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CEFC Hong Kong Financial Investment Company Limited

香港華信金融投資有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1520)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHT

- Revenue of the Group saw a visible recovery in the first half of 2021 thanks to a rebound in demand in our major market. Revenue for the reporting period increased by approximately 106.4% to approximately HK\$32,081,000 (2020: HK\$15,545,000). Revenue from apparel operation was HK\$26,630,000 (2020: HK\$9,936,000) for the period, increased by 168.0% in comparison to the corresponding period in 2020. Revenue from money lending operation was approximately HK\$5,451,000 (2020: HK\$5,609,000), decreased by 2.8% as compared to the corresponding period in 2020;
- Gross profit for the six months ended 30 June 2021 was approximately HK\$2,423,000 (2020: gross loss of HK\$33,000). Apparel operation recorded gross loss of approximately HK\$3,028,000 (2020: HK\$5,642,000) while money lending operation earned gross profit of approximately HK\$5,451,000 (2020: HK\$5,609,000);
- The loss for the period attributable to owners of the Company was approximately HK\$20,522,000 (2020: HK\$28,586,000), decreased by approximately 28.2%. The decrease in the loss for the period attributable to owners of the Company was primarily due to an increase in revenue, and decrease in selling and distribution expenses and decrease in administrative expenses respectively;

- The Group's inventories increased by approximately 46.9%, from approximately HK\$11,971,000 as at 31 December 2020 to approximately HK\$17,591,000 as at 30 June 2021. The increase in inventories was primarily because (i) starting from second quarter of each year, the Group's customers generally start placing orders with the Group for the peak season's winter clothing; (ii) for the production of such peak season orders, the Group generally needs to purchase more new raw materials, resulting in significant amount of raw materials inventory as at 30 June 2021 compared to 31 December 2020;
- The Board of Directors of the Company (the "Board") did not recommend the payment of any interim dividend.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
	Notes	HK'000	HK'000
Revenue	4	32,081	15,545
Cost of sales		<u>(29,658)</u>	<u>(15,578)</u>
Gross profit/(loss)		2,423	(33)
Other income and gains	5	3,700	3,989
Selling and distribution expenses		(4,508)	(5,354)
Administrative expenses		(21,391)	(27,004)
Finance costs		<u>(122)</u>	<u>(184)</u>
Loss before income tax	6	(19,898)	(28,586)
Income tax expense	7	<u>(624)</u>	<u>—</u>
Loss for the period attributable to the owners of the Company		<u>(20,522)</u>	<u>(28,586)</u>
Other comprehensive income, net of tax, attributable to the owners of the Company			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of financial statements of foreign operations		<u>170</u>	<u>(389)</u>
Total comprehensive income for the period attributable to the owners of the Company		<u>(20,352)</u>	<u>(28,975)</u>
Loss per share attributable to the owners of the Company			
Basic and diluted loss per share (HK cents)	9	<u>(1.21)</u>	<u>(1.69)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	9,130	9,620
Right-of-use assets		5,928	6,445
Goodwill		34,632	34,632
Intangible assets		800	800
Loans and interest receivables	13	1,409	—
Deferred tax assets		599	599
		<hr/>	<hr/>
		52,498	52,096
		<hr/>	<hr/>
Current assets			
Inventories	11	17,591	11,971
Trade receivables	12	15,126	19,136
Loans and interest receivables	13	147,738	108,762
Deposits, prepayments and other receivables		11,764	12,594
Tax recoverable		—	594
Financial assets at fair value through profit or loss	14	12,156	—
Cash and bank balances		15,087	78,547
		<hr/>	<hr/>
		219,462	231,604
		<hr/>	<hr/>
Current liabilities			
Trade payables	15	25,322	24,651
Accruals, other payables and receipts in advance		17,629	13,098
Contract liabilities		754	2,551
Other borrowings	16	5,807	—
Lease liabilities	17	2,777	3,654
Provision for taxation		31	—
		<hr/>	<hr/>
		52,320	43,954
		<hr/>	<hr/>
Net current assets		<hr/> 167,142	<hr/> 187,650
		<hr/>	<hr/>
Total assets less current liabilities		<hr/> 219,640	<hr/> 239,746

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Lease liabilities	<i>17</i>	<u>1,567</u>	<u>1,321</u>
Net assets		<u>218,073</u>	<u>238,425</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	<i>18</i>	16,900	16,900
Reserves		<u>201,173</u>	<u>221,525</u>
Total equity		<u>218,073</u>	<u>238,425</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 31 December 2020	16,900	375,963	2,988	3,344	1,485	(162,255)	238,425
Loss for the period	—	—	—	—	—	(20,522)	(20,522)
Other comprehensive income							
– Exchange gain on translation of financial statements of foreign operations	—	—	—	—	170	—	170
Total comprehensive income for the period	—	—	—	—	170	(20,522)	(20,352)
At 30 June 2021	<u>16,900</u>	<u>375,963</u>	<u>2,988</u>	<u>3,344</u>	<u>1,655</u>	<u>(182,777)</u>	<u>218,073</u>
At 31 December 2019	16,900	375,963	2,988	3,344	142	(94,140)	305,197
Loss for the period	—	—	—	—	—	(28,586)	(28,586)
Other comprehensive income							
– Exchange loss on translation of financial statements of foreign operations	—	—	—	—	(389)	—	(389)
Total comprehensive income for the period	—	—	—	—	(389)	(28,586)	(28,975)
At 30 June 2020	<u>16,900</u>	<u>375,963</u>	<u>2,988</u>	<u>3,344</u>	<u>(247)</u>	<u>(122,726)</u>	<u>276,222</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2021*

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Net cash used in operating activities	(54,961)	(27,996)
Net cash (used in)/generated from investing activities	(13,457)	4,178
Net cash generated from/(used in) financing activities	5,054	(2,143)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(63,364)	(25,961)
Cash and cash equivalents at the beginning of the period	78,547	100,997
Effect of foreign exchange rates, net	(96)	(213)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	15,087	74,823
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NOTES

For the six months ended 30 June 2021

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 June 2013. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 706, 7/F, Capital Centre, 151 Gloucester Road, Wanchai Hong Kong respectively. The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company is an investment holding company and its subsidiaries (together the "Group") are principally engaged in design, manufacture and trading of apparels and provision of money lending services. There were no significant changes in the Group's business operation during the period.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

- (a) The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standards 34 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinances and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The accounting policies used in the preparation of the unaudited consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2020 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning on 1 January 2021.

The financial statements are presented in Hong Kong dollar ("HK\$") which is also the functional currency of the Company. All values are rounded to the nearest thousand unless otherwise indicated.

- (b) In the current period, the Group has applied the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are first effective and relevant for the Group’s consolidated financial statements for the annual period beginning on 1 January 2021.

Amendment to HKFRS 16
Amendments to HKFRS 9,
HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16

Covid-19-Related Rent Concessions
Interest Rate Benchmark Reform – Phase 2

The adoption of the new and amended standards and interpretations did not have any material impact on the interim condensed consolidated financial statements of the Group.

3. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group’s chief operating decision maker in order to allocate resources and assess performance of the segment. During the reporting period, the Company has identified design, manufacture and trading of apparels and provision of money lending services as the reportable operating segments.

Each of these operating segments is managed separately as each of them requires different business strategies.

The segment information provided to the executive directors for the reportable segments during the reporting period is as follows:

Six months ended 30 June 2021 (Unaudited)	Design, manufacture and trading of apparels HK\$'000	Money lending services HK\$'000	Total HK\$'000
Revenue from contracts with customers			
Sales of goods	26,630	—	26,630
Revenue from other source			
Interest income from loans receivable	—	5,451	5,451
Revenue from external customers	26,630	5,451	32,081
Segment (loss)/profit	(15,935)	2,706	(13,229)
<i>Reconciliation</i>			
Bank interest income			2
Unallocated corporate expenses			(6,549)
Finance costs			(122)
Loss before income tax			(19,898)
As at 30 June 2021 (Unaudited)			
Segment assets	56,722	207,569	264,291
Other corporate assets			7,669
Total assets			271,960
Segment liabilities	44,105	8,059	52,164
Other corporate liabilities			1,723
Total liabilities			53,887
Other segment information			
Six months ended 30 June 2021 (Unaudited)			
Depreciation	2,349	1,078	3,427
Reversal of expected credit loss (“ECL”)			
on trade receivables	297	—	297
Provision for ECL on loans and interest receivables	—	1,106	1,106

Six months ended 30 June 2020 (Unaudited)	Design, manufacture and trading of apparels <i>HK\$ '000</i>	Money lending services <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Revenue from contracts with customers			
Sales of goods	9,936	—	9,936
Revenue from other source			
Interest income from loans receivable	—	5,609	5,609
Revenue from external customers	9,936	5,609	15,545
Segment loss	(17,962)	(4,837)	(22,799)
<i>Reconciliation</i>			
Bank interest income			571
Unallocated corporate expenses			(6,174)
Finance costs			(184)
Loss before income tax			(28,586)
As at 31 December 2020 (Audited)			
Segment assets	69,540	149,789	219,329
Other corporate assets			64,371
Total assets			283,700
Segment liabilities	41,115	845	41,960
Other corporate liabilities			3,315
Total liabilities			45,275
Other segment information			
Six months ended 30 June 2020 (Unaudited)			
Depreciation	2,399	1,079	3,478
Reversal of expected credit loss (“ECL”)			
on trade receivables	436	—	436
Provision for ECL on loans and interest receivables	—	7,087	7,087

The Company is an investment holding company and the principal places of the Group's operations are in China (including Hong Kong). Management determines that the Group is domiciled in Hong Kong, which is the Group's principal operating location.

The Group's revenue from external customers is divided into the following geographical areas:

	Unaudited	
	For the six months	
	ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
United States	22,413	6,581
Hong Kong	9,388	8,950
Others	280	14
	32,081	15,545

Geographical location of external customers is based on the locations at which the customers are domiciled.

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenue. During the reporting period, revenue derived from these customers are as follows:

	Unaudited	
	For the six months	
	ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Customer A	19,659	2,364
Customer B	3,937	3,239

4. REVENUE

Revenue represents the interest income from loans receivable, and sales of apparels, net of returns, discounts, rebates and sales related taxes, during the period.

5. OTHER INCOME AND GAINS

	Unaudited	
	For the six months	
	ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Interest income	2	571
Subcontracting income	1,365	2,223
Gain on disposal of financial assets at fair value through profit or loss	965	—
Net fair value gain on financial assets at fair value through profit or loss	448	—
Government subsidies	857	—
Others	63	1,195
	<u>3,700</u>	<u>3,989</u>

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Unaudited	
	For the six months	
	ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Auditor's remuneration	—	—
Cost of inventories recognised as expense	29,658	15,578
Depreciation of property, plant and equipment	1,204	1,229
Depreciation of right-of-use assets	2,785	2,789
Foreign exchange loss, net	196	20
Reversal of ECL on trade receivables	(297)	(436)
Provision for ECL on loans and interest receivables	1,106	7,087
Short term lease expenses	48	466
Employee benefit expenses (including directors' emoluments)	17,749	17,829
	<u>17,749</u>	<u>17,829</u>

7. INCOME TAX EXPENSE

	Unaudited	
	For the six months	
	ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current income tax charged for the period:		
Hong Kong profits tax	624	—
Deferred tax credited for the period:	—	—
	<hr/>	<hr/>
	624	—
	<hr/> <hr/>	<hr/> <hr/>

(i) British Virgin Islands (“BVI”) and the Cayman Islands income tax

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any taxation under these jurisdictions during the six months ended 30 June 2021 (2020: nil).

(ii) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity’s assessable profit is calculated at 8.25% (2020: 8.25%), which is in accordance with the new two tiered profits tax rates regime with effect from the year of assessment 2018/19.

(iii) The People’s Republic of China (the “PRC”) enterprise income tax (“EIT”)

PRC EIT is provided at 25% (2020: 25%) on the estimated assessable profits for the period for a subsidiary in the Mainland China.

(iv) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law issued on 6 December 2007, a 10% withholding income tax is levied on the dividends remitted by the companies established in the Mainland China to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the Mainland China companies after 1 January 2008 are subject to this withholding income tax. The withholding income tax rate applicable to the Group is 5% (six months ended 30 June 2020: 5%).

(v) United States corporate income tax

The United States corporate income tax comprises federal income tax calculated at 15% (2020: 15%) and state and local income tax calculated at various rates on the estimated assessable profits of the Group's subsidiary in the United States.

8. DIVIDENDS

No dividend was paid or proposed to the owners of the Company during the six months ended 30 June 2021 (2020: nil), nor has any dividend been proposed since the end of reporting period and up to the date of this announcement.

9. LOSS PER SHARE

The calculations of basic loss per share are based on the loss attributable to the owners of the Company for the six months ended 30 June 2021 of approximately HK\$20,522,000 (2020: HK\$28,586,000) and on the weighted average of 1,690,000,000 ordinary shares issued throughout the six months ended 30 June 2021 (2020: 1,690,000,000 shares).

Diluted loss per share was same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2021 and six months ended 30 June 2020.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group spent approximately HK\$619,000 (2020: nil) capital expenditures for acquisition of property, plant and equipment.

11. INVENTORIES

	Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
Raw materials and consumables	5,501	4,051
Work in progress	677	864
Finished goods	11,413	7,056
	<u>17,591</u>	<u>11,971</u>

12. TRADE RECEIVABLES

	Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
Trade receivables, gross	15,474	19,781
Less: impairment loss	(348)	(645)
Trade receivables, net	<u>15,126</u>	<u>19,136</u>

Trade receivables are recognised at their original invoice amounts which represented their fair values at initial recognition. The Group's trade receivables are attributable to a number of independent customers with credit terms. The Group normally allows a credit period of 10 to 180 days (2020: 10 to 180 days) to its customers.

Trade receivables are non-interest bearing. The directors of the Company consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods at their inception.

Ageing analysis of trade receivables based on invoice date is as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
0 to 30 days	12,473	8,897
31 to 60 days	78	4,403
61 to 90 days	142	2,230
91 to 180 days	–	913
Over 180 days	2,433	2,693
	<u>15,126</u>	<u>19,136</u>
	15,126	19,136

13. LOANS AND INTEREST RECEIVABLES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Non-current		
Loans receivables	<u>1,409</u>	–
Current		
Loans receivables	162,483	123,763
Interest receivables	6,170	4,808
Less: impairment loss	<u>(20,915)</u>	<u>(19,809)</u>
	<u>147,738</u>	<u>108,762</u>
	149,147	108,762

The Group's loans and interest receivables, which arise from the money lending business of providing corporate loans, personal loans and property mortgage loans in Hong Kong, are denominated in HK\$.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2021 (Unaudited)			Total
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
– Listed equity securities in Hong Kong	12,156	–	–	12,156

	As at 31 December 2020 (Audited)			Total
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
– Listed equity securities in Hong Kong	–	–	–	–

15. TRADE PAYABLES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Trade payables	25,322	24,651

Credit periods of trade payables normally granted by the Group's suppliers were ranging from 15 to 120 days (2020: from 15 to 120 days).

Ageing analysis of trade payables based on invoice date is as follows:

	Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
0 to 30 days	13,863	8,586
31 to 60 days	5,741	1,864
61 to 90 days	988	2,081
91 to 180 days	828	6,961
Over 180 days	3,902	5,159
	<u>25,322</u>	<u>24,651</u>

16. OTHER BORROWINGS

	Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
Current:		
Margin loans, secured	<u>5,807</u>	<u>—</u>

The Group's other borrowings are repayable as follows:

	Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
Within one year or on demand	<u>5,807</u>	<u>—</u>

Note: As at 30 June 2021, the margin loans of HK\$5,807,000 (31 December 2020: Nil) was denominated in HK\$, carried interest at the prevailing interest rate of loan prime rate plus 3.00% per annum (31 December 2020: Nil) and secured by the Group's financial assets at fair value through profit or loss of approximately HK\$12,156,000.

17. LEASE LIABILITIES

	Unaudited As at 30 June 2021 <i>HK\$'000</i>	Audited As at 31 December 2020 <i>HK\$'000</i>
Current portion:		
Lease liabilities	<u>2,777</u>	<u>3,654</u>
Non-current portion:		
Lease liabilities	<u>1,567</u>	<u>1,321</u>
	<u>4,344</u>	<u>4,975</u>

18. SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>
Authorised:		
Ordinary shares at HK\$0.01 each, at 31 December 2020 and 30 June 2021	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares at HK\$0.01 each, at 31 December 2020 and 30 June 2021	<u>1,690,000,000</u>	<u>16,900</u>

19. RELATED PARTY TRANSACTION

The Group entered into the following significant related party transactions during the period.

Key management personnel remuneration

	Unaudited	
	For the six months	
	ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' emoluments	2,245	3,531

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally engages in (i) design, manufacture and trading of apparel, namely apparel operation; and (ii) provision of money lending business, namely money lending operation.

REVENUE

Revenue of the Group saw a visible recovery in the first half of 2021 thanks to a rebound in demand in our major market. Revenue for the reporting period increased by approximately 106.4% to approximately HK\$32,081,000 (2020: HK\$15,545,000).

APPAREL OPERATION

Revenue from apparel operation is principally derived from the sales of apparel products. The Group's products can be classified into two categories, namely, private label products and own brand products. Private label products are those designed and manufactured under the private labels owned or specified by the Group's customers, while own brand products are those designed and manufactured under the Group's proprietary labels.

Most of our apparel products are exported to the United States and U.S. market is the principal market for our apparel operation. The U.S. economy regained momentum in the first half of 2021, amid strong fiscal measures and monetary support and the rollout of mass vaccination campaigns. As COVID-19 pandemic has persisted for a long period, people became more experienced in responding to the pandemic and they adapted their daily lives much better under COVID-19 pandemic. Peoples' livelihood and commercial activities recovered gradually. Revenue from apparel operation increased by approximately 168.0% to approximately HK\$26,630,000 (2020: HK\$9,936,000) for the reporting period.

We are cautiously optimistic for our apparel operation for the second half of 2021 ahead as the recovery is subject to high uncertainties and challenges. The biggest challenge remains the COVID-19 pandemic, which continues to threaten our daily lives, especially where variants of the virus have spread quickly among different regions in the world. This was a stark reminder of the danger that the virus continues to pose.

MONEY LENDING OPERATION

Hong Kong saw a recovery in the first half of 2021 attributable to the well-contained local epidemic during the period. However, the economic recovery is uneven as the pandemic, social distancing requirements and travel restrictions continued to weigh on certain industries. Our money lending business primarily offers loans to individual customers and small businesses in Hong Kong. Revenue from money lending operation was approximately HK\$5,451,000 (2020: HK\$5,609,000) for the reporting period, fell by approximately 2.8% as compared to the corresponding period in 2020. Provision for ECL on our loans and interest receivables as at 30 June 2021 was approximately HK\$20,915,000, increased by approximately HK\$1,106,000 from provision for ECL on our loans and interest receivables of approximately HK\$19,809,000 as at 31 December 2020.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit for the six months ended 30 June 2021 was approximately HK\$2,423,000 (2020: gross loss of HK\$33,000). Apparel operation recorded gross loss of approximately HK\$3,028,000 (2020: HK\$5,642,000) while money lending operation earned gross profit of approximately HK\$5,451,000 (2020: HK\$5,609,000).

Higher materials costs, subcontracting costs and production overheads were incurred resulting from an increase in purchase orders and in turn an increase in revenue from apparel operation for the reporting period. On the other hand, reduced labour wages also helped to narrow our gross loss of apparel operation in 2021 compared to the corresponding period in 2020.

The gross profit earned from our money lending operation was approximately HK\$5,451,000 (2020: HK\$5,609,000). The gross profit margin was 100% for money lending operation for the period (2020:100%), as there was no direct cost incurred in generating revenue in the money lending operation.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly consist of (i) transportation costs for delivery of products; (ii) depreciation on showroom tenancy as right-of use assets; and (iii) staff costs for the sales representatives. The selling and distribution expenses incurred in the reporting period were approximately HK\$4,508,000 (2020: HK\$5,354,000), decreased by approximately 15.8%. There was an increase in the transportation costs as more products were delivered in the first half of 2021. Other than the transportation costs, most of the selling and distribution expenses recorded declines for the period.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) staff costs; (ii) professional fees; and (iii) depreciation of right-of-use assets. The administrative expenses for the six months ended 30 June 2021 were approximately HK\$21,391,000 (2020: HK\$27,004,000), decreased by approximately 20.8%. The decrease in the administrative expenses was mainly attributable to a lesser amount being provided for increase in provision for ECL for loans and interest receivables. In the first half of 2021, we provided further provision of approximately HK\$1,106,000 (2020: HK\$7,087,000) for ECL for loans and interest receivables.

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the period attributable to owners of the Company was approximately HK\$20,522,000 (2020: HK\$28,586,000), decreased by approximately 28.2%. The decrease in the loss for the period attributable to owners of the Company was primarily due to an increase in revenue, and decrease in selling and distribution expenses and decrease in administrative expenses respectively, as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

During the reporting period, the Group maintained a healthy liquidity position, with working capital financed by internal resources. As at 30 June 2021, cash and bank balances amounted to approximately HK\$15,087,000 (31 December 2020: HK\$78,547,000). Total borrowing and lease liabilities of the Group as at 30 June 2021 was approximately HK\$10,151,000 (31 December 2020: HK\$4,975,000) of which approximately HK\$8,584,000 (31 December 2020: HK\$3,654,000) would be repayable within one year and all remaining lease liabilities of approximately HK\$1,567,000 (31 December 2020: HK\$1,321,000) would be repayable after one year. The current ratio of the Group was approximately 4.19 (31 December 2020: 5.27).

CHARGE ON ASSETS

As at 30 June 2021, the Group's financial assets at fair value through profit or loss of approximately HK\$12,156,000 were pledged as securities for the Group's other borrowings. The Group did not have any pledge or charge on assets as at 31 December 2020.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liability (31 December 2020: nil).

GEARING RATIO

The gearing ratio of the Group, calculated as total borrowings and lease liabilities over total equity, was approximately 4.7% as at 30 June 2021 (31 December 2020: 2.1%).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the reporting period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2021.

FOREIGN EXCHANGE EXPOSURE

The Group derives the majority of its revenue in US\$ while substantial portion of our costs are denominated in Renminbi (“RMB”). Appreciation of RMB against US\$ will therefore directly decrease the profit margin of the Group if the Group is unable to increase the selling prices of its products accordingly. If the Group increases the selling prices of its products as a result of the appreciation of RMB, it may in turn affect the Group’s competitiveness against other competitors. To the extent that the Company needs to convert future financing into RMB for the Group’s operations, appreciation of the RMB against the relevant foreign currencies would have an adverse effect on the purchasing power of the RMB amount that the Company would receive from the conversion.

The exchange rates between RMB and US\$ are subject to changes in the PRC Government’s policies and international political and economic conditions.

CAPITAL COMMITMENTS

As at 30 June 2021, the Group did not have any significant capital commitment (31 December 2020: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had a total of 193 employees (31 December 2020: 208 employees). Total staff costs (including directors’ emoluments) were approximately HK\$17,749,000 for the six months ended 30 June 2021, as compared to approximately HK\$17,829,000 for the six months ended 30 June 2020. Remuneration is determined with reference to market norms as well as individual employees’ performance, qualification and experience.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2021 (31 December 2020: nil).

INTERIM DIVIDEND

The Board did not recommend any payment of an interim dividend for the six month ended 30 June 2021.

OTHER INFORMATION

AUDIT COMMITTEE

The Company's audit committee has reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters. The unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 have been reviewed by the audit committee members who have provided advice and comments thereon.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value. The Company's corporate governance practices are based on the principles and the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules.

Following the resignation of the former chairman of the Board, the Board failed to meet the requirements of having a chairman and also having the nomination committee chaired by the chairman of the board or an independent non-executive director in accordance with code provisions A.2 and A.5.1 of the CG Code, during the period between 11 January 2021 and 18 January 2021.

In addition, following the resignation of a former independent non-executive director of the Company, the Company failed to meet the requirements of having (i) at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules; and (ii) the audit committee comprising a minimum of three members under Rule 3.21 of the Listing Rules, during the period between 18 January 2021 and 22 January 2021.

The Company has re-complied with the requirements of the Listing Rules and met the CG Code following the appointment of the new chairman of the Board on 18 January 2021 and the appointment of the new independent non-executive director of the Company on 22 January 2021 respectively.

Save as disclosed above, the Company has complied with the CG Code throughout the reporting period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions (the “Required Standard of Dealings”). The Company has confirmed, having made specific enquiry of the directors, all the directors have complied with the Required Standard of Dealings throughout the six months ended 30 June 2021.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, 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 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), or were required to be recorded in the register pursuant to Section 352 of the SFO, or 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”) as set out in Appendix 10 of the Listing Rules, were as follows:

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
Tang Shu Pui Simon	Beneficial owner	5,000,000	0.30%

Save as disclosed above, as at 30 June 2021, none of the directors or chief executive of the Company have or are deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were notifiable 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 are taken or deemed to have under such provisions of the SFO), or recorded in the register required to be maintained by the Company under Section 352 of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2021, so far as it was known by or otherwise notified to any directors or the chief executive of the Company, the particulars of the corporations or persons (other than the directors and the chief executive of the Company) which had 5% or more interests in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in Shares of the Company

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
New Seres CEFC Investment Fund LP (in liquidation) ("New Seres")	Beneficial owner (<i>Note 1</i>)	860,120,000	50.89%
Jess Shakespeare (as joint and several liquidator of New Seres)	Interest in controlled corporation (<i>Note 2</i>)	860,120,000	50.89%
Jong Yat Kit (as joint and several liquidator of New Seres)	Interest in controlled corporation (<i>Note 2</i>)	860,120,000	50.89%
So Man Chun (as joint and several liquidator of New Seres)	Interest in controlled corporation (<i>Note 2</i>)	860,120,000	50.89%
New Seres International Asset Management (Cayman) Limited	Interest in controlled corporation (<i>Note 3</i>)	860,120,000	50.89%

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
Aurora Capital Co., LTD.* (formerly known as New Seres Investment Co., Ltd.*)	Interest in controlled corporation (<i>Note 4</i>)	860,120,000	50.89%
Shanghai Chengyi Corporate Management Partnership (Limited Partnership)*	Interest in controlled corporation (<i>Note 5</i>)	860,120,000	50.89%
Shanghai Chengyi Business Consulting Company Limited*	Interest in controlled corporation (<i>Note 6</i>)	860,120,000	50.89%
CEFC Shanghai Financial Services Co., Ltd.*	Interest in controlled corporation (<i>Note 7</i>)	860,120,000	50.89%
Shanghai CEFC International Group Co. Ltd.*	Interest in controlled corporation (<i>Note 8</i>)	860,120,000	50.89%
Shanghai CEFC Financial Holding Co., Ltd.*	Interest in controlled corporation (<i>Note 9</i>)	860,120,000	50.89%
CEFC China Energy Company Limited*	Interest in controlled corporation (<i>Note 10</i>)	860,120,000	50.89%
CEFC China Energy Investment Fund Co., Ltd*	Interest in controlled corporation (<i>Note 11</i>)	860,120,000	50.89%

* *For identification purpose only*

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
China CEFC International Equity Investment Co., Ltd.*	Interest in controlled corporation (<i>Note 12</i>)	860,120,000	50.89%
Shanghai Zhong'an United Investment Fund Co., Ltd.*	Interest in controlled corporation (<i>Note 13</i>)	860,120,000	50.89%
Wisely Inc Limited (dissolved by striking off)	Interest in controlled corporation (<i>Note 14</i>)	860,120,000	50.89%
Shanghai Huaxin Group (Hongkong) Limited (in liquidation)	Interest in controlled corporation (<i>Note 15</i>)	860,120,000	50.89%
Mr. Su Weizhong	Interest in controlled corporation (<i>Note 16</i>)	860,120,000	50.89%
Ms. Yi Qianru	Deemed interest of spouse and interest in controlled corporation (<i>Note 17</i>)	860,120,000	50.89%
Ms. Han Wenjing	Deemed interest of spouse and interest in controlled corporation (<i>Note 18</i>)	860,120,000	50.89%
Mr. Li Yong	Interest in controlled corporation (<i>Note 19</i>)	860,120,000	50.89%
Ms. Feng Qiuling	Deemed interest of spouse and interest in controlled corporation (<i>Note 20</i>)	860,120,000	50.89%
Kingston Securities Limited	Underwriter (<i>Note 21</i>)	860,120,000	50.89%
Galaxy Sky Investments Limited	Interest in controlled corporation (<i>Note 21</i>)	860,120,000	50.89%

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Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
Kingston Capital Asia Limited	Interest in controlled corporation <i>(Note 21)</i>	860,120,000	50.89%
Kingston Financial Group Limited	Interest in controlled corporation <i>(Note 21)</i>	860,120,000	50.89%
Active Dynamic Limited	Interest in controlled corporation <i>(Note 21)</i>	860,120,000	50.89%
Chu Yuet Wah	Interest in controlled corporation <i>(Note 21)</i>	860,120,000	50.89%
World Field Industries Limited	Beneficial owner <i>(Note 22)</i>	283,994,000	16.80%
Aceso Life Science Group Limited	Interest in controlled corporation <i>(Note 22)</i>	283,994,000	16.80%
Asia Link Capital Investment Holdings Limited	Interest in controlled corporation <i>(Note 22)</i>	283,994,000	16.80%
Li Shao Yu	Interest in controlled corporation <i>(Note 22)</i>	283,994,000	16.80%
BLB International Company Limited	Beneficial owner <i>(Note 23)</i>	240,000,000	14.20%
Baolingbao Biology Co., Ltd.	Interest in controlled corporation <i>(Note 23)</i>	240,000,000	14.20%
Hua Zhen	Beneficial owner	87,000,000	5.15%

Notes:

1. New Seres is an exempted limited liability partnership registered in the Cayman Islands on 20 January 2017. It was ordered to be wound up on 11 August 2020, details of which were set out in the announcements of the Company dated 15 June 2020 and 12 August 2020.

As disclosed in the Company's announcement dated 18 June 2021, (i) New Seres, (ii) the Liquidators and (iii) Kingston Securities Limited (the "Underwriter") have entered into an underwriting agreement (the "Underwriting Agreement") on 10 June 2021. Pursuant to the Underwriting Agreement, New Seres has appointed the Underwriter to act as an underwriter to the disposal of 860,120,000 shares of the Company which was held by New Seres. Such shares were placed to five placees ("Placees") and completion of the placing took place on 27 July 2021. Please refer to the announcements of the Company dated 18 June 2021 and 27 July 2021 for details.

2. Following the order for winding up of New Seres and the appointment of Mr. Jess Shakespeare of PwC Corporate Finance & Recovery (Cayman) Limited, Mr. Jong Yat Kit and Mr. So Man Chun, both of PricewaterhouseCoopers Limited as the joint and several liquidators ("Liquidators") of New Seres, the Liquidators are deemed to be interested in 860,120,000 shares of the Company, representing approximately 50.89% of the total number of issued shares of the Company by virtue of the SFO. The Liquidators shall have the powers, including but not limited to, taking possession of, collecting and getting in the property of New Seres and selling any of the property of New Seres by public auction or private contract with power to transfer the whole of it to any person or to sell the same in parcels. Please refer to the announcements of the Company dated 15 June 2020 and 12 August 2020 for details.
3. To the best knowledge of the Directors, New Seres International Asset Management (Cayman) Limited is the general partner of New Seres, and is owned as to 50% by Aurora Capital Co., LTD.* (上海至輝投資有限公司), formerly known as New Seres Investment Co., Ltd* (新絲綢之路投資有限公司) and 50% by CEFC Shanghai Financial Services Co. Ltd.* (上海華信金融服務有限公司).
4. To the best knowledge of the Directors, Aurora Capital Co., LTD.* (上海至輝投資有限公司), formerly known as New Seres Investment Co., Ltd* (新絲綢之路投資有限公司) is owned as to 40% by Mr. Guo Lin ("Mr. Guo"), a former director of the Company, and 60% by Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥)).
5. To the best knowledge of the Directors, Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥)) is owned, amongst others, as to 1% by Shanghai Chengyi Business Consulting Company Limited* (上海承羿商務諮詢有限公司), 45% by Mr. Guo and 22% by Mr. Jiang Tianqing ("Mr. Jiang"), a former director of the Company.

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6. To the best knowledge of the Directors, Shanghai Chengyi Business Consulting Company Limited* (上海承昇商務諮詢有限公司) is owned as to 80% by Mr. Guo and 20% by Mr. Jiang, and is the general partner of Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承昇企業管理合夥企業(有限合夥)).
7. To the best knowledge of the Directors, CEFC Shanghai Financial Services Co., Ltd* (上海華信金融服務有限公司) is owned as to 100% by Shanghai CEFC International Group Co. Ltd.* (上海華信國際集團有限公司).
8. To the best knowledge of the Directors, Shanghai CEFC International Group Co. Ltd.* (上海華信國際集團有限公司) is owned as to 54.14% by CEFC China Energy Company Limited* (中國華信能源有限公司), as to 32.41% by Shanghai CEFC Financial Holding Co., Ltd.* (上海市華信金融控股有限公司) and as to 13.45% by China CEFC International Equity Investment Co., Ltd.* (中國華信國際股權投資有限公司).
9. To the best knowledge of the Directors, Shanghai CEFC Financial Holdings Co., Ltd* (上海市華信金融控股有限公司) is owned as to approximately 87.67% by CEFC China Energy Company Limited* (中國華信能源有限公司), approximately 6.17% by Mr. Su Weizhong, approximately 4.93% by Mr. Zheng Xiongbín and approximately 1.23% by Shanghai Zhong'an United Investment Fund Co., Ltd.* (上海中安聯合投資基金股份有限公司).
10. To the best knowledge of the Directors, CEFC China Energy Company Limited* (中國華信能源有限公司) is owned as to 99.05% by CEFC China Energy Investment Fund Co., Ltd* (上海能源基金投資有限公司).
11. To the best knowledge of the Directors, CEFC China Energy Investment Fund Co., Ltd* (上海能源基金投資有限公司) is owned as to 100% by China CEFC International Equity Investment Co., Ltd.* (中國華信國際股權投資有限公司).
12. To the best knowledge of the Directors, China CEFC International Equity Investment Co., Ltd.* (中國華信國際股權投資有限公司) is owned as to 80% by Shanghai Zhong'an United Investment Fund Co., Ltd.* (上海中安聯合投資基金股份有限公司).
13. To the best knowledge of the Directors, the beneficial shareholders of Shanghai Zhong'an United Investment Fund Co., Ltd.* (上海中安聯合投資基金股份有限公司) are Mr. Su Weizhong (owned as to approximately 50%), Mr. Li Yong (owned as to approximately 49%) and Mr. Zheng Xiongbín (owned as to approximately 1%).
14. To the best knowledge of the Directors, Wisely Inc Limited 永事利有限公司 is the limited partner of New Seres and is owned as to 100% by Shanghai Huaxin Group (Hongkong) Limited (上海華信集團(香港)有限公司) (in liquidation). After conducting public searches by reasonable effort of the Company, it has come to the Company's attention that Wisely Inc Limited 永事利有限公司 was dissolved by striking off on 27 November 2020.

* *For identification purpose only*

15. To the best knowledge of the Directors, Shanghai Huaxin Group (Hongkong) Limited 上海華信集團(香港)有限公司 (in liquidation) is owned as to 85.74% by Shanghai CEFC International Group Co. Ltd.* (上海華信國際集團有限公司) and as to 14.26% by Gain Sun Ventures Limited.
16. To the best knowledge of the Directors, Mr. Su Weizhong holds 50% shares in Shanghai Zhong'an United Investment Fund Co., Ltd.* (上海中安聯合投資基金股份有限公司).
17. Ms. Yi Qianru is the spouse of Mr. Guo, and is therefore deemed to be interested in the shares of the Company held by Mr. Guo.
18. Ms. Han Wenjing is the spouse of Mr. Jiang and is therefore deemed to be interested in the shares of the Company held by Mr. Jiang.
19. Mr. Li Yong holds 49% shares in Shanghai Zhong'an United Investment Fund Co., Ltd.* (上海中安聯合投資基金股份有限公司).
20. Ms. Feng Qiuling is the spouse of Mr. Li Yong and is therefore deemed to be interested in the shares of the Company held by Mr. Li Yong.
21. As disclosed in the Company's announcement dated 18 June 2021, (i) New Seres, (ii) the Liquidators and (iii) the Underwriter have entered into an underwriting agreement (the "Underwriting Agreement") on 10 June 2021. Pursuant to the Underwriting Agreement, New Seres has appointed the Underwriter to act as an underwriter to the disposal of 860,120,000 shares of the Company which was held by New Seres and the Underwriter has agreed to assume, on a fully underwritten basis, the underwriting commitment of the entirety of the shares.

Based on the disclosure of interests filed on 15 June 2021, Kingston Securities Limited is owned as to 100% by Galaxy Sky Investments Limited, which is in turn owned as to 100% by Kingston Capital Asia Limited, which is in turn owned as to 100% by Kingston Financial Group Limited. Kingston Financial Group Limited is owned as to 74.6% by Active Dynamic Limited, which is in turn owned as to 100% by Chu Yuet Wah.

22. As disclosed in the Company's announcement dated 27 July 2021, World Field Industries Limited is one of the five Placees.

Based on the disclosure of interests filed on 16 June 2021, World Field Industries Limited is owned as to 100% by Green Astute Limited, which is in turn owned as to 100% by Hao Tian Media & Culture Holdings Limited, which is in turn owned as to 100% by Aceso Life Science Group Limited, the shares of which are listed on the main board of the Stock Exchange (stock code: 474.HK). Aceso Life Science Group Limited is owned as to 44.54% by Asia Link Capital Investment Holdings Ltd., which is in turn owned as to 100% by Li Shao Yu.

* *For identification purpose only*

23. As disclosed in the Company's announcement dated 27 July 2021, BLB International Company Limited is one of the five Places.

Based on the disclosure of interests filed on 22 June 2021, BLB International Company Limited is owned as to 100% by Baolingbao Biology Co., Ltd. ("BLB Biology"), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 2286.SZ). Based on the first quarterly report of BLB Biology for the three months ended 31 March 2021 published on the website of the Shenzhen Stock Exchange (www.szse.cn) on 28 April 2021, as at 31 March 2021, BLB Biology was owned as to 12.8% by Beijing Yongyu Investment Management Limited (北京永裕投資管理有限公司, "Beijing Yongyu") being the largest shareholder of BLB Biology; and, based on information published on the Beijing Enterprise Credit Information website (北京市企業信用信息網, qyxy.scjgj.beijing.gov.cn), Beijing Yongyu is wholly owned by Dai Sijue (戴斯覺).

Save as disclosed above, as at 30 June 2021, the directors of the Company were not aware of any other persons / entities (other than the directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, its Group members or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange.

SIGNIFICANT EVENT AFTER REPORTING PERIOD

On 27 July 2021, 860,120,000 shares of the Company previously held by New Seres, the former controlling shareholder of the Company, was disposed of by way of placing. For details, please refer to the Company's announcement dated 27 July 2021.

SHARE OPTION SCHEME

The share option scheme enables the Company to grant options to any full-time or part-time employee of the Company or any member of the Group (the "Eligible Participant") as incentives or rewards for their contributions to the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 22 November 2013 whereby the Board was authorised, at its absolute discretion and subject to the terms of the Scheme, to grant options to subscribe for the shares of the Company to the Eligible Participant. The Scheme will be valid and effective for a period of ten years commencing from the listing date of the Company.

As at the date of this announcement, the total number of shares available for issue under the Scheme is 60,000,000 shares, representing 3.55% of the enlarged issued share capital of the Company.

Since the adoption of the Scheme and during the six months ended 30 June 2021, no share option has been granted, exercised, lapsed or cancelled, and as at 30 June 2021, no share options under the Scheme were outstanding.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

By order of the Board
CEFC Hong Kong Financial Investment Company Limited
Tin Yat Yu Carol
Chairman

Hong Kong, 30 August 2021

As at the date of this announcement, the Board is comprised of 6 directors:

Executive directors:

Ms. Tin Yat Yu Carol
Mr. Cheung Ka Lung
Mr. Chan Ming Leung Terence

Independent non-executive directors:

Mr. Tang Shu Pui Simon
Mr. Hon Ming Sang
Ms. Lo Wing Sze *JP*