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SEEC MEDIA GROUP LIMITED

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

(Stock Code: 205)

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the “Board”) of SEEC Media Group Limited (the “Company”) is pleased to present the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	36,440	37,383
Cost of sales		(13,227)	(10,456)
Gross profit		23,213	26,927
Other income		688	261
Fair value changes on held-for-trading investments		225	(5,966)
Other gains and losses	4	(5,948)	2,014
Selling and distribution costs		(8,001)	(6,850)
Administrative expenses		(17,720)	(24,461)
Finance costs		(1,108)	(1,013)
Share of loss of a joint venture		(8,502)	(5,612)
Share of loss of an associate		(2,675)	(19,504)
Loss before taxation	5	(19,828)	(34,204)
Taxation	6	(1,341)	457
Loss for the period		(21,169)	(33,747)
Other comprehensive income/(expense) for the period			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		214	(4,498)
Share of exchange differences of a joint venture		511	(351)
Fair value change on investment in equity instrument at fair value through other comprehensive income		–	(570)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income of an associate		13	170
		738	(5,249)
Total comprehensive expense for the period		(20,431)	(38,996)
Loss for the period attributable to:			
Owners of the Company		(21,134)	(34,781)
Non-controlling interests		(35)	1,034
		(21,169)	(33,747)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(20,397)	(40,158)
Non-controlling interests		(34)	1,162
		(20,431)	(38,996)
Loss per share (HK\$)			
Basic	8	(0.05)	(0.11)
Diluted	8	(0.05)	(0.11)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		1,966	603
Interest in a joint venture		6,312	14,303
Interest in an associate		11,898	4,060
Deposits		1,284	1,284
Right-of-use assets		358	367
		<hr/> 21,818	<hr/> 20,617
Current assets			
Accounts receivable	9	142,087	134,179
Loan receivables		185,232	182,408
Amounts due from related companies		7,236	6,998
Other receivables, deposits and prepayments		58,077	42,713
Held-for-trading investments	10	41,582	36,137
Bank balances (trust and segregated accounts)		20,444	22,429
Bank balances (general accounts) and cash and cash equivalents		66,942	57,310
		<hr/> 521,600	<hr/> 482,174
Current liabilities			
Accounts payable	11	41,071	42,246
Other payables and accruals		78,166	63,685
Amount due to a joint venture		18,452	9,153
Amounts due to related companies		67,576	59,216
Borrowings		24,993	25,495
Tax payable		15,700	15,609
Lease liabilities		8,256	3,984
		<hr/> 254,214	<hr/> 219,388
Net current assets		<hr/> 267,386	<hr/> 262,786
Total assets less current liabilities		<hr/> 289,204	<hr/> 283,403

	<i>Notes</i>	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		<u>4,126</u>	<u>10,011</u>
		<u>4,126</u>	<u>10,011</u>
Net assets		<u>285,078</u>	<u>273,392</u>
Capital and reserves			
Share capital		6,161	3,824
Reserves		<u>279,839</u>	<u>270,456</u>
Equity attributable to owners of the Company		286,000	274,280
Non-controlling interests		<u>(922)</u>	<u>(888)</u>
Total equity		<u>285,078</u>	<u>273,392</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at revalued amounts or fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statement for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statement for the year ended 31 December 2020.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 39, HKFRSs 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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The application of the amendments to HKFRSs in the current period had no material impact on the Group’s financial position and performance for the current and prior periods and the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the Company’s executive directors, being the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams.

The Group has five operating and reporting segments during the period which are as follows:

- (a) provision of advertising services and sales of books and magazines;
- (b) provision of securities broking services including brokerage, financing and underwriting and placement;
- (c) provision of e-commerce platform services and sales of related goods; and
- (d) money lending.

The following is an analysis of the Group's revenue and results by reportable segment for the period:

Six months ended 30 June 2021

	Provision of advertising services and sales of books and magazines <i>HK\$'000</i>	Provision of securities broking services <i>HK\$'000</i>	Provision of e-commerce platform services and sales of related goods <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External sales	15,217	10,276	3,125	7,822	36,440
RESULT					
Segment (loss)/profit	(7,004)	5,565	(1,633)	4,233	1,161
Other income					688
Other gains and losses, net					(5,948)
Unallocated administration expenses					(3,669)
Fair value changes on held-for-trading investments					225
Finance costs					(1,108)
Share of loss of a joint venture					(8,502)
Share of loss of an associate					(2,675)
Loss before taxation					(19,828)

Six months ended 30 June 2020

	Provision of advertising services and sales of books and magazines <i>HK\$'000</i>	Provision of securities broking services <i>HK\$'000</i>	Provision of e-commerce platform services and sales of related goods <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External sales	15,362	7,764	6,160	8,097	37,383
RESULT					
Segment (loss)/profit	(1,383)	(1,659)	2,915	3,798	3,671
Other income and gains					261
Unallocated administration expenses					(6,041)
Fair value changes on held-for-trading investments					(5,966)
Finance costs					(1,013)
Share of loss of a joint venture					(5,612)
Share of loss of an associate					(19,504)
Loss before taxation					(34,204)

Segment result represents the (loss) profit from each segment without allocation of other income and gains, unallocated administration expenses, fair value changes on held-for-trading investments, finance costs, share of loss of a joint venture and share of loss of an associate. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Impairment loss on financial assets, net	(3,382)	(2,371)
Net exchange gain	(2,566)	4,385
	<u>(5,948)</u>	<u>2,014</u>

5. LOSS BEFORE TAXATION

The Group's loss before taxation has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Amortisation of intangible assets	–	4,717
Depreciation of property, plant and equipment	85	744
Bank interest income	(12)	(46)

6. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% for both periods on the estimated assessable profits arising in Hong Kong during both periods.

Under the law the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries has been 25% for both periods.

There was no deferred tax credit during the six months ended 30 June 2021 (30 June 2020: HK\$636,000).

7. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The Board does not recommend any payment of interim dividend for the six months ended 30 June 2021 (30 June 2020: nil).

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(21,134)	(34,781)
	2021 '000	2020 '000
<i>Number of shares</i> Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	404,945	318,677

The computation of diluted loss per share for both periods do not assume the exercise of outstanding share options of the Company since their assumed exercise would result in a decrease in loss per share.

9. ACCOUNTS RECEIVABLE

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Accounts receivable arising from the business of provision of advertising services and sales of books and magazines	19,464	12,521
Less: allowance for expected credit loss ("ECL")	<u>(492)</u>	<u>(250)</u>
	18,972	12,271
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	177,873	174,968
Less: allowance for ECL	<u>(59,870)</u>	<u>(57,657)</u>
	118,003	117,311
Accounts receivable arising from the business of E-commerce platform services and sales of related goods	6,705	5,540
Less: allowance for ECL	<u>(1,593)</u>	<u>(943)</u>
	<u>5,112</u>	<u>4,597</u>
Total	<u><u>142,087</u></u>	<u><u>134,179</u></u>

Credit period granted by the Group to customers for both provision of advertising services and sales of books and magazines are not more than three months from the date of recognition of the sale.

The ageing analysis of the Group's accounts receivable arising from the provision of advertising services and sales of books and magazines net of allowance for ECL, presented based on date of magazines issued, which approximate the date of revenue recognition is as follow:

	As at 30 June 2021		As at 31 December 2020	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	(Unaudited)		(Audited)	
Less than three months	8,447	45	11,964	97
Three months to six months	227	1	170	1
Over six months to one year	10,298	54	99	1
Over than one year	–	–	38	1
	<u>18,972</u>	<u>100</u>	<u>12,271</u>	<u>100</u>

The credit period for the business of dealing in securities with the settlement terms of cash clients are usually one to two days after the trade date.

The Group seeks to maintain tight control over its outstanding accounts receivable of securities broking business in order to minimize credit risk. Outstanding balances are regularly monitored by management. The management ensures that the listed equity securities belonged to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

The receivables of cash client are repayable on demand subsequent to settlement date and carry interest at Hong Kong Prime rate plus 3% per annum.

Credit period granted by the Group to customers for both provision of e-commerce platform services and sales of related goods are normally not more than 90 days from the date of recognition of the sale.

The ageing analysis of the Group's accounts receivable arising from the provision of e-commerce platform services and sales of related goods, presented based on date of service provided and the goods sold, which approximate the date of revenue recognition is as follows:

	As at 30 June 2021		As at 31 December 2020	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	(Unaudited)		(Audited)	
Less than three months	1,891	37	1,618	35
Three months to six months	1,132	22	784	17
Over six months to one year	1,562	31	1,923	42
Over one year	527	10	272	6
	<u>5,112</u>	<u>100</u>	<u>4,597</u>	<u>100</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit ratings attributed to customers are reviewed regularly. Management considers the customers neither past due nor impaired are of good credit quality based on repayment history of respective customers.

10. HELD-FOR-TRADING INVESTMENTS

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Held-for-trading investments include:		
Listed securities:		
– Equity securities listed in Hong Kong	<u>41,582</u>	<u>36,137</u>

Held-for-trading investments as at 30 June 2021 and 31 December 2020 represent equity securities listed in Hong Kong. The fair values of the investments are determined based on the quoted market bid price available on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The fair value of held-for-trading investments was classified as Level 1 of the fair value hierarchy.

11. ACCOUNTS PAYABLE

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Accounts payable arising from the provision of advertising services and sales of books and magazines	17,755	16,708
Accounts payable arising from the securities broking business		
– Cash clients (<i>Note</i>)	20,532	22,429
– Hong Kong Securities Cleaning Company Limited	–	1,552
Accounts payable arising from the business of E-commerce platform services and sales of related goods	<u>2,784</u>	<u>1,557</u>
	<u>41,071</u>	<u>42,246</u>

Note: The balance of accounts payable arising from the securities broking business are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The ageing analysis of the Group's accounts payable arising from the provision of advertising services and sales of books and magazines presented based on the invoice date at the end of the reporting period is as follows:

	As at 30 June 2021		As at 31 December 2020	
	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Audited)	
Less than three months	378	2	10,688	64
Three months to six months	10,472	59	1,399	8
Over six months to one year	1,133	6	549	3
Over one year	5,772	33	4,072	25
	<u>17,755</u>	<u>100</u>	<u>16,708</u>	<u>100</u>

The average credit period of accounts payable is 60 days (31 December 2020: 60 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

The ageing analysis of the Group's accounts payable arising from the provision of e-commerce platform service and sales of related goods presented based on the invoice date at the end of the reporting period is as follows:

	As at 30 June 2021		As at 31 December 2020	
	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Audited)	
Less than three months	1,548	56	253	16
Three months to six months	862	31	252	16
Over six months to one year	175	6	518	34
Over one year	199	7	534	34
	<u>2,784</u>	<u>100</u>	<u>1,557</u>	<u>100</u>

INTERIM DIVIDEND

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

BUSINESS REVIEW

Advertising Services and Sales of Books and Magazines

Revenue derived from the provision of advertising services and sales of books and magazines was still one of the major sources of income to the Group. However, due to the negative impact on the global economy caused by the trade war between the US and China and the rapid development of the internet economy in China over the past few years, the Group's print media advertising business was facing difficult and challenging business environment in 2021.

The operational scale of the print media advertising business of the Group in China was dampened due to the adverse impact of COVID-19 pandemic and the gradual expiry of all its exclusive advertising contracts with various magazines owners or operators over the past few years. As a result, the Group's revenue derived from the print media business, were adversely affected. In light of the above, the Group had proactively developed digital media marketing services and multi-channel network (MCN) business.

The revenue derived from the provision of advertising services and sales of books and magazines for the six months ended 30 June 2021 was approximately HK\$15.2 million, representing approximately 41.8% of the total revenue.

Securities Broking

The Group was granted by the Securities and Futures Commission licenses to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO"). By carrying out the securities broking business, the Group is able to be benefited from diversifying its business portfolio.

The Group provides brokerage services for clients in respect of securities listed on the Stock Exchange of Hong Kong Limited. For the six months ended 30 June 2021, the commission and brokerage income and the interest income derived from the securities broking business amounted to approximately HK\$10.3 million in total, representing approximately 28.2% of the total revenue of the Group. Since the commencement of the securities broking business, the Group endeavored to provide brokerage services for the clients, as well as participate in equity fund raising transactions for Hong Kong listed companies, including placing, underwriting and initial public offering.

Money Lending

In order to strengthen the flexibility of the Group so that it is able to react to the changing market situation promptly, the Group also provide diversified financial services to its clients through developing money lending services. It is believed that the money lending business could leverage other financial business of the Group and broaden the Group's income stream. The Group carries on the money lending business through an indirect non-wholly owned subsidiary of the Company, which is a licensed money lender under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong). For the six months ended 30 June 2021, the interest income from loan receivables arising from the money lending business amounted to approximately HK\$7.8 million, representing approximately 21.5% of the total revenue of the Group.

E-commerce

Since 2016, the Group started engaging in the provision of services and sales of goods in relation to e-commerce platforms. For the six months ended 30 June 2021, the revenue contributed by the provision of e-commerce platform services and sales of related goods was approximately HK\$3.1 million, representing approximately 8.6% of the total revenue of the Group.

OUTLOOK AND PROSPECTS

The relevant policies and arrangements under the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area make Hong Kong more competitive in attracting foreign investments. Nevertheless, investors' negative sentiment and concerns over the economic outlook caused by the China-US trade war had made the global stock market even more volatile. Following the presidential transition of the US in January 2021, the market is still concerning the uncertainties on whether the two countries can work out an agreement to settle the trade conflicts. Moreover, the outbreak and spread of the COVID-19 since early 2020 caused shrinkage to the economic activities and the business environment. These may lead to uncertainties and potential risks to the business operation of the Group in the future.

Looking forward, it is expected that the equity fund raising market and the financial activities in Hong Kong will remain stable in long-term. The Group will also actively develop its advertising business, especially the digital media marketing and the MCN business which the Board considers that the market is growing rapidly in recent years. Yet, the Group will closely monitor the performance, development and potential business risks of the financial business and identify the most suitable diversification of the Group's portfolio of businesses.

The Group will maintain its cautiously optimistic outlook and explore other suitable investment opportunities which are able to bring satisfactory and sustainable returns to the Group and maximize the shareholders' value.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2021, the aggregated revenue of the Group deriving from the provision of advertising services and sales of books and magazines was approximately HK\$15.2 million, representing a slight decrease of approximately 0.9% as compared with that of approximately HK\$15.4 million for the six months ended 30 June 2020. The performance of the Group's advertising business was relatively stable during the six months ended 30 June 2021.

For the six months ended 30 June 2021, the revenue of the Group deriving from the securities broking business, the e-commerce business and the money lending business were approximately HK\$10.3 million (six months ended 30 June 2020: approximately HK\$7.8 million), approximately HK\$3.1 million (six months ended 30 June 2020: approximately HK\$6.2 million) and approximately HK\$7.8 million (six months ended 30 June 2020: approximately HK\$8.1 million) respectively. The securities broking business was commenced during the first half of 2016, while both the e-commerce business and the money lending business were commenced during the second half of 2016.

The overall gross profit margin of the Group for the six months ended 30 June 2021 was approximately 63.7%, which was lower than that for the six months ended 30 June 2020 of approximately 72.0%. This was mainly due to the decrease in proportion of revenue contributed by the business segments with high gross profit margin.

The Group held certain held-for-trading investments comprising of equity securities listed in Hong Kong. For the six months ended 30 June 2021, there were fair value gains on held-for-trading investments of approximately HK\$0.2 million (six months ended 30 June 2020: losses of approximately HK\$6.0 million). The fair value gains was caused by the increase in market prices of the equity securities listed in Hong Kong held by the Group.

The selling and distribution costs for the six months ended 30 June 2021 was approximately HK\$8.0 million, increased by approximately 16.8% from approximately HK\$6.9 million for the six months ended 30 June 2020. The administrative expenses decreased by approximately 27.6% from approximately HK\$24.5 million for the six months ended 30 June 2020 to approximately HK\$17.7 million for the six months ended 30 June 2021.

For the six months ended 30 June 2021, a share of loss from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture of the Group, of approximately HK\$8.5 million (six months ended 30 June 2020: share of loss of approximately HK\$5.6 million) was recognised.

For the six months ended 30 June 2021, a share of loss from Asia-Pac Financial Investment Company Limited (“Asia-Pac Financial”), an associate of the Group, of approximately HK\$2.7 million (six months ended 30 June 2020: share of loss of approximately HK\$19.5 million) was recognised. Asia-Pac Financial is a company listed on the GEM of The Stock Exchange of Hong Kong Limited (stock code: 8193) in which the principal businesses of its subsidiaries were asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financial services.

The loss for the six months ended 30 June 2021 attributable to owners of the Company amounted to approximately HK\$21.1 million (six months ended 30 June 2020: approximately HK\$34.8 million), representing a decrease of approximately 39.2%. The decrease in loss was mainly attributable to the reduction in fair value losses on held-for-trading investments, administrative expenses and share of loss of an associate.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

USE OF PROCEEDS

Open Offer

On 9 September 2015, the Company proposed to raise gross proceeds of up to approximately HK\$531.13 million, before expenses, by way of an open offer of 5,311,287,930 ordinary shares of HK\$0.10 each to the qualifying shareholders at a subscription price of HK\$0.10 per offer share, on the basis of five offer shares for every one existing shares held on the record date (the “Open Offer”). On 29 December 2015, 5,311,287,930 offer shares were allotted and issued pursuant to the Open Offer. The net proceeds for the Open Offer were approximately HK\$518.27 million.

For the details of the Open Offer, please refer to the announcements of the Company dated 19 August 2015, 9 September 2015, 23 November 2015 and 28 December 2015, the circular of the Company dated 4 November 2015 and the prospectus of the Company dated 4 December 2015.

On 22 June 2016, the Company announced that the use of the unutilized net proceeds of approximately HK\$72 million had been changed.

The information on the use of proceeds from the Open Offer is tabled as follows:

	Intended use of proceeds <i>HK\$'000</i>	Actual use of net proceeds as at 1 January 2021 <i>HK\$'000</i>	Actual use of net proceeds during the six months ended 30 June 2021 <i>HK\$'000</i>	Actual use of net proceeds as at 30 June 2021 <i>HK\$'000</i>	Unutilised balance of the net proceeds <i>HK\$'000</i>	Expected timeline for fully utilising the remaining proceeds <i>HK\$'000</i>
Set-up and operation of the Type 1 Company	275,000	275,000	–	275,000	–	–
Set-up and operation of companies licensed under the SFO to conduct Type 4, Type 6 and Type 9 regulated activities under the SFO	10,000	–	–	–	10,000	30 June 2022
Acquisition of companies engaged in the development and operation of e-commerce platform	124,000	124,000	–	124,000	–	–
Operation and development of money lending business	110,000	110,000	–	110,000	–	–
	<u>519,000</u>	<u>509,000</u>	<u>–</u>	<u>509,000</u>	<u>10,000</u>	<u>–</u>

The Board expected that the unutilised balance will be used as intended.

Placing

On 20 April 2021, the Company conditionally agreed to place up to 63,735,455 ordinary shares at the placing price of HK\$0.13 per placing shares to not less than six places (the “Placing”). The Placing was completed on 13 May 2021 and a total of 63,735,455 ordinary shares had been successfully placed to the placees. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK\$8.10 million. The intended use of the net proceeds from the Placing and the actual use of the net proceeds as at 30 June 2021 as follows:

- (i) approximately HK\$4.1 million was intended to be applied for the lease payment of office premises, and approximately HK\$0.5 million was utilised;
- (ii) approximately HK\$2.0 million was intended to be applied for staff costs, and approximately HK\$0.5 million was utilised; and
- (iii) approximately HK\$2.0 million was intended to be applied for marketing expenses for the development of existing business of the Group, and nil was utilised.

The Board expected that the unutilised balance will be used as intended.

For the details of the Placing, please refer to the announcements of the Company dated 20 April 2021 and 13 May 2021.

Subscription of New Shares

On 20 April 2021, the Company entered into a subscription agreement with a subscriber who is an independent third party, pursuant to which the subscriber conditionally agreed subscribe for and the Company conditionally agreed to allot and issue 170,000,000 ordinary shares at the subscription price of HK\$0.13 per subscription shares (the “Subscription”). The Subscription was completed on 24 June 2021, whereby 170,000,000 subscription shares were allotted and issued to the subscriber. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Subscription amounted to approximately HK\$21.8 million. The Company intended to use such net proceeds for the repayment of the borrowing of the Group. As at the 30 June 2021, the entire amount of net proceeds had not been utilised.

The Board expected that the unutilised balance will be used as intended.

For the details of the Subscription, please refer to the announcements of the Company dated 20 April 2021 and 24 June 2021 and the circular of the Company dated 21 May 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There was no material acquisitions and disposals of subsidiaries during the six months ended 30 June 2021.

SIGNIFICANT INVESTMENTS

As at 30 June 2021, the Group had held-for-trading investments, representing equity securities listed in Hong Kong, of approximately HK\$41.6 million (31 December 2020: approximately HK\$36.1 million). The Board considers that investments with market value accounting for more than 5% of the Group's total assets as 30 June 2021 as significant investments. As at 30 June 2021, no held-for-trading investment accounted for more than 5% of the Group's total assets.

For the six months ended 30 June 2020, the Group recognised fair value gains on held-for-trading investments of approximately HK\$0.2 million (six months ended 30 June 2020: fair value losses of approximately HK\$6.0 million).

Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall economic environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were mainly financed by internal resources. As at 30 June 2021, the Group's total equity was approximately HK\$285.1 million (31 December 2020: approximately HK\$273.4 million). The increase was mainly due to the completion of the Placing and the Subscription during the current period.

The Group had non-current liabilities of approximately HK\$4.1 million as at 30 June 2021 (31 December 2020: approximately HK\$10.0 million). The non-current liabilities as at 30 June 2021 mainly consisted of lease liabilities. As at 30 June 2021, the Group's gearing ratio was approximately 47.5% representing a percentage of total liabilities over total assets (31 December 2020: approximately 45.6%).

As at 30 June 2021, the Group had borrowings of approximately HK\$25.0 million (31 December 2020: approximately HK\$25.5 million). The borrowings carried a fixed interest rate of 8% per annum and was repayable on demand.

As at 30 June 2021, the Group had bank and cash balances (other than those in trust and segregated accounts) amounted to approximately HK\$66.9 million (31 December 2020: approximately HK\$57.3 million).

CHARGES ON ASSETS

As at 30 June 2021, the Group had pledged held-for-trading investments of approximately HK\$16.9 million (31 December 2020: approximately HK\$17.2 million) to secure the margin payables of approximately HK\$25.0 million (31 December 2020: approximately HK\$25.5 million), which was included in the borrowings of the Group.

EVENTS AFTER THE REPORTING PERIOD

There is no material events in relation to the Group occurred after 30 June 2021.

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the period, apart from the borrowings mentioned above, the Group did not have any fixed interest rate borrowings and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

At as 30 June 2021, the Group had 73 (31 December 2020: 88) employees in Hong Kong and China. Salaries, bonus and benefits were decided in accordance with the market condition and performance of the respective employees.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2021, the interests of the Directors in the shares of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, were as follows:

Long position in the shares and underlying shares of the Company

Name of Director	Nature of interest	Number of shares held	Number of underlying shares held in options granted under the share option scheme of the Company	Percentage of number of issued shares of the Company at 30 June 2021 ^(Note)
Zhang Zhifang	Beneficial owner	37,500	–	0.01%
Li Leong	Beneficial owner	–	3,180,000	0.52%
Li Xi	Beneficial owner	–	3,180,000	0.52%
Li Zhen	Beneficial owner	–	3,180,000	0.52%
Zhou Hongtao	Beneficial owner	–	3,180,000	0.52%
Law Chi Hung	Beneficial Owner	–	3,180,000	0.52%
Leung Tat Yin	Beneficial Owner	–	3,180,000	0.52%
Wong Ching Cheung	Beneficial Owner	–	3,180,000	0.52%

Note: The percentage shareholding is calculated on the basis of the Company's total number of issued shares of 616,142,730 as at 30 June 2021.

All interests stated above represent long positions in the shares of the Company.

Save as disclosed above, as at 30 June 2021, none of the directors had any long or short positions in any shares, underlying shares or debentures of the Company.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2021, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of the relevant interests and short positions in the shares and underlying shares of the Company:

Long positions in the shares and underlying shares of the Company

Name	Nature of interest	Number of shares held	Percentage of number of issued shares of the Company as at 30 June 2021 <i>(Note)</i>
Chen Hui	Beneficial owner	170,000,000	27.59%

Note: The percentage shareholding is calculated on the basis of the Company's total number of issued shares of 616,142,730 as at 30 June 2021.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

The Company has complied throughout the period with the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Listing Rules except the following major deviations:

Code Provision A.1.3 and A.7.1

Code Provisions A.1.3 and A.7.1 stipulate that 14-day notice should be given for each regular board meeting and that in respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least three days before the intended date of a board or board committee meeting (or such other period as agreed).

The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

Code Provision A.2 and E.1.2

The Board currently has not appointed any Director as its Chairman. The Board will review the present situation in the coming regular meetings as appropriate.

Code Provision A.4.1

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The term of office for non-executive directors are the same as for all directors (i.e. no specific term and subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Bye-laws). At each annual general meeting, one-third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Law Chi Hung being the chairman of the committee, Mr. Leung Tat Yin and Mr. Wong Ching Cheung being the members of the committee.

NOMINATION COMMITTEE

The Nomination Committee comprises three independent non-executive directors, namely Mr. Wong Ching Cheung being the chairman of the committee, Mr. Law Chi Hung and Mr. Leung Tat Yin being the members of the committee.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. The Audit Committee is chaired by Mr. Law Chi Hung and comprising two other members, namely Mr. Leung Tat Yin and Mr. Wong Ching Cheung. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the six months ended 30 June 2021.

MEMBERS OF THE BOARD OF DIRECTORS

As at the date hereof, the members of the Board are as follows:

Executive Directors:

Mr. Li Leong
Mr. Li Xi
Mr. Li Zhen
Mr. Zhang Zhifang
Mr. Zhou Hongtao

Independent Non-Executive Directors:

Mr. Law Chi Hung
Mr. Leung Tat Yin
Mr. Wong Ching Cheung

By order of the Board
Li Leong
Director

Hong Kong, 31 August 2021