



## CHINA UNITED VENTURE INVESTMENT LIMITED

*(formerly known as GLORY MARK HI-TECH (HOLDINGS) LIMITED)*

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

Stock Code: 8159



# 2022

## FIRST QUARTERLY REPORT

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*Hong Kong Exchanges and Clearing Limited and the Exchange take no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “**Director(s)**”) of China United Venture Investment Limited (formerly known as GLORY MARK HI-TECH (HOLDINGS) LIMITED) (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of Directors (the “**Board**”) hereby announces the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2022 (the “**Period**”) together with the comparative unaudited figures for the corresponding period in 2021 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the three months ended 31 March 2022*

		<b>Three months ended 31 March</b>	
	<i>Notes</i>	<b>2022 (Unaudited) HK\$'000</b>	2021 (Unaudited) HK\$'000
Revenue	3	<b>82,127</b>	73,196
Cost of sales		<b>(78,290)</b>	(66,028)
Gross profit		<b>3,837</b>	7,168
Other income		<b>1,392</b>	845
Other gains and losses		<b>587</b>	(45)
Share of loss of a joint venture		<b>(2,812)</b>	(2,922)
Finance costs		<b>(196)</b>	–
Selling and distribution expenses		<b>(2,645)</b>	(1,745)
Administrative expenses		<b>(12,296)</b>	(8,445)
Loss before taxation	5	<b>(12,133)</b>	(5,144)
Income tax expense	6	<b>(1,075)</b>	(837)
Loss for the Period		<b>(13,208)</b>	(5,981)
<b>Other comprehensive income for the Period:</b>			
Exchange differences arising from translation of foreign operations		<b>2,246</b>	1,594
Total comprehensive expense for the Period		<b>(10,962)</b>	(4,387)
(Loss)/profit for the Period attributable to:			
– Equity holders of the Company		<b>(13,349)</b>	(5,854)
– Non-controlling interests		<b>141</b>	(127)
		<b>(13,208)</b>	(5,981)
Total comprehensive (expense)/income attributable to:			
– Equity holders of the Company		<b>(11,103)</b>	(3,841)
– Non-controlling interests		<b>141</b>	(546)
		<b>(10,962)</b>	(4,387)
Loss per share			
Basic	8	<b>HK(1.90) cents</b>	HK(0.83) cents

Notes:

## 1. GENERAL AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands and continued in Bermuda with limited liability.

The shares of the Company (the “**Share(s)**”) were listed on GEM on 4 January 2002. The address of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company in Hong Kong is at Room 1033, 10/F., Central Building, 1-3 Pedder Street, Central, Hong Kong.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2022 are presented in Hong Kong dollars (“**HK\$**”). The functional currency of the Company is United States dollars (“**USD**”). As the Company is listed in Hong Kong, the Directors consider that it is appropriate to present the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2022 in HK\$.

The Company acts as an investment holding company.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2022 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and accounting principles generally accepted in Hong Kong.

## 2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2022 have been prepared under the historical cost convention except for investment properties, which are measured at fair value. The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021 (the “**2021 Financial Statements**”).

## 3. REVENUE

### *Sales of connectively products*

Revenue represents the amounts received and receivable, net of discounts and returns, from the sales of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronics products, communication products, automobile electronics accessories, wire harness and medical equipment and subcontracting service rendered during the Period under review.

***Provision of comprehensive architectural services***

Where the outcome of a contract of comprehensive architectural services can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims, and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**4. SEGMENT INFORMATION**

The Group determines its operating segments based on the reports regularly reviewed by the Directors, who are the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance.

Segment information reported internally for the purposes of resource allocation and performance assessment is analysed based on the class of customers, the same information is also reported to the chief operating decision makers. The Group is currently engaged in the sales of connectivity products to two classes of customers, namely, original equipment manufacturer customers (“**OEM customers**”) and retail distributors and in the provision of comprehensive architectural services. The Group’s operating segments under HKFRS 8 are as follows:

**Information about major customers**

	<b>Three months ended 31 March</b>			
	<b>2022</b>		<b>2021</b>	
	<b><i>HK\$'000</i></b>	<b><i>%</i></b>	<b><i>HK\$'000</i></b>	<b><i>%</i></b>
	<b><i>(Unaudited)</i></b>		<b><i>(Unaudited)</i></b>	
OEM customers	<b>49,898</b>	<b>60.8</b>	43,898	60.0
Retail distributors	<b>30,689</b>	<b>37.3</b>	25,768	35.2
Provision of comprehensive architectural services	<b>1,540</b>	<b>1.9</b>	3,530	4.8
	<b>82,127</b>	<b>100.0</b>	73,196	100.0

**Geographical information**

Sales analysis by geographical customer market:

	Three months ended 31 March			
	2022		2021	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
The United States of America	30,356	37.0	17,095	23.4
Japan	14,255	17.4	18,554	25.3
Korea	28,556	34.8	23,944	32.7
The People's Republic of China (the "PRC")	3,781	4.6	7,635	10.4
Taiwan	3,812	4.6	3,720	5.1
Others	1,367	1.6	2,248	3.1
	<b>82,127</b>	<b>100.0</b>	<b>73,196</b>	<b>100.0</b>

**5. LOSS BEFORE TAXATION**

Loss before taxation has been arrived at after charging:

	Three months ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	
Depreciation and amortisation	<b>1,344</b>	1,150

**6. INCOME TAX EXPENSE**

The taxation provided represents the PRC enterprise income tax, which is calculated at the prevailing rates.

No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated financial statements as the Group had no assessable profit in Hong Kong for the Period.

No provision for deferred taxation has been made in the unaudited condensed consolidated financial statements as there was no material timing difference arising during the Period and at the balance sheet date.

**7. DIVIDEND**

The Board does not recommend the payment of a dividend for the Period (three months ended 31 March 2021: nil).

**8. LOSS PER SHARE**

The calculation of basic loss per Share for the Period is based on the unaudited consolidated loss attributable to the shareholders of the Company (the “**Shareholders**”) of approximately HK\$13,349,000 (three months ended 31 March 2021: approximately HK\$5,854,000) and on the weighted average number of 704,000,000 Shares (three months ended 31 March 2021: 704,000,000 Shares).

The loss per Share for the Period was HK1.90 cents (three months ended 31 March 2021: HK0.83 cents).

No dilutive loss per share has been presented because the Company did not have any outstanding potential dilutive ordinary share during both periods end 31 March 2022 and 2021 respectively.

**9. RESERVES**

There was no movement in reserves of the Group during the Period other than loss attributable to the Shareholders of approximately HK\$13,349,000 (three months ended 31 March 2021: approximately HK\$5,854,000) and increase in translation reserve of approximately HK\$2,246,000 (three months ended 31 March 2021: approximately HK\$1,594,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group is principally engaged in electronic business and architectural design business. In the electronic business, the Group designs, manufactures and sells connectivity products mainly for computers, computer peripheral products, mobile phones peripheral products, multi-media consumable electronic products, communication products, automobile electronics accessories, wire harness and medical equipment (the “**Electronics Business**”). In the architectural design business, the Group is engaging in master-planning work, general design work and architectural schematic design work (the “**Architectural Design Business**”).

During the three months ended 31 March 2021, for the purpose of harnessing the Group’s competitive advantage and diversifying its business into financial services industry, the Directors have invited new members to the Board to spearhead the development of a new finance business (the “**Finance Business**”). These new directors have extensive professional experience in fund and asset management as well as corporate advisory services, investment banking and direct investments. For details of the set up and upcoming development plan, please refer to the “FUTURE OUTLOOK” section below.

### *The Electronics Business*

During the three months ended 31 March 2022, this business segment contributed revenue of approximately HK\$80.6 million to the Group (for the three months ended 31 March 2021 (“**PY2021**”): approximately HK\$69.7 million), representing an increase of approximately 15.6% as compared with PY2021. This business segment continues to benefit from the recovery of the global economy, the increased distribution channels for our products and the effective strategies implemented by our Directors to increase our sales order and revenue continuously.

### *The Architectural Design Business*

This segment has been adversely impacted for the last two years. In the year ended 31 December 2020, the outbreak of COVID-19 had caused suspension of our design projects in the PRC. On top of an observed slow recovery from COVID-19, since the second half last year 2021, this segment was further affected by the crises experienced by its downstream customers’, the China real estate developers’ high debt level and liquidity issues. A quarter to quarter comparison therefore showed that revenue from this business segment decreased from approximately HK\$3.5 million in PY2021 to approximately HK\$1.5 million during the three months ended 31 March 2022, representing a decrease of approximately 57.1% from last year. The Directors are monitoring the issues closely and remain cautiously optimistic to the results of the Architectural Design Business in the future.



### Financial Review

The Group recorded a turnover of approximately HK\$82.1 million for the three months ended 31 March 2022 (PY2021: approximately HK\$73.2 million), representing an increase of approximately 12.2% as compared with PY2021.

### Gross profit

The Group recorded a gross profit of approximately HK\$3.8 million for the three months ended 31 March 2022, representing a decrease of approximately 47.2% as compared to approximately HK\$7.2 million in PY2021. This was mainly attributable to the global supply chain disruption and surge in raw material prices that drove down our gross margin in the Electronics Business significantly, and the decrease in relative proportion of the high profit margin Architectural Design Business revenue to the total revenue of the Group.

### Other income

The Group earned other income of approximately HK\$1,392,000 during the three months ended 31 March 2022 (PY2021: approximately HK\$845,000), representing an increase of approximately 64.7%, mainly due to the demand for ancillary electronics manufacturing and testing services increased as the demand for our electronics products increased.

### Selling and distribution expenses

The selling and distribution expenses were approximately HK\$2,645,000 during the three months ended 31 March 2022 (PY2021: approximately HK\$1,745,000), increased by 51.6%, which was mainly attributable to (a) the expenses incurred for operating the online stores and additional marketing efforts used to boost sales; (b) increase in selling and distribution expenses for the Architectural Design Business as the Directors tried to capture the recovery trend with increased marketing efforts; and (c) early development of the Finance Business.

### Administrative expenses

The administrative expenses were approximately HK\$12,296,000 during the three months ended 31 March 2022 (PY2021: approximately HK\$8,445,000), representing an increase of approximately HK\$3.9 million primarily due to (i) an increase in rental expenses for our production facility in Mainland China; (ii) increase in staff salary and benefits for the Architectural Design business; and (iii) a one-off staff costs and legal and professional costs, amounted to approximately HK\$605,000 incurred for the development of the Company's new Finance Business. For details of the Company's new Finance business, please refer to below FUTURE OUTLOOK section.

### Finance costs

The finance costs were approximately HK\$196,000 during the three months ended 31 March 2022 (PY2021: HK\$Nil). The increase was attributable to the new debts raised since second quarter for the year ended 31 December 2021.

### Income tax expenses

The Group recorded an income tax expenses of approximately HK\$1,075,000 for the three months ended 31 March 2022 (PY2021: income tax expenses of approximately HK\$837,000).

### Net Loss attributable to owners of the Company

The Group reported a net loss attributable to owners of the Company for the three months ended 31 March 2022 of approximately HK\$13,208,000 (PY2021: net loss of approximately HK\$5,981,000), increased by approximately 120.8%. This was mainly attributable to (a) the significant reduction in our gross margin arising from the global supply chain disruption, particularly on the IC Chips components on our electronic products, and surge in raw material prices, particularly in copper price; (b) decrease in our Architectural Design Business revenue and profits; and (c) increase in overhead expenses following the transaction from last year.

### FUTURE OUTLOOK

During the three-month ended 31 March 2022, the Directors have kicked off, among the multi-faceted plans to create shareholders' values as disclosed in its 2020 Annual Report, the plan to diversify into financial services industry. In the first quarter of 2022, Mr. Huang Bin (“**Mr. Huang**”), Mr. Wu Le Bin and Mr. Ni Xian have joined the Board, all of whom are experienced finance professionals in asset management, corporate advisory, private equities and venture capital investments. In addition, as disclosed in the Company's business update announcement dated 4 March 2022 (the “**Announcement**”), the Company has acquired from Mr. Huang (i) the entire issued share capital of State Venture Capital Limited (新華國投資本有限公司) (“**State Venture**”) and (ii) 70% of the issued share capital of State Innovation Capital Limited (新華國科資本有限公司) (“**State Innovation**”) at nominal consideration (collectively, the “**Acquisition**”), which marked the start of the Company's Finance Business.

As further disclosed in the Announcement, the Group, through State Venture and State Innovation, intends to develop the Finance Business through organic growth over acquisitions with a view to provide full range of financial services, including but not limited to fund issuance, asset management, distressed asset management and insurance brokerage, etc. in Hong Kong and the PRC. The Group intends to, through the Finance Business, develop cross-border venture investment and fund management business with a view to promoting electronics-related science park, intellectual properties rights and related advanced technology in the Guangdong-Hong Kong-Macao Greater Bay Area. The Group believes that the new Finance Business will provide an additional income source for the Group and the Group will benefit from the diversified return in future. Further announcement(s) in respect of any new developments of the Finance Business will be made by the Company as and when appropriate.

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

As at 31 March 2022, the interests and short position of the Directors, the chief executive and their associates in the shares and underlying shares of the Company or its associate corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the required standards of dealings by directors of listed issuer as referred to Rules 5.46 to 5.67 of Chapter 5 of the GEM Listing Rules and Divisions 7 and 8 of Part XV of the SFO, were as follows:

*Long positions in ordinary Shares of HK\$0.01 each*

Name of director	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Mr. Wang <i>(Note)</i>	Interest in a controlled corporation	355,620,000 (L)	50.51%
Mr. Wang	Beneficial owner	52,595,000 (L)	7.47%

*(L) denotes long position*

*Note:* The 355,620,000 shares are held by PT Design Group Holdings Limited (“PT Design”), which is indirectly wholly-owned by Mr. Wang.

Other than as disclosed above, none of the Directors, chief executive, nor their associates had any interests or short positions in any Shares or underlying Shares or any of its associated corporations as at 31 March 2022.

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

As at 31 March 2022, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

### Long positions in ordinary Shares of HK\$0.01 each

Name of shareholders	Capacity	Number of issued ordinary Shares held	Percentage of issued share capital of the Company
PT Design	Beneficiary owner	355,620,000 (L)	50.51%
Mr. Pang Kuo-Shi (“Mr. Pang”) (Note)	Interest in a controlled corporation	74,403,000 (L)	10.57%
Modern Wealth Assets Limited (Note)	Beneficiary owner	74,403,000 (L)	10.57%

(L) denotes long position

Note: Mr. Pang is deemed to be interested in the 74,403,000 shares held by Modern Wealth Assets Limited, a company wholly-owned by Mr. Pang.

## SHARE OPTION SCHEME

Pursuant to the Company’s share option scheme adopted on 13 December 2002 (the “Scheme”) for the purpose of providing incentives to Directors and eligible employees, the Company may grant options to executive Directors and fulltime employees of the Group to subscribe for Shares.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial Shareholders or independent non-executive Directors or their associates in excess of 0.1% of the Company’s share capital or with a value in excess of HK\$5 million must be approved in advance by the Shareholders.

A nominal consideration of HK\$1 is payable on acceptance of the grant of options. Options may be exercised at any time from the thirteenth month from the date of grant to the fifth anniversary of the date of grant. The exercise price is determined by the Directors, and will be at least the highest of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Shares.

No share options have been granted under the Scheme since its adoption.

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Save for the Scheme, at no time during the Period was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### **SUFFICIENCY OF PUBLIC FLOAT**

The Company had maintained a sufficient public float throughout the Period.

### **SUBSTANTIAL SHAREHOLDERS**

Other than the interests disclosed under the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares” above, no person in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO was disclosed as having a notifiable interest or short positions in the issued share capital of the Company as at 31 March 2022.

### **COMPLIANCE WITH GEM LISTING RULES 5.48 TO 5.67**

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Directors, upon specific enquiry being made, confirm that during the Period, they had complied with the required standards of dealings and the Company’s code of conduct regarding directors’ securities transactions.

## INTERESTS IN COMPETING BUSINESS

During the Period, the following Director had interests in the following business which were considered to compete or likely to compete, either directly or indirectly, with the business of the Group (other than those business where the Directors were appointed as directors to represent the interests of the Company and/or the Group):

Name of Director	Name of entity which were considered to compete or likely to compete with the business of the Group	Description of competing Business	Nature of interests
Mr. Wang	Australia PT Design Consultants Limited (“PT Consultants”)	Provision of architectural design service (other than technical and documentation work)	Directly holding 27.6% interest in PT Consultants and a director
	PT Architectural Design (Shenzhen) Company Limited (“PT Shenzhen”)	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 27.6% interest in PT Shenzhen through PT Consultants and a director
	Shanghai PT Architecture Design & Consultant Co., Ltd (“Shanghai PT”)	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 17% interest in Shanghai PT and a director

As (i) each of the above Directors is fully aware of their fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; (ii) the architectural design service will be first undertaken by the Group as general design contractor, unless otherwise requested by independent developers; (iii) unless otherwise requested by independent developers, all master-planning work shall be first subcontracted to the Group; (iv) the Group have the first right of refusal on accepting the architectural schematic design work unless it is specifically requested by the independent developers that such work shall be performed by PT Consultants or PT Shenzhen; and (v) Mr. Wang has not involved in the day-to-day management and operation of Shanghai PT, the Group is capable of carrying its business independently of and at arm’s length from the businesses of these entities.

Save as disclosed above, during the Period, none of the Directors or the controlling Shareholders or their respective close associates had an interest in a business, which competes or may compete with the business of the Group.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

### PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the Period.

### EVENTS AFTER THE REPORTING PERIOD

On 4 April 2022, Goldstone Investment Management Limited, as the lender (the “**Lender**”), entered into two loan agreements (the “**First Loan Agreement**” and the “**Second Loan Agreement**”, collectively, the “**Loan Agreements**”) with State Venture Capital Limited (新華國投資本有限公司) as the first borrower (the “**First Borrower**”) and State Innovation Capital Limited (新華國科資本有限公司) as the second borrower (the “**Second Borrower**”, collectively, the “**Borrowers**” or each the “**Borrower**”), respectively. Each of the Borrowers is a subsidiary of the Company.

The principal terms of the Loan Agreements are summarised as follows:

Date	:	4 April 2022
Lender	:	Goldstone Investment Management Limited
Borrowers	:	The First Loan Agreement: State Venture Capital Limited The Second Loan Agreement: State Innovation Capital Limited
Loan amount	:	The First Loan Agreement: HK\$60,000,000 The Second Loan Agreement: HK\$18,000,000
Term of the loans	:	One year, commencing from the date of the Loan Agreements
Maturity date	:	3 April 2023 (the “ <b>Maturity Date</b> ”)
Interest rate	:	2% per annum

- Repayment : The Borrowers shall repay and/or settle the full amount of the loans and the interest accrued thereon the Maturity Date
- Unless otherwise agreed by the Lender, all payment and repayment shall be made by the Borrowers in immediately available funds, without any set-off, withholding and/or deduction
- Early repayment : The Borrowers may from the expiry of 180 days after the date of the Loan Agreements prepay all or part of the loans on any business day provided that the Borrowers shall have given the Lender not less than ten (10) business days' prior written notice specifying the proposed amount and date of prepayment
- Default interest : If the Borrowers fail to repay the loans or any part thereof or any interest, in each case, on the due date of payment or repayment, the Borrowers shall pay interest on such sum from the date immediately following such due date of payment or repayment to the date of actual payment (both days inclusive)(as well after as before judgment) at 5% per annum
- Guarantee : A corporate guarantee given by the Company in favour of the Lender

### Guarantee

On 4 April 2022, the Company executed a deed of guarantee with the Lender, pursuant to which the Company shall provide a corporate guarantee in favour of the Lender for the Borrowers' liabilities under the Loan Agreements.

### Information of the Lender

The Lender is Goldstone Investment Management Limited, being a limited liability company incorporated in Hong Kong. As at the date of this report, the Lender is (i) indirectly owned as to 60% by Mr. Huang Bin ("**Mr. Huang**"), the non-executive Director of the Company; and (ii) indirectly owned as to 40% by CITIC International Assets Management Limited (中信國際資產管理有限公司 ("**CIAM**")). CIAM is a company incorporated in Hong Kong with limited liability and is a non wholly-owned subsidiary of CITIC International Financial Holdings Limited (中信國際金融控股有限公司). CIAM is principally engaged in equity investment and asset management. As Mr. Huang is a non-executive Director and a shareholder of the Lender, hence he is a connected person of the Company pursuant to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.



### Information of the Borrowers

Each of the First Borrower and the Second Borrower is an investment holding company incorporated in Hong Kong with limited liability. As at the date of this report, (i) the First Borrower is an indirect wholly-owned subsidiary of the Company, and (ii) the Second Borrower is an indirect non wholly-owned subsidiary of the Company.

The Board is of the view that that the Loan Agreements would enable the Group to strengthen its working capital base and enhance its financial position. By entering into the Loan Agreements, the Company wishes to acquire (i) the entire share capital of State Venture Investment (HK) Holdings Limited (國投(香港)控股有限公司) (“**State Venture**”) and (ii) Tianjin CIAM Corporate Management Limited (天津事安信企業管理有限公司) (“**Tianjin CIAM**”). By acquiring the entire share capital of State Venture, the Company can gain access to Qingdao Guotou Dingcheng Asset Management Company Limited\* (青島國投鼎成資產管理有限公司) (“**Qingdao Guotuo**”), a company established in the PRC, which is (i) directly owned as to 51% by State Venture; and (ii) directly owned as to 49% by Qingdao SDIC Financial Holding Co., Ltd (青島國投金融控股有限公司) (“**Qingdao SDIC**”), and inject RMB100 million capital to Qingdao Guotuo. Qingdao SDIC is a wholly-owned subsidiary of Qingdao International Investment Co., Ltd (青島國際投資有限公司) (“**Qingdao International**”), of which Qingdao International is a state-owned enterprise in the PRC. Relying on the brand image of Qingdao International and taking advantage of its ability in raising capital and diverse project channels, the Company wishes to establish further funds and register for the qualified domestic limited partnership (the “**QDLP**”) in the PRC with a view to exploring business opportunities in (i) non-performing loans and (ii) mergers and acquisitions in listed companies by adopting the PIPE and PE models. Qingdao International, a state-owned enterprise located in Qingdao, was established in the PRC in 2003 with a registered capital of RMB1.5 billion and total assets amounted to approximately RMB25.0 billion. Qingdao International has invested in an A-share company listed in the PRC and an asset management company. The principal business activities of Qingdao International include (i) private equity, (ii) funding, (iii) venture capital and share capital investment, (iv) asset management and (v) strategic investment cooperation with government departments in the PRC.

Through the acquisition of Tianjin CIAM, the Company wishes to register for the qualified foreign limited partnership (the “**QFLP**”) in the PRC through Zhuhai Municipal Kengqiangxin Investment Management Co., Ltd.\* (珠海市鏗鏘信投資管理有限公司) (“**Zhuhai Kengqiangxin**”), a direct wholly-owned subsidiary of Tianjin CIAM. Coupled with the QFLP registration, and by making use of the licence in private equity fund in the PRC, which is held by Zhuhai Municipal Xinluanxin Equity Investment Management Co., Ltd.\* (珠海市鑫鏗信股權投資管理有限公司) (“**Zhuhai Xinluanxin**”), a direct wholly-owned subsidiary of Tianjin CIAM, the Company wishes to bring in capital and cooperate with central enterprises that engage in cultural tourism and other local state-owned enterprises located in Zhuhai, Guangzhou, Chengdu and Qingdao for the establishment of a development fund in cultural tourism in the Greater Bay Area by adopting the PIPE and PE models. The Company wishes to establish investment funds to promote investment and capture the construction opportunities in the Greater Bay Area. As at the date of this report, Tianjin CIAM is a wholly-owned subsidiary of CIAM Capital Management Limited and is principally engaged in corporate management. Zhuhai Kengqiangxin, a direct wholly-owned subsidiary of Tianjin CIAM, engages in investment funds and asset management. Zhuhai Xinluanxin, a direct wholly-owned subsidiary of Tianjin CIAM, holds the licence of private equity fund in the PRC and is principally engaged in the management of private equity fund.

The terms and conditions of the Loan Agreements are negotiated between the Lender and the Borrowers on an arm’s length basis and are on normal commercial terms. The Board consider that the terms of the Loan Agreements are fair and reasonable and the entering into of the Loan Agreements is in the best interest of the Company and the shareholders of the Company as a whole.

## CORPORATE GOVERNANCE

The Company complied throughout the Period with the code provisions in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed they complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Period.

The Company has received, from each of the independent non-executive Directors, a confirmation on his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three members, namely Dr. Fong Chi Wai, Alex, Dr. Yan Ka Shing and Mr. Xu Lin who are all independent non-executive Directors with Dr. Yan Ka Shing acting as the chairman. The primary duties of the Audit Committee are, among others, to review and supervise the financial reporting and internal control procedures of the Company. The financial results for the three months ended 31 March 2022 presented herein have not been audited but have been reviewed by the Audit Committee.

On behalf of the Board

**Wang Li Feng**

*Vice Chairman & Executive Director*

Hong Kong, 13 May 2022

*As at the date of this report, the executive Directors are Mr. Wang Li Feng, Mr. Yu Sanlong, Mr. Fan Xiaoling, Dr. Chen Xiaofeng, Mr. Ni Xian and Mr. Su Guang; the non-executive Director is Mr. Huang Bin; and the independent non-executive Directors are Dr. Fong Chi Wai, Alex, Dr. Yan Ka Shing, Mr. Wu Lebin and Mr. Xu Lin.*