interests or short positions in the ordinary shares and underlying shares of the Company representing 5% or more of the Company's issued share capital.

SHARE OPTION SCHEME

In light of the requirements of Chapter 17 of the Listing Rules, the Company adopted a share option scheme (the "Scheme") on 15 December 2017. Under the Scheme, the Directors may grant options to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest. As at 31 December 2022, no any share options were granted, exercised, lapsed, forfeited or outstanding.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to Shareholders. During the Period, the Company complied with the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Listing Rules except for the following deviations:

- (a) The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The positions of both chairman and chief executive officer have been held by Mr. Du Lin Dong. Given the Group's current stage of development, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. Mr. Du Lin Dong possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group.

The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies. The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the Period.

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") which comprises three independent non-executive Directors namely, Mr. Zhang Jing (chairman of the audit committee), Mr. Zeng Xianggao and Mr. Wong Lok Man. The Audit Committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management system, internal control systems and financial reporting matters including the review of the unaudited interim consolidated financial statements for the Period before recommending them to the Board for approval. The Audit Committee is established with specific terms of references which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES

The Group's interim results will be included in the Company's interim report for the Period which will be published on the website of the Stock Exchange (<http://www.hkex.com.hk>) as well as the website of the Company (<http://www.irasia.com/listco/hk/cfii>) as soon as possible.