



SFUND INTERNATIONAL HOLDINGS LIMITED

廣州基金國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1367)



2021

INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Qing (*Chairman*)
Mr. Lam Kwan Sing (*Chief Executive Officer*)
Mr. Yu Wenhao
Ms. Wang Mengsu
Mr. Lin Qiansheng
Mr. Hon Ming Sang

Independent Non-Executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Chan Wai Cheung, Admiral
Mr. Lam Ho Pong

AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas (*Chairman*)
Mr. Chan Wai Cheung, Admiral
Mr. Lam Ho Pong

REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas (*Chairman*)
Mr. Chan Wai Cheung, Admiral
Mr. Lam Ho Pong

NOMINATION COMMITTEE

Mr. Fok Ho Yin, Thomas (*Chairman*)
Mr. Chan Wai Cheung, Admiral
Mr. Lam Ho Pong

CORPORATE GOVERNANCE COMMITTEE

Mr. Lam Kwan Sing (*Chairman*)
Mr. Hon Ming Sang
Mr. Fok Ho Yin, Thomas
Mr. Chan Wai Cheung, Admiral
Mr. Lam Ho Pong

COMPANY SECRETARY

Mr. Hon Ming Sang

AUTHORISED REPRESENTATIVES

Mr. Lam Kwan Sing
Mr. Hon Ming Sang

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 904-5
9/F., Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04
33/F., Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Corporate Information

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
The Hongkong and
Shanghai Banking Corporation Limited

AUDITOR

ZHONGHUI ANDA CPA LIMITED
Unit 701, 7/F., Citicorp Centre,
18 Whitfield Road,
Causeway Bay, Hong Kong

WEBSITE

www.1367.com.hk

STOCK CODE

1367

Management Discussion and Analysis

BUSINESS REVIEW

SFund International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) was principally engaged in (i) apparel supply chain management services business; (ii) financial services business; (iii) money lending business; and (iv) securities investment during the period.

Apparel Supply Chain Management Services Business

The Group provides apparel supply chain management services for woven wear (such as shirts, pants, jeans and jackets) and accessories. This includes sourcing of raw materials and third-party manufacturers, sample creation, product design and development, production management, merchandising, quality control, logistics management and social compliance monitoring services. The Group acts as a one-stop solution provider to its customers to meet their needs along the apparel supply chain. Revenue is derived primarily from the sale of apparel products it procures for its customers, and from providing apparel supply chain management services for factories.

For the six months ended 30 June 2021, the Group’s revenue from apparel supply chain management services business were HK\$1,554,000, representing a significant decrease of approximately 64.5% when compared to the corresponding period last year of HK\$4,382,000. The segment loss from the respective segment were HK\$8,013,000 as compared to segment loss of HK\$8,721,000 for the corresponding period last year.

Due to less competitiveness than the other service providers, the Group lost significant customers in the past years and thereby recorded substantial decrease in revenue from this segment. Nevertheless, supply chain management services performed for factories recovered part of the lost revenue.

As a result of the intensive competition among the industry, the impact of coronavirus pandemic (“COVID-19”) worldwide and an especially another wave in Southeast Asian production-based countries, and an overall weak consumer spending sentiment, the management of the Group expects the financial performance of this segment would remain stagnant for a protracted period, and has reduced the scale of operations of the apparel supply chain services to reduce the loss.

Financial Services Business

For the six months ended 30 June 2021, the Group carried out financial services business through its subsidiaries including Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) in Hong Kong, China as well as equity interests investment management, investment consultancy services, investment management services, entrusted management of equity interests investment fund and corporate management consultancy services in the People’s Republic of China (the “PRC”).

On 13 January 2021, 湖南匯垠天星股權投資私募基金管理有限公司 (Hunan Huiyin Tianxing Private Equity Investment Fund Management Co., Ltd.*) (“Hunan Huiyin Tianxing”) (a 51%-owned subsidiary of the Company) invested RMB20,000,000 through a partnership in 阿克蘇興疆牧歌食品股份有限公司 (Aksu Xingjiang Muge Food Company Limited*) (“Xingjiang Muge”), being a company principally engaged in pig farming and food processing in the PRC.

Further details of this transaction is set out in the Company’s discloseable transaction announcement dated 13 January 2021.

Management Discussion and Analysis

On 12 March 2021, Hunan Huiyin Tianxing provided a loan of RMB28,000,000 to 郴州瑞嶸房地產開發有限公司 (Chenzhou Ruirong Real Estate Development Co., Ltd*) (“Ruirong Real Estate”), which is a company principally engaged in real estate development and operation, sale and leasing of housing and sale of building materials in the PRC.

Pursuant to the loan agreement, Hunan Huiyin Tianxing agreed to grant to Ruirong Real Estate a loan of RMB28,000,000 for a term of 6 months from 12 March 2021, and could be further extended for another 6 months with written consent of Hunan Huiyin Tianxing (or any other date as may be agreed by Hunan Huiyin Tianxing and Ruirong Real Estate in writing). The loan is secured by i) the charge over the land use rights of a land (the “Land”) created by Ruirong Real Estate in favour of Hunan Huiyin Tianxing; and ii) an irrevocable joint and several guarantee executed by the guarantors (the “Guarantors”), namely Hunan Ruirong Real Estate Group Co., Ltd.* (湖南瑞榮置業集團有限公司), Li Zhilin (李志林), Li Yijuan (李宜娟) and Li Chengbin (李成彬) in favour of the Ruirong Real Estate. Hunan Huiyin Tianxing will continue to cooperate with financial institutions and industry leaders to explore investment opportunities in equity and debt projects in order to expand the financial business of the Group. Further details of the transaction is set out in the Company’s announcements dated 12 March 2021. The loan is still outstanding as at 30 June 2021 with an aggregate outstanding loan principal of HK\$33,628,000.

For the six months ended 30 June 2021, the revenue and operating loss generated in this segment were HK\$1,064,000 (2020: HK\$268,000) and HK\$6,319,000 (2020: HK\$5,994,000), respectively.

The increase in loss of this segment were due to increase in the impairment expense of intangible assets of the securities dealing CGU of HK\$1,625,000 for the six months ended 30 June 2021. During the period, the Group made the application to the Securities and Futures Commission (the “SFC”) to cancel the business licence of Type 1 (Dealing in Securities) in order to reduce the administrative expenses.

Money Lending Business

The Group engaged in the money lending business through Capital Strategic Partners Limited (“Capital Strategic”), an indirect wholly-owned subsidiary of the Company, which holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong, China. During the six months ended 30 June 2021, the interest income and operating profit generated in this segment were HK\$2,521,000 (2020: HK\$4,633,000) and HK\$2,077,000 (2020: HK\$2,421,000), respectively.

As at 30 June 2021, there was a transaction of loan advanced to a customer. The loan was still outstanding as at 30 June 2021 with an aggregate outstanding loan principal of HK\$40,000,000.

On 14 February 2018, Capital Strategic entered into a loan agreement with China-HK Holdings Investment Limited (“China-HK”), a company incorporated in Hong Kong, China with limited liability, pursuant to which Capital Strategic had agreed to provide a loan facility to the China-HK in the principal amount of HK\$40,000,000 for a term of 6 months from the dates of the relevant drawdown, which could be further extended upon the request of China-HK and subject to agreement of Capital Strategic in writing. The loan is secured by the charge over the entire issued share capital of Wide Merit Limited and 2 wholly-owned subsidiaries of China-HK. On 14 August 2018, Capital Strategic and China-HK entered into a supplemental loan agreement to extend the repayment date to 14 February 2019. Further details of the transaction is set out in the Company’s announcements dated 14 February 2018 and 14 August 2018. The loan is still outstanding as at 30 June 2021.

Management Discussion and Analysis

Management had formulated a fundamental policy to establish its internal control systems. The Group would adopt a prudent approach and conduct regular reviews of the composition of the loans portfolio and lending rates charged to each customer to maximise the return of the money lending business as well as diversify the credit risk.

Securities Investment

During the six months ended 30 June 2021, the Group carried out the Group's investment business in securities investment.

During the six months ended 30 June 2021, the revenue arising from this segment was HK\$2,000 (2020: negative revenue of HK\$7,000). Revenue was attributable to the net realised gain on unlisted equity investment of HK\$2,000 during the six months ended 30 June 2021 (2020: net realised loss on listed securities investment of HK\$7,000).

The overall performance of the securities investment business recorded a profit of HK\$2,000 for the six months ended 30 June 2021 (2020: loss of HK\$9,000), which was primarily attributable to the realized equity investment stated above. As at 30 June 2021 and 31 December 2020, the Group's did not have any listed securities investment.

The Group is currently looking into other investment opportunities including private equities, debt securities, derivatives and funds. The management plans to revise its investment strategies and formulate new investment policies in the near future.

FINANCIAL REVIEW

During the period under review, the Group has diversified its operations into four segments, being

- (a) Apparel supply chain management services;
- (b) Financial services;
- (c) Money lending; and
- (d) Securities investment.

Management Discussion and Analysis

Financial results from the Group's operations are summarized as follows:

Revenue

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the six months ended 30 June 2021 is as follows:

- Apparel supply chain management services business: HK\$1,554,000, 30.2% of revenue (2020: HK\$4,382,000, 47.3%)
- Financial services business: HK\$1,064,000, 20.7% of revenue (2020: HK\$268,000, 2.9%)
- Money lending business: HK\$2,521,000, 49.0% of revenue (2020: HK\$4,633,000, 49.9%)
- Securities investment: HK\$2,000, 0.1% of revenue (2020: negative revenue of HK\$7,000, -0.1%)

Revenue by Geographical Segments

Ratio analysis by geographical segments for the Group's revenue for the six months ended 30 June 2021 is as follows:

- Cambodia: HK\$1,554,000, 30.2% of revenue (2020: HK\$1,221,000, 13.2%)
- Mainland China: HK\$1,066,000, 20.8% of revenue (2020: HK\$774,000, 8.3%)
- Hong Kong, China: HK\$2,521,000, 49.0% of revenue (2020: HK\$7,281,000, 78.5%)

Management Discussion and Analysis

The Group's revenue for the six months ended 30 June 2021 was HK\$5,141,000, being a decrease of HK\$4,135,000 when compared to the corresponding period last year of HK\$9,276,000. The decrease was mainly due to the net effect of (i) a decrease in revenue derived from apparel supply chain management services business to HK\$1,554,000 (2020: HK\$4,382,000) due to the Group continued to face Covid-19 which caused the Group's customers to cease placing new orders. The Group then took remedial action and generated new income by providing supply chain management services for factories. The Group is still exploring other alternatives to develop markets in other geographical regions so as to diversify its customer base; (ii) an increase in revenue derived from financial services business to HK\$1,064,000 (2020: HK\$268,000), which were mainly derived from the Group's fund management services and other consultancy services in Mainland China; (iii) a decrease in interest income from loans advanced to independent third parties to HK\$2,521,000 (2020: HK\$4,633,000); and (iv) realised gain on an investment in unlisted equity investment at fair value through profit or loss of HK\$2,000 (2020: realised loss on listed securities investment of HK\$7,000), which was arising from the Group's business segment on securities investment.

Cost of Sales and Services Rendered

Cost of sales of the Group relates to (i) its apparel supply chain management services business and includes raw materials, subcontracting fees, and other costs. Raw materials were fabrics and ancillary raw materials, including buttons, zippers and threads that the Group purchased and supplied to the third-party manufacturers for their production. Subcontracting fees represented fees paid to the third-party manufacturers for production of apparel products; and (ii) the direct cost of fund management services mainly consists of fund manager costs.

Gross Profit

The Group's gross profit for the six months ended 30 June 2021 was HK\$4,838,000, representing a decrease of approximately 21.8% from HK\$6,184,000 in the corresponding period last year. The decrease in gross profit was because there were decrease in services income for its apparel supply chain management services business and decrease in loan interest income.

Other Income and Gains

Other income and gains for the six months ended 30 June 2021 was HK\$25,064,000, representing an increase of approximately 2,195.2% from the corresponding period last year of HK\$1,092,000. The significant increase was mainly due to the gain on disposal of subsidiaries from the apparel supply chain management services business.

Selling Expenses

Selling expenses primarily consist of (i) sample cost; (ii) staff cost; and (iii) other selling and distribution expenses. Selling expenses for the six months ended 30 June 2021 was HK\$315,000, representing a decreased of approximately 58.6% from the corresponding period last year of HK\$760,000. The decrease was mainly due to the decrease in sample cost, staff cost and promotion expenses.

Management Discussion and Analysis

Administrative Expenses

Administrative expenses mainly represented employee benefit expenses for the Group's management, finance and administrative personnel, rental expenses for the Group's office premises and travelling expenses. Administrative expenses for the six months ended 30 June 2021 was HK\$24,856,000, representing a decrease of approximately 23.6% from the corresponding period last year of HK\$32,554,000. The decrease were mainly due to the decrease in salaries and professional fee.

Other Expenses, Net

Other expenses, net mainly represented the provision for ECL on loans receivable and provision for impairment of intangible assets. Other expenses, net for the six months ended 30 June 2021 was HK\$1,734,000, representing an increase of approximately 195.4% from the corresponding period last year of HK\$587,000. The significant increase was mainly due to increase in provision for impairment of intangible assets of the securities dealing CGU of HK\$1,625,000.

Finance Costs

Finance costs for the six months ended 30 June 2021 was HK\$13,621,000, representing an increase of approximately 19.6% from the corresponding period last year of HK\$11,393,000. The increase was mainly due to the late interest from the other borrowings.

Loss for the Period

The net loss attributed to the owners of the Company for the six months ended 30 June 2021 amounted to HK\$9,023,000 (2020: HK\$36,458,000), resulted in a basic loss per share for the six months ended 30 June 2021 of HK1.88 cents (2020: HK7.60 cents), representing a decrease in loss attributed to the shareholders of the Company (the "Shareholders") by 75.3%. The decrease in loss was resulted from the effects of (i) decrease in administrative expenses due to cost control; (ii) increase in other income and gains due to gain on disposal of subsidiaries from the apparel supply chain management services business and (iii) increase in other expenses, mainly due to increase in provision for impairment of intangible assets (as stated above).

PROSPECTS

To improve the financial position of the Group, the Company is considering various options to strengthen the capital of the Company and will, when appropriate, disclose further development on the above matter, if any, by way of further announcement(s) in accordance with regulatory requirements.

Apparel Supply Chain Management Services Business

The management of the Group expects the business environment for the apparel supply chain management services business in 2021 not favorable. Despite recovery signs in the USA, the outbreak of another wave of coronavirus infection in Southeast Asia, including Cambodia and Bangladesh which are the Group's production bases, has forced factories to temporarily close or reduce the production. This has led to decreasing supply chain management services derived from factories. The management of the Group expects the financial performance of this segment would remain stagnant for a protracted period, and has reduced the scale of operations of the apparel supply chain services to reduce the loss.

Management Discussion and Analysis

Money Lending Businesses

The management expects that the money lending business segment will become one of the Group's stable income sources. The management will go on paying close attention to the development of this business segment and promptly react to the demand in the market. It is expected that the Group will not expand its loan portfolio unless the Group managed to raise abundant funds through fund raising exercises and/or borrowings.

Financial Services Businesses

The management continues looking into possible acquisitions of asset management companies and other financial service platforms located in both Hong Kong, China and Mainland China, in order to build a strong, growing and diversified financial services sector.

The Group will continue to expand its financial services segment by applying for the necessary licenses for, or acquiring licensed corporation to conduct regulated activities, or acquiring interest in, or setting up funds to invest in, companies or projects which have good potentials and prospect.

As at the date of this report, the Company has been considering potential targets with an aim to maintaining a sufficient level of business operations and assets of the Group. The management expects that the contribution from financial services business segment will increase significantly in the near future.

Securities Investment

During the period, the Hong Kong, China stock market experienced significant volatility due to the impact of COVID-19 and economic events in the domestic and international markets. In response to that, the Group will continue to closely monitor market conditions and may consider changing its investment portfolio from time to time. We will also explore other investment opportunities, including but not limited to private equity investments, debt securities, derivative instruments and funds.

Management Discussion and Analysis

Conclusion

Trading in shares of the Company has been suspended with effect from 9:00 a.m. on 8 February 2021. The Company is taking appropriate steps to resolve the issues that led to the suspension and will continue to develop its existing business, in particular its financial services business (including but not limited to money lending, asset management, fund management and financial advisory), further expand the scale of its financial services business and identify potential investment projects on financial services platform so that our financial services business can be more diversified and synergistic. The Group continues to seek for high-quality underlying assets in both domestic and overseas markets and has negotiated with a number of target companies about acquisition proposals. We will continue to identify companies or projects with good potential and prospects to expand the business of the Group, and seek to resume trading in our shares as soon as possible in full compliance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong (the "Stock Exchange") and in a manner satisfactory to the Stock Exchange.

THE STOCK EXCHANGE'S DECISION ON THE COMPANY'S NON-COMPLIANCE WITH LISTING RULE 13.24

Trading in the shares (the "Shares") of the Company on the Stock Exchange has been suspended since 8 February 2021.

The Company has received a letter dated 24 April 2020 from the Listing Division of the Stock Exchange (the "Letter") notifying the Company of its decision that the Company has failed to carry out a business with a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares, and that the trading in the Company's shares will be suspended under Rule 6.01(3) of the Listing Rules (the "Decision").

Pursuant to the Letter, the Company must re-comply with Rule 13.24 of the Listing Rules, fulfill any resumption guidance that may be set by the Stock Exchange and is in full compliance with the Listing Rules to the Stock Exchange's satisfaction before the trading of the Company's shares is allowed to resume. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of the Company's shares if trading remains suspended for a continuous period of 18 months.

On 5 May 2020, the Company has submitted a written request to the Listing Committee of the Stock Exchange (the "Listing Committee") for reviewing the Decision. On 9 October 2020, the Listing Committee decided to uphold the Decision to suspend trading in the Shares.

On 19 October 2020, the Company has submitted a written request to the Listing Review Committee of the Stock Exchange (the "Listing Review Committee") for a further and final review of the Decision of the Listing Committee. On 26 January 2021, the Listing Review Committee conducted a review hearing to review the Decision of the Listing Committee set out in its letter dated 9 October 2020 (the "LC Decision"). On 5 February 2021, the Company received a letter from the Stock Exchange notifying the Company that the Listing Review Committee, having carefully considered all the facts and evidence, and all submissions presented by the Company and the Listing Division of the Stock Exchange (the "Listing Division"), decided to uphold the LC Decision to suspend trading in the Shares under Rule 6.01(3) of the Listing Rules on the ground that the Company had failed to comply with Rule 13.24 of the Listing Rules.

Management Discussion and Analysis

On 8 February 2021, the Company received a letter from the Stock Exchange setting out the following resumption guidance for resumption of trading in Shares (the "Resumption Guidance"):

- to demonstrate the Company's compliance with Rule 13.24 of the Listing Rules.

The Company must remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in Shares is allowed to resume. The Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange may modify or supplement the Resumption Guidance if the Company's situation changes.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 7 August 2022. If the Company fails to remedy the issue(s) causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in Shares by 7 August 2022, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 8 February 2021. For details, please refer to the announcements of the Company dated 26 April 2020, 27 April 2020, 5 May 2020, 9 October 2020, 19 October 2020, 5 February 2021, 9 February 2021, 7 May 2021 and 6 August 2021.

CAPITAL STRUCTURE

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, including bonds, other borrowings, and equity attributable to owners of the Company, comprising issued capital and reserves. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the new share issues as well as the issuance of debts and redemption of existing debt. The Group's overall strategy remains unchanged throughout the period.

As at 30 June 2021, the other borrowings were HK\$208,572,000 (31 December 2020: HK\$214,213,000) and bond payables were HK\$80,000,000 (31 December 2020: HK\$80,000,000). As at 30 June 2021 and 31 December 2020, all borrowings are carried at fixed interest rates ranging from 6% to 8.5% per annum and repayable in 2021 to 2025. Default interest was required to pay according to the default terms stated in the loan agreements, if any.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

During the period, the Group's working capital was financed by both internal resources and other borrowings.

As at 30 June 2021, cash and cash equivalents amounted to HK\$8,513,000, which decreased by approximately 87.5% as compared to HK\$68,179,000 as at 31 December 2020. The decrease were mainly due to the proceeds used in two projects including RMB20,000,000 investment through a partnership in Xingjiang Muge and provision of a loan of RMB28,000,000 advance to Ruirong Real Estate in the financial services business.

As at 30 June 2021, the Group's total borrowings amounted to HK\$288,572,000 (31 December 2020: HK\$294,213,000), mainly consist of other borrowings amounting to HK\$208,572,000 (31 December 2020: HK\$214,213,000) and bond payables amounting to HK\$80,000,000 (31 December 2020: HK\$80,000,000). The other borrowings of the Group as at 30 June 2021 and 31 December 2020 were incurred for operation and business purpose.

The current ratio of the Group as at 30 June 2021 was 0.36 (31 December 2020: 0.46). The gearing ratio is calculated based on the total liabilities divided by the total assets. The gearing ratio of the Group as at 30 June 2021 was approximately 233.4% (31 December 2020: approximately 214.0%).

As at 30 June 2021, the Group had net current liabilities of HK\$216,871,000 (31 December 2020: HK\$188,341,000) and net liabilities of HK\$213,030,000 (31 December 2020: HK\$202,370,000). The net current liabilities and the net liabilities position were attributable to material loss for the period as a result of the poor performance of the Group's businesses and the outstanding bond payables balance of HK\$80,000,000 (31 December 2020: HK\$80,000,000) and other borrowings of HK\$178,572,000 (31 December 2020: HK\$186,213,000) due within twelve months from the end of the reporting period. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

Management Discussion and Analysis

The directors of the Company are formulating proposals for fund raising exercises and will, when appropriate, disclose further development on the above matter, if any, by way of further announcement(s) in accordance with regulatory requirements and it has taken the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

- (i)** Kapok Spirit issued a letter of intent to extend the bond maturity date of a bond payable of HK\$80,000,000.
- (ii)** As regards the bond held by Kapok Spirit, the Company intends to negotiate with Kapok Spirit and SFund Investment Fund on the Possible Capitalisation. It is expected that the Company would be able to improve the financial position and reduce the finance costs if the Possible Capitalisation is materialized.
- (iii)** The Company intends to raise funds by issuing new securities. As at the date of this report, the Group has not yet entered into any understanding, arrangement or agreement about the aforesaid plan. The fund raising activity is subjected to the approval from the Stock Exchange and market conditions. The Company intends to use such proceeds for the potential acquisition, expansion of the Group's business and/or as working capital of the Group.
- (iv)** The Company plans to dispose certain subsidiaries with minimal or nil revenue in past years to save staff costs. It is expected that the Group would be able to reduce certain administrative expenses in the current financial year.

The directors of the Company have given careful consideration to the future liquidity of the Group and are of the opinion that the Group will be able to meet its financial obligations as they fall due for the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare these financial statements on a going concern basis.

Management Discussion and Analysis

TREASURY POLICIES

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

FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency transactions are mainly denominated in RMB and United States dollars ("US\$"). The Group has currency exposure as certain income and expenses incurred in the PRC were denominated in RMB. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in RMB. During the period, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

LITIGATION AND ARBITRATION

On 30 August 2021, the Group was informed that Hunan Huiyin Tianxing, as a fund manager in 湖南匯垠眾益投資合夥企業 (Hunan Huiyin Zhongyi Investment Partnership*), received a petition from China Construction Bank (Guangdong Province). Hunan Huiyin Tianxing is the second defendant and was requested to settle the bank trust fee amounting to around RMB1.5 million for its management fund overdue bank trust fee. The court will be held in November 2021. Hunan Huiyin Tianxing was still in the process of getting the legal advice for the contract arguments and no provision was made at the reporting date.

CAPITAL EXPENDITURES

During the period, the Group's capital expenditures consisted of additions to property, plant and equipment were nil (six months ended 30 June 2020: HK\$19,000).

CAPITAL COMMITMENT

As at 30 June 2021 and 31 December 2020, the Group did not have any capital commitment.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had a total of 69 (2020: 163) employees, including the Directors. Total staff costs (including Directors' remuneration) was approximately HK\$18,413,000 for the period, as compared to approximately HK\$21,846,000 for the corresponding period last year.

Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of the basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other major staff benefits include contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong, China and the provision of social insurances for employees who are employed by the Group pursuant to the applicable PRC rules and regulations.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 20 June 2014 where options to subscribe for shares of the Company may be granted to the Directors and employees of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group did not have any plans for material investments during the period.

SIGNIFICANT INVESTMENT

On 13 January 2021, Hunan Huiyin Tianxing invested RMB20,000,000 through a partnership in Xingjiang Muge, being a company principally engaged in pig farming and food processing in the PRC.

Save as disclosed in this report, there were no significant investments held during the period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this report, the Group did not have any material acquisition and disposed of subsidiaries and affiliated companies during the period.

RISK MANAGEMENT

The Group adopts the following risk management policies and monitoring system to mitigate the risks associated with interest rate, foreign currency, credit, liquidity and equity price in its major operation.

Management Discussion and Analysis

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates incurred for trade finance. The Group reviews interest rate risk regularly and monitors closely the fluctuation of interest rates and will make proper adjustment if necessary.

Foreign Currency Risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group has currency exposure as income earned and expenses subcontracting fees, incurred in Mainland China were denominated in RMB.

The RMB is not a freely convertible currency. Future exchange rates of the RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the RMB. The appreciation or devaluation of RMB against US\$ may have impact on the operating results of the Group.

The Group has not entered into any hedging arrangement as the foreign currency risk is considered not material. The management has monitored the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Credit Risk

The accounts receivables and loan receivable balances included in the consolidated statement of financial position of the Group represent the Group's maximum exposure to credit risk in relation to the Group's accounts receivables and loan receivables. Concentrations of credit risk are managed by customer and borrower.

The Group performs ongoing credit evaluations of its debtors' financial conditions and requires collateral from its customers. The allowance for doubtful debts is based on a review of the expected collectability of all trade accounts receivable and loan receivables.

The Group seeks to maintain strict control over its outstanding receivables and has its credit control policy to minimise the credit risks. In addition, all receivable balances are monitored on an ongoing basis and overdue balances are followed up by management.

Management Discussion and Analysis

Liquidity Risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

Equity Price Risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as financial asset at fair value through profit or loss. The Group's listed investment is listed on the Stock Exchange and is valued at quoted market prices at the end of the reporting period. Management manages this exposure by assessing the risk associated with each individual investment and maintaining a portfolio of investments with different risks in the future if necessary.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 June 2021.

CHARGE ON THE GROUP'S ASSETS

No charges on the Group's assets was noted as at 30 June 2021.

DIVIDEND

The Board does not recommend the distribution of any dividends for the six months ended 30 June 2021 (2020: nil).

FINANCIAL ASSISTANCE FROM SUBSTANTIAL SHAREHOLDER

Loan Agreement with Mr. Lai Leong

During the period, the Group entered into the loan agreements in totals amount of HK\$23,100,000 (the "Loans") with Mr. Lai Leong, who is deemed to be interested in 36.93% shareholding of the Company as at 30 June 2021, pursuant to which Mr. Lai Leong had agreed to provide the Loans to the Group at interest rate of 8% per annum with a term of 6 months. Mr. Lai Leong through his wholly-owned company, Plus Value International Limited, holds 177,300,000 Shares, representing 36.93% of the issued share capital of the Company and thus Mr. Lai Leong and Plus Value International Limited are the controlling Shareholders as at 30 June 2021.

Management Discussion and Analysis

Bond Subscription Agreement with Kapok Spirit Investment Limited

On 27 October 2017, the Company, as the issuer (the “Issuer”), entered into a subscription agreement (the “Subscription Agreement”) with a company indirectly wholly-owned by 廣州產業投資基金管理有限公司 (Guangzhou Industrial Investment Fund Management Co., Ltd.*), a substantial Shareholder, as the subscriber (the “Subscriber”), in relation to the subscription of unsecured bond to be issued by the Company (the “Bond”). The issue of Bond constituted an exempt connected transaction of the Company under Rule 14A.90 of the Listing Rules. Pursuant to and subject to the satisfaction (or waiver) of the conditions precedent set out in the Subscription Agreement, the Company agreed to issue, and the Subscriber agreed to subscribe, for the Bond in the principal amount of up to HK\$80,000,000 with a coupon rate of 8% per annum payable quarterly in arrears for a term of 23 months from the date of issue of the Bond. The maturity date of the Bond will be intended to extend upon maturity. The net proceeds from the issuance of the Bond are used by the Group as general working capital of the Group, in particular towards money lending and financial services business and to finance suitable investment opportunities if and when they arise.

Loan Agreement with SFund International Investment Fund Management Limited

During the period, the Company entered into the loan agreements with SFund International Investment Fund Management Limited, a substantial Shareholder of the Company, pursuant to which SFund International Investment Fund Management Limited had agreed to provide the loan to the Company amounting to HK\$30,000,000, at interest rate of 8% per annum with a term of 5 years. SFund International Investment Fund Management Limited holds 139,200,000 shares, representing 29% of the issued share capital of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

There had not been any other equity or debt fund raising activity conducted by the Group in the past twelve months.

Management Discussion and Analysis

PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY

Provision of Financial Assistance Amounting to HK\$40,000,000

On 14 February 2018, Capital Strategic, as the lender, entered into a loan agreement (the “CH Loan Agreement”) with China-HK, as the borrower, pursuant to which Capital Strategic would provide a loan facility of HK\$40,000,000 (the “CH Loan”) to China-HK for a term of 6 months from the date of the relevant drawdown, which could be extended upon the requested of China-HK and subject to agreement of Capital Strategic in writing, at the interest rate of 12% per annum which will be paid on the relevant repayment dates of the CH Loan drawn down.

On 14 August 2018, Capital Strategic entered into a supplemental loan agreement with China-HK to, among other matters, extend the maturity date from 14 August 2018 to 14 February 2019. Other than the maturity date which had been extended to 14 February 2019 pursuant to the supplemental loan agreement, the principal terms of the CH Loan Agreement remains applicable to Capital Strategic and China-HK in connection with the CH Loan.

The CH Loan is secured by (i) charge over 10,000 shares of China-HK, being the entire issued share capital of the China-HK, in favour of Capital Strategic, by Wide Merit Limited, a company incorporated in the British Virgin Islands, being the holding company of China-HK; and (ii) charges over the entire share capital of 長三角徐州石油科技有限公司 (Changsanjiao Xuzhou Petroleum Technology Company Limited*) (“Changsanjiao Xuzhou Petroleum Technology”), being a wholly-owned subsidiary of China-HK, and 鹽城賽孚石油化工有限公司 (Yancheng Saifu Petroleum & Chemical Company Limited*) (“Yancheng Saifu Petroleum & Chemical”), being a wholly-owned subsidiary of Changsanjiao Xuzhou Petroleum Technology Company Limited.

The provision of the CH Loan under the CH Loan Agreement is a financial assistance provided by the Company within the meaning of the Listing Rules and the CH Loan constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Details of the CH Loan are set out in the announcement of the Company dated 14 February 2018 and 14 August 2018. The CH Loan is still outstanding as at 30 June 2021.

According to the court orders of the 湖南省長沙市中級人民法院 (Changsha Intermediate People’s Court of Hunan Province*) dated 12 August 2020, the Company successfully via the court frozen the asset held by the Changsanjiao Xuzhou Petroleum Technology and Yancheng Saifu Petroleum & Chemical, for three years.

Management Discussion and Analysis

Provision of Loan to an Entity Amounting to RMB28,000,000

On 12 March 2021, Hunan Huiyin Tianxing, as the lender, entered into a loan agreement (the “Loan Agreement”) with Ruirong Real Estate, as the borrower, pursuant to which, Hunan Huiyin Tianxing would provide a loan of RMB28,000,000 (the “Loan”) to Ruirong Real Estate for a term of 6 months from 12 March 2021, and could be further extended for another 6 months with written consent of Hunan Huiyin Tianxing (or any other date as may be agreed by Hunan Huiyin Tianxing and Ruirong Real Estate in writing). The loan is secured by i) the charge over the land use rights of the Land created by Ruirong Real Estate in favour of Hunan Huiyin Tianxing; and ii) an irrevocable joint and several guarantee executed by the Guarantors in favour of the Ruirong Real Estate. Further details of the transaction is set out in the Company’s announcements dated 12 March 2021. The loan is still outstanding as at 30 June 2021.

Save as disclosed above, the Group did not have any other provision of financial assistance and advance to an entity.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2021, none of the Directors or Chief Executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required, to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares of the Company in or debentures of the Company granted to any of the Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 20 June 2014 (the "Share Option Scheme") which became effective on 11 July 2014. The purpose of the Share Option Scheme is to motivate certain eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Eligible persons of the Share Option Scheme, amongst others, include any executives, any employee (including proposed, full-time or part-time employee), a director or proposed director (including an Independent Non-executive Director) of any member of the Group, a direct or indirect shareholder of any member of the Group and an associate of any of the aforementioned persons.

The maximum number of shares which may be issued under the Share Option Scheme and any other schemes of the Group must not exceed 48,000,000 shares, representing 10% of the total number of shares in issue as at the date of listing of the shares of the Company on the Stock Exchange.

The maximum number of shares issued and to be issued upon exercise of the options granted to any one eligible person (including exercised and outstanding options) under the Share Option Scheme in any 12-month period must not exceed 1% of the issued shares from time to time unless approved in advance by the Shareholders in general meeting with such eligible person and his close associates (as defined in the Listing Rules) (if such eligible person is a connected person) abstaining from voting.

Other Information

Any offer of an option under the Share Option Scheme proposed to be made to a Director, Chief Executive or substantial Shareholder or to any of their respective associates must first be approved by the Independent Non-executive Directors (excluding Independent Non-executive Director who or whose associate is the grantee of the option). In addition, where any grant of options to a substantial Shareholder (as defined in the Listing Rules) or an Independent Non-executive Director or to any of their respective associates which would result in the relevant class of securities in issue and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) in excess of 0.1% of the relevant class of securities in issue; and (ii) with an aggregate value (based on the closing price of the securities at the date of each grant) in excess of HK\$5,000,000, such further grant of options is subject to approval by the Shareholders in general meeting, with such person, his associates and all core connected persons (as defined in the Listing Rules) of the Company abstaining from voting.

The offer of a grant of options under the Share Option Scheme may be accepted by the eligible person for a period of 28 days from the date of the offer and by payment received by the Company of HK\$1.00 as consideration for the grant of an option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as to be determined and notified by the Directors to each grantee, but shall end in any event not later than 10 years from the date on which the option is deemed to be granted and accepted in accordance with the Share Option Scheme.

The Share Option Scheme will be valid and effective for a period of ten years from 20 June 2014.

The exercise price is determined by the Board and shall be at least the highest of: (i) the nominal value of a share; (ii) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (iii) the average closing price of a share as stated in the Stock Exchange's daily quotations sheet for the five business days (as defined in the Listing Rules) immediately preceding the offer date.

As at 30 June 2021, no share options were granted, cancelled, lapsed or forfeited under the Share Option Scheme and there were no outstanding share options under the Share Option Scheme as at 30 June 2021.

EQUITY-LINKED AGREEMENTS

For the period, save for the Share Option Scheme previously mentioned, the Company has not entered into any equity-linked agreements, and there did not subsist any equity-linked agreement entered into by the Company as at 30 June 2021.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed under the section headed "Related Party Transactions/Exempted Continuing Connected Transactions" on page 24 to 26 of this report, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company's holding company or any of its subsidiaries was a party during the period.

Other Information

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, during the period and up to the date of this report, none of the Directors are considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group required to be disclosed under the Listing Rules.

Name of the Director	Position(s) within the Company	Position(s) in other companies which may compete with the Group
Mr. Li Qing	Executive Director and Chairman of the Board	SFund International Investment Fund Management Limited –director and general manager
Mr. Yu Wenhao	Executive Director	廣州匯垠天粵股權投資基金管理有限公司 (Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd.*) – deputy general manager
Ms. Wang Mengsu	Executive Director	SFund International Investment Fund Management Limited – assistant general manager and investment director
Mr. Lin Qiansheng	Executive Director	SFund International Investment Fund Management Limited – chief financial officer

RELATED PARTY TRANSACTIONS/EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Details of the related party transactions of the Group are set out in note 16, 17 and 20 to the condensed consolidated financial statements which constituted exempted continuing connected transactions under Chapter 14A of the Listing Rules.

During the period, the Group had the following continuing connected transactions which are exempted from the reporting, announcement or independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules and are included herein for information only.

Other Information

1. Loan Agreement with Mr. Lai Leong

During the period, the Group entered into the loan agreements in totals amount of HK\$23,100,000 (the "Loans") with Mr. Lai Leong, who is deemed to be interested in 36.93% shareholding of the Company as at 30 June 2021, pursuant to which Mr. Lai Leong had agreed to provide the Loans to the Group at interest rate of 8% per annum with a term of 6 months. Mr. Lai Leong through his wholly-owned company, Plus Value International Limited, holds 177,300,000 Shares, representing 36.93% of the issued share capital of the Company and thus Mr. Lai Leong and Plus Value International Limited are the controlling Shareholders as at 30 June 2021. For the six months ended 30 June 2021, the interest expense to Mr. Lai Leong was HK\$1,114,000.

2. Bond Subscription Agreement with Kapok Spirit Investment Limited

On 27 October 2017, the Company, as the issuer, entered into the Subscription Agreement with Kapok Spirit Investment Limited, a company indirectly wholly-owned by Guangzhou Industrial Investment Fund Management Co., Ltd., a substantial Shareholder, as the subscriber, in relation to the subscription of the Bonds. The issue of Bonds constituted an exempt connected transaction of the Company under Rule 14A.90 of the Listing Rules. Pursuant to and subject to the satisfaction (or waiver) of the conditions precedent set out in the Subscription Agreement, the Company agreed to issue, and the subscriber agreed to subscribe, for the Bonds in the principal amount of up to HK\$80,000,000 with a coupon rate of 8% per annum payable quarterly in arrears for a term of 23 months from the date of issue of the Bonds. The maturity date of the Bonds will be intended to extend upon maturity. Kapok Spirit Investment Limited is an associate of Guangzhou Industrial Investment Fund Management Co., Ltd. Ms. Wang Mengsu, the Executive Director of the Company, is the director of Kapok Spirit Investment Limited. Under the Listing Rules, she is therefore a connected person of the Company as defined under the Listing Rules. For the six months ended 30 June 2021, the interest expense in relation to the Bonds was HK\$3,372,000.

3. Loan Agreement with SFund International Investment Fund Management Limited

During the period, the Company entered into the loan agreements with SFund International Investment Fund Management Limited, a substantial Shareholder of the Company, pursuant to which SFund International Investment Fund Management Limited had agreed to provide the loan to the Company amounting to HK\$30,000,000, at interest rate of 8% per annum with a term of 5 years. SFund International Investment Fund Management Limited holds 139,200,000 shares, representing 29% of the issued share capital of the Company. For the six months ended 30 June 2021, the interest expenses in relation to the SFund International Investment Fund Management Limited was HK\$1,186,000.

4. Loan Agreement with Sunrise Shining Investment Limited

On 20 November 2020, Capital Strategic, an indirect wholly-owned subsidiary of the Company, entered into the loan agreement with Sunrise Shining Investment Limited, a company which owned by a related company of a substantial shareholder of the Company, pursuant to which Capital Strategic had agreed to provide the loan to Sunrise Shining Investment Limited of HK\$6,800,000, at interest rate of 12% per annum with a term of 3 months. For the six months ended 30 June 2021, the interest income on the loan receivable from Sunrise Shining Investment Limited was HK\$121,000.

Other Information

The continuing connected transactions mentioned above have been reviewed by the Independent Non-executive Directors who have confirmed that the transactions have entered into: (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of shareholders of the Company as a whole.

Save as disclosed above, the Group has not entered into any connected transaction or continuing connected transaction during the period which should be disclosed pursuant to the requirements under the Listing Rules.

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

As at 30 June 2021, so far as is known to the Directors or Chief Executive of the Company, the following persons (other than Directors or Chief Executive of the Company), who had interests or short positions in the shares and the underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO were as follows.

Long positions in Ordinary Shares of HK\$0.01 each of the Company

Name of Shareholder	Capacity/Nature of Interests	Number of Shares held	Approximate Shareholding Percentage
SFund International Investment Fund Management Limited (Note 1)	Beneficial owner	139,200,000	29%
廣州滙垠天粵股權投資基金管理有限公司 Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd.* (Note 1)	Interest in a controlled corporation	139,200,000	29%
廣州科技金融創新投資控股有限公司 Guangzhou Technology Financial Innovation Investment Holdings Ltd.* (Note 1)	Interest in a controlled corporation	139,200,000	29%
廣州產業投資基金管理有限公司 Guangzhou Industrial Investment Fund Management Co., Ltd.* (Note 1)	Interest in a controlled corporation	139,200,000	29%
廣州市城市建設投資集團有限公司 Guangzhou City Construction Investment Group Co., Ltd.* (Note 1)	Interest in a controlled corporation	139,200,000	29%
Plus Value International Limited (Note 2)	Beneficial owner	177,300,000	36.93%
Lai Leong (Note 2)	Interest in a controlled corporation	177,300,000	36.93%
Chan Man Hoi (in the capacity as the Receiver) (Note 3)	Receiver	177,300,000	36.93%
Lai Kar Yan (in the capacity as the Receiver) (Note 3)	Receiver	177,300,000	36.93%

Note:

- SFund International Investment Fund Management Limited is wholly-owned by Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd.*, which is wholly-owned by Guangzhou Technology Financial Innovation Investment Holdings Ltd.*. Guangzhou Technology Financial Innovation Investment Holdings Ltd. is wholly-owned by Guangzhou Industrial Investment Fund Management Co., Ltd.* Guangzhou Industrial Investment Fund Management Co., Ltd.* is wholly-owned by Guangzhou City Construction Investment Group Co., Ltd.*
- Plus Value International Limited is wholly-owned by Mr. Lai Leong. By virtue of the SFO, Mr. Lai Leong is deemed to be interested in the Shares held by Plus Value International Limited.

Other Information

3. On 18 June 2021, Mr. Lai Kar Yan Derek and Mr. Chan Man Hoi Ivan (the "Receivers") were appointed as joint and several receivers (the "Receivership") over 177,300,000 ordinary issued shares of the Company (the "Charged Shares") held by Plus Value International Limited which had been charged to Industrial Bank Co., Ltd. Hong Kong Branch ("Industrial Bank") as a condition to the availability of a facility letter dated 4 May 2017, as amended from time to time, entered into between, among others, Plus Value International Limited as borrower and Industrial Bank as lender. Details were set out in the announcement of the Company dated 29 June 2021.

Save as disclosed above, as at 30 June 2021, no person, other than the Directors and Chief Executive of the Company, whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in shares and Underlying Shares and Debentures of the Company" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CHARGED SHARES HELD BY PLUS VALUE INTERNATIONAL LIMITED

With reference to the announcement of the Company dated 29 June 2021, the Company received a letter from Deloitte Touche Tohmatsu dated 18 June 2021 regarding the appointment of Lai Kar Yan Derek and Chan Man Hoi Ivan as joint and several receivers over 177,300,000 Shares held by Plus Value International Limited. The Charged Shares represent approximately 36.93% of the issued share capital of the Company as at 30 June 2021. Please refer to the announcements of the Company dated 29 June 2021, 29 July 2021 and 30 August 2021 for further details.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (the "Model Code") to the Listing Rules as its own code of conduct regarding the dealings in securities of the Company by the Directors.

Having made specific enquiry of all Directors, each Director has confirmed that he/she has complied with the required standard set out in the Model Code during the period.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

Throughout the reporting period, the Company has complied with the CG Code.

Other Information

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Company's directors subsequent to the date of the Annual Report 2020 are set out below:

1. Mr. Lam Kwan Sing From 1 May 2021 the remuneration was adjusted from HK\$110,000 per month to HK\$10,000 per month.
2. Mr. Hon Ming Sang From 1 May 2021 the remuneration was adjusted from HK\$100,000 per month to HK\$95,000 per month.
3. Mr. Fok Ho Yin, Thomas From 1 May 2021 the remuneration was adjusted from HK\$20,000 per month to HK\$10,000 per month for serving as an independent non-executive Director.
4. Mr. Chan Wai Cheung, Admiral From 1 May 2021 the remuneration was adjusted from HK\$20,000 per month to HK\$10,000 per month for serving as an independent non-executive Director; and

Resigned as an independent non-executive director and a member of each of the audit committee, nomination committee and remuneration committee of China Oil Gangran Energy Group Holdings Limited (a company listed on the GEM of the Stock Exchange, stock code: 8132) on 4 August 2021.
5. Mr. Lam Ho Pong From 1 May 2021 the remuneration was adjusted from HK\$20,000 per month to HK\$10,000 per month for serving as an independent non-executive Director.

Save as disclosed above, the Company is not aware of other changes in the directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Board established the Audit Committee with written terms of reference on 20 June 2014 and amended on 30 December 2015 and 16 April 2019 respectively. The terms of reference of the Audit Committee are available at the Company's website and on the website of the Stock Exchange. The Audit Committee currently comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong. The chairman of the Audit Committee is Mr. Fok Ho Yin, Thomas.

The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2021. The Audit Committee was satisfied that the unaudited condensed consolidated interim financial information was prepared in accordance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

Other Information

REMUNERATION COMMITTEE

The Board established the Remuneration Committee with written terms of reference on 20 June 2014 and amended on 16 April 2020. The terms of reference of the Remuneration Committee are available at the Company's website and on the website of the Stock Exchange.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the overall remuneration of directors and senior management, including the policy of granting of share options to employees under the Company's share option scheme. No director or any of his/her associates may be involved in any decisions as to his/her own remuneration.

The Remuneration Committee currently comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong. The chairman of the Remuneration Committee is Mr. Fok Ho Yin, Thomas.

NOMINATION COMMITTEE

The Board established the Nomination Committee with written terms of reference on 20 June 2014 and amended on 16 April 2020. The terms of reference of the Nomination Committee are available at the Company's website and on the website of the Stock Exchange.

The Nomination Committee has reviewed the structure, size, composition and diversity of the Board, identifying suitable individuals qualified to become Board members, assessing the independence of the independent non-executive directors of the Company and making recommendations to the Board on the appointment or re-appointment of Directors of the Company.

The Nomination Committee currently comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong. The chairman of the Nomination Committee is Mr. Fok Ho Yin, Thomas.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). No dividend was paid during the period under review.

Other Information

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement and interim report are published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.1367.com.hk. Printed copies in both languages are posted to Shareholders.

BOARD OF DIRECTORS

As at the date of this report, the executive Directors are Mr. Li Qing, Mr. Lam Kwan Sing, Mr. Yu Wenhao, Ms. Wang Mengsu, Mr. Lin Qiansheng and Mr. Hon Ming Sang; and the independent non-executive Directors, are Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong.

By Order of the Board
SFund International Holdings Limited
Li Qing
Chairman

Hong Kong, China, 30 August 2021

The English translation of Chinese names or words in this report, where indicated by "", are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
REVENUE	4&5	5,141	9,276
Cost of sales and services rendered		(303)	(3,092)
Gross profit		4,838	6,184
Other income and gains	5	25,064	1,092
Selling expenses		(315)	(760)
Administrative expenses		(24,856)	(32,554)
Other expenses, net		(1,734)	(587)
Finance costs	6	(13,621)	(11,393)
Share of loss of an associate		(921)	(580)
LOSS BEFORE TAX	7	(11,545)	(38,598)
Income tax credit/(expense)	8	142	(135)
LOSS FOR THE PERIOD		(11,403)	(38,733)
Attributable to:			
Owners of the Company		(9,023)	(36,458)
Non-controlling interests		(2,380)	(2,275)
		(11,403)	(38,733)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	9	HK(1.88) cents	HK(7.60) cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
LOSS FOR THE PERIOD		(11,403)	(38,733)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		408	(509)
Exchange differences reclassified upon disposal of subsidiaries		335	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		743	(509)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(10,660)	(39,242)
Attributable to:			
Owners of the Company		(8,375)	(37,004)
Non-controlling interests		(2,285)	(2,238)
		(10,660)	(39,242)

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	264	1,193
Right-of-use assets		5,326	8,932
Intangible assets		1,683	3,308
Investment in an associate		1,114	2,013
Financial assets at fair value through profit or loss		24,033	12
Deposits and other receivables		3,423	3,423
Total non-current assets		35,843	18,881
CURRENT ASSETS			
Accounts receivable	12	–	148
Loans receivable	13	72,913	46,184
Prepayments, deposits and other receivables	14	42,374	44,146
Cash and cash equivalents		8,513	68,179
Total current assets		123,800	158,657
CURRENT LIABILITIES			
Trade payables	15	–	27
Other payables and accruals		74,267	72,926
Other borrowings	16	178,572	186,213
Bond payables	17	80,000	80,000
Tax payables		7,832	7,832
Total current liabilities		340,671	346,998
NET CURRENT LIABILITIES		(216,871)	(188,341)
TOTAL ASSETS LESS CURRENT LIABILITIES		(181,028)	(169,460)

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Other payables and accruals		1,703	4,343
Other borrowings	16	30,000	28,000
Deferred tax liabilities		299	567
Total non-current liabilities		32,002	32,910
Net liabilities		(213,030)	(202,370)
EQUITY			
Equity attributable to owners of the Company			
Issued capital		4,800	4,800
Reserves		(218,448)	(210,073)
		(213,648)	(205,273)
Non-controlling interests		618	2,903
Total equity		(213,030)	(202,370)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Exchange fluctuation reserve* HK\$'000	Legal reserve* HK\$'000	Merger reserve* HK\$'000	Retained profits/ (accumulated losses)* HK\$'000			
As 1 January 2020 (audited)	4,800	48,873	10,071	(1,862)	49	8,417	(198,404)	(128,056)	7,692	(120,364)
Loss for the period (unaudited)	-	-	-	-	-	-	(36,458)	(36,458)	(2,275)	(38,733)
Other comprehensive income/loss for the period:										
Exchange differences on translation of foreign operations (unaudited)	-	-	-	(546)	-	-	-	(546)	37	(509)
Total comprehensive loss for the period (unaudited)	-	-	-	(546)	-	-	(36,458)	(37,004)	(2,238)	(39,242)
As 30 June 2020 (unaudited)	4,800	48,873	10,071	(2,408)	49	8,417	(234,862)	(165,060)	5,454	(159,606)
As 1 January 2021 (audited)	4,800	48,873	10,071	(1,533)	49	8,417	(275,950)	(205,273)	2,903	(202,370)
Loss for the period (unaudited)	-	-	-	-	-	-	(9,023)	(9,023)	(2,380)	(11,403)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations (unaudited)	-	-	-	313	-	-	-	313	95	408
Exchange differences reclassified upon disposal of subsidiaries	-	-	-	335	-	-	-	335	-	335
Total comprehensive income/(loss) for the period (unaudited)	-	-	-	648	-	-	(9,023)	(8,375)	(2,285)	(10,660)
As 30 June 2021 (unaudited)	4,800	48,873	10,071	(885)	49	8,417	(284,973)	(213,648)	618	(213,030)

* These reserve accounts comprise in the condensed consolidated statement of financial position as at 30 June 2021.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities		(67,108)	23,930
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiaries	18	(2,086)	–
Proceed from disposal of investment in an associate		–	1,593
Investment in an associate		–	(3,472)
Other investing cash flows		–	(17)
Net cash used in investing activities		(2,086)	(1,896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from other borrowings		16,963	103,706
Repayment of other borrowings		–	(1,163)
Repayment of bond payables		–	(128,000)
Lease payments		(2,628)	(2,669)
Interest paid		(5,305)	(1,520)
Net cash generated from/(used in) financing activities		9,030	(29,646)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(60,164)	(7,612)
Cash and cash equivalents at beginning of period		68,179	23,104
Effect of foreign exchange rate changes, net		498	(583)
Cash and cash equivalents at end of period		8,513	14,909
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		8,513	14,909
Cash and cash equivalents as stated in the consolidated statement of cash flows		8,513	14,909

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

1. CORPORATE INFORMATION

SFund International Holdings Limited was incorporated in the Cayman Islands on 30 September 2013 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong (China) is located at Suites 904-5, 9/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, China.

During the six months ended 30 June 2021, the Group was principally engaged in (i) the trading of apparel products and provision of apparel supply chain management services; (ii) the provision of financial services; (iii) the money lending business; and (iv) securities investment.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Plus Value International Limited, which is incorporated in the British Virgin Islands (the "BVI").

On 21 June 2021, the Company had received a letter from Deloitte Touche Tohmatsu dated 18 June 2021 regarding the appointment of Mr. Lai Kar Yan Derek and Mr. Chan Man Hoi Ivan (the "Receivers") as joint and several receivers (the "Receivership") over 177,300,000 ordinary issued shares of the Company (the "Charged Shares") held by Plus Value International Limited which had been charged to Industrial Bank as a condition to the availability of a facility letter dated 4 May 2017, as amended from time to time, entered into between, among others, Plus Value International Limited as borrower and Industrial Bank as lender. The Charged Shares represent approximately 36.93% of the issued share capital of the Company as at 30 June 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2. PRESENTATION AND BASIS OF PREPARATION

The condensed consolidation interim financial statements (“Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 (“Interim Financial Reporting”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s 2020 annual consolidated financial statements for the year ended 31 December 2020 (“2020 Annual Report”). The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in 2020 Annual Report.

As at 30 June 2021, the Group incurred loss attributable to owners of the Company of HK\$9,023,000 and HK\$36,458,000 respectively for two consecutive periods of six months ended 30 June 2021 and 2020, and as at 30 June 2021 the Group had net current liabilities of HK\$216,871,000 (as at 31 December 2020: HK\$188,341,000) and net liabilities of HK\$213,030,000 (as at 31 December 2020: HK\$202,370,000). The net current liabilities and the net liabilities position were attributable to material loss for the period as a result of the poor performance of the Group’s businesses and the outstanding bond payables balance of HK\$80,000,000 (31 December 2020: HK\$80,000,000) due within twelve months from the end of the reporting period. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company are formulating proposals for fund raising exercises, further details of which will be disclosed by way of announcements and it has taken the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

- (i) Kapok Spirit Investment Limited (“Kapok Spirit”), an entity indirectly wholly owned by a substantial shareholder of the Company, issued a letter of intent to extend the bond maturity date of a bond payable of HK\$80,000,000.
- (ii) As regards the bond held by Kapok Spirit, the Company intends to negotiate with Kapok Spirit and SFund International Investment Fund Management Limited (“SFund Investment Fund”) to capitalise the principal amount of the outstanding bond and the outstanding shareholder’s loans (the “Possible Capitalisation”). It is expected that the Company would be able to improve the financial position and reduce the finance costs if the Possible Capitalisation is materialized.
- (iii) The Company intends to raise funds by issuing new securities. As at the date of this report, the Group has not yet entered into any understanding, arrangement or agreement about the aforesaid plan. The fund raising activity is subjected to the approval from The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and market conditions. The Company intends to use such proceeds for the potential acquisition, expansion of the Group’s business and/or as working capital of the Group.

The Directors have given careful consideration to the future liquidity of the Group and are of the opinion that the Group will be able to meet its financial obligations as they fall due for the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare these financial statements on a going concern basis.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current and prior period.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the apparel trading and related services segment engages in the trading of apparel products and provision of the apparel supply chain management services;
- (b) the financial services segment engages in the securities dealing business, provision of asset management services, corporate finance and related advisory services;
- (c) the money lending segment engages in the provision of loan financing; and
- (d) the securities investment segment engages in investment in listed and unlisted investments.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s loss before tax except that bank interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

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

- (a) all assets are allocated to operating segments other than unallocated assets, cash and cash equivalents and tax recoverable; and
- (b) all liabilities are allocated to operating segments other than unallocated liabilities, interest-bearing bank and other borrowings, bond payable, tax payable, deferred tax liabilities and other head office and corporate liabilities as these liabilities are managed on a group basis.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2021 (Unaudited)

	Apparel trading and related services HK\$'000	Financial services HK\$'000	Money lending HK\$'000	Securities investment HK\$'000	Total HK\$'000
Revenue from contracts with customers:					
Recognised at a point in time	-	-	-	-	-
Recognised over time	1,554	1,064	-	-	2,618
	1,554	1,064	-	-	2,618
Revenue from other sources	-	-	2,521	2	2,523
Segment revenue	1,554	1,064	2,521	2	5,141
Segment results	(8,013)	(6,319)	2,077	2	(12,253)
<i>Reconciliation:</i>					
Bank interest income					33
Corporate and other unallocated income (expenses)					14,296
Finance costs					(13,621)
Loss before tax					(11,545)
As at 30 June 2021 (Unaudited)					
Segment assets	3,961	95,938	44,918	1,335	146,152
<i>Reconciliation:</i>					
Corporate and other unallocated assets					13,491
Total assets					159,643
Segment liabilities	19,431	165,388	53,471	7,063	245,353
<i>Reconciliation:</i>					
Elimination of intersegment payables					(128,068)
Corporate and other unallocated liabilities					255,388
Total liabilities					372,673

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2020 (Unaudited)

	Apparel trading and related services HK\$'000	Financial services HK\$'000	Money lending HK\$'000	Securities investment HK\$'000	Total HK\$'000
Revenue from contracts with customers:					
Recognised at a point in time	4,382	–	–	–	4,382
Recognised over time	–	268	–	–	268
	4,382	268	–	–	4,650
Revenue from other sources	–	–	4,633	(7)	4,626
Segment revenue	4,382	268	4,633	(7)	9,276
Segment results	(8,721)	(5,994)	2,421	(9)	(12,303)
<i>Reconciliation:</i>					
Bank interest income					6
Corporate and other unallocated expenses					(14,908)
Finance costs					(11,393)
Loss before tax					(38,598)
As at 31 December 2020 (Audited)					
Segment assets	9,086	107,108	49,338	1,319	166,851
<i>Reconciliation:</i>					
Corporate and other unallocated assets					10,687
Total assets					177,538
Segment liabilities	46,797	219,047	57,563	7,063	330,470
<i>Reconciliation:</i>					
Elimination of intersegment payables					(192,485)
Corporate and other unallocated liabilities					241,923
Total liabilities					379,908

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

For the purpose of identifying the total revenue from external customers, revenue derived from the fair value change on financial assets at fair value through profit of loss is excluded.

An analysis of disaggregation of revenue from the sales of goods and provision of services based on the locations of the products shipped to is as follows:

	For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Cambodia	1,554	1,221
Mainland China	–	506
Hong Kong, China	–	2,655
	1,554	4,382

Revenue from the financial services segment amounting to HK\$1,064,000 (six months ended 30 June 2020: HK\$268,000), based on the locations of customers, was derived in Mainland China. Revenue from the money lending segment, based on the location of the customers, was derived in Hong Kong, China.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. OPERATING SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from external customers each contributing 10% or more of the Group's total revenue for the period are set out below:

		For the six months ended 30 June	
Segment		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Customer A	Money lending	2,400	N/A *
Customer B	Apparel trading and related services	–	2,421
Customer C	Apparel trading and related services	1,554	1,221
Customer D	Money lending	–	4,020
Customer E	Financial services	1,064	–

* Less than 10% of revenue

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue from contracts with customers		
Sales of goods	–	3,161
Service fee income	1,554	1,221
Fund management fee income	–	268
Interest income	1,064	–
Revenue from other sources		
Interest income from the money lending business	2,521	4,633
Fair value gain/(loss) on financial assets at fair value through profit or loss	2	(7)
	5,141	9,276

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended 30 June 2021

Segments	Apparel trading and related services HK\$'000 (unaudited)	Financial services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Type of goods or services			
Service fee income	1,554	–	1,554
Interest income	–	1,064	1,064
	1,554	1,064	2,618
Geographical markets			
Mainland China	–	1,064	1,064
Cambodia	1,554	–	1,554
	1,554	1,064	2,618
Timing of revenue recognition			
Goods or services transferred at a point in time	–	–	–
Services transferred over time	1,554	1,064	2,618
	1,554	1,064	2,618

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

Disaggregated revenue information *(Continued)*

For the six months ended 30 June 2020

Segments	Apparel trading and related services HK\$'000 (unaudited)	Financial services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Type of goods or services			
Sales of goods	3,161	–	3,161
Service fee income	1,221	–	1,221
Fund management fee income	–	268	268
	4,382	268	4,650
Geographical markets			
Mainland China	506	268	774
Hong Kong, China	2,655	–	2,655
Cambodia	1,221	–	1,221
	4,382	268	4,650
Timing of revenue recognition			
Goods or services transferred at a point in time	4,382	–	4,382
Services transferred over time	–	268	268
	4,382	268	4,650

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

Disaggregated revenue information *(Continued)*

	For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Other income		
Bank interest income	33	6
Distribution income	–	2
Government subsidies <i>(Note)</i>	721	586
Sundry income	–	329
	754	923
Gains		
Gain on foreign exchange differences, net	204	169
Gain on disposal of subsidiaries <i>(Note 18)</i>	24,106	–
	24,310	169
	25,064	1,092

Note: During the six months ended 30 June 2021, the government subsidies were received from the relevant PRC government for improvement of working capital and financial assistance to the operating activities. The subsidies were granted on a discretionary basis and the conditions attached thereto were fully complied with. During the six months ended 30 June 2020, the government subsidies represented the gross amount received from Employment Support Scheme provided by the government of Hong Kong Special Administrative Region.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. FINANCE COSTS

	For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest on bond payables and other borrowings	13,497	11,278
Unwinding of finance costs on lease liability	124	115
	13,621	11,393

7. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Cost of inventories sold	–	2,832
Depreciation of property, plant and equipment	277	622
Depreciation of right-of-use assets	2,515	2,496
Impairment of intangible assets	1,625	–
Provision for expected credit loss ("ECL") on loans receivable*	99	–
Loss on disposal of investment in an associate	–	587
Foreign exchange differences, net	(204)	(169)
Minimum lease payments under operating leases	409	484
Employee benefit expenses (including directors' emoluments)	18,413	21,846

* The balances were included in "Other expenses, net" in the condensed consolidated statement of profit or loss.

8. INCOME TAX (CREDIT)/EXPENSE

	For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current – Elsewhere		
– Charge for the period	126	135
Deferred tax liability	(268)	–
	(142)	135

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic and diluted loss per share

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company of HK\$9,023,000 (six months ended 30 June 2020: HK\$36,458,000), and the weighted average number of ordinary shares of 480,000,000 (six months ended 30 June 2020: 480,000,000) in issue during the period.

Diluted loss per share equals to basic loss per share as the Company had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021 and 2020.

10. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2021. (six months ended 30 June 2020: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group did not purchase property, plant and equipment (six months ended 30 June 2020: purchase at cost of HK\$19,000) and disposed of property, plant and equipment with carrying amount of HK\$668,000 (six months ended 30 June 2020: nil).

12. ACCOUNTS RECEIVABLE

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Trade receivables	–	214
Fund management fee receivables	21,366	21,239
	21,366	21,453
Less: Impairment loss	(21,366)	(21,305)
Carrying amount	–	148

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12. ACCOUNTS RECEIVABLE *(Continued)*

Trade receivables

Trade receivables relate to the Group's apparel trading and related services business. The Group's trading terms with its customers in the apparel trading and related services business are mainly on credit. The credit periods generally range from 30 to 90 days (31 December 2020: 30 to 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Within 1 month	–	36
	–	36

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
At beginning of period/year	178	178
Disposal of subsidiaries	(178)	–
Balance at the end of the period/year	–	178

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12. ACCOUNTS RECEIVABLE *(Continued)*

Fund management fees receivables

Fund management fees receivables relate to the Group's fund management business and are due from investment funds in which the Group acts as the fund manager. Pursuant to the respective fund management agreements, the fund management fee shall be paid in advance at the beginning of each year. As at 30 June 2021, the fund management fee receivables net of impairment provision was nil (31 December 2020: HK\$112,000).

An ageing analysis of fund management fees receivables as at the end of the reporting period, based on the period in which services were rendered and net of loss allowance, is as follows:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Within 1 month	–	28
1 to 2 months	–	21
2 to 3 months	–	63
	–	112

The movements in provision for impairment of fund management fees receivables is as follows:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
At beginning of period/year	21,127	20,191
Exchange realignment	239	936
Balance at the end of the period/year	21,366	21,127

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

13. LOANS RECEIVABLE

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Loans receivable	73,628	46,800
Impairment	(715)	(616)
	72,913	46,184

As at 31 December 2020, included in the balance of carrying amount of HK\$6,800,000 was advanced to Sunrise Shining Investment Limited, a company which owned by a related company of a substantial shareholder of the Company. The above loan is unsecured, interest-bearing loan at 12% and due within one year.

Loans receivable arising from the money lending business and financial services business of the Group bear interest at a rate of 12% (31 December 2020: 10% to 12%) per annum. As at 30 June 2021, the loans receivable with an aggregate carrying amount of HK\$72,913,000 (31 December 2020: HK\$39,384,000) were secured by the pledge of collaterals.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Prepayments	161	622
Deposits	2,218	2,393
Loan to a third-party manufacturer	3,218	3,218
Other assets	205	205
Other receivables	40,182	41,318
	45,984	47,756
Less: Impairment recognised on other receivables	(187)	(187)
	45,797	47,569
Analysed into:		
Non-current portion	3,423	3,423
Current portion	42,374	44,146
	45,797	47,569

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

During the year ended 31 December 2018, a substantial shareholder of the Company ("Substantial Shareholder"), through a 51% owned subsidiary of the Group, advanced an amount of HK\$32,366,000 ("Advance") to an independent third party (the "Borrower") for the purpose of capital contribution to two investment funds managed by the Group (the "Pass-through Arrangement"). The Advance is unsecured, bears interest at 1.5% per month with maturity on 21 August 2018. Under this Pass-through Arrangement, the Group should bear no responsibilities as to the repayment of the Advance by the Borrower and other liabilities as well as the interest associated with the Advance. As at 30 June 2021, the amount of proceeds received from the Substantial Shareholder and the Advance to the Borrower amounting to HK\$34,156,000 (31 December 2020: HK\$33,777,000) were presented on a gross basis and included in "other payables and accruals" and "prepayments, deposits and other receivables", respectively, on the consolidated statement of financial position as the associated document/agreement in connection with the Pass-through Arrangement did not establish the Group's right of off-set.

15. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Within 1 month	–	27

The trade payables are non-interest-bearing and are normally settled on an average term of 30 days.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

16. OTHER BORROWINGS

	30 June 2021 (unaudited)			31 December 2020 (audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Other loan						
–unsecured	6.00	2022	15,562	6.00	2021	30,482
Other loan						
–unsecured	8.50	2021	75,000	8.50	2021	75,000
Other loan						
–unsecured	8.00	2022	4,860	–	–	–
Loan from a substantial shareholder						
–unsecured	8.00	2025	30,000	8.00	2025	28,000
Loan from a substantial shareholder						
–unsecured	8.00	2022	23,100	8.00	2021	21,350
Loan from a substantial shareholder						
–unsecured	6.00	2021	60,050	6.00	2021	59,381
			208,572			214,213
Repayable:						
Within one year or on demand			178,572			186,213
In the third to fifth years, inclusive			30,000			28,000
			208,572			214,213

Notes:

- (a) As at 30 June 2021, other loans of HK\$10,285,000 and HK\$60,050,000 were denominated in United States dollars ("US\$") and RMB respectively.
- (b) As at 31 December 2020, other loans of HK\$24,748,000 and HK\$59,381,000 were denominated in United States dollars ("US\$") and RMB respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

17. BOND PAYABLES

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Unlisted bonds	80,000	80,000
Analysed into:		
Current portion	80,000	80,000
	80,000	80,000

At the end of the reporting period, particulars of the straight bond issued by the Company are as follows:

Issue date	Maturity from issue date	Coupon rate	Effective Interest rate	Principal outstanding	
				30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
30 October 2017	23 months	8%	7.93%	80,000*	80,000*

* The straight bond was issued by the Company to Kapok Spirit. Kapok Spirit issued a letter of intent to extend the bond maturity date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

18. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2021, the Company disposed of its 100% equity interest in a subsidiary, Hanbo Enterprises Limited (“Hanbo Enterprises”), and its subsidiaries to an independent third party at a consideration of HK\$1.00. The principal activity of Hanbo Enterprises is trading of apparel products and provision of apparel supply chain management services. The subsidiaries disposed had no significant impact on the turnover and results of the Group. The net assets of Hanbo Enterprises and its subsidiaries at the date of disposal were as follows:

	HK\$'000
Net assets disposed of	
Property, plant and equipments	668
Right-of-use assets	1,039
Accounts receivable	36
Prepayments, deposits and other receivables	1,233
Cash and cash equivalents	2,086
Trade payables	(27)
Other payables and accruals	(6,203)
Other borrowings	(23,273)
	(24,441)
Release of foreign currency translation reserve	335
Gain on disposal of subsidiaries	(24,106)
Net cash outflow arising on disposal:	
Cash consideration received	–
Less : Cash and cash equivalents	(2,086)
	(2,086)

19. COMMITMENTS

Capital commitments

As at 30 June 2021 and 31 December 2020, the Group did not have any capital commitments.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

20. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following significant transactions with related parties during the period:

		For the six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest income from Sunrise	(i)	121	–
Interest expense payable to Kapok Spirit	(ii)	3,372	3,372
Interest expense payable to Mr. Lai Leong	(iii)	1,114	364
Interest expense payable to SFund International Investment Fund Management Limited (“SFund Investment Fund”)	(iv)	1,186	511
Employee benefit expenses to Mr. Lai Leong		–	690

Notes:

- (i) The interest income on the loan receivable from Sunrise Shining Investment Limited, a company owned by a related company of a substantial shareholder of the Company. Details of the loan receivable are included in note 13 to the condensed consolidated financial statements.
- (ii) The interest expense on the bond payable was paid to Kapok Spirit, a company indirectly wholly owned by a substantial shareholder of the Company. Details of which are included in note 17 to the condensed consolidated financial statements.
- (iii) The interest expense on a shareholder’s loan was paid to Mr. Lai Leong. Details of the shareholder’s loan are included in note 16 to the condensed consolidated financial statements.
- (iv) The interest expense on a shareholder’s loan was paid to SFund Investment Fund. Details of the shareholder’s loan are included in note 16 to the condensed consolidated financial statements.
- (b) Compensation of key management personnel of the Group:

		Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Short-term employee benefits		1,050	2,280
Post-employment benefits		16	10
Total compensation paid to key management personnel		1,066	2,290

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amount and fair value of the Group's financial instrument, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair value	
	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Financial assets at fair value through profit or loss	24,033	12	24,033	12

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Disclosures of level in fair value hierarchy at 30 June 2021 and 31 December 2020:

At 30 June 2021

Description	Fair value measurement using:			Total HK\$'000 (unaudited)
	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
– Unlisted equity investment	–	–	24,033	24,033

At 31 December 2020

Description	Fair value measurement using:			Total HK\$'000 (audited)
	Level 1 HK\$'000 (audited)	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
– Unlisted equity investment	–	–	12	12

During the six months ended 30 June 2021 and the year ended 31 December 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the board of directors on 30 August 2021.