



僑雄國際控股有限公司  
Kiu Hung International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code : 00381)

LEADING THE WAY TOWARDS  
**A BRIGHT  
FUTURE**  
Interim Report 2024

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# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS:

Mr. Zhang Qijun (*Chairman*)  
Mr. Liu Mingqing  
Mr. Sun WeiWei  
Mr. Yang Ling (Appointed on 5 April 2024)

## INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Wang Xiao Ning  
Ms. Chen Yuxin  
Ms. Wei Yu

## REGISTERED OFFICE

Sofia House  
3rd Floor  
48 Church Street  
Hamilton, HM12  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Flat E, 20th Floor  
Lucky Plaza  
315–321 Lockhart Road  
Wan Chai  
Hong Kong

## BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Cohort Limited  
3rd Floor, Sofia House  
48 Church Street  
Hamilton, HM12  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## AUDITOR

KTC Partners CPA Limited  
Room 1305–07, 13/F  
New East Ocean Centre  
9 Science Museum Road  
Tsim Sha Tsui East  
Kowloon, Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of China Tower  
1 Garden Road Central  
Hong Kong

OCBC Wing Hang Bank Limited  
Head office  
161 Queen's Road Central Hong Kong

## COMPANY'S WEBSITE

[www.kh381.com](http://www.kh381.com)

# MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Kiu Hung International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries and associated companies (the “**Group**”) for the six months ended 30 June 2024.

## FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2024 (the “**Period**”), the Group recorded turnover of approximately HK\$143.4 million (2023: HK\$152.9 million), representing a decrease of approximately 6% as compared with the same period last year. The Group’s profit attributable to equity holders of the Company for the Period was approximately HK\$17.6 million (2023: HK\$36.4 million). The decrease in profit attributable to equity holders of the Company for the Period was mainly attributable to share of loss from the Group’s investment in associate engaged in fruit plantation business and decrease from gain on extinguishment of financial liabilities by issue of ordinary shares. Basic earnings per share for the Period was 18.54 HK cents (2023: 39.21 HK cents, restated). The Board has resolved not to pay any interim dividend for the Period (2023: Nil).

## BUSINESS AND OPERATIONAL REVIEW

### Segmental Information Analysis

During the Period, the Group has six reportable segments, namely “Manufacturing and trading of toys and gifts items”, “Exploration of natural resources”, “Fruit plantation”, “Leisure”, “Culture” and “Chinese herbs”.

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business has different economic characteristics.

### Manufacturing and Trading of Toys and Gifts Items

Turnover from toys and gifts business for the Period was approximately HK\$86.5 million (2023: HK\$91.0 million). Gross profit ratio for the Period was 42.2% (2023: 40.1%). The increase in gross profit ratio was mainly due to a decrease in the material costs during the Period. The segment loss of the manufacturing and trading of toys and gifts items was approximately HK\$0.67 million (2023: profit of approximately HK\$0.08 million).

### Exploration of Natural Resources

The Group owns the minor interest of exploration rights of Bayanhushuo Coal Field and Guerbanhada Coal Mine, all located in Inner Mongolia Autonomous Region (the “**Inner Mongolia**”), the PRC with total estimated coal resources of approximately 500.05 million tonnes under the JORC Code.

The retained equity interest was regarded as financial assets at FVTOCI since the Group has no significant influence to participate in the financial and operating policy decisions of the Investment Group.

In the opinion of the directors of the Company as at 30 June 2024, the Investment Group is still unable to generate cash flows to the Group due to the absence of the mining rights of coal mines concerned. Hence, fair value of approximately HK\$3,435,000 was recognised to fully write down the carry amount of the investment in the year ended 31 December 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Fruit Plantation

### (a) **Multijoy Group**

Multijoy Developments Limited, 40% equity interest of which was acquired by the Group, together with its subsidiaries (the “**Multijoy Group**”) is principally engaged in the business of holding of forestry concession rights in relation to a parcel of forest land situated in Nanfeng County, Fuzhou City, Jiangxi Province, the PRC with an aggregate site area of approximately 1,765.53 Chinese mu (the “**Forest Land**”).

### (b) **USO Management & Holding Co. Ltd**

USO entered into a development cooperation agreement with Plantation Construction & Development Co Ltd. (the “**Development Company**”), pursuant to which USO and the Development Company will jointly develop the leased properties. The management expected that the leased properties will be mainly developed for commercial purposes such as residential properties and hotels, residential villas, high-end hotel and casino, and ancillary public amenities. Under the impact of weak global economic environment, the begin construction date of the luxury hotel and casino, as well as the first 100 residential villas is delayed, and expected to be taken place in January 2025. The management of the Group is assessing the operational and financial impacts of the proposed arrangements to the Group.

## Leisure

### (a) **Tea related business**

In the recent years, competition in the tea industry becomes more fierce as the traditional sales model is facing a keen competition from those online business platform. During the Period, Fujian Yuguo has begun to fine-tune its operation model to meet its customers’ needs, including but not limited to provide more attractive terms to its selected customers to increase its competitiveness in the markets.

### (b) **Wine related business**

Wine culture forms an important part and has a long history in the Chinese culture. In view of the increase in the living standard of the Chinese people in the recent years, the Group is optimistic about the future growth in the wine industry and has intention to invest in the wine business, especially for the yellow wine products. Since the end of 2016, the Group has invested in the yellow base wine.

As stated in the Company’s announcement dated 18 March 2020, the acquisition of 20% equity interest in Anhui Fu Lao was completed on 31 May 2018. However, due to the lack of cooperation from the administrator of the deceased vendor of Anhui Fu Lao (the “**Administrator**”), the transfer procedures of 20% equity to the Group remains incomplete. Based on the legal opinion, the directors of the Company believe that the Group could obtain a court order to enforce the transfer of 20% equity from the Administrator to the Group. Details of the updated case, please refer to the Company’s announcement dated 14 March 2023.

Based on the legal opinion from the PRC lawyers, the Group have two years right to enforce the judgment on the Administrators. As at the date of issuance of the interim report, the transfer of ownership is yet to be completed and the directors are of the opinion it is in the interest of Anhui Fu Lao’s to allow the business to continue to operate normally. The directors will take further action to enforce the judgment in January 2025 if the transfer is not completed by then.



# MANAGEMENT DISCUSSION AND ANALYSIS

## (c) **Outbound tourism**

On 30 December 2016, the Company engaged its legal advisers to issue a legal letter to Unicorn Sino Limited (“Unicorn”), the vendor. As set out in the letter, the Company had relied on the representations of Ms. Wei, the ultimate sole beneficial owner of Unicorn, in particular, the business plan presented by Unicorn to the Company, when the Company and its subsidiaries entered into the sale and purchase agreement (as amended by the supplemental agreement dated 16 December 2015) and the Shareholders’ Agreement (as amended by the supplemental agreement dated 16 December 2015) (collectively, the “Agreements”) with Unicorn.

It was subsequently discovered that the representations made by Ms. Wei in respect of the business of the outbound tourism were false and misleading. Based on the legal advice from a senior counsel, the Agreements were void or voidable by reason of fraudulent misrepresentation and the promissory note can be rescinded, and Unicorn cannot enforce the promissory note against the Company. In the opinion of the Directors, the financial effects of the rescission, will be recognised when the promissory note is legally extinguished.

Based on the legal opinion from the Company’s external legal lawyer, the promissory notes were time-barred under the Limitation Ordinance, and therefore, the promissory notes of HK\$92,000,000 expired and was derecognised, with the corresponding amount recognised as income during the year ended 31 December 2023.

## **Culture**

Turnover from culture business for the Period was Nil (2023: Nil).

## **Chinese herbs**

Hubei Jincaotang Pharmaceutical Co., Ltd. (湖北金草堂藥業有限公司), 51% equity interest of which was acquired by the Group, is principally engaged in the business of Chinese herbs and the decoction business in Mainland China. Turnover from the Chinese herbs related business for the Period was approximately HK\$57.0 million (2023: HK\$61.9 million).

## **Selling and Distribution Costs**

The amount of selling and distribution costs for the Period decreased by approximately 12.1% to approximately HK\$14.8 million as compared to approximately HK\$16.8 million in the same period last year. The decrease was mainly attributable by the Chinese herbs business.

## **Liquidity and Financial Resources**

The Group generally finances its operations with internally generated cash flow and facilities provided by its bankers in Hong Kong and in the PRC. As at 30 June 2024, the Group had bank and cash balances of approximately HK\$98.5 million (31 December 2023: approximately HK\$111.9 million). The Group’s bank and cash balances were mostly held in Hong Kong dollars and Renminbi.

As at 30 June 2024, the Group’s borrowings amounted to approximately HK\$135.9 million (31 December 2023: approximately HK\$141.8 million). The Group’s borrowings were mainly denominated in Hong Kong dollars and Renminbi.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group monitors its capital using a gearing ratio, which is the Group's net debt (comprising trade payables, accruals and other payables, lease liabilities, borrowings, amount due to an associate and convertible bonds less bank and cash balances) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 30 June 2024 was 73.0% (31 December 2023: 89.1%, restated).

As the majority of the Group's transactions and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, the Group's exposure to exchange rate fluctuation was relatively insignificant, and the Group had not used any financial instruments for hedging during the Period.

As at 30 June 2024, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK\$63 million (31 December 2023: approximately HK\$63 million), were pledged to secure other loan granted to the Group.

As at 30 June 2024, the Group had no significant capital commitments (31 December 2023: Nil).

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

## BUSINESS PROSPECTS AND FUTURE PLAN FOR MATERIAL INVESTMENTS

The Group has been reviewing its operations and exploring other investment opportunities that have earning potentials in order to expand its existing operations and diversify its businesses and income base to maximize the interests of the Group and the shareholders as a whole.

## CAPITAL STRUCTURE

During the Period, the Company implemented share consolidation, details of which are set out in Note 12(b).

On 17 May 2024, the Company issued and allotted 19,350,000 ordinary shares to the creditor in settlement of the amount due to her of approximately HK\$19,200,000, details of which are set out in Note 12(d).

During the six months ended 30 June 2024, 150,000,000 ordinary shares was issued and allotted to the convertible bond holders upon conversion of convertible bonds with a principal amount of HK\$45,000,000.

As at 30 June 2024, the capital structure of the Company was constituted of 266,103,772 ordinary shares of HK\$0.1 each. Apart from the ordinary shares in issue, the capital instruments in issue of the Company include the convertible bonds to subscribe for the Company's shares.

At 30 June 2024, the Group has no share options remained outstanding (31 December 2023: Nil). The share option scheme of the Company with a scheme life of ten years and approved by the shareholders of the Company on 31 May 2013 expired on 30 May 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 30 June 2024, the Group had a total of 430 employees (31 December 2023: 387 employees). The Group maintains good working relations with its employees and has committed itself to staff training and development. Remuneration packages are maintained at a competitive level and are being reviewed on a periodical basis. Bonus and share options are awarded to employees according to the assessment of individual performance and industrial practice.

## USE OF PROCEEDS FROM PLACING OF CONVERTIBLE BONDS

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
29 August 2023 (completed on 6 February 2024)	Placing of convertible bonds under specific mandate	Approximately HK\$44,500,000	(i) Approximately HK\$30,000,000 for the construction of Chinese medicinal herbs plantation base in Hubei; (ii) approximately HK\$10,000,000 for the setting up of a new TCM decoction pieces production lines; and (iii) the remaining of the net proceeds in the approximate amount of HK\$4,500,000 for general working capital of the Group.	(i) HK\$27 million had been utilised for deposit and costs for construction and labour of the medicinal herbs plantation base; (ii) HK\$10 million had been utilised for deposit and costs for the TCM decoction production lines; (iii) HK\$4.5 million had been utilised for general working capital of the Group; and (iv) HK\$3 million remain unutilised and will be deployed as intended.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance. During the Period, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 “Corporate Governance Code and Corporate Governance Report” to the Listing Rules, except for the deviation from code provisions A.6.7 of the Corporate Governance Code as described below.

### Code Provision A.6.7

Under code provision A.6.7 of the Corporate Governance Code, the independent non-executive Directors should attend the general meetings. However, the independent non-executive Directors, Ms. Wei Yu, Mr. Wang Xiao Ning and Ms. Chen Yuxin had other important engagements at the same time and did not attend the annual general meeting of the Company held on 25 June 2024.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 “Model Code for Securities Transactions by Directors of Listed Issuers” to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry of the Directors of the Company, all Directors confirmed that they had complied with the required standards as set out in the Model Code during the Period.

## AUDIT COMMITTEE

The audit committee assists the Board in meeting its responsibilities for ensuring effect systems of financial reporting process, risk management, internal control and compliance, and in meeting its external financial reporting objectives. The audit committee of the Company comprises Ms. Wei Yu, Mr. Wang Xiao Ning and Ms. Chen Yuxin, the independent non-executive Directors of the Company. The audit committee members have reviewed the unaudited condensed consolidated interim financial statements and the interim report of the Group for the six months ended 30 June 2024.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2024, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been 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 in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

### Long position in the shares of the Company

Names of Directors	Number of shares or underlying shares held	Capacity		Beneficial owner	Approximate percentage of shareholding
		Interest of controlled corporation	Interest of child under 18 or spouse		
Liu Mingqing	92,000	–	–	92,000	0.035%
Zhang Qijun	670	–	–	670	Negligible

Save as disclosed above, as at 30 June 2024, none of the directors and the chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code contained in the Listing Rules to be notified to the Company and the Stock Exchange.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the headings "Directors' Interests in Shares" above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Revenue</b>	4	<b>143,434</b>	152,924
Cost of sales		<b>(74,380)</b>	(81,664)
<b>Gross profit</b>		<b>69,054</b>	71,260
Other income		<b>2,230</b>	135
Other gains, net		–	879
Selling and distribution costs		<b>(14,751)</b>	(16,784)
Administrative expenses		<b>(32,704)</b>	(34,162)
Finance costs		<b>(1,628)</b>	(1,186)
Share of results of associates		<b>(3,875)</b>	5,893
Gain on extinguishment of financial liabilities by issue of ordinary shares	12	<b>16,355</b>	29,728
<b>Profit before income tax</b>		<b>34,681</b>	55,763
Income tax expense	5	<b>(4,404)</b>	(4,503)
<b>Profit for the period</b>	6	<b>30,277</b>	51,260
<b>Profit attributable to:</b>			
— owners of the Company		<b>17,613</b>	36,415
— non-controlling interests		<b>12,664</b>	14,845
		<b>30,277</b>	51,260
		<b>HK cents</b>	HK cents (Restated)
<b>Earnings per share attributable to the owners of the Company</b>	8		
— Basic		<b>18.54</b>	39.21
— Diluted		<b>18.54</b>	39.21

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the period</b>	<b>30,277</b>	51,260
<b>Other comprehensive loss:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange difference arising from translation of foreign operations	<b>(10,920)</b>	(16,140)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(10,920)</b>	(16,140)
<b>Total comprehensive income for the period</b>	<b>19,357</b>	35,120
<b>Total comprehensive income attributable to:</b>		
— owners of the Company	<b>9,513</b>	19,399
— non-controlling interests	<b>9,844</b>	15,721
	<b>19,357</b>	35,120

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	105,379	107,820
Right-of-use assets		30,740	29,256
Investment properties		12,246	12,450
Goodwill		49,723	50,940
Other intangible assets		4,333	5,795
Investments in associates		237,801	246,969
Prepayments, deposits and other receivables		67	–
Deferred income tax assets		1,589	1,589
		<b>441,878</b>	454,819
<b>Current assets</b>			
Inventories		104,888	87,910
Biological assets		4,930	5,051
Trade and bills receivables	10	70,709	57,229
Prepayments, deposits and other receivables		100,778	53,369
Tax recoverable		140	36
Bank balances and cash		98,529	111,867
		<b>379,974</b>	315,462
<b>Current liabilities</b>			
Trade payables	11	27,617	22,115
Accruals and other payables		99,370	117,517
Income tax payable		5,724	2,577
Lease liabilities		649	723
Borrowings		135,877	134,245
Amount due to an associate		168	172
		<b>269,405</b>	277,349
<b>Net current assets</b>		<b>110,569</b>	38,113
<b>Total assets less current liabilities</b>		<b>552,447</b>	492,932



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,576</b>	1,846
Borrowings		–	7,572
Deferred income tax liabilities		<b>13,082</b>	12,927
Convertible bonds		<b>130,611</b>	130,611
		<b>145,269</b>	152,956
<b>Net assets</b>			
<b>Equity</b>			
Share capital	12	<b>26,602</b>	9,667
Reserves		<b>244,964</b>	204,541
<b>Equity attributable to owners of the Company</b>			
Non-controlling interests		<b>135,612</b>	125,768
<b>Total equity</b>			
		<b>407,178</b>	339,976

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

## Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus HK\$'000	Contributed surplus HK\$'000	Foreign currency translation reserve HK\$'000	Property revaluation reserve HK\$'000	Fair value reserve for financial assets at FVTOCI HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 January 2023 (Audited)</b>	9,206	1,782,784	13,271	303	27,209	80,363	55,383	(1,782,785)*	185,734	99,274	284,008
Profit for the period	-	-	-	-	-	-	-	36,415	36,415	14,845	51,260
Other comprehensive (loss)/income for the period	-	-	-	-	(17,016)	-	-	-	(17,016)	876	(16,140)
Loan capitalisation (Note 12)	461	911	-	-	-	-	-	-	1,372	-	1,372
<b>At 30 June 2023 (Unaudited)</b>	9,667	1,783,695	13,271	303	10,193	80,363	55,383	(1,746,371)	206,505	114,995	321,500
<b>At 1 January 2024 (Audited)</b>	<b>9,667</b>	<b>1,785,068</b>	<b>18,290</b>	<b>303</b>	<b>8,758</b>	<b>87,258</b>	<b>55,383</b>	<b>(1,750,519)</b>	<b>214,208</b>	<b>125,768</b>	<b>339,976</b>
Profit for the period	-	-	-	-	-	-	-	17,613	17,613	12,664	30,277
Other comprehensive (loss)/income for the period	-	-	-	-	(8,100)	-	-	-	(8,100)	(2,820)	(10,920)
Issue of shares upon conversion of convertible bonds (Note 12)	15,000	30,000	-	-	-	-	-	-	45,000	-	45,000
Loan capitalisation (Note 12)	1,935	910	-	-	-	-	-	-	2,845	-	2,845
<b>At 30 June 2024 (Unaudited)</b>	<b>26,602</b>	<b>1,815,978</b>	<b>18,290</b>	<b>303</b>	<b>658</b>	<b>87,258</b>	<b>55,383</b>	<b>(1,732,906)</b>	<b>271,566</b>	<b>135,612</b>	<b>407,178</b>

\* The 2023 interim report issued on 31 August 2023 contained a prior period adjustment ("PYA") of HK\$92,000,000 in relation to the cancellation of promissory notes. In the 2023 annual report, the cancellation was recognised in the year ended 31 December 2023 rather than a PYA and as such, the corresponding accumulated losses at 1 January 2023 has been adjusted to ignore the effect of the PYA which is different from the 2023 interim report.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Net cash outflow from operating activities	<b>(47,557)</b>	(33,861)
Net cash outflow from investing activities	<b>(3,091)</b>	(4)
Net cash inflow from financing activities	<b>38,716</b>	14,148
Net decrease in cash and cash equivalents	<b>(11,932)</b>	(19,717)
Cash and cash equivalents at 1 January	<b>111,867</b>	99,058
Effect of foreign exchange rate changes	<b>(1,406)</b>	(13,901)
Cash and cash equivalents at 30 June	<b>98,529</b>	65,440

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the Companies Act 1981 of the Bermuda. The address of its registered office is Sofia House, 3rd Floor, 48 Church Street, Hamilton HM12, Bermuda. The address of its principal place of business is Flat E, 20/F., Lucky Plaza, 315–321 Lockhart Road, Wan Chai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Group is principally engaged in (i) the manufacturing and trading of toys and gifts items, (ii) development, processing and trading of Chinese herbs products and (iii) the investment in various potential businesses including fruit plantation, leisure and culture.

These unaudited condensed consolidated interim financial statements are presented in thousands of units of Hong Kong dollars ("**HK\$**"), unless otherwise stated. These unaudited condensed consolidated interim financial statements have been approved for issue by the Board on 30 August 2024.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

Except as described below, the accounting policies used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those set out in the annual report for the year ended 31 December 2023.

### Application of Amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**")

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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the " <b>2020 Amendments</b> ")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the " <b>2022 Amendments</b> ")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current 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 financial statements.

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 3 ESTIMATES

The preparation of 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 expense. Actual results may differ from these estimates.

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 estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

## 4 SEGMENT INFORMATION

The Group has six reportable segments as follows:

Exploration	—	Exploration of natural resources
Toys and gifts items	—	Manufacturing and trading of toys and gifts items
Fruit plantation	—	Investment in business related to fruit plantation through associates of the Group
Leisure	—	Investment in the PRC outbound tourism, Chinese herbs business, and tea products related business through associates or subsidiaries of the Group
Culture	—	Investment in cultural items
Chinese herbs	—	Trading of Chinese herbs business

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business has different economic characteristics.

Segment results do not include corporate finance costs and other corporate income and expenses. Segment assets do not include assets at corporate level. Segment liabilities do not include liabilities at corporate level.



# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 4 SEGMENT INFORMATION *(continued)*

### (a) The segment results for the six months ended 30 June 2024 and 2023:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Total	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss														
Six months ended 30 June														
Revenue from external customers	-	-	86,484	90,982	-	-	-	-	-	-	56,950	61,942	143,434	152,924
Segment profit/(loss)	-	-	(670)	84	(3,435)	6,596	(440)	(706)	-	-	25,081	27,141	20,536	33,115
Unallocated amount:														
Gain on extinguishment of financial liabilities by issue of ordinary shares													16,355	29,728
Other corporate income and expenses													(6,614)	(11,583)
Profit for the period													30,277	51,260

Notes:

- (i) There were no inter-segment sales during the years.

### (b) Segment assets:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Total	
	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)
Segment assets	2	2	226,648	234,889	155,588	162,044	93,188	95,909	-	-	344,226	277,029	819,652	769,873
Unallocated corporate assets														
Bank and cash balances													69	72
Prepayments, deposits and other receivables													2,131	336
Total assets													821,852	770,281

### (c) Segment liabilities:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Total	
	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)
Segment liabilities	(89)	(91)	(170,946)	(175,461)	(1,005)	(1,005)	(14,455)	(14,809)	-	-	(13,788)	(8,936)	(200,283)	(200,302)
Unallocated corporate liabilities														
Borrowings													(23,208)	(50,046)
Accruals and other payables													(60,572)	(49,346)
Convertible bonds													(130,611)	(130,611)
Total liabilities													(414,674)	(430,305)

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 5 INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Other subsidiaries of the Company are subject to Hong Kong Profits Tax at the rate of 16.5% for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxations on overseas profits have been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current tax — Overseas	<b>4,201</b>	4,297
Deferred income tax	<b>203</b>	206
Income tax expense	<b>4,404</b>	4,503

## 6 PROFIT FOR THE PERIOD

Profit for the period is arrived after charging the following:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Amortisation of intangible assets	<b>1,362</b>	1,756
Depreciation of property, plant and equipment	<b>2,994</b>	439
Depreciation on right-of-use assets	<b>371</b>	351
Staff costs (including directors' remuneration):		
— Salaries, bonus and allowance	<b>21,914</b>	20,832
— Retirement benefits scheme contributions	<b>1,534</b>	847
Legal and professional fees	<b>1,425</b>	2,190
Interest expenses on borrowings wholly repayable within 5 years	<b>1,628</b>	1,186

## 7 DIVIDEND

The Board has resolved not to pay any interim dividend for the period (2023: Nil).

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 8 EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>HK\$'000</b> <b>(unaudited)</b>	2023 HK\$'000 (unaudited)
<b>Profit</b>		
Profit for the purpose of basic and diluted earnings per share	<b>17,613</b>	36,415
	<b>'000</b>	'000 (Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	<b>94,999</b>	92,865
<b>Profit per share</b>		
Basic earnings per share (HK cents)	<b>18.54</b>	39.21

Note: The weighted average number of ordinary shares for the six months ended 30 June 2024 has been adjusted for the two-to-one share consolidation ("**2024 Share Consolidation**") of the Company which became effective on 18 January 2024. The weighted average number of ordinary shares for the six months ended 30 June 2023 has been retrospectively adjusted for the 2024 Share Consolidation and the five-to-one share consolidation of the Company which became effective on 28 April 2023.

### Diluted earnings per share

For the six months ended 30 June 2024 and 2023, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds because the convertible price of those bonds was higher than the market price for the shares.

## 9 PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group has acquired property, plant and equipment of approximately HK\$161,000 (2023: HK\$4,000).

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 10 TRADE AND BILLS RECEIVABLES

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Trade receivables — contract with customers	<b>82,185</b>	51,127
Less: Allowance for credit losses	<b>(11,476)</b>	(11,661)
Trade receivables, net	<b>70,709</b>	39,466
Bills receivables	–	17,763
	<b>70,709</b>	57,229

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally for a period of 1 month, extending up to 3 months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

At 30 June 2024 and 31 December 2023, the aging analysis of trade receivables, based on invoice date, net of allowance, are as follows:

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Within 30 days	<b>51,092</b>	13,867
31 days to 90 days	<b>13,865</b>	20,961
91 days to 180 days	<b>5,662</b>	2,168
181 days to 360 days	<b>90</b>	1,869
Over 360 days	–	601
	<b>70,709</b>	39,466

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 11 TRADE PAYABLES

At 30 June 2024 and 31 December 2023, the aging analysis of trade payables, based on invoice date, are as follows:

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Within 30 days	<b>24,811</b>	14,062
31 days to 90 days	<b>1,314</b>	4,776
91 days to 180 days	<b>917</b>	2,693
181 days to 360 days	<b>7</b>	2
Over 360 days	<b>568</b>	582
	<b>27,617</b>	22,115

## 12 SHARE CAPITAL

	<b>Number of shares</b>		<b>Ordinary share capital</b>	
	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Ordinary shares of HK\$0.1 each (31 December 2023: HK\$0.05 each)				
<b>Authorised:</b>				
At beginning of period/year	<b>39,721,140,615</b>	198,605,703,079	<b>1,986,056</b>	1,986,056
Share consolidation (Note b)	<b>(19,860,570,308)</b>	(158,884,562,464)	-	-
At end of period/year	<b>19,860,570,307</b>	39,721,140,615	<b>1,986,056</b>	1,986,056
<b>Issued and fully paid</b>				
At beginning of period/year	<b>193,507,544</b>	921,487,724	<b>9,675</b>	9,214
Issued in shares				
— share consolidation (Note b)	<b>(96,753,772)</b>	(737,190,180)	-	-
— 2023 Loan Capitalisation (Note c)	-	9,210,000	-	461
— 2024 Loan Capitalisation (Note d)	<b>19,350,000</b>	-	<b>1,935</b>	-
— Conversion of convertible bonds (Note e)	<b>150,000,000</b>	-	<b>15,000</b>	-
At end of period/year	<b>266,103,772</b>	193,507,544	<b>26,610</b>	9,675
<b>Classified as:</b>				
Share capital	<b>266,023,772</b>	193,347,544	<b>26,602</b>	9,667
Obligation under share repurchase arrangement (Note a)	<b>80,000</b>	160,000	<b>8</b>	8
	<b>266,103,772</b>	193,507,544	<b>26,610</b>	9,675



# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 12 SHARE CAPITAL (continued)

Note:

- (a) On 21 May 2019, the Company issued and allotted 80,000,000 ordinary shares of the Company at HK\$0.10 per share (the "Shares") as settlement sum for HK\$8,000,000 as partial settlement of Mr. Guo's debt of HK\$17,600,000. As there is a buy-back clause for the Shares by the Company contained in the Settlement Deed, the Shares for HK\$8,000,000 are classified as financial liabilities and presented as obligation under share repurchase arrangement instead of equity under share capital as at 30 June 2022 and 31 December 2021.

On 15 May 2020, the Company received a writ of summons from Mr. Guo demanding an order that the Company buy back the shares from Mr. Guo. As at the date of this report, the Company is liaising with Mr. Guo about the buy-back of the shares.

On 27 June 2022, the Company completed the share consolidation, refer to note (b), as a result of the share consolidation, total number of ordinary shares due to Mr. Guo was adjusted from 4,000,000 ordinary shares to 800,000 ordinary shares. Also, total amount of ordinary shares due to the Mr. Guo was adjusted from HK\$40,000 to HK\$8,000 effect by the capital reduction.

On 28 April 2023, the Company completed the 2023 Share Consolidation, refer to note (b), as a result of the 2023 Share Consolidation, total number of ordinary shares due to Mr. Guo was adjusted from 800,000 ordinary shares to 160,000 ordinary shares to reflect the 2023 Share Consolidation.

On 18 January 2024, the Company completed the 2024 Share Consolidation, refer to note (b), as a result of the 2024 Share Consolidation, the total number of ordinary shares due to Mr. Guo was adjusted from 160,000 ordinary shares to 80,000 ordinary shares to reflect the 2024 Share Consolidation.

- (b) On 28 April 2023, pursuant to the special resolution passed and effective on the same date, the Company implemented the share consolidation on the basis that every five (5) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.05 each (the "2023 Share Consolidation"). Details of the 2023 Share Consolidation is disclosed in the announcements of the Company dated 6 April 2023 and 28 April 2023.

On 18 January 2024, pursuant to the special resolution passed on 16 January 2024, the Company implemented the share consolidation on the basis of every two (2) issued and unissued existing shares of HK\$0.05 each will be consolidated into one (1) consolidated share of HK\$0.1 each (the "2024 Share Consolidation"). Details of 2024 Share Consolidation is disclosed in the circular of the Company dated 27 December 2024 and announcement of the Company dated 16 January 2024.

- (c) On 23 June 2023, the Company issued and allotted 9,210,000 ordinary shares to a creditor in settlement of the amount due to her of approximately HK\$31,100,000 ("2023 Loan Capitalisation"). Details of the 2023 Loan Capitalisation is disclosed in the announcements of the Company dated 9 June 2023 and 23 June 2023.
- (d) On 17 May 2024, the Company issued and allotted 19,350,000 ordinary shares to the creditor in settlement of the amount due to her of approximately HK\$19,200,000 ("2024 Loan Capitalisation"). Details of 2024 Loan Capitalisation is disclosed in the announcements of the Company dated 3 May 2024 and 17 May 2024.
- (e) During the six months ended 30 June 2024, 150,000,000 ordinary shares was issued and allotted to the convertible bond holders upon conversion of convertible bonds with a principal amount of HK\$45,000,000.

## 13 RELATED PARTY TRANSACTIONS

	Note	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Product development, sales & marketing, and other services fee paid to a related company	(a)	2,958	2,539

Note:

- (a) The sole owner of the related company is also the director and beneficial owner of 49% (2023: 49%) equity interest in the Company's subsidiary paying for the services.

## 14 CAPITAL COMMITMENTS

The Group had no material capital commitments at the end of the reporting period (2023: Nil).

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 15 CONTINGENT LIABILITIES

The Group had no material contingent liability at the end of the reporting period (2023: Nil).

## 16 LITIGATIONS

### Guo Jingsheng

On 8 June 2016 and 19 July 2016, the Company and a director of the Company received from Mr. Guo Jingsheng (“**Mr. Guo**”) a writ of summons and an indorsement of claim issued by the High Court, respectively, against the Company as borrower and the director of the Company as guarantor for the outstanding amount of borrowing including interests of approximately HK\$13,921,000.

A deed of settlement (the “**Settlement Deed**”) was made between the Company, the director of the Company and Mr. Guo on 29 April 2019. Pursuant to the Settlement Deed, the Company would issue 80,000,000 ordinary shares of the Company at HK\$0.10 per share (the “**Shares**”) for the settlement of HK\$8,000,000 as partial settlement of Mr. Guo’s debt of approximately HK\$17,600,000 as at 29 April 2019. The Settlement Deed contains a buy-back clause for the Shares by the Company should the quoted market price of the Company’s shares fail to reach at least HK\$0.10 per share within one year from the date of issue of the Shares. The Company issued and allotted the Shares to Mr. Guo on 21 May 2019. On 15 May 2020 and 8 June 2020, the Company received a writ of summons from Mr. Guo demanding an order that the Company buy back the Shares from Mr. Guo.

As at the date of this report, the Company is liaising with Mr. Guo about the buy-back of the Shares and the outstanding amount of borrowings of approximately HK\$6,580,000, which is included in accruals and other payables as at 30 June 2024.

## 17 EVENTS AFTER THE REPORTING PERIOD

### (i) Placing of new shares under specific mandate

On 16 July 2024, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent agrees, as agent of the Company, to procure on a best effort basis of not less than six places, who and whose ultimate beneficial owners will be independent third parties, to subscribe for up to a maximum of 470,000,000 placing shares at the placing price of HK\$0.111 per placing share.

The gross proceeds from the Placing, assuming all the Placing Shares are fully placed, will be HK\$52,170,000. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$51,300,000. It is currently intended that HK\$51,000,000 of the net proceeds from the Placing will be utilised to repay the outstanding amount of the Hubei CB in full and the remaining net proceeds from the Placing of HK\$300,000 for general working capital of the Company. A special general meeting for the ordinary resolution of the placement is scheduled for 1 September 2024. At the date of issuance of the interim report, the placing is not yet completed. Details of the placing is disclosed in the announcement of the Company dated 16 July 2024, 16 August 2024 and the circular of the Company dated 16 August 2024.

### (ii) Voluntary bankruptcy of a subsidiary

On 30 May 2024, the directors of Marketing Resources Group Inc (“**MRG**”), a subsidiary of which the Group has 51% ownership interest filed for voluntary bankruptcy under Chapter 7 of the Bankruptcy Code in the United States of America. The voluntary bankruptcy of MRG is not expected to have a significant impact on the financial performance and financial position of the Group. At the date of this report, the bankruptcy proceedings was still in progress.