



中國恒泰
CHINA APEX

China Apex Group Limited
中國恒泰集團有限公司

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

2021

Interim Report

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Corporate Information

DIRECTORS

Executive Directors

Mr. Zhuang Weidong (*Chairman*)
Mr. Qiu Chuanzhi (*President*)
Mr. Wu David Hang (*Vice Chairman*)
Mr. Mak Yung Pan Andrew
(*Vice President*)

Non-executive Director

Ms. Lin Ping

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Yau Chi Chiu

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 510, Chater House
8 Connaught Road
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

Corporate Information

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants

PRINCIPAL BANKERS

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

COMPANY WEBSITE

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

Financial Highlights

	Six months ended 30 June		
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	change + / (-)
Revenue	113,116	79,255	42.7%
Gross profit	30,956	18,635	66.1%
Gross profit margin	27.4%	23.5%	16.6%
Loss for the period	(3,418)	(8,563)	(60.1%)
Attributable to equity shareholders of the Company			
Loss for the period	(4,148)	(8,928)	(53.5%)
Basic and diluted loss per share (HK cents)	(0.9)	(1.9)	(52.6%)
	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)	change + / (-)
Total assets	288,936	290,702	(0.6%)
Cash and cash equivalents	38,673	60,930	(36.5%)
Total equity attributable to equity shareholders of the Company	150,391	151,873	(1.0%)

Management Discussion and Analysis

BUSINESS REVIEW

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

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

The Group recorded loss attributable to equity shareholders of the Company of approximately HK\$4.15 million for the six months ended 30 June 2021, as compared with approximately HK\$8.93 million for the same period in 2020, the decrease in loss was primarily attributable to the effective control of COVID-19, the gradual improvement of the terminal consumer market, the rebound of the garment industry, and the further expansion of the quality customers by the Group, resulting in the increasing number of sales orders from customers of the Group who are primarily OEMs who manufacture apparel products, and the Group's revenue from zipper business has increased considerably.

PROSPECTS

In the first half of 2021, with the epidemic prevention and control entering a normalized phase, China's economy continues to recover and improve steadily, but there is still uncertainty about the evolution of the global COVID-19, and China's economic growth still relies on the support of domestic demand in the second half of 2021, and a new development pattern is gradually taking shape with a large domestic cycle as the mainstay and dual domestic and international cycles promoting each other.

COVID-19 inevitably has a greater negative impact on the garment industry. But with the recovery and continuous improvement of China's economy and the revival of terminal consumption, the textile and garment industry in the first half of 2021 has been running steadily and the industry boom has been rising. The brand of domestic products has been recognized and sought after by consumers. With the introduction of the national policy of expanding domestic demand and stimulating consumption, it is expected that the demand of the garment industry will maintain a low-speed growth in the second half of 2021. However, with the development of the garment trend towards freedom and diversification, it also brings new development opportunities and challenges to the zipper industry.



Management Discussion and Analysis

To this end, the Company will actively take the following measures:

1. Actively adapt to the new market environment and demand changes, strengthen the development of new products, and quickly respond to the needs of customers and the market;
2. Strengthen the development of e-commerce market, implement multi-channel and cross-sectoral marketing policies, and seek broader development space;
3. Further integrate and expand production capacity, improve industrial chain supporting facilities, raise production automation level, enhance production process, improve product quality and shorten delivery time;
4. Optimize process, improve operation efficiency and strengthen cost management;
5. Enhance capital management and prevent and control operation risks;
6. Accelerate the transformation of digitization, informatization and intelligence, and improve the operation efficiency and management level; and
7. Enhance talent management and improve organizational ability.

The Group will concurrently review the business strategic directions and operations of the Group in order to chart its long term corporate strategy and growth and to explore other business or investment opportunities with a view to enhance the Group's future development.

FINANCIAL REVIEW

The Group's revenue amounted to approximately HK\$113.12 million for the six months ended 30 June 2021, representing an increase of approximately 42.7% over the corresponding period in 2020. The Group recorded loss attributable to equity shareholders of the Company of approximately HK\$4.15 million, as compared with approximately HK\$8.93 million for the six months ended 30 June 2020.

Management Discussion and Analysis

A comparison of the financial results for the six months ended 30 June 2021 and the corresponding period in 2020 is set out as follows:

REVENUE

The Group's revenue for the six months ended 30 June 2021 amounted to approximately HK\$113.12 million, representing an increase of approximately 42.7% as compared to the corresponding period in 2020.

Revenue analysis by product category:

	Six months ended 30 June			
	2021		2020	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
<i>Sales of goods</i>				
Finished zippers and sliders	111,410	98.5	78,128	98.6
Others	1,706	1.5	1,127	1.4
Total	113,116	100.0	79,255	100.0

Revenue analysis by geographic location:

	Six months ended 30 June			
	2021		2020	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Mainland China	102,673	90.8	69,850	88.1
Overseas	10,443	9.2	9,405	11.9
Total	113,116	100.0	79,255	100.0

The increase in revenue from zipper business was mainly due to the effective control of COVID-19, the gradual improvement of the terminal consumer market, the rebound of the garment industry, and the further expansion of the quality customers by the Group, resulting in the increasing number of sales orders from customers of the Group who are primarily OEMs who manufacture apparel products.

Management Discussion and Analysis

GROSS PROFIT

Gross profit analysis by product category:

	Six months ended 30 June			
	2021		2020	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Finished zippers and sliders	30,038	97.0	18,833	101.1
Others	918	3.0	(198)	(1.1)
Total	30,956	100.0	18,635	100.0

The increase in gross profit was primarily due to revenue increased significantly, while fixed expenses such as amortisation of right-of-use assets and depreciation without significant changes.

EXPENSES AND COSTS

Distribution costs, comprising mainly of staff costs, transportation costs and advertising and promotion expenses, increased by approximately 41.5% to approximately HK\$7.67 million for the six months ended 30 June 2021 from approximately HK\$5.42 million for the same period in 2020, which was mainly due to the increase in staff costs and transportation costs as a result of the increase in sales of finished zippers and sliders which was in line with the increase in revenue.

Administrative expenses, consisting primarily of salary and welfare expenses for management and administrative personnel, depreciation and amortisation, professional fees, auditors' remuneration and other administrative expenses, decreased by approximately 6.7% to approximately HK\$24.18 million for the six months ended 30 June 2021 from approximately HK\$25.92 million for the same period in 2020, which was mainly due to the cost saving in salary and welfare expenses.

PROFITABILITY

The Group recorded loss attributable to equity shareholders of the Company of approximately HK\$4.15 million for the six months ended 30 June 2021, as compared approximately HK\$8.93 million for the same period in 2020. The margin of loss attributable to equity shareholders of the Company was approximately 3.67% for the six months ended 30 June 2021. The decrease of loss was mainly due to the combined effect of the above.

Management Discussion and Analysis

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has applied HKFRS 16 of the recognition of lease liabilities and right-of-use assets since 1 January 2019. Under HKFRS 16, leases are recognised as right-of-use assets and their corresponding lease liabilities in the financial statements at the date at which the leased assets are available for use by the Group. As at 30 June 2021, the lease liabilities and right-of-use assets amounted to approximately HK\$55.08 million and approximately HK\$46.54 million respectively.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

On 27 August 2021, 開易（荊門）服裝配件有限公司 (KEE (Jingmen) Garment Accessories Limited*) (“KEE Jingmen”), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and 開易（廣東）服裝配件有限公司荊門分公司 (KEE (Guangdong) Garment Accessories Limited Jingmen Branch*) (“KEE Guangdong Jingmen Branch”), the branch company set up by an indirect non-wholly owned subsidiary of the Company, as lessee, entered into a lease agreement (the “Jingmen Lease Agreement”), pursuant to which KEE Jingmen agreed to lease to KEE Guangdong Jingmen Branch a property in PRC (the “PRC Property”) at a monthly rental of RMB533,000 (inclusive of value added tax but exclusive of the water, electricity and gas charges, sewage fee, dangerous substance disposal fee, cable television fee, telecommunication fee, cleaning fee, security fee and property management fee which shall be payable by KEE Guangdong Jingmen Branch) payable before the fifteenth day of each month commenced from 1 September 2021 to 31 August 2023 provided that KEE Jingmen shall pay all other applicable tax (including real estate tax and land use tax), environmental impact assessment fee and security evaluation fee in relation to the PRC Property, with three months’ rent of RMB1,599,000 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, KEE Jingmen is a connected person at the subsidiary level of the Company as of the date of the Jingmen Lease Agreement.

An independent property valuer advised that the monthly rental of RMB533,220 is fair and reasonable with reference to the market value.

Management Discussion and Analysis

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Jingmen Lease Agreement, the Group shall recognise an additional asset representing its right to use the PRC Property in the total amount of approximately HK\$8.58 million. As such, the transactions under the Jingmen Lease Agreement is recognised as an acquisition of right-of-use assets which constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Details of which had been disclosed in the Company's announcement date 27 August 2021.

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

On 24 August 2018, KEE Jingmen, a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and 開易(廣東)服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited) ("KEE Guangdong"), an indirect 85%-owned subsidiary of the Company, as lessee entered into a tenancy agreement (the "Jingmen Tenancy Agreement") pursuant to which KEE Jingmen has agreed to lease to KEE Guangdong a property in PRC at a monthly rental of RMB400,000 payable before the fifth day of each month commenced from 1 September 2018 to 31 August 2021, with three months' rent of RMB1,200,000 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, KEE Jingmen is a connected person at the subsidiary level of the Company as of the date of the Jingmen Tenancy Agreement.

An independent property valuer advised that the monthly rental of RMB400,000 is fair and reasonable with reference to the market rate. For each of the three years ended 31 August 2021, the maximum annual aggregate amounts payable by the Group under the Jingmen Tenancy Agreement are as follows:

	RMB	HK\$
Year ended 31 August 2019	6,000,000	6,840,000
Year ended 31 August 2020	6,000,000	6,840,000
Year ended 31 August 2021	6,000,000	6,840,000

For the six months ended 30 June 2021, the total rental charges under the Jingmen Tenancy Agreement was approximately HK\$2,875,000.

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

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

The Group's net cash outflow from operating activities for the six months ended 30 June 2021 amounted to approximately HK\$1.35 million (six months ended 30 June 2020: HK\$8.60 million). Such decrease was mainly attributable to an increase in trade creditors as at 30 June 2021 due to purchase increased. The Group's net cash outflow from investing activities for the six months ended 30 June 2021 amounted to approximately HK\$12.7 million (six months ended 30 June 2020: inflow of HK\$19.77 million). The net cash outflow was mainly attributable to the payment for the purchase of property, plant and equipment. The Group's net cash outflow from financing activities for the six months ended 30 June 2021 amounted to approximately HK\$11.68 million (six months ended 30 June 2020: approximately HK\$45.78 million). The cash outflow for the six months ended 30 June 2021 was mainly attributable to payment of lease rentals.

As at 30 June 2021, cash and cash equivalents amounted to approximately HK\$38.67 million, representing decrease of approximately HK\$22.26 million as compared with the position as at 31 December 2020. Such decrease was mainly due to increase in trade and other receivables as at 30 June 2021.

As at 30 June 2021, cash and cash equivalents of the Group in the amount of approximately HK\$34.28 million, HK\$1.36 million and HK\$2.91 million were denominated mainly in RMB, HKD and USD, respectively. As at 31 December 2020, cash and cash equivalents of the Group in the amount of approximately HK\$51.72 million, HK\$5.22 million and HK\$3.87 million were denominated mainly in RMB, HKD and USD, respectively.

The Group did not have borrowings other than lease liabilities as at 30 June 2021 and 31 December 2020.

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



Management Discussion and Analysis

The Group's strategy, is to maintain the adjusted net debt-to-capital ratio (i.e. total lease liabilities less cash and cash equivalents over total equity) below 20%. The ratio as at 30 June 2021 and 31 December 2020 was 9.5% and 1.9% respectively. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

NET CURRENT ASSETS

As at 30 June 2021, the Group had current assets of approximately HK\$149.80 million. The key components of current assets as at 30 June 2021 included inventories of approximately HK\$32.05 million, trade and other receivables of approximately HK\$77.27 million, amount due from a jointly controlled entity of approximately HK\$1.81 million and cash and cash equivalents of approximately HK\$38.67 million. The key components of current liabilities included trade and other payables of approximately HK\$59.80 million and current portion of lease liabilities of approximately HK\$16.87 million.

The net current assets increased by approximately HK\$5.57 million to HK\$73.01 million as at 30 June 2021 from approximately HK\$67.44 million as at 31 December 2020.

PLEGDED ASSETS

As at 30 June 2021, the Group did not have any pledged assets.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY RISK

Individual companies within the Group has limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the six months ended 30 June 2021.

Management Discussion and Analysis

EMPLOYEES

As at 30 June 2021, the Group had 804 full-time employees (30 June 2020: 758). The Group reviews the remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the six months ended 30 June 2021 were approximately HK\$52.04 million (the six months ended 30 June 2020: approximately HK\$42.65 million). The increase in staff costs is mainly due to the increase in headcount of the workers as a result of the increase in production.

CHANGE IN EMOLUMENTS OF THREE EXECUTIVE DIRECTORS

Each of Mr. Zhuang Weidong, Mr. Qiu Chuanzhi and Mr. Mak Yung Pan Andrew has waived part of their emoluments as executive Directors for the six months ended 30 June 2021. Each of them received HK\$50,000 for the six months ended 30 June 2021.

INTERIM DIVIDEND

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

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Details of the events subsequent to the end of the reporting period are set out in note 16 to the unaudited interim financial report on page 40 of this interim report.

Disclosure of Interests

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

As at 30 June 2021, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Type of Interest	Number of Shares	Approximate Percentage of Interest [#]
Qiu Chuanzhi (note 1)	Interest in controlled corporation	133,706,331	28.77%
Zhuang Weidong (note 2)	Interest in controlled corporation	130,897,663	28.16%
Lin Ping (note 3)	Interest in controlled corporation	82,342,606	17.72%
Mak Yung Pan Andrew (note 3)	Interest in controlled corporation	82,342,606	17.72%

Disclosure of Interests

Notes:

1. China Sun Corporation (“China Sun”) is wholly owned by Mr. Qiu Chuanzhi and holds long position in 133,706,331 shares of the Company. Accordingly, Mr. Qiu Chuanzhi is deemed to be interested in the 133,706,331 shares of the Company.
2. Central Eagle Limited (“Central Eagle”) is owned as to 90% by Mr. Zhuang Weidong and holds long position in 130,897,633 shares of the Company. Accordingly, Mr. Zhuang Weidong is deemed to be interested in the 130,897,633 shares of the Company.
3. Golden Diamond Inc. (“Golden Diamond”) is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew and holds long position in 82,342,606 shares of the Company. Accordingly, each of Ms. Lin Ping and Mr. Mak Yung Pan Andrew is deemed to be interested in the 82,342,606 shares of the Company.
4. The percentage is calculated on the basis of 464,804,000 shares of the Company in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, so far as is known to any Directors or chief executive of the Company, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Disclosure of Interests

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

As at 30 June 2021, the register maintained under section 336 of the SFO shows that the Company had been notified of the following substantial Shareholders' and other persons' interests and short positions, representing 5% or more of the Company's issued share capital, were as follows:

Long Position in Shares and Underlying Shares of the Company

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

Disclosure of Interests

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage of Interest
華融華僑資產管理股份有限公司 Huarong Overseas Chinese Assets Management Corporation Limited* (“Huarong Overseas Chinese”) (note 6)	Interest of controlled corporation	326,089,600	70.16%
Huarong Zhiyuan Investment & Management Company Limited* (“Huarong Zhiyuan”) (note 7)	Interest of controlled corporation	326,089,600	70.16%
China Huarong Asset Management Co., Ltd. (“China Huarong Asset Management”) (note 7)	Interest of controlled corporation	326,089,600	70.16%

Notes:

1. China Sun is wholly-owned by Mr. Qiu Chuanzhi.
2. Central Eagle is 90%-owned by Mr. Zhuang Weidong.
3. Golden Diamond is owned as to 60% by Ms. Lin Ping and 25% by Mr. Mak Yung Pan Andrew.
4. Noble Wisdom is wholly-owned by Huarong Overseas.
5. Huarong Overseas is wholly owned by Huarong Overseas Chinese.
6. Huarong Overseas Chinese is 91%-owned by Huarong Zhiyuan.
7. Huarong Zhiyuan is wholly owned by China Huarong Asset Management.
8. The percentage is calculated on the basis of 464,804,000 shares of the Company in issue as at 30 June 2021.



Disclosure of Interests

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) had registered an interest or a short position in the Shares, underlying shares or debentures of the Company which was required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which was required to be recorded in the register of the Company required to be kept under Section 336 of Part XV of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, which competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the six months ended 30 June 2021 and up to and including the date of this interim report.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and upholding guidelines and procedures for stringent corporate governance. In respect of the six months ended 30 June 2021, all the provisions set out in the CG Code were met by the Company.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND RELEVANT EMPLOYEES

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

The Company made specific enquiries to all Directors and all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors' securities transactions throughout the period from 1 January 2021 to 30 June 2021.

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

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

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

AUDIT COMMITTEE

The unaudited interim financial report of the Group for the six months ended 30 June 2021 has been reviewed by the audit committee of the Board.

By order of the Board
Zhuang Weidong
Chairman

Hong Kong, 31 August 2021

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	5	113,116	79,255
Cost of sales		(82,160)	(60,620)
Gross profit		30,956	18,635
Other revenue and (losses)/gains, net	6(b)	(622)	6,079
Distribution costs		(7,663)	(5,416)
Administrative expenses		(24,182)	(25,924)
Interests on lease liabilities		(1,944)	(1,961)
Loss before taxation	6	(3,455)	(8,587)
Income tax credit	7	37	24
Loss for the period		(3,418)	(8,563)
Loss for the period attributable to:			
Equity shareholders of the Company		(4,148)	(8,928)
Non-controlling interests		730	365
Loss for the period		(3,418)	(8,563)
Loss per share attributable to the equity shareholders of the Company (HK cents)			
Basic and diluted	8	(0.9)	(1.9)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period	(3,418)	(8,563)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries in the Mainland China	3,183	(4,664)
Total comprehensive income for the period	(235)	(13,227)
Attributable to:		
Equity shareholders of the Company	(1,482)	(12,807)
Non-controlling interests	1,247	(420)
Total comprehensive income for the period	(235)	(13,227)

The notes on pages 27 to 40 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	83,056	86,616
Right-of-use assets		46,542	56,408
Intangible assets		358	140
Investment in a jointly controlled entity		5	5
Prepayments for property, plant and equipment		244	89
Rental deposits		2,960	2,926
Deferred tax assets		5,970	5,834
		139,135	152,018
Current assets			
Inventories		32,048	26,881
Amount due from a jointly controlled entity		1,812	1,791
Trade and other receivables	10	77,268	49,082
Cash and cash equivalents	11	38,673	60,930
		149,801	138,684
Current liabilities			
Trade and other payables	12	59,804	52,245
Tax payable		123	122
Lease liabilities		16,869	18,880
		76,796	71,247
Net current assets		73,005	67,437
Total assets less current liabilities		212,140	219,455

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		38,210	45,290
Deferred tax liabilities		1,124	1,124
		39,334	46,414
Net assets			
		172,806	173,041
Capital and reserves			
Share capital	13(b)	4,648	4,648
Reserves		145,743	147,225
Total equity attributable to the equity shareholders of the Company			
		150,391	151,873
Non-controlling interests			
		22,415	21,168
Total equity			
		172,806	173,041

The notes on pages 27 to 40 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 – unaudited

	Attributable to equity shareholders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Accumulated loss			
Balance at 1 January 2020	4,648	180,690	18,324	25,856	(1,254)	(11,607)	216,657	22,639	239,296
Change in equity for the six months ended 30 June 2020:									
Loss for the period	-	-	-	-	-	(8,928)	(8,928)	365	(8,563)
Other comprehensive income	-	-	-	-	(3,879)	-	(3,879)	(785)	(4,664)
Total comprehensive income	-	-	-	-	(3,879)	(8,928)	(12,807)	(420)	(13,227)
Special dividend (note 13(a))	-	(34,860)	-	-	-	-	(34,860)	-	(34,860)
Appropriation to statutory reserve	-	-	-	171	-	(171)	-	-	-
Balance at 30 June 2020	4,648	145,830	18,324	26,027	(5,133)	(20,706)	168,990	22,219	191,209

The notes on pages 27 to 40 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 – unaudited

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

The notes on pages 27 to 40 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Operating activities			
Cash used in operations		(1,346)	(10,306)
Tax refunded		-	1,708
Net cash used in operating activities		(1,346)	(8,598)
Investing activities			
Payment for the purchase of intangible assets		(318)	-
Payment for the purchase of property, plant and equipment		(14,284)	(5,819)
Proceeds from disposal of property, plant and equipment		1,693	-
Redemption of an investment fund		-	25,109
Other net cash flows arising from investing activities		207	481
Net cash (used in)/generated from investing activities		(12,702)	19,771
Financing activities			
Capital element of lease rental paid		(9,739)	(8,962)
Interest element of lease rental paid		(1,944)	(1,961)
Dividend paid		-	(34,860)
Net cash used in financing activities		(11,683)	(45,783)
Net decrease in cash and cash equivalents		(25,731)	(34,610)
Cash and cash equivalents at 1 January		60,930	91,174
Effect of foreign exchange rate changes		3,474	(2,300)
Cash and cash equivalents at 30 June	11	38,673	54,264

The notes on pages 27 to 40 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1 GENERAL

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

2 BASIS OF PREPARATION

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

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

The interim financial statements contain condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (collectively the “Group”) since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are required to be adopted in the 2021 annual financial statements. Details of these changes in accounting policies are set out below.

Overview on changes in accounting policies

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

- (i) Amendments to HKFRS 16: COVID-19-Related Rent Concessions
- (ii) Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The new or amended HKFRSs that are effective from 1 January 2021 did not have any significant impact on the Group's condensed consolidated interim financial statements.

4 SEGMENT REPORTING

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

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

a. Zippers (Mainland China):

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

b. Zippers (Overseas):

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

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

Notes to the Unaudited Interim Financial Report

4 SEGMENT REPORTING (CONTINUED)

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

(a) Segment results, assets and liabilities

Information regarding the Group’s reportable segments as provided to the Group’s senior executive management for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2021 and 2020 respectively is set out below.

For the six months ended 30 June 2021

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

Notes to the Unaudited Interim Financial Report

4 SEGMENT REPORTING (CONTINUED)

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

For the six months ended 30 June 2020

	Zippers – Mainland China HK\$'000 (unaudited)	Zippers – Overseas HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	69,850	9,405	79,255
Inter-segment revenue	5,621	161	5,782
Reportable segment revenue	75,471	9,566	85,037
Reportable segment (loss)/profit	(563)	655	92
Depreciation and amortisation for the period	13,010	510	13,520
As at 30 June 2020			
Reportable segment assets	244,507	7,882	252,389
Reportable segment liabilities	88,395	2,042	90,347

Notes to the Unaudited Interim Financial Report

4 SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Reportable segment profit	7,962	92
Elimination of unrealised profit or loss of inter-segment purchase of inventories, other assets and property, plant and equipment	(459)	43
Reportable segment profit derived from the Group's external customers	7,503	135
Other revenue and (losses)/gains, net	(622)	6,079
Interests on lease liabilities	(1,944)	(1,961)
Unallocated head office and corporate expenses (note)	(8,392)	(12,840)
Loss before taxation	(3,455)	(8,587)

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

Notes to the Unaudited Interim Financial Report

5 REVENUE

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

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

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<i>Sales of goods</i>		
Finished zippers and sliders	111,410	78,128
Others	1,706	1,127
	113,116	79,255

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

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

6 LOSS BEFORE TAXATION

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

a. Staff costs

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Salaries, wages and other benefits	47,536	40,641
Contributions to defined contribution retirement plans	4,500	2,005
	52,036	42,646

Notes to the Unaudited Interim Financial Report

6 LOSS BEFORE TAXATION (CONTINUED)

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

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Fair value gain on financial asset at fair value through profit or loss	–	1,526
Interest income	207	137
Gains/(losses) on disposal of property, plant and equipment	252	(25)
Government grants	288	2,300
Others	(1,369)	2,141
	(622)	6,079

c. Other items

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Depreciation and amortisation*		
– plant and equipment	7,899	6,323
– intangible assets	101	601
– right-of-use assets	10,422	9,454
	18,422	16,378
(Reversal of)/provision for impairment losses on inventories	(9)	461
Cost of inventories*	82,160	60,620

* Cost of inventories includes HK\$43,609,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$42,564,000) relating to staff costs, depreciation and amortisation expenses which amounts are also included in the respective total amounts disclosed separately above or in note 6(a) for each of these types of expenses.

Notes to the Unaudited Interim Financial Report

7 INCOME TAX (CREDIT)/CHARGE

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax – PRC corporate income tax	32	(30)
Deferred taxation	(69)	6
	(37)	(24)

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

KEE Zippers Corporation Limited is subject to Hong Kong Profits Tax at the rate of 16.5% in 2021 and 2020.

- (b) 開易（廣東）服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited) (“KEE Guangdong”) was recognised as a High and New Technology Enterprise and is entitled to a preferential income tax rate of 15% up to 2021. Except for KEE Guangdong, the statutory income tax rate applicable to the Company’s other subsidiaries in Mainland China was 25%.
- (c) Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. As at 30 June 2021, deferred tax liability recognised in this regard was HK\$1,124,000 (31 December 2020: HK\$1,124,000).

Notes to the Unaudited Interim Financial Report

8 LOSS PER SHARE

a. Basic loss per share

The calculation of basic loss per share is based on loss attributable to the equity shareholders of the Company for the six months ended 30 June 2021 amounting to HK\$4,148,000 (six months ended 30 June 2020: HK\$8,928,000) and the weighted average number of 464,804,000 ordinary shares (six months ended 30 June 2020: 464,804,000 ordinary shares) in issue during the six months ended 30 June 2021.

b. Diluted loss per share

The diluted loss per share is equal to the basic loss per share as there were no potential dilutive shares in issue during both six months ended 30 June 2020 and 2021.

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and machinery (including payments for construction in progress) with a cost of HK\$4,814,000 (six months ended 30 June 2020: HK\$5,027,000).

Notes to the Unaudited Interim Financial Report

10 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Within 1 month	62,391	18,049
Over 1 month but within 2 months	5,424	13,065
Over 2 months but within 3 months	2,556	6,144
Over 3 months	2,418	6,278
Trade debtors and bills receivable, net of loss allowance	72,789	43,536
Rental deposits	2,783	2,665
Other prepayments	1,183	1,155
Other debtors	513	1,726
	77,268	49,082

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

The Group recognised impairment loss based on the same accounting policies adopted in the 2020 annual financial statements.

Notes to the Unaudited Interim Financial Report

11 CASH AND CASH EQUIVALENTS

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Cash at bank and in hand	38,673	60,930
Cash and cash equivalents in the condensed consolidated statement of cash flows	38,673	60,930

12 TRADE AND OTHER PAYABLES

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

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Within 1 month	17,204	8,072
Over 1 month but within 3 months	984	1,362
Over 3 months but within 6 months	5	1
Over 6 months	192	162
Trade creditors	18,385	9,597
Payroll and staff benefits payable	20,498	17,004
Accrued expenses	6,824	5,582
Payables for purchase of property, plant and equipment	9,408	18,723
Contract liabilities	1,134	841
Other payables	3,555	498
	59,804	52,245

Notes to the Unaudited Interim Financial Report

13 CAPITAL, RESERVES AND DIVIDENDS

a. Dividends

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Special dividend:		
Declared: Nil (2020: HK\$0.075) per ordinary share	-	34,860

The declared special dividend for the six months ended 30 June 2020 was approved by the Company's shareholders at the extraordinary general meeting held during the six months ended 30 June 2020. The special dividend was paid out of share premium and paid on 3 March 2020.

No interim dividend was declared in respect of the periods ended 30 June 2021 and 2020.

b. Share capital

Authorised and issued share capital

	At 30 June 2021		At 31 December 2020	
	Number of shares '000 (unaudited)	Share capital HK\$'000 (unaudited)	Number of shares '000 (audited)	Share capital HK\$'000 (audited)
Authorised: Ordinary shares of HK\$0.01 each	2,000,000	20,000	2,000,000	20,000
Ordinary shares, issued and fully paid:	464,804	4,648	464,804	4,648

There were no changes in issued share capital during the six months ended 30 June 2020 and 2021.

Notes to the Unaudited Interim Financial Report

14 COMMITMENTS

Capital commitments outstanding at 30 June 2021 and 31 December 2020 not provided for in the consolidated financial statements were as follows:

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Contracted for	522	288

15 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed in other parts of this interim financial report, the Group entered into the following material related party transactions:

a. Transactions

- i. The Group renewed a lease agreement which expired on 31 December 2020 for a term of two years ending 31 December 2022 in respect of certain leasehold and buildings entered into with Mr Xu Xipeng and Mr Xu Xinan, the senior management of the Group. During the six months ended 30 June 2021, the rentals paid by the Group under this lease agreement amounted to HK\$2,831,000 (value added tax ("VAT") included) (RMB2,364,000 equivalent) (six months ended 30 June 2020: HK\$2,381,000 (RMB2,160,000 equivalent)).
- ii. Since the disposals of certain leasehold land and buildings during the year ended 31 December 2016, the Group has agreed to leaseback those assets from Classic Winner Limited ("Class Winner") and Foshan City Nanhai Jinheming Investment Company Limited ("Nanhai Jinheming") which are owned by Mr Xu Xipeng and Mr Xu Xinan. These two lease agreements were renewed again on 16 January 2020. The rentals paid by the Group to Classic Winner and Nanhai Jinheming for the six months ended 30 June 2021 amounted to HK\$360,000 and HK\$2,999,000 (RMB2,504,000 equivalent) (VAT included) (six months ended 30 June 2020: HK\$356,000 and HK\$2,684,000 (RMB2,435,000 equivalent)) respectively.

15 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

a. Transactions (Continued)

- iii. KEE Guangdong entered into a lease agreement on 24 August 2018 with a term of three years ended 31 August 2021 with KEE (Jingmen) Garment Accessories Limited which are owned by Mr Xu Xipeng and Mr Xu Xinan in respect of certain leasehold land and buildings. During the six months ended 30 June 2021, the rentals paid by the Group under this lease agreement amounted to HK\$2,875,000 (VAT included) (RMB2,400,000 equivalent) (six months ended 30 June 2020: HK\$2,646,000 (RMB2,400,000 equivalent)).

b. Key management personal compensation

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

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Short-term employee benefits	2,518	5,334
Retirement scheme contribution	177	95
	2,695	5,429

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

16 EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group, through the branch company set up by an indirect non-wholly owned subsidiary of the Company, KEE (Guangdong) Garment Accessories Limited Jingmen Branch, as lessee, renewed a lease agreement entered into with KEE (Jingmen) Garment Accessories Limited, a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor as detailed in the Company's announcement dated 27 August 2021.

Glossary

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

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



Glossary

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

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