

Asia-Pac Financial Investment Company Limited

亞太金融投資有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8193



FIRST QUARTERLY REPORT **2021**

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

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

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

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This report, for which the directors (the “Directors”) of Asia-Pac Financial Investment Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report, in both English and Chinese versions, is available on the Company’s website at www.gca.com.hk.

FINANCIAL RESULTS

The board of Directors (the “Board”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the three months ended 30 June 2021 (the “Period”), together with the relevant unaudited comparative figures for the corresponding periods in 2020, as follows.

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

For the three months ended 30 June 2021

	Notes	Three months ended 30 June	
		2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Loan interest income		2,339	2,697
Other revenue		6,048	9,459
Total revenue	3	8,387	12,156
Cost of sales		(3,161)	(5,082)
Gross profit		5,226	7,074
Other income	3	245	1,569
Fair value gain on financial assets at fair value through profit or loss		7,887	363
Administrative expenses		(11,889)	(9,882)
Finance costs	4	(352)	(690)
Profit/(loss) before tax	5	1,117	(1,566)
Income tax expense	6	(37)	(45)
Profit/(loss) for the period		1,080	(1,611)

	Notes	Three months ended 30 June	
		2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Other comprehensive expense for the period, net of tax:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		855	–
Profit/(loss) and total comprehensive income/(expense) for the period		1,935	(1,611)
Profit/(loss) for the period attributable to:			
Owners of the Company		1,932	(1,600)
Non-controlling interests		(852)	(11)
		1,080	(1,611)
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		2,787	(1,600)
Non-controlling interests		(852)	(11)
		1,935	(1,611)
Earnings/(loss) per share	8		
– Basic and diluted (HK cent)		0.17	(0.27)

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 3 December 2010. The shares of the Company (the “Shares”) have been listed on GEM of the Stock Exchange since 31 May 2011. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 304, 3rd Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong. The Company is an investment holding company.

2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated results for the Period (the “Unaudited Condensed Consolidated Results”) have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and the Companies Ordinance, Chapter 622 of the Laws of Hong Kong.

The Unaudited Condensed Consolidated Results do not include all the information and disclosures required in the annual financial statements of the Group and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2021. The Group has adopted the new standards and amendments to HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on the Group’s results and financial position for the current or prior periods.

The Group has not early adopted any new and revised HKFRSs that has been issued but are not yet effective.

3. REVENUE AND OTHER INCOME

The Group's revenue and other income are as follows:

	Three months ended 30 June	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Revenue		
Asset advisory services and asset appraisal services	4,943	8,690
Corporate services and consultancy services	108	124
Media advertising services	997	523
Financial services	2,339	2,819
	8,387	12,156
Other income		
Bank interest income	1	4
Sub-leasing income	90	249
Bad debt recovery	–	82
Government subsidy	–	872
Sundry income	154	362
	245	1,569

4. FINANCE COSTS

	Three months ended 30 June	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Interest on bank and other borrowings	104	264
Interest on promissory notes	248	405
Interest on lease liabilities	–	20
Others	–	1
	352	690

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is stated after (charging)/crediting the following:

	Three months ended 30 June	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Depreciation		
– Owned assets	(20)	(53)
– Right-of-use assets	(1,262)	–
Fair value gain on financial assets at fair value through profit or loss	7,887	363

6. INCOME TAX EXPENSE

	Three months ended 30 June	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Current tax – Hong Kong Profits Tax Provision for the period	37	45

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of a corporation will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. For the Period, Hong Kong Profits Tax of the nominated Group company is calculated in accordance with the two tiered profits tax rates regime. The assessable profits of other Group companies in Hong Kong will continue to be taxed at the tax rate of 16.5%.

There was no significant unprovided deferred tax for the relevant periods and at the end of each reporting period.

7. DIVIDEND

The Board has resolved not to declare the payment of a dividend for the Period (three months ended 30 June 2020: Nil).

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the earnings/(loss) for the Period attributable to owners of the Company of approximately HK\$1,932,000 (2020: loss of approximately HK\$1,600,000) and the weighted average number of ordinary Shares of 1,165,911,720 (2020: 582,955,860 ordinary Shares).

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share attributable to owners of the Company for the three months ended 30 June 2021 and 2020 are the same as the effects of the Company's potential ordinary Shares in respect of the outstanding share options are anti-dilutive for the three months ended 30 June 2021 and 2020.

9. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2021 (Audited)	23,319	608,005	5,359	(477)	11,720	(488,995)	158,931	5,794	164,725
Recognition of share-based payments (Unaudited)	-	-	-	-	1,524	-	1,524	-	1,524
Lapse of share options (Unaudited)	-	-	-	-	(25)	25	-	-	-
Total comprehensive income/(expense) for the period (Unaudited)	-	-	-	855	-	1,932	2,787	(852)	1,935
At 30 June 2021 (Unaudited)	23,319	608,005	5,359	378	13,219	(487,038)	163,242	4,942	168,184
At 1 April 2020 (Audited)	58,296	581,772	5,359	(1,635)	21,809	(547,307)	118,294	5,208	123,502
Lapse of share options (Unaudited)	-	-	-	-	(9,652)	9,652	-	-	-
Total comprehensive expense for the period (Unaudited)	-	-	-	-	-	(1,600)	(1,600)	(11)	(1,611)
At 30 June 2020 (Unaudited)	58,296	581,772	5,359	(1,635)	12,157	(539,255)	116,694	5,197	121,891

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's business can be broadly categorised into four main sectors: (i) asset advisory services and asset appraisal; (ii) corporate services and consultancy; (iii) media advertising; and (iv) financial services.

Asset Advisory Services and Asset Appraisal

Asset advisory services and asset appraisal are the core business of the Group, which typically involves provision of independent valuation services to a number of listed groups to meet market, regulatory and fiduciary requirements, sourcing and identifying potential investment opportunities or investors, undertaking due diligence and evaluation on the underlying assets and provision of procedural and strategic business advices. Asset advisory services income is primarily success-based and project-based nature.

Corporate Services and Consultancy

The corporate services and consultancy segment mainly focuses on provision of advice to corporations in areas such as corporate governance, internal control, enterprise risk management and other operational aspects as well as provision of back office administration.

Media Advertising

Media advertising income is generated mainly through its in-elevator poster frames network and liquid-crystal-display network inside elevators or lift lobbies of middle to high-end residential community.

Financial Services

The financial services segment is provision of money lending services. The services mainly involves provision of financial credit services such as personal loans and commercial loans to individuals and corporations.

FINANCIAL REVIEW

The Group's revenue for the Period was approximately HK\$8.4 million (three months ended 30 June 2020: approximately HK\$12.2 million), representing a decrease of approximately 31.1% from that of the corresponding period of 2020. The decrease was mainly attributable to the decrease in revenue arising from the consultancy services due to the impact of the COVID-19 epidemic.

The Group's cost of sales for the Period was approximately HK\$3.2 million (three months ended 30 June 2020: approximately HK\$5.1 million), representing a decrease of approximately 37.3% from that of the corresponding period of 2020. The decrease in cost of sales was in line with decrease in revenue during the Period.

The Group's administrative expenses for the Period were approximately HK\$11.9 million (three months ended 30 June 2020: approximately HK\$9.9 million), representing an increase of approximately 20.2% from those of the corresponding period of 2020. The increase was mainly due to the one-off non-cash expenses for share-based payments of approximately HK\$1.5 million during the Period.

The Group's fair value gain on financial assets at fair value through profit or loss ("FVTPL") for the Period were approximately HK\$7.9 million (three months ended 30 June 2020: HK\$0.4 million). Details are set out in the section headed "Significant Investments Held" below.

The Group's finance costs for the Period amounted to approximately HK\$0.4 million (three months ended 30 June 2020: approximately HK\$0.7 million), representing a decrease of approximately 42.9% from those of the corresponding period of 2020. The decrease was due to the decrease in interest on promissory notes and bank and other borrowings during the Period.

Accordingly, the total comprehensive income attributable to owners of the Company for the Period was approximately HK\$2.8 million (three months ended 30 June 2020: total comprehensive expense of approximately HK\$1.6 million). The turnaround was mainly due to the fair value gain on financial assets at FVTPL of approximately HK\$7.9 million for the Period.

CAPITAL STRUCTURE

There was no change in the capital structure of the Group during the Period.

REVIEW ON PROVISION OF FINANCIAL ASSISTANCE

During the Period, none of the financial assistance provided by the Group constituted “discloseable transaction” under Chapter 19 of the GEM Listing Rules, “connected transaction” under Chapter 20 of the GEM Listing Rules and “advances to entity” which requires disclosure pursuant to Chapter 17 of the GEM Listing Rules.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2021, the Group’s financial assets at FVTPL, with market value of approximately HK\$57.6 million (31 March 2021: approximately HK\$49.7 million). Details of the financial assets at FVTPL were set out as follows:

Name of securities	Investment cost HK\$'000	Number of shares held	Approximately percentage of shareholding interest	As at 30 June 2021		For the period ended		As at
				Fair value/ carrying value HK\$'000	Approximately percentage to the financial assets at FVTPL	30 June 2021	31 March 2021	Fair value/ carrying value HK\$'000
WLS Holdings Limited (“WLS”) (Stock code: 8021) (Note 1)	17,197	250,310,000	1.74%	14,268	24.8%	8.5%	5,007	9,261
China e-Wallet Payment Group Limited (“e-Wallet”) (Stock code: 802) (Note 2)	7,201	70,010,000	2.55%	8,401	14.6%	5.0%	1,190	7,211
Other investments (Note 3)	30,369			34,885	60.6%	20.7%	1,690	33,195
	54,767			57,554	100%	34.2%	7,887	49,667

Notes:

1. WLS is principally engaged in the provision of scaffolding and fitting-out services, management contracting services, other services for construction and buildings work, money lending business and trading of securities in Hong Kong.
2. e-Wallet is principally engaged in the provision of internet and mobile application and distribution of computer-related and mobile-related electronic products and accessories.
3. The fair value of each of these investments represented less than 5% of the net assets of the Group as at 30 June 2021.

During the Period, the Group recorded an unrealised gain of approximately HK\$7.9 million (three months ended 30 June 2020: HK\$0.4 million) under the volatile stock market conditions.

The future performance of the equity securities held by the Group may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

Save as disclosed above, there were no other significant investments held by the Group as at 30 June 2021.

OUTLOOK

Looking ahead, the revenue from each of the sectors of asset advisory and corporate consultancy services remains promising with a steady demand for professional commercial services in the People's Republic of China (the "PRC"), Taiwan, Hong Kong and Macau (together, the "Greater China"). As companies in the Greater China, especially in the PRC, continue to expand in corporate size, operational complexity and geographical diversification as well as undergo restructuring, listing and mergers and acquisitions, the demand for a leading professional advisor on asset value, procedures and regulations, as well as investment matching is expected to remain high. In view of the Group's existing competitive advantages and market position in its core business segments, the Group is confident that its experienced professional teams and provision of convenient one-stop professional services will keep it well-positioned to capture the surging business opportunities.

Due to the keen competition in the media advertising industry in the PRC and reduced demand from freezing of marketing spend in view of outbreak of COVID-19, the Group will dedicate more efforts to broaden its customer base, improve cost control and actively adjust the business strategy in respond to the latest market changes.

The financial services segment is expected to be stable in coming year. The Group will continue its effort to enhance our competitiveness within the ever changing industry and economy. The Group will closely monitor its cash position, and will continue to seek investment and business opportunities, with a view to achieving a sustainable growth, increasing profitability and ultimately maximising the return to the shareholders of the Company (the "Shareholders").

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

As at 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register as referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(a) Long positions in the Shares

Name of Directors	Capacity/ nature of interests	Number of issued Shares held	Number of underlying Shares held	Total	Approximate percentage to the issued Shares (Note 1)
Mr. Ip Kwok Kwong ("Mr. Ip")	Interest in controlled corporation and beneficial owner/ Corporate interest and personal interest	15,542,500 (Note 2)	4,402,438 (Note 3)	19,944,938	1.71%
Mr. Wu Di ("Mr. Wu")	Beneficial owner/Personal interest	–	4,402,438 (Note 3)	4,402,438	0.38%
Mr. So Kwok Yun ("Mr. So")	Beneficial owner/Personal interest	–	4,402,438 (Note 4)	4,402,438	0.38%
Mr. Tang Wai Kee ("Mr. Tang")	Beneficial owner/Personal interest	–	4,402,438 (Note 4)	4,402,438	0.38%

Notes:

1. The percentage is calculated on the basis of the total number of issued Shares as at 30 June 2021 (i.e. 1,165,911,720 Shares).
2. 15,542,500 Shares were held by Brilliant One Holdings Limited (“Brilliant One”) which was wholly owned by GC Holdings Limited (“GC Holdings”). GC Holdings was wholly owned by Mr. Ip, an executive Director and the Managing Director. By virtue of the SFO, Mr. Ip was deemed to have interests in all the Shares held by Brilliant One.
3. Mr. Ip and Mr. Wu, executive Directors were granted the options under the share option scheme of the Company on 18 April 2019 at an exercise price of HK\$0.369 (adjusted) per Share with the exercisable period from 18 April 2019 to 17 April 2022 (both dates inclusive).
4. Mr. So and Mr. Tang, independent non-executive Directors were granted the options under the share option scheme of the Company on 31 March 2020 at an exercise price of HK\$0.151 (adjusted) per Share with the exercisable period from 31 March 2020 to 30 March 2023 (both dates inclusive).

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporations	Capacity/nature of interests	Number of issued shares held	Percentage of interest in associated corporations
Mr. Ip ^(Note)	Brilliant One	Interest in a controlled corporation/ Corporate interest	200	100%
Mr. Ip ^(Note)	GC Holdings	Beneficial owner/Personal interest	1	100%

Note: The Company was owned as to approximately 1.33% by Brilliant One. Brilliant One was wholly owned by GC Holdings. GC Holdings is wholly owned by Mr. Ip.

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2021, the following corporations which or persons who (other than a Director or the chief executive of the Company) had interests or short positions in the Shares and the underlying Shares, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares

Name of Shareholders	Capacity/ nature of interests	Number of issued Shares held	Approximate percentage to the issued Shares (Note 1)
Laberie Holdings Limited ("Laberie") (Note 2)	Beneficial owner/Personal interest	280,000,000	24.02%
SEEC Media Group Limited ("SEEC Media") (Note 2)	Interest in a controlled corporation/Corporate interest	280,000,000	24.02%

Notes:

- The percentage is calculated on the basis of the total number of issued Shares as at 30 June 2021 (i.e. 1,165,911,720 Shares).
- Laberie was wholly owned by SEEC Media. By virtue of the SFO, SEEC Media was deemed to be interested in all the Shares held by Laberie.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any corporation which or person who (other than a Director or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors (the "Required Standard of Dealings"). The Company had made a specific enquiry with each of the Directors and all the Directors confirmed that they had complied with the Required Standard of Dealings during the Period.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person under the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best of the Directors' knowledge, none of the Directors or the substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete or is likely to compete, either directly or indirectly with the business of the Group during the Period.

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

The Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any of the Shares during the Period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the “CG Code”) during the Period save for code provision A.2.1 of the CG Code, which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Company currently does not have any officer who carries the title of the chairman of the Board (the “Chairman”) or chief executive officer of the Company (the “CEO”) but instead, the roles of both the Chairman and the CEO are performed by Mr. Ip, an executive Director and the Managing Director. The Board believes that vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

AUDIT COMMITTEE

The Unaudited Condensed Consolidated Results and this report have been reviewed by the audit committee of the Board, which was of the opinion that such results had been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board

Asia-Pac Financial Investment Company Limited

Ip Kwok Kwong

Executive Director and Managing Director

Hong Kong, 10 August 2021

As at the date of this report, the Board comprises Mr. Ip Kwok Kwong (Managing Director) and Mr. Wu Di as executive Directors; and Mr. Sek Wai Kit, Mr. So Kwok Yun and Mr. Tang Wai Kee as independent non-executive Directors.