



中國恒泰  
CHINA APEX

China Apex Group Limited  
中國恒泰集團有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 2011)

2022

INTERIM REPORT



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## Corporate Information

### DIRECTORS

#### Executive Directors

Mr. Yip Siu Lun Dave (*Chairman*)  
Mr. Wu Cody Zhuo-xuan  
Mr. Mak Yung Pan Andrew  
(*Vice President*)

#### Non-executive Director

Ms. Lin Ping

#### Independent Non-executive Directors

Mr. Leung Ka Tin  
Mr. Cheng Hong Kei  
Mr. Liew Fui Kiang

### AUDIT COMMITTEE

Mr. Cheng Hong Kei  
(*Committee Chairman*)  
Mr. Leung Ka Tin  
Mr. Liew Fui Kiang

### NOMINATION COMMITTEE

Mr. Yip Siu Lun Dave  
(*Committee Chairman*)  
Mr. Leung Ka Tin  
Mr. Cheng Hong Kei  
Mr. Liew Fui Kiang

### REMUNERATION COMMITTEE

Mr. Cheng Hong Kei  
(*Committee Chairman*)  
Mr. Leung Ka Tin  
Mr. Liew Fui Kiang

### COMPANY SECRETARY

Mr. Chan Kam Fuk

### REGISTERED OFFICE

4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 10A and 10B, 15/F  
Nine Queen's Road Central  
Central  
Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited  
4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

## Corporate Information

### HONG KONG SHARE REGISTRAR

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

### AUDITOR

BDO Limited  
Certified Public Accountants

### PRINCIPAL BANKERS

The Bank of East Asia Limited  
The Hong Kong and Shanghai Banking Corporation Limited  
Industrial and Commercial Bank of China  
Agricultural Bank of China  
China Construction Bank  
Bank of Guangzhou

### COMPANY WEBSITE

<https://www.irasia.com/listco/hk/chinaapex/index.htm>

## Financial Highlights

	Six months ended 30 June		
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	change + / (-)
Revenue	<b>125,612</b>	113,116	11.0%
Gross profit	<b>40,808</b>	30,956	31.8%
Gross profit margin	<b>32.5%</b>	27.4%	18.7%
Profit/(loss) for the period	<b>10,978</b>	(3,418)	(421.2%)
<b>Attributable to equity shareholders of the Company</b>			
Profit/(loss) for the period	<b>8,587</b>	(4,148)	(307.0%)
Basic and diluted earnings/(loss) per share (HK cents)	<b>1.8</b>	(0.9)	(300.0%)
	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)	change + / (-)
Total assets	<b>292,918</b>	275,779	6.2%
Cash and cash equivalents	<b>40,923</b>	59,870	(31.6%)
Total equity attributable to equity shareholders of the Company	<b>137,819</b>	141,668	(2.7%)

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group continued to engage in manufacturing finished zippers in China. The Group's customers for zippers business are principally OEMs who manufacture apparel products for (i) some apparel brands in China; and (ii) some well-known international apparel brands. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied in the apparel products. The apparel brand owners usually decide on the zipper supplier for their OEMs and place orders with such OEMs who in turn source zippers and other garment accessories from the Group.

The Group is continuously looking for new investments and business opportunities in order to diversify the existing business.

The Group recorded profit attributable to equity shareholders of the Company of approximately HK\$8.59 million for the six months ended 30 June 2022, as compared with loss attributable to equity shareholders of the Company of approximately HK\$4.15 million for the same period in 2021. The reason of turnaround from loss to profit position of the Group was mainly attributable to, among other factors, the increase in product selling price and sales volume, resulting in an increase in revenue and gross profit by approximately 11.0% and 31.8%, respectively, as compared with the corresponding period in 2021.

## PROSPECTS

In the first half of 2022, the landscape of both the domestic and foreign economies have proven to be challenging and complicated. With the continuous rise in the costs of raw materials, energy and human resources, the clothing industry been faced with an immense pressure to stably conduct its businesses. However, owing to the preventive measures and its controls during the Coronavirus Pandemic (COVID-19), the economy of the PRC has been gradually recovering and improving. This has contributed to the terminal consumption which has brought on a restorative improvement towards the clothing sector. Moving forward to the latter half of 2022, the PRC is currently implementing the general principle of "Seeking Progress while Maintaining Stability".



## Management Discussion and Analysis

With the Group acquiring opportunities, it has not been without challenges. Here, the following measures have been adopted:

1. Actively adapting to the new market environment and the changes in demand while at the same time, efficiently responding to the customers' and market's needs, enhancing the development of new products, and improving the Group's competitiveness and increasing overall satisfaction of customers;
2. Further integrating and expanding production capacity, understanding the facilities of supply chain, increasing the automation level in manufacturing, improving production techniques and product quality, and shortening the manufacturing lead time and controlling the costs of production;
3. Accelerating digital transformation to improve operational efficiency at various levels in management;
4. Improving fund management and managing operational risks; and
5. Enhancing talent management and re-developing organizational capabilities.

We will continue to evaluate the Group's business strategies and operations to create a long term plan, and will be looking for business or investment opportunities to facilitate the Group's future development.

# Management Discussion and Analysis

## FINANCIAL REVIEW

A comparison of the financial results for the six months ended 30 June 2022 and the corresponding period in 2021 is set out as follows:

### REVENUE

The Group's revenue for the six months ended 30 June 2022 amounted to approximately HK\$125.61 million, representing an increase of approximately 11.0% as compared to the corresponding period in 2021.

Revenue analysis by product category:

	Six months ended 30 June			
	2022		2021	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
<i>Sales of goods</i>				
Finished zippers and sliders	123,042	98.0	111,410	98.5
Others	2,570	2.0	1,706	1.5
Total	125,612	100.0	113,116	100.0

Revenue analysis by geographic location:

	Six months ended 30 June			
	2022		2021	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Mainland China	108,821	86.6	102,673	90.8
Overseas	16,791	13.4	10,443	9.2
Total	125,612	100.0	113,116	100.0

The increase was primarily due to the changing on products structure which enhance the quality and resulting in increased in selling price of each unit. In additions, the stabilizing of garment industry also leads to increase in sales orders from customers.



# Management Discussion and Analysis

## GROSS PROFIT

Gross profit analysis by product category:

	Six months ended 30 June			
	2022		2021	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Finished zippers and sliders	39,620	97.1	30,038	97.0
Others	1,188	2.9	918	3.0
Total	40,808	100.0	30,956	100.0

The increase in gross profit was primarily due to the increase in revenue, while fixed expenses such as amortisation of right-of-use assets and depreciation remained stable.

## EXPENSES AND COSTS

Distribution costs, comprising mainly staff costs, transportation costs and advertising and promotion expenses, decreased by approximately 18.2% to approximately HK\$6.27 million for the six months ended 30 June 2022 from approximately HK\$7.67 million for the same period in 2021, which was mainly due to the decrease in exhibition and relevant costs as a result of refrain from large scale activities under COVID-19 epidemic situation.

Administrative expenses, consisting primarily of salary and welfare expenses for management and administrative personnel, depreciation and amortisation, professional fees, auditors' remuneration and other administrative expenses, increased by approximately 23.8% to approximately HK\$29.95 million for the six months ended 30 June 2022 from approximately HK\$24.18 million for the same period in 2021, which was mainly due to the increase in research and development costs for the purpose of enhancing product quality and informatization development.

# Management Discussion and Analysis

## PROFITABILITY

The Group recorded profit attributable to equity shareholders of the Company of approximately HK\$8.59 million, as compared with a loss attributable to equity shareholders of the Company of approximately HK\$4.15 million for the six months ended 30 June 2021. The profit margin attributable to equity shareholders of the Company was approximately 6.84% for the six months ended 30 June 2022. The reversal from loss to profit was mainly due to the combined effects of the above.

## CONNECTED TRANSACTIONS

### Connected Transactions in Relation to the Lease in Respect of Certain Land and Buildings

- (i) On 14 January 2022, Classic Winner Limited (“Classic Winner”), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and KEE Zippers Corporation Limited (“KEE Zippers”), an indirect 85%-owned subsidiary of the Company, as lessee entered into a lease renewal agreement (the “Third HK Lease Renewal Agreement”) pursuant to which Classic Winner has agreed to lease to KEE Zippers a property in Hong Kong at a monthly rental of HK\$54,000 (exclusive of Government rates, Government rent, management fees and all other outgoings) payable in advance in cash without any deduction on the 16th day of each month for a term of two years commencing from 16 January 2022 to 15 January 2024. As Classic Winner is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of certain subsidiaries of the Company, Classic Winner is therefore a connected person of the Company at the subsidiary level.

An independent property valuer advised that the monthly rental of HK\$54,000 is fair and reasonable with reference to the market value.

## Management Discussion and Analysis

- (ii) On 14 January 2022, 佛山市南海今和明投資有限公司 (Foshan City Nanhai Jinheming Investment Company Limited\*), (“Nanhai Jinheming”), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and 開易(浙江)服裝 配件有限公司 (KEE (Zhejiang) Garment Accessories Limited\*) (“KEE Zhejiang”), an indirect 85%-owned subsidiary of the Company, as lessee entered into a lease renewal agreement (the “Third Zhejiang Lease Renewal Agreement”) pursuant to which Nanhai Jinheming has agreed to lease to KEE Zhejiang the production base in Zhejiang Province at a monthly rental of RMB625,958 payable in cash within the first 10 working days of each month commencing from 16 January 2022 for a term of two years commencing on 16 January 2022 to 15 January 2022 with three months’ rent of RMB1,877,874 as deposit. As Nanhai Jinheming is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of certain subsidiaries of the Company, Nanhai Jinheming is therefore a connected person of the Company at the subsidiary level.

An independent property valuer advised that the monthly rental of RMB625,958 is fair and reasonable with reference to the market value.

- (iii) On 31 December 2020, Mr. Xu Xipeng and Mr. Xu Xinan, connected persons at the subsidiary level of the Company, as lessors and KEE Guangdong as lessee, entered into the lease renewal agreement (the “Guangdong Lease Renewal Agreement 2020”) to renew the lease of a plant in Guangdong for a further term of two years commencing from 1 January 2021 to 31 December 2022 for a monthly rental of RMB394,000 payable within the first 10 working days of each month commencing from 1 January 2021.

An independent property valuer advised that the monthly rental of RMB394,000 is fair and reasonable with reference to the market value.

- (iv) On 27 August 2021, KEE Jingmen and KEE Guangdong entered into a two years lease renewal agreement (the “Jingmen Lease Renewal Agreement 2021”) pursuant to which KEE Jingmen has agreed to lease the Jingmen property at a monthly rental of RMB533,000 payable before the fifth day of each month commencing from 1 September 2021 to 31 August 2023, with three months’ rent of RMB1,599,000 as deposit. On 29 April 2022, 開易(湖北)拉鍊製造有限公司 (KEE (Hubei) Zippers Manufacturing Company Limited\*) (“KEE Hubei”) replaced KEE Guangdong as a new lessee to the Jingmen Lease Agreement. For details, please refer to the announcement of the Company dated 29 April 2022.

An independent property valuer advised that the monthly rental of RMB533,000 is fair and reasonable with reference to the market rate.

## Management Discussion and Analysis

- (v) On 31 May 2022, KEE Jingmen as lessor and KEE Hubei as lessee entered into the lease agreement for a PRC property (the “PRC Property Phase II”) for a term from 1 June 2022 to 31 August 2023 (the “Phase II Lease Agreement”). For details, please refer to the announcement of the Company dated 31 May 2022.

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Third HK Lease Renewal Agreement, Third Zhejiang Lease Renewal Agreement, Guangdong Lease Renewal Agreement 2020 and Jingmen Lease Renewal Agreement 2021 (collectively known as “Second Lease Renewal Agreement”), the Group recognized an additional asset representing its right to use the property under the relevant lease agreements of a total of approximately HK\$2 million for the Third HK Lease Renewal Agreement and Third Zhejiang Lease Renewal Agreement, approximately HK\$10.92 million for the Guangdong Lease Renewal Agreement 2020, approximately HK\$8.58 million for the Jingmen Lease Renewal Agreement 2021 and approximately HK\$8.34 million for the Phase II Lease Agreement, respectively. As such, the transactions under the above lease agreements were recognised as acquisitions of right-of-use assets which constituted one-off connected transactions of the Company under Chapter 14A of the Listing Rules. Details of which had been disclosed in the Company’s relevant announcements dated 15 January 2020, 31 December 2020, 27 August 2021 and 31 May 2022.

### **BUSINESS UPDATE IN RELATION TO RELOCATION OF ZHEJIANG PRODUCTION BASE**

KEE Zhejiang, a 85%-owned subsidiary of the Company, has been informed by the management committee of Jiashan Economic and Technology Development Zone (“JETDZ Management Committee”) that, the production base located at 116 Jinjia Avenue, Economic Development Zone, Jiashan County, Zhejiang Province, China is included in the implementation area of the organic renewal project of the Economic Development Zone and required to be vacated.

KEE Zhejiang has yet to receive the timeline of the relocation of Zhejiang Production Base from the JETDZ Management Committee and will discuss with the JETDZ Management Committee regarding the relocation plan.

# Management Discussion and Analysis

## LIQUIDITY AND CAPITAL RESOURCES

The Group's funding policy aims at ensuring sufficient capital to meet the working capital requirements, increase capital efficiency and capital gains. The Group will apply the appropriate debt instrument in financing to achieve those objectives.

The Group's net cash outflow from operating activities for the six months ended 30 June 2022 amounted to approximately HK\$12.07 million (six months ended 30 June 2021: HK\$1.35 million). Such increase was mainly attributable to an increase in trade debtors as at 30 June 2022. The Group's net cash outflow from investing activities for the six months ended 30 June 2022 amounted to approximately HK\$4.31 million (six months ended 30 June 2021: HK\$12.7 million). The net cash outflow was mainly attributable to the payment for the purchase of property, plant and equipment. The Group's net cash inflow from financing activities for the six months ended 30 June 2022 amounted to approximately HK\$0.45 million (six months ended 30 June 2021: outflow of approximately HK\$11.68 million). The cash outflow for the six months ended 30 June 2022 was mainly attributable to payment of lease rentals.

As at 30 June 2022, cash and cash equivalents amounted to approximately HK\$40.92 million, representing decrease of approximately HK\$18.95 million as compared with the position as at 31 December 2021. Such decrease was mainly due to increase in payment for the purchase of property, plant and equipment and payment of lease rental as at 30 June 2022.

As at 30 June 2022, cash and cash equivalents of the Group in the amount of approximately HK\$31.80 million, HK\$3.83 million and HK\$5.27 million were denominated mainly in RMB, HKD and USD, respectively. As at 31 December 2021, cash and cash equivalents of the Group in the amount of approximately HK\$55.87 million, HK\$0.27 million and HK\$3.62 million were denominated mainly in RMB, HKD and USD, respectively.

The Group did not have borrowings other than lease liabilities and amounts due to related parties as at 30 June 2022 and 31 December 2021.

## Management Discussion and Analysis

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debts (which includes interest-bearing loans and borrowings), less cash and cash equivalents. Adjusted capital comprises all components of equity.

The Group's strategy, is to maintain the adjusted net debt-to-capital ratio (i.e. total lease liabilities plus amounts due to related parties less cash and cash equivalents over total equity) below 20%. The ratio as at 30 June 2022 approximately 17.8%. As at 31 December 2021, as the total debt is less than cash and cash equivalent, no adjusted debt-to-capital ratio was calculated. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

### NET CURRENT ASSETS

As at 30 June 2022, the Group had current assets of approximately HK\$154.91 million. The key components of current assets as at 30 June 2022 included inventories of approximately HK\$33.92 million, trade and other receivables of approximately HK\$80.07 million and cash and cash equivalents of approximately HK\$40.92 million. The key components of current liabilities included trade and other payables of approximately HK\$60.88 million, current portion of lease liabilities of approximately HK\$22.04 million and amounts due to related parties of approximately HK\$14.29 million.

The net current assets decreased by approximately HK\$9.06 million to HK\$57.58 million as at 30 June 2022 from approximately HK\$66.64 million as at 31 December 2021.

### PLEGDED ASSETS

As at 30 June 2022, the Group did not have any pledged assets.

# Management Discussion and Analysis

## CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities.

## FOREIGN CURRENCY RISK

Individual companies within the Group has limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the six months ended 30 June 2022.

## EMPLOYEES

As at 30 June 2022, the Group had 722 full-time employees (30 June 2021: 804). The Group reviews the remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the six months ended 30 June 2022 were approximately HK\$49.98 million (the six months ended 30 June 2021: approximately HK\$52.04 million). The increase in staff costs is mainly due to the decrease in headcount of the workers as a result of human resources integration.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have material acquisitions and disposals of subsidiaries and associated companies for the six months ended 30 June 2022.

## CHANGE IN EMOLUMENTS OF THREE EXECUTIVE DIRECTORS

Each of Mr. Zhuang Weidong (who resigned on 4 March 2022), Mr. Qiu Chuanzhi (who retired on 29 June 2022) and Mr. Mak Yung Pan Andrew has waived part of their emoluments as executive Directors for the six months ended 30 June 2022. Each of them received HK\$50,000 for the six months ended 30 June 2021.

# Management Discussion and Analysis

## INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022.

## EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 12 July 2022, the Company completed a placing of 92,960,800 shares under general mandate at a placing price of HK\$0.75 per placing share, pursuant to the placing agreement entered into between the Company and KGI Asia Limited on 27 June 2022. For details, please refer to the announcements of the Company dated 27 June 2022 and 12 July 2022.



## Disclosure of Interests

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in the shares and underlying shares of the Company

Name of Director	Type of Interest	Number of Shares	Approximate Percentage of Interest <sup>#</sup>
Lin Ping (note 1)	Interest in controlled corporation	82,342,606	17.72%
Mak Yung Pan Andrew (note 1)	Interest in controlled corporation	82,342,606	17.72%

Notes:

- Golden Diamond Inc. ("Golden Diamond") is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew and holds long position in 82,342,606 shares of the Company. Accordingly, each of Ms. Lin Ping and Mr. Mak Yung Pan Andrew is deemed to be interested in the 82,342,606 shares of the Company.
- The percentage is calculated on the basis of 464,804,000 shares of the Company in issue as at 30 June 2022.

## Disclosure of Interests

Save as disclosed above, as at 30 June 2022, so far as is known to any Directors or chief executive of the Company, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, the register maintained under section 336 of the SFO shows that the Company had been notified of the following substantial Shareholders' and other persons' interests and short positions, representing 5% or more of the Company's issued share capital, were as follows:

#### Long Position in Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage of Interest
China Sun (note 1)	Beneficial owner	133,706,331	28.77%
Central Eagle (note 2)	Beneficial owner	130,897,663	28.16%
Golden Diamond (note 3)	Beneficial owner	82,342,606	17.72%
Noble Wisdom Ever Limited ("Noble Wisdom") (note 4)	Security interest	326,089,600	70.16%
China Huarong Overseas Investment Holdings Co., Limited ("Huarong Overseas") (note 5)	Interest of controlled corporation	326,089,600	70.16%

## Disclosure of Interests

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage of Interest
華融華僑資產管理股份有限公司 Huarong Overseas Chinese Assets Management Corporation Limited* (“Huarong Overseas Chinese”) (note 6)	Interest of controlled corporation	326,089,600	70.16%
Huarong Zhiyuan Investment & Management Company Limited* (“Huarong Zhiyuan”) (note 7)	Interest of controlled corporation	326,089,600	70.16%
China Huarong Asset Management Co., Ltd. (“China Huarong Asset Management”) (note 7)	Interest of controlled corporation	326,089,600	70.16%
Chan Ho Yin (note 8)	Joint and several receivers	216,048,937	46.48%
Li Kin Long Kenny (note 8)	Joint and several receivers	216,048,937	46.48%

## Disclosure of Interests

Notes:

1. China Sun is wholly-owned by Mr. Qiu Chuanzhi.
2. Central Eagle is 100%-owned by Mr. Wu Jingming.
3. Golden Diamond is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew.
4. Noble Wisdom is wholly-owned by Huarong Overseas.
5. Huarong Overseas is wholly owned by Huarong Overseas Chinese.
6. Huarong Overseas Chinese is 91%-owned by Huarong Zhiyuan.
7. Huarong Zhiyuan is wholly owned by China Huarong Asset Management.
8. Chan Ho Yin and Li Kin Long Kenny have been appointed Joint and Several Receivers over the Charged Assets (as defined in the share charges executed by China Sun Corporation, Central Eagle Limited and Golden Diamond Inc. (as chargors) over shares of the Company in favour of Noble Wisdom Ever Limited (“Chargee”) dated 2 July 2019) on 7 October 2021 pursuant to 3 Deeds of Appointment of Receivers signed by the Chargee dated 7 October 2021. The share charge of Central Eagle Limited have been subsequently released on 23 March 2022 and the appointment of Receivers in respect of the shares of the Company held by Central Eagle Limited have been withdrawn.
9. The percentage is calculated on the basis of 464,804,000 shares of the Company in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) had registered an interest or a short position in the Shares, underlying shares or debentures of the Company which was required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which was required to be recorded in the register of the Company required to be kept under Section 336 of Part XV of the SFO.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, which competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the six months ended 30 June 2022 and up to and including the date of this interim report.

## Corporate Governance and Other Information

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and upholding guidelines and procedures for stringent corporate governance. In respect of the six months ended 30 June 2022, all the provisions set out in the CG Code were met by the Company except for the following:

Code provision C.1.6 of the CG Code requires that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Certain independent non-executive Directors were unable to attend the annual general meeting of the Company that was held on 29 June 2022 respectively due to COVID-19.

### COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors.

The Company made specific enquiries to all Directors and all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors' securities transactions throughout the period from 1 January 2022 to 30 June 2022.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees who, because of office or employment, are likely to be in possession of inside information in relation to the Company's securities has been requested to follow such code when dealing in the securities of the Company.

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

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

### AUDIT COMMITTEE

The unaudited interim financial report of the Group for the six months ended 30 June 2022 has been reviewed by the audit committee of the Board.

By order of the Board

**Yip Siu Lun Dave**

*Chairman and executive Director*

Hong Kong, 31 August 2022

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue</b>	5	<b>125,612</b>	113,116
Cost of sales		<b>(84,804)</b>	(82,160)
<b>Gross profit</b>		<b>40,808</b>	30,956
Other revenue and gains/(losses), net	6(b)	<b>8,266</b>	(622)
Distribution costs		<b>(6,269)</b>	(7,663)
Administrative expenses		<b>(29,947)</b>	(24,182)
Interests on lease liabilities		<b>(2,088)</b>	(1,944)
<b>Profit/(loss) before taxation</b>	6	<b>10,770</b>	(3,455)
Income tax credit	7	<b>208</b>	37
<b>Profit/(loss) for the period</b>		<b>10,978</b>	(3,418)
<b>Profit/(loss) for the period attributable to:</b>			
Equity shareholders of the Company		<b>8,587</b>	(4,148)
Non-controlling interests		<b>2,391</b>	730
<b>Profit/(loss) for the period</b>		<b>10,978</b>	(3,418)
<b>Earnings/(loss) per share attributable to the equity shareholders of the Company (HK cents)</b>	8		
Basic and diluted		<b>1.8</b>	(0.9)

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

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Profit/(loss) for the period</b>	<b>10,978</b>	(3,418)
<b>Other comprehensive income for the period</b>		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries in the Mainland China	<b>(14,619)</b>	3,183
<b>Total comprehensive income for the period</b>	<b>(3,641)</b>	(235)
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(3,849)</b>	(1,482)
Non-controlling interests	<b>208</b>	1,247
<b>Total comprehensive income for the period</b>	<b>(3,641)</b>	(235)

The notes on pages 28 to 42 form part of this interim financial report.

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	76,506	81,931
Right-of-use assets		48,489	43,245
Intangible assets		287	349
Prepayments for property, plant and equipment		1,037	48
Rental deposits		5,730	1,468
Deferred tax assets		5,963	6,068
		<b>138,012</b>	133,109
<b>Current assets</b>			
Inventories		33,917	30,827
Trade and other receivables	10	80,066	51,862
Current tax recoverable		–	111
Cash and cash equivalents	11	40,923	59,870
		<b>154,906</b>	142,670
<b>Current liabilities</b>			
Trade and other payables	12	60,880	57,356
Tax payable		120	–
Amounts due to related parties	13	14,286	2,238
Lease liabilities		22,043	16,432
		<b>97,329</b>	76,026
<b>Net current assets</b>		<b>57,577</b>	66,644
<b>Total assets less current liabilities</b>		<b>195,589</b>	199,753



# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		33,340	33,863
Deferred tax liabilities		1,124	1,124
		<b>34,464</b>	34,987
<b>Net assets</b>			
		<b>161,125</b>	164,766
<b>Capital and reserves</b>			
Share capital	14(b)	4,648	4,648
Reserves		133,171	137,020
<b>Total equity attributable to the equity shareholders of the Company</b>			
		<b>137,819</b>	141,668
<b>Non-controlling interests</b>			
		<b>23,306</b>	23,098
<b>Total equity</b>			
		<b>161,125</b>	164,766

The notes on pages 28 to 42 form part of this interim financial report.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022 – unaudited

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Accumulated loss	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 January 2021</b>	4,648	145,830	18,324	25,856	15,729	(58,514)	151,873	21,168	173,041
<b>Change in equity for the six months ended 30 June 2021:</b>									
Loss for the period	-	-	-	-	-	(4,148)	(4,148)	730	(3,418)
Other comprehensive income	-	-	-	-	2,666	-	2,666	517	3,183
<b>Total comprehensive income</b>	-	-	-	-	2,666	(4,148)	(1,482)	1,247	(235)
Appropriation to statutory reserve	-	-	-	636	-	(636)	-	-	-
<b>Balance at 30 June 2021</b>	4,648	145,830	18,324	26,492	18,395	(63,298)	150,391	22,415	172,806

The notes on pages 28 to 42 form part of this interim financial report.

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022 – unaudited

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 January 2022</b>	4,648	145,830	18,324	25,856	23,027	(76,017)	141,668	23,098	164,766
<b>Change in equity for the six months ended 30 June 2022:</b>									
Profit for the period	-	-	-	-	-	8,587	8,587	2,391	10,978
Other comprehensive income	-	-	-	-	(12,436)	-	(12,436)	(2,183)	(14,619)
<b>Total comprehensive income</b>	-	-	-	-	(12,436)	8,587	(3,849)	208	(3,641)
Appropriation to statutory reserve	-	-	-	1,881	-	(1,881)	-	-	-
<b>Balance at 30 June 2022</b>	4,648	145,830	18,324	27,737	10,591	(69,311)	137,819	23,306	161,125

The notes on pages 28 to 42 form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Operating activities</b>			
Cash used in operations		(12,287)	(1,346)
Tax refunded		222	–
<b>Net cash used in operating activities</b>		<b>(12,065)</b>	(1,346)
<b>Investing activities</b>			
Payment for the purchase of intangible assets		–	(318)
Payment for the purchase of property, plant and equipment		(4,602)	(14,284)
Proceeds from disposal of property, plant and equipment		81	1,693
Other net cash flows arising from investing activities		203	207
<b>Net cash used in investing activities</b>		<b>(4,318)</b>	(12,702)
<b>Financing activities</b>			
Advances from related parties		12,048	–
Capital element of lease rental paid		(9,513)	(9,739)
Interest element of lease rental paid		(2,088)	(1,944)
<b>Net cash generated from/(used in) financing activities</b>		<b>447</b>	(11,683)
<b>Net decrease in cash and cash equivalents</b>		<b>(15,936)</b>	(25,731)
<b>Cash and cash equivalents at 1 January</b>		<b>59,870</b>	60,930
<b>Effect of foreign exchange rate changes</b>		<b>(3,011)</b>	3,474
<b>Cash and cash equivalents at 30 June</b>	11	<b>40,923</b>	38,673

The notes on pages 28 to 42 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

## 1 GENERAL

China Apex Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” to the interim report. The Group, comprising the Company and its subsidiaries, continues to operate the zipper business.

The Company was informed by Mr. Chan Ho Yan (also known as Michael Chan) and Mr. Li Kin Long Kenny of D&P China (HK) Limited (trading as Kroll) (the “Receivers”) on 7 October 2021 that the Receivers were appointed by Noble Wisdom Ever Limited (the “Creditor”), a subsidiary of China Huarong Asset Management Co., Ltd. (Stock code: 2799) (“Huarong”) by three Deeds of Appointment of the Receivers dated 7 October 2021 signed by the Creditor as the joint and several receivers of 341,446,600 shares of the Company (the “Relevant Shares”), of which 125,397,663 shares are beneficially owned by Central Eagle Limited (“Central Eagle”), representing approximately 26.98% of the issued share capital of the Company, 133,706,331 shares are beneficially owned by China Sun Corporation (“China Sun”), representing approximately 28.77% of the issued share capital of the Company and 82,342,606 shares are beneficially owned by Golden Diamond Inc. (“Golden Diamond”), representing approximately 17.71% of the issued share capital of the Company.

As announced by the Company on 9 March 2022 and 23 March 2022, the shareholders of Central Eagle and the Creditor entered into the sale and purchase agreement (the “SP Agreement”) on 9 March 2022 and the completion of SP Agreement took place on 23 March 2022 (the “Completion”). Upon Completion, the Receivers remain interested in 216,048,937 Shares (the “Adjusted Relevant Shares”), representing approximately 46.48% of the total issued share capital of the Company. The Adjusted Relevant Shares represent approximately 46.48% of the issued share capital of the Company as at 30 June 2022.

The directors of the Company (the “Directors”) considered that Huarong is and remain to be the controlling shareholder of the Company as at 30 June 2022 and the date of approval of these condensed consolidated interim financial statements.

# Notes to the Unaudited Interim Financial Report

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 Interim financial reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The preparation of the condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements contain condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (collectively the “Group”) since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are required to be adopted in the 2022 annual financial statements. Details of these changes in accounting policies are set out below.

# Notes to the Unaudited Interim Financial Report

## 3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### Overview on changes in accounting policies

The HKICPA has issued a number of new HKFRS or amendments to HKFRSs that are first effective or first time adopted and relevant for the current accounting period of the Group:

- (i) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to HKAS 37);
- (ii) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to HKAS 16);
- (iii) Annual Improvements to HKFRS Standards 2018–2020 (Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41); and
- (iv) References to Conceptual Framework (Amendments to HKFRS 3).

The new or amended HKFRSs that are effective from 1 January 2022 did not have any significant impact on the Group's condensed consolidated interim financial statements.

## 4 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography.

Accordingly, the Group has presented the following two reportable segments in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment.

### a. Zippers (Mainland China):

This segment manufactures zippers products and mainly sells to customers in Mainland China. Its activities are mainly carried out in Guangdong, Zhejiang and Jingmen.

### b. Zippers (Overseas):

This segment purchases zipper products from segment of Mainland China and sells to overseas customers. Its activities are mainly carried out in Hong Kong.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

# Notes to the Unaudited Interim Financial Report

## 4 SEGMENT REPORTING (CONTINUED)

The measure used for reporting segment profit or loss is “adjusted profit or loss before taxation” i.e. “revenue less cost of sales, distribution costs, administrative expenses and impairment loss on trade receivable and bills receivable”. Items not specifically attributed to individual segment are excluded from the calculation of segment profit or loss. The Group’s senior executive management is provided with segment information concerning segment revenue, profit or loss and assets. Segment liabilities are not reported to the Group’s senior executive management regularly.

### (a) Segment results, assets and liabilities

Information regarding the Group’s reportable segments as provided to the Group’s senior executive management for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2022 and 2021 respectively is set out below.

#### For the six months ended 30 June 2022

	<b>Zippers – Mainland China HK\$'000 (unaudited)</b>	<b>Zippers – Overseas HK\$'000 (unaudited)</b>	<b>Total HK\$'000 (unaudited)</b>
Revenue from external customers	108,821	16,791	125,612
Inter-segment revenue	9,967	60	10,027
<b>Reportable segment revenue</b>	<b>118,788</b>	<b>16,851</b>	<b>135,639</b>
<b>Reportable segment profit</b>	<b>10,470</b>	<b>113</b>	<b>10,583</b>
Depreciation and amortisation for the period	16,109	428	16,537
As at 30 June 2022			
<b>Reportable segment assets</b>	<b>269,324</b>	<b>11,854</b>	<b>281,178</b>
<b>Reportable segment liabilities</b>	<b>107,515</b>	<b>5,692</b>	<b>113,207</b>



## Notes to the Unaudited Interim Financial Report

### 4 SEGMENT REPORTING (CONTINUED)

#### (a) Segment results, assets and liabilities (Continued)

For the six months ended 30 June 2021

	Zippers – Mainland China HK\$'000 (unaudited)	Zippers – Overseas HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	102,673	10,443	113,116
Inter-segment revenue	7,280	–	7,280
<b>Reportable segment revenue</b>	<b>109,953</b>	<b>10,443</b>	<b>120,396</b>
<b>Reportable segment profit/(loss)</b>	<b>9,324</b>	<b>(1,362)</b>	<b>7,962</b>
Depreciation and amortisation for the period	15,028	541	15,569
As at 30 June 2021			
<b>Reportable segment assets</b>	<b>266,394</b>	<b>5,278</b>	<b>271,672</b>
<b>Reportable segment liabilities</b>	<b>108,281</b>	<b>2,450</b>	<b>110,731</b>

# Notes to the Unaudited Interim Financial Report

## 4 SEGMENT REPORTING (CONTINUED)

### (b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Reportable segment profit	10,583	7,962
Elimination of unrealised profit or loss of inter-segment purchase of inventories, other assets and property, plant and equipment	(1,114)	(459)
<b>Reportable segment profit derived from the Group's external customers</b>	<b>9,469</b>	7,503
Other revenue and gains/(losses), net	8,266	(622)
Interests on lease liabilities	(2,088)	(1,944)
Unallocated head office and corporate expenses (note)	(4,877)	(8,392)
<b>Profit/(loss) before taxation</b>	<b>10,770</b>	(3,455)

Note: Unallocated head office and corporate expenses mainly represented depreciation of right-of-use assets in relation to an office premises, auditors' remuneration, staff costs of head office and legal and professional fees.

# Notes to the Unaudited Interim Financial Report

## 5 REVENUE

The principal activities of the Group are manufacture and sale of zippers, sliders and other related products.

The amount of each significant category of revenue is as follows:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<i>Sales of goods</i>		
Finished zippers and sliders	123,042	111,410
Others	2,570	1,706
	<b>125,612</b>	113,116

The above revenue is recognised at a point in time when the control of the goods has been passed to customers.

No individual customer had transactions exceeding 10% of the Group's revenue.

## 6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

### a. Staff costs

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Salaries, wages and other benefits	44,317	47,536
Contributions to defined contribution retirement plans	5,659	4,500
	<b>49,976</b>	52,036

## Notes to the Unaudited Interim Financial Report

### 6 PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

#### b. Other revenue and gains/(losses), net

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interest income	<b>203</b>	207
Gains on disposal of property, plant and equipment	<b>6</b>	252
Government grants	<b>215</b>	288
Net foreign exchange gains/(losses)	<b>6,950</b>	(1,635)
Others	<b>892</b>	266
	<b>8,266</b>	(622)

Note: Government grants of HK\$72,000 (2021: Nil) included in profit or loss was obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spending these grants on payroll expenses, and not reducing employee head count below prescribed levels for a specified period of time. The Group did not have other unfulfilled obligations relating to this program.

#### c. Other items

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Depreciation and amortisation*		
– plant and equipment	<b>7,366</b>	7,899
– intangible assets	<b>49</b>	101
– right-of-use assets	<b>9,669</b>	10,422
	<b>17,084</b>	18,422
Reversal of impairment losses on inventories	<b>(36)</b>	(9)
Cost of inventories*	<b>84,804</b>	82,160

\* Cost of inventories includes HK\$42,245,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$43,609,000) relating to staff costs, depreciation and amortisation expenses which amounts are also included in the respective total amounts disclosed separately above or in note 6(a) for each of these types of expenses.

# Notes to the Unaudited Interim Financial Report

## 7 INCOME TAX (CREDIT)/CHARGE

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax – PRC corporate income tax	12	32
Deferred taxation	(220)	(69)
	(208)	(37)

- (a) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands or the BVI.

KEE Zippers Corporation Limited is subject to Hong Kong Profits Tax at the rate of 16.5% in 2022 and 2021.

- (b) 開易（廣東）服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited) (“KEE Guangdong”) was recognised as a High and New Technology Enterprise and is entitled to a preferential income tax rate of 15% up to 2022. Except for KEE Guangdong, the statutory income tax rate applicable to the Company’s other subsidiaries in Mainland China was 25%.
- (c) Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. As at 30 June 2022, deferred tax liability recognised in this regard was HK\$1,124,000 (31 December 2021: HK\$1,124,000).

# Notes to the Unaudited Interim Financial Report

## 8 EARNINGS/(LOSS) PER SHARE

### a. Basic earnings/(loss) loss per share

The calculation of basic earnings per share is based on earnings attributable to the equity shareholders of the Company for the six months ended 30 June 2022 amounting to HK\$8,587,000 (loss per share based on loss attributable to equity shareholders of the Company for the six months ended 30 June 2021: HK\$4,148,000) and the weighted average number of 464,804,000 ordinary shares (six months ended 30 June 2021: 464,804,000 ordinary shares) in issue during the six months ended 30 June 2022.

### b. Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is equal to the basic loss per share as there were no potential dilutive shares in issue during both six months ended 30 June 2021 and 2022.

## 9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and machinery (including payments for construction in progress) with a cost of HK\$5,536,000 (six months ended 30 June 2021: HK\$4,814,000).

## Notes to the Unaudited Interim Financial Report

### 10 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables) based on the invoice date and net of loss allowance, is as follows:

	<b>At 30 June 2022 HK\$'000 (unaudited)</b>	At 31 December 2021 HK\$'000 (audited)
Within 1 month	<b>27,857</b>	18,741
Over 1 month but within 2 months	<b>26,688</b>	17,916
Over 2 months but within 3 months	<b>8,868</b>	6,503
Over 3 months	<b>8,807</b>	5,747
Trade debtors and bills receivable, net of loss allowance	<b>72,220</b>	48,907
Rental deposits	<b>1,037</b>	1,697
Other prepayments	<b>3,952</b>	861
Other debtors	<b>2,857</b>	397
	<b>80,066</b>	51,862

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group recognised impairment loss based on the same accounting policies adopted in the 2021 annual financial statements.

# Notes to the Unaudited Interim Financial Report

## 11 CASH AND CASH EQUIVALENTS

	<b>At 30 June 2022 HK\$'000 (unaudited)</b>	At 31 December 2021 HK\$'000 (audited)
Cash at bank and in hand	<b>40,923</b>	59,870
Cash and cash equivalents in the condensed consolidated statement of cash flows	<b>40,923</b>	59,870

## 12 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>At 30 June 2022 HK\$'000 (unaudited)</b>	At 31 December 2021 HK\$'000 (audited)
Within 1 month	<b>17,314</b>	10,243
Over 1 month but within 3 months	<b>308</b>	428
Over 3 months but within 6 months	<b>11</b>	5
Over 6 months	<b>472</b>	181
Trade creditors	<b>18,105</b>	10,857
Payroll and staff benefits payable	<b>23,252</b>	31,926
Accrued expenses	<b>6,318</b>	5,301
Payables for purchase of property, plant and equipment	<b>11,422</b>	8,022
Contract liabilities	<b>1,577</b>	996
Other payables	<b>206</b>	254
	<b>60,880</b>	57,356



## Notes to the Unaudited Interim Financial Report

### 13 AMOUNTS DUE TO RELATED PARTIES

The balances include advance made by an individual who is vice president of the Company, son-in law of a director of the Company and advance made by an executive director of the Company. They are unsecured, interest free and repayable on demand.

### 14 CAPITAL, RESERVES AND DIVIDENDS

#### a. Dividends

No interim dividend was declared in respect of the periods ended 30 June 2022 and 2021.

#### b. Share capital

##### *Authorised and issued share capital*

	At 30 June 2022		At 31 December 2021	
	Number of shares '000 (unaudited)	Share capital HK\$'000 (unaudited)	Number of shares '000 (audited)	Share capital HK\$'000 (audited)
Authorised: Ordinary shares of HK\$0.01 each	2,000,000	20,000	2,000,000	20,000
Ordinary shares, issued and fully paid:	464,804	4,648	464,804	4,648

There were no changes in issued share capital during the six months ended 30 June 2021 and 2022.

# Notes to the Unaudited Interim Financial Report

## 15 COMMITMENTS

Capital commitments outstanding at 30 June 2022 and 31 December 2021 not provided for in the consolidated financial statements were as follows:

	<b>At 30 June 2022 HK\$'000 (unaudited)</b>	At 31 December 2021 HK\$'000 (audited)
Contracted for	<b>1,460</b>	313

## 16 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed in other parts of these condensed consolidated interim financial statements, the Group entered into the following material related party transactions:

### a. Transactions

- i. The Group renewed a lease agreement which expired on 31 December 2020 for a term of two years ending 31 December 2022 in respect of certain leasehold and buildings entered into with Mr Xu Xipeng and Mr Xu Xinan, the senior management of the Group. During the six months ended 30 June 2022, the rentals paid by the Group under this lease agreement amounted to HK\$2,870,000 (value added tax ("VAT") included) (RMB2,364,000 equivalent) (six months ended 30 June 2021: HK\$2,831,000 (RMB2,364,000 equivalent)).
- ii. Since the disposals of certain leasehold land and buildings during the year ended 31 December 2016, the Group has agreed to leaseback those assets from Classic Winner Limited ("Class Winner") and Foshan City Nanhai Jinheming Investment Company Limited ("Nanhai Jinheming") which are owned by Mr Xu Xipeng and Mr Xu Xinan. These two lease agreements were renewed again on 16 January 2020. The rentals paid by the Group to Classic Winner and Nanhai Jinheming for the six months ended 30 June 2022 amounted to HK\$324,000 and HK\$4,560,000 (RMB3,756,000 equivalent) (VAT included) (six months ended 30 June 2021: HK\$360,000 and HK\$2,990,000 (RMB2,504,000 equivalent)) respectively.

## 16 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### a. Transactions (Continued)

- iii. KEE Guangdong renewed a lease agreement which expired on 31 August 2021 for a term of two years ending 31 August 2023 with KEE (Jingmen) Garment Accessories Limited which are owned by Mr Xu Xipeng and Mr Xu Xinan in respect of certain leasehold land and buildings. On 29 April 2022, KEE (Hubei) Zippers Manufacturing Company Limited (“KEE Hubei”) replaced KEE Guangdong as the lessee. During the six months ended 30 June 2022, the rentals paid by the Group under this lease agreement amounted to HK\$3,882,000 (VAT included) (RMB3,198,000 equivalent) (six months ended 30 June 2021: HK\$2,875,000 (RMB2,400,000 equivalent)).
- iv. KEE Hubei entered into a lease agreement on 31 May 2022 with a term from 1 June 2022 to 31 August 2023 with KEE (Jingmen) Garment Accessories Limited which are owned by Mr Xu Xipeng and Mr Xu Xinan in respect of certain leasehold land and buildings.

### b. Key management personal compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors, is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Short-term employee benefits	<b>2,565</b>	2,518
Retirement scheme contribution	<b>60</b>	177
	<b>2,625</b>	2,695

Total remuneration is included in “staff costs” (note 6(a)).

## 17 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 12 July 2022, the Company completed a placing of 92,960,800 shares under general mandate at a placing price of HK\$0.75 per placing share, pursuant to the placing agreement entered into between the Company and KGI Asia Limited on 27 June 2022. For details, please refer to the announcements of the Company dated 27 June 2022 and 12 July 2022.

## Glossary

In this interim report, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	means	the board of Directors
“CG Code”	means	code on corporate governance practices as set out in Appendix 14 to the Listing Rules
“Company”	means	China Apex Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 6 July 2010 and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	means	the director(s) of the Company
“Group”	means	the Company and its subsidiaries
“HK\$” and “HK cents”	means	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means	the stock market operated by the Stock Exchange, which excludes the GEM and the options market
“Model Code”	means	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“OEM”	means	original equipment manufacturer or manufacturing
“PRC” or “China” or “Mainland China”	means	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan



## Glossary

“RMB”	means	Renminbi, the lawful currency of the PRC
“SFO”	means	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	means	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	means	holder(s) of issued Share(s)
“Stock Exchange”	means	The Stock Exchange of Hong Kong Limited

\* *The English translation or transliteration of the Chinese name(s), where indicated, is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).*