



GLOBAL MASTERMIND
環球大通

GLOBAL MASTERMIND HOLDINGS LIMITED 環球大通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8063



THIRD QUARTERLY REPORT 2020

*For identification purposes only

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*This report, for which the directors (the “**Directors**”) of Global Mastermind Holdings 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.*

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

Global Mastermind Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) recorded a loss attributable to owners of the Company of HK\$174,779,000 for the nine months ended 30 September 2020 (2019: HK\$42,627,000). The significant increase in loss attributable to owners of the Company was mainly due to (i) a HK\$16,086,000 decrease in service income from the provision of travel-related services resulted from the outbreak of the Novel Coronavirus Diseases 2019 (the “**COVID-19**”) pandemic, (ii) a HK\$82,997,000 increase in impairment losses on loan and trade receivables as the forward-looking information indicating there has been an increase in credit risk caused by the COVID-19 pandemic, (iii) a HK\$19,500,000 increase in loss on fair value changes of investment properties, and (iv) the reporting of a HK\$11,637,000 net realised loss on securities investment, whereas a HK\$5,065,000 net realised gain on securities investment was reported in the corresponding period last year.

Revenue and profitability

An analysis of the Group’s revenue for the nine months ended 30 September 2020 and 2019 was as follows:

	Nine months ended	
	2020	2019
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Service income from the provision of travel-related services	2,509	18,595
Interest income from money lending business	22,384	20,439
Net realised (loss) gain on securities investment	(11,637)	5,065
Revenue derived from financial services business	12,085	11,672
	25,341	55,771

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Financial Review *(Continued)*

Revenue and profitability (Continued)

For the nine months ended 30 September 2020, the revenue of the Group amounted to HK\$25,341,000 (2019: HK\$55,771,000), comprised of (i) service income from the provision of travel-related services of HK\$2,509,000 (2019: HK\$18,595,000); (ii) interest income from money lending business of HK\$22,384,000 (2019: HK\$20,439,000); (iii) net realised loss on securities investment of HK\$11,637,000 (2019: net realised gain of HK\$5,065,000); and (iv) revenue derived from financial services business of HK\$12,085,000 (2019: HK\$11,672,000) (including commission income from securities brokerage, interest income from margin financing and initial public offering (“**IPO**”) financing, handling and settlement income arising from securities brokerage, asset management fee income, and advisory fee income from corporate finance), representing a decrease of 55% as compared to HK\$55,771,000 for the nine months ended 30 September 2019. The decrease was mainly attributable to the HK\$16,086,000 decrease in service income from the provision of travel-related services resulted from the outbreak of the COVID-19 pandemic, and the recognition of the net realised loss of HK\$11,637,000 on securities investment for the nine months ended 30 September 2020, whereas a net realised gain of HK\$5,065,000 was recorded in the previous period. However, these decreases were partially offset by the HK\$1,945,000 increase in interest income from money lending business.

Other income, other gains and losses

Other income, other gains and losses for the nine months ended 30 September 2020 amounted to a net income of HK\$3,549,000, representing a decrease of 44% as compared to the net income of HK\$6,386,000 for the nine months ended 30 September 2019. Such decrease was due to the recognition of an impairment loss on prepayments relating to the Group’s travel business of HK\$8,829,000 and the absence of the previous period’s ticketing system incentive income of HK\$1,549,000 generated from the Group’s travel business, which was partially offset by the government grants in respect of the COVID-19 pandemic-related subsidies of HK\$7,882,000.

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Financial Review *(Continued)*

Staff costs, depreciation expenses, and other expenses

For the nine months ended 30 September 2020, staff costs amounted to HK\$32,655,000 (2019: HK\$40,226,000). Depreciation expenses amounted to HK\$6,904,000 (2019: HK\$6,587,000). Other expenses amounted to HK\$12,810,000 (2019: HK\$15,906,000).

The decrease in staff costs was due to most of the Group's travel business staff taking unpaid leave since the first quarter of 2020. The decrease in other expenses was mainly due to the decrease in business activities of the Group's travel business resulted from the outbreak of the COVID-19 pandemic.

Loss on fair value changes of investment properties

At the end of the reporting period, the Group measured its investment properties in Hong Kong at fair value based on a valuation prepared by an independent qualified valuer, and recognised a loss of HK\$25,900,000 arising on fair value changes of investment properties (2019: HK\$6,400,000).

Impairment loss on loan receivables

At the end of the reporting period, the Directors performed an impairment assessment on the Group's loan receivables with reference to a valuation for the six months ended 30 June 2020 prepared by an independent professional valuer. Having performed the impairment assessment, the Directors concluded that no further impairment loss on loan receivables was required for the three months ended 30 September 2020. Accordingly, the impairment loss on loan receivables for the nine months ended 30 September 2020 was HK\$37,929,000 (2019: HK\$10,061,000). This significant increase was due to (i) the increase in the probability of default in calculating the 12-month and lifetime expected credit losses ("ECL") of loans classified under stages 1 and 2 caused by the COVID-19 pandemic, and (ii) the reclassification of a loan that a customer failed to repay the principal amount of the loan together with the accrued and unpaid interest thereon as they fell due from stage 1 to stage 2.

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Financial Review *(Continued)*

Impairment loss on trade receivables

At the end of the reporting period, the Directors performed an impairment assessment on the trade receivables from the Group's travel business with reference to a valuation for the six months ended 30 June 2020 prepared by an independent professional valuer. Having performed the impairment assessment, the Directors concluded that no further impairment loss on trade receivables was required for the three months ended 30 September 2020. Accordingly, the impairment loss on trade receivables for the nine months ended 30 September 2020 was HK\$66,636,000 (2019: HK\$11,507,000). This significant increase was due to the increase in the probability of default in calculating the ECL resulted from the COVID-19 pandemic.

Impairment loss on interest in a joint venture

As at 30 June 2020, the Directors performed an impairment assessment on the interest in the joint venture with reference to a valuation performed by an independent professional valuer. The impairment assessment was calculated based on the recoverable amounts of the assets or its cash generating unit of the travel business in Malaysia.

Since both actual sales and profits generated from the joint venture of the travel business in Malaysia fell below expectation due to the COVID-19 pandemic and the slowdown of the global and local economy in Malaysia, the recoverable amount of the interest in the joint venture as at 30 June 2020 was estimated to be nil. On this basis, the interest in the joint venture was fully impaired and an impairment loss of HK\$3,248,000 was recognised in the six months ended 30 June 2020 (2019: Nil).

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Financial Review *(Continued)*

Finance costs

For the nine months ended 30 September 2020, the finance costs amounted to HK\$13,365,000 (2019: HK\$10,403,000), out of which (i) HK\$6,005,000 was related to the interest expense on other borrowing (2019: HK\$3,025,000); (ii) HK\$6,465,000 was related to the imputed interest expense on the convertible bonds issued on 13 November 2018 (2019: HK\$6,297,000); (iii) HK\$388,000 was related to the imputed interest expenses on lease liabilities (2019: HK\$633,000); and (iv) HK\$507,000 was related to the interest expenses on short term bank borrowings (2019: HK\$448,000). The increase was mainly due to the full period effect of interest expense on other borrowing as the loan of HK\$100,000,000 granted to the Group by a finance company was drawn in May 2019.

Share of loss of a joint venture

During the three months ended 30 September 2020, the Group did not share any loss from the joint venture as the losses recognised under the equity method equaled to the Group's interest in the joint venture in the six months ended 30 June 2020. The Group shared a loss from the joint venture remaining at HK\$2,590,000 for the nine months ended 30 September 2020 (2019: HK\$2,063,000).

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Business Review

Travel business

During the nine months ended 30 September 2020, the Group's travel business generated revenue of HK\$2,509,000 (2019: HK\$18,595,000), an 87% decrease as compared to the corresponding period last year. Such significant decrease was due to the outbreak of the COVID-19 pandemic. Most of the operating activities of the travel business have significantly reduced as a result of the travel restrictions, nationwide lockdowns and quarantine measures adopted by the governments around the world.

During the nine months ended 30 September 2020, an impairment loss on trade receivables of HK\$66,636,000 was provided (2019: HK\$11,507,000). As at 30 September 2020, the accumulated loss allowance of ECL amounted to HK\$102,717,000 (31 December 2019: HK\$36,081,000). Details of the impairment loss on trade receivables are disclosed in the section headed "Impairment loss on trade receivables" under "Financial Review" above. In addition, the impairment loss on prepayments of HK\$8,829,000 was made.

Money lending business

During the nine months ended 30 September 2020, the Group's money lending business generated interest income on loans of HK\$22,384,000 (2019: HK\$20,439,000), a 10% increase as compared to the corresponding period last year. The increase was contributed by the increase in the average monthly outstanding balance of loan receivables (before accumulated loss allowance of ECL and accrued interest receivables) from HK\$262,311,000 in the nine months ended 30 September 2019 to HK\$320,674,000 in the nine months ended 30 September 2020. During the nine months ended 30 September 2020, the Group did not grant any new loan to any customers (2019: granted new loans in the aggregate principal amount of HK\$90,000,000). During the three months ended 30 September 2020, the Group's customers made a drawing in the principal amount of HK\$3,000,000 from the existing loan, and repaid the aggregate of HK\$1,296,000 to the Group (2019: HK\$739,000). As at 30 September 2020, the Group's loan receivables together with accrued interest receivables (before accumulated loss allowance of ECL) amounted to HK\$332,167,000 (31 December 2019: HK\$325,269,000).

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Business Review *(Continued)*

Money lending business (Continued)

During the nine months ended 30 September 2020, a customer has failed to repay the outstanding principal amount of the loan together with the accrued and unpaid interest thereon pursuant to the loan agreement. The Group has commenced legal actions against the customer for recovering the outstanding principal amount together with the accrued and unpaid interest thereon. In addition, two customers did not pay the interest on loans pursuant to the loan agreements to the Group as at the date of this report. The Group is evaluating the current status of each of these two customers for determining the actions to be taken.

During the nine months ended 30 September 2020, an impairment loss on loan receivables of HK\$37,929,000 was provided (2019: HK\$10,061,000). As at 30 September 2020, the accumulated loss allowance of ECL was HK\$63,995,000 (31 December 2019: HK\$26,066,000). Details of the impairment loss on loan receivables are disclosed in the section headed "Impairment loss on loan receivables" under "Financial Review" above.

Treasury management business

During the nine months ended 30 September 2020, the Group did not acquire any securities investment (2019: HK\$12,245,000) but disposed of certain securities investment at the market prices of HK\$23,949,000 (2019: HK\$33,437,000), with carrying amounts plus transaction costs of HK\$35,606,000 (2019: HK\$28,535,000). Taking into account of the dividend income of HK\$20,000 from its securities investment in the nine months ended 30 September 2020 (2019: HK\$163,000), the Group recorded a net realised loss of HK\$11,637,000 on securities investment (2019: net realised gain of HK\$5,065,000). As at 30 September 2020, the Group remeasured its securities investment at fair value and recorded a net unrealised loss of HK\$6,339,000 arising on changes in fair values of securities investment (2019: HK\$1,337,000).

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Business Review *(Continued)*

Financial services business

During the nine months ended 30 September 2020, the revenue of the Group's financial services business increased by 4% to HK\$12,085,000 (2019: HK\$11,672,000).

Commission income from securities brokerage for the nine months ended 30 September 2020 decreased by 31% to HK\$2,423,000 (2019: HK\$3,496,000). This decrease was due to decreased transaction volumes of securities dealings by the Group's customers.

Interest income from margin financing for the nine months ended 30 September 2020 increased by 61% to HK\$4,817,000 (2019: HK\$2,984,000) as there was an increase in the Group's securities margin financing business. The total outstanding loan of securities margin financing as at 30 September 2020 amounted to HK\$64,801,000 (2019: HK\$58,415,000). Having performed an impairment assessment, the management concluded that no impairment loss on margin clients' receivables was required for the nine months ended 30 September 2020 (2019: Nil).

Interest income from IPO financing for the nine months ended 30 September 2020 increased by 100% to HK\$25,000 (2019: Nil) as there was an increase in IPO activities in the Hong Kong equity market.

The handling and settlement income arising from securities brokerage for the nine months ended 30 September 2020 decreased by 7% to HK\$4,289,000 (2019: HK\$4,587,000) as there was a decrease in the transaction volumes of securities dealings by the Group's customers.

The asset management fee income for the nine months ended 30 September 2020 decreased by 80% to HK\$101,000 (2019: HK\$505,000). The decrease was due to a decrease in the clients' net asset values managed by the Group.

On 11 March 2019, the Group has been licensed to carry on Type 6 (Advising on corporate finance) regulated activity under the Securities and Futures Ordinance. During the nine months ended 30 September 2020, the Group recognised advisory fee income of HK\$430,000 (2019: HK\$100,000) from the provision of financial advisory services.

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Proposed Issue of the New Convertible Bonds under General Mandate

On 13 November 2018, the Company issued the 8% unsecured convertible bonds in the principal amount of HK\$80,000,000 (the “**Existing Convertible Bonds**”) to Heng Tai Finance Limited (“**Heng Tai**”), a wholly-owned subsidiary of Heng Tai Consumables Group Limited, a Company listed on the Main Board of the Stock Exchange (stock code: 197).

As the Existing Convertible Bonds will mature on 12 November 2020, the Company and Heng Tai entered into a subscription agreement on 25 September 2020, pursuant to which (i) the Company shall issue the new 8% guaranteed convertible bonds in an aggregate principal amount of HK\$60,000,000 to Heng Tai (the “**New Convertible Bonds**”), and (ii) the subscription moneys from the issue of the New Convertible Bonds shall be used to repay part of the moneys due by the Company to Heng Tai under the Existing Convertible Bonds. Subject to the fulfillment of the conditions as set out in the subscription agreement, it is expected that the completion of the issue of the New Convertible Bonds will take place on 12 November 2020. Please refer to the Company’s announcement dated 25 September 2020 for more details.

Outlook

The travel business environment is continuing to be challenging and uncertain. The Group’s travel business in Singapore is definitely impacted in the first three quarters of 2020 as most of the countries around the globe have adopted severe travel restrictions to contain the COVID-19 pandemic. Although Singapore has progressively lifted the circuit breaker measures and businesses have gradually resumed operations since June 2020, short-term visitors are still not allowed entry to Singapore, except those coming in under the green/fast lane arrangements or with special prior approval arrangements. At present, the gathering sizes for social, business or events still have to be limited in order to prevent large clusters from arising. The Directors expect that the service income from the Group’s travel business will continue to be dampened in the remaining quarter of 2020. The Directors will cautiously monitor the development of the COVID-19 pandemic, and adopt appropriate measures and business strategies in response to the changing market conditions.

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Outlook *(Continued)*

The outbreak of the COVID-19 pandemic and the continuous trade conflict between Mainland China and the United States have further intensified the economic contraction in Hong Kong. The Directors anticipate that the equity market in Hong Kong will continue to be unstable and volatile until the relief of the tension between Mainland China and the United States. The Group will adopt a conservative investment approach towards its treasury management business in the coming quarters. The Directors will cautiously monitor the equity market in Hong Kong and the fundamental of each of the securities investment portfolio mix from time to time and realise the securities investment held by the Group into cash as and when appropriate.

Given that the effect of the COVID-19 pandemic on the global economy is unknown and the credit risk on new and existing loans increases, the Group will remain slowing down the pace of its money lending business in the remaining quarter of 2020. The Directors expect the interest income on loans generated from the Group's money lending business in the remaining quarter of 2020 will be more or less similar to that of 2019. The Group will continue to adopt a cautious approach in credit assessments and new loans approval in order to mitigate the credit risk.

Due to the outbreak of the COVID-19 pandemic, the investors' risk averse sentiment has been building up and resulting in a decrease in the transaction volumes in the Group's provision of financial services business. The Directors expect the performance of the Group's provision of financial services in the last quarter of 2020 may be mostly the same as the first three quarters of 2020 if the uncertainties from the outbreak persist. The Group will adopt a more cautious approach to the credit control of its margin financing business. Following the grant of the licence of Type 6 (Advising on corporate finance) regulated activity in March 2019, the Group's corporate finance advisory business commenced to generate revenue in the third quarter of 2019. The Group will seek for and allocate more resources to develop such business.

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Impacts of the COVID-19 Pandemic in the Current Period

The outbreak of the COVID-19 pandemic and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the Group's operations. The financial positions and performance of the Group were affected in different aspects, including a significant decrease in the Group's revenue from travel business, a significant increase in impairment losses on the Group's trade and loan receivables, and an increase in loss on changes in the fair value of the Group's investment properties as disclosed in the related sections under "Financial Review" and "Business Review" above.

Events after the Reporting Period

On 9 November 2020, the Company entered into a supplemental agreement with the finance company to extend the final repayment date of other borrowing to 12 November 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	NOTES	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Service income from the provision of travel-related services		74	5,774	2,509	18,595
Interest income from money lending business	3	6,807	8,300	22,384	20,439
Commission income from securities brokerage	4	1,014	949	2,423	3,496
Interest income from margin financing	4	1,527	1,359	4,817	2,984
Interest income from initial public offering financing		9	-	25	-
Handling and settlement income arising from securities brokerage		1,757	1,479	4,289	4,587
Asset management fee income		37	165	101	505
Advisory fee income from corporate finance		330	100	430	100
Net realised gain (loss) on securities investment	5	20	4,506	(11,637)	5,065
Net unrealised (loss) gain on securities investment	5	(1,118)	8,230	(6,339)	(1,337)
Other income, other gains and losses	6	(3,788)	1,789	3,549	6,386
Staff costs		(9,179)	(12,438)	(32,655)	(40,226)
Depreciation expenses		(2,287)	(2,332)	(6,904)	(6,587)
Gain (loss) on fair value changes of investment properties	7	800	-	(25,900)	(6,400)
Impairment loss on interest in a joint venture		-	-	(3,248)	-
Impairment loss on loan receivables		-	-	(37,929)	(10,061)
Impairment loss on trade receivables		-	-	(66,636)	(11,507)
Other expenses	8	(4,577)	(4,384)	(12,810)	(15,906)
Finance costs	9	(4,422)	(4,547)	(13,365)	(10,403)
Share of profit (loss) of a joint venture		-	2	(2,590)	(2,063)
		<u>(12,996)</u>	<u>8,952</u>	<u>(179,486)</u>	<u>(42,333)</u>
(Loss) profit before tax					
Income tax (expense) credit	10	(448)	(842)	4,707	(294)
(Loss) profit for the period		(13,444)	8,110	(174,779)	(42,627)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	NOTE	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other comprehensive income (expense) for the period					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		926	(1,607)	(914)	(883)
Share of exchange difference of a joint venture		-	(112)	(588)	(78)
Other comprehensive income (expense) for the period		<u>926</u>	<u>(1,719)</u>	<u>(1,502)</u>	<u>(961)</u>
Total comprehensive (expense) income for the period		<u>(12,518)</u>	<u>6,391</u>	<u>(176,281)</u>	<u>(43,588)</u>
(Loss) profit for the period attributable to owners of the Company		<u>(13,444)</u>	<u>8,110</u>	<u>(174,779)</u>	<u>(42,627)</u>
Total comprehensive (expense) income for the period attributable to owners of the Company		<u>(12,518)</u>	<u>6,391</u>	<u>(176,281)</u>	<u>(43,588)</u>
(Loss) earnings per share (HK cents)					
Basic	12	<u>(0.32)</u>	<u>0.19</u>	<u>(4.10)</u>	<u>(1.00)</u>
Diluted	12	<u>(0.32)</u>	<u>0.19</u>	<u>(4.10)</u>	<u>(1.00)</u>

NOTES TO THE QUARTERLY FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION

This quarterly financial information has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The quarterly financial information does not include all the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019 (the “**2019 Financial Statements**”).

The principal accounting policies applied in preparing this quarterly financial information are set out in note 3 to the 2019 Financial Statements, except for the adoption of the new and amendments to HKFRSs set out in note 2 below.

Significant events in the current period

The outbreak of the COVID-19 pandemic and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the Group’s operations. The financial positions and performance of the Group were affected in different aspects, including a significant decrease in the Group’s revenue from travel business, a significant increase in impairment losses on the Group’s trade and loan receivables, and an increase in loss on change in the fair value of the Group’s investment properties.

2. PRINCIPAL ACCOUNTING POLICIES

The amounts included in this quarterly financial information have been computed based on the accounting policies adopted by the Group which are in accordance with HKFRSs issued by the HKICPA applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

This quarterly financial information has been prepared under the historical cost basis, except for certain properties and financial instruments that are measured at fair value at the end of each reporting period, as appropriate.

The accounting policies used in this quarterly financial information for the nine months ended 30 September 2020 are consistent with those followed in the preparation of 2019 Financial Statements, except as described below.

In the current period for the nine months ended 30 September 2020, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's quarterly financial information:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 "COVID-19-Related Rent Concession".

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's quarterly financial information for the current and prior periods and/or on the disclosures set out in this quarterly financial information.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and accounting policies on early application of Amendment to HKFRS 16 “COVID-19-Related Rent Concessions”

Accounting policies

Leases

COVID-19-related rent concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions that same way it would account for the changes applying HKFRS 16 “Leases” if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Transition and summary of effects

The Group has early applied the amendments in the current period. The application has no impact to the opening accumulated losses at 1 January 2020. The Group recognised changes in lease payments that resulted from rent concessions of HK\$193,000 in the profit or loss for the current period.

3. INTEREST INCOME FROM MONEY LENDING BUSINESS

During the nine months ended 30 September 2020, the Group generated interest income of HK\$22,384,000 (for the nine months ended 30 September 2019: HK\$20,439,000) from money lending business.

4. BROKERAGE COMMISSION INCOME AND INTEREST INCOME FROM MARGIN FINANCING

During the nine months ended 30 September 2020, the Group generated brokerage commission income of HK\$2,423,000 (for the nine months ended 30 September 2019: HK\$3,496,000) and interest income from margin financing of HK\$4,817,000 (for the nine months ended 30 September 2019: HK\$2,984,000).

5. NET (LOSS) GAIN ON SECURITIES INVESTMENT

Net realised gain or loss on securities investment represents the proceeds from sale of financial assets at fair value through profit or loss less the carrying amounts of respective financial assets measured at fair value at the end of last financial period, and the dividend income when the Group's right to receive the dividends is established. Net unrealised gain or loss represents the remaining fair value changes on the financial assets at fair value through profit or loss.

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net realised gain (loss) on financial assets at fair value through profit or loss:				
Proceeds from sale of financial assets at fair value through profit or loss	-	24,943	23,949	33,437
Carrying amounts of financial assets at fair value through profit or loss	-	(20,465)	(35,606)	(28,535)
	-	4,478	(11,657)	4,902
Dividend income from securities investment	20	28	20	163
	20	4,506	(11,637)	5,065
Net unrealised (loss) gain on financial assets at fair value through profit or loss	(1,118)	8,230	(6,339)	(1,337)
	(1,098)	12,736	(17,976)	3,728

6. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Government grants in respect of COVID-19-related subsidies:				
– Jobs Support Scheme from the Singapore government	2,436	–	6,522	–
– Employment Support Scheme from the Hong Kong government	837	–	1,117	–
– Rental Relief Framework from the Singapore government	193	–	193	–
– Anti-epidemic Fund from the Hong Kong government	–	–	50	–
Subtotal of government grants	3,466	–	7,882	–
Rental income from related parties (note 15b)	1,256	1,256	3,769	3,769
Bank interest income	–	58	180	129
Net exchange gain	215	147	137	196
Employment credits from government grants in Singapore	25	37	130	36
Interest income from deposit for a life insurance policy	37	–	109	–
Commercial credit card rebate	1	246	18	508
Incentive income from ticketing system	–	(14)	–	1,549
Impairment loss on prepayments	(8,829)	–	(8,829)	–
Others	41	59	153	199
	(3,788)	1,789	3,549	6,386

7. GAIN (LOSS) ON FAIR VALUE CHANGES OF INVESTMENT PROPERTIES

The Group's investment properties were valued by APAC Appraisal and Consulting Limited, an independent professional qualified property valuer not connected to the Group as at 30 September 2020, 30 June 2020 and 31 December 2019. APAC Appraisal and Consulting Limited has appropriate qualifications and recent experiences in the valuations of properties in the relevant locations. The valuations were arrived at by using direct comparison method by making reference to the comparable market transactions as available. The direct comparison method is based on market observable transactions of similar properties and adjusted to reflect the nature, timing, conditions and locations of the subject properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The resulting decrease in fair value of investment properties of HK\$25,900,000 (for the nine months ended 30 September 2019: decrease in fair value of HK\$6,400,000) has been recognised directly in profit or loss for the nine months ended 30 September 2020.

8. OTHER EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Handling fee and commission arising from brokerage business	2,173	1,793	5,196	5,784
Legal and professional fees	699	254	1,442	1,701
Telecommunication expenses	253	457	768	816
Repair and maintenance expenses	110	173	465	562
Rental expenses	115	145	463	675
Travelling expenses	35	397	321	1,369
Bank charges	48	138	265	1,094
Premium and other charges on a life insurance policy	75	-	222	-
Selling expenses	15	162	165	395
Others	1,054	865	3,503	3,510
	4,577	4,384	12,810	15,906

9. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Imputed interest expense on convertible bonds	2,179	2,122	6,465	6,297
Interest on other borrowing	2,016	2,017	6,005	3,025
Interest on short term bank borrowings	127	190	507	448
Interest expenses on lease liabilities	100	218	388	633
	<u>4,422</u>	<u>4,547</u>	<u>13,365</u>	<u>10,403</u>

10. INCOME TAX EXPENSE (CREDIT)

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
The tax charge (credit) comprises:				
Hong Kong Profits Tax				
– current period	448	842	1,571	1,954
– overprovision in prior periods	–	–	(20)	–
Deferred taxation				
– current period	–	–	(6,258)	(1,660)
	<u>448</u>	<u>842</u>	<u>(4,707)</u>	<u>294</u>

Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for both periods.

Singapore Corporate Income Tax is calculated at 17% in accordance with the relevant laws and regulations in Singapore for both reporting periods. No provision for Singapore Corporate Income Tax has been made as the subsidiary operating in Singapore had no assessable profit for both reporting periods.

11. INTERIM DIVIDEND

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the nine months ended 30 September 2020 and 2019 nor has any dividend been proposed since the end of both reporting periods.

12. (LOSS) EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
(Loss) earnings				
(Loss) earnings for the period attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	(13,444)	8,110	(174,779)	(42,627)

	Three months ended 30 September		Nine months ended 30 September	
	2020 '000 (Unaudited)	2019 '000 (Unaudited)	2020 '000 (Unaudited)	2019 '000 (Unaudited)
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	4,262,867	4,262,867	4,262,867	4,262,867

For the nine months ended 30 September 2020 and 2019, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as at 30 September 2020 and 2019 since their assumed conversion would result in a decrease in loss per share.

13. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Attributable to owners of the Company							Total HK\$ '000
	Share capital	Share premium	Capital reserve	Exchange reserve	Convertible bonds equity reserve	Property revaluation reserve	Accumulated losses	
	HK\$ '000	HK\$ '000	HK\$ '000 (Note)	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	
At 1 January 2020 (audited)	42,629	920,537	32,589	(18,921)	4,108	65,547	(429,595)	616,894
Loss for the period	-	-	-	-	-	-	(174,779)	(174,779)
Other comprehensive expense for the period	-	-	-	(1,502)	-	-	-	(1,502)
Total comprehensive expense for the period	-	-	-	(1,502)	-	-	(174,779)	(176,281)
At 30 September 2020 (unaudited)	42,629	920,537	32,589	(20,423)	4,108	65,547	(604,374)	440,613
At 1 January 2019 (audited)	42,629	920,537	32,589	(20,103)	4,108	65,547	(375,002)	670,305
Loss for the period	-	-	-	-	-	-	(42,627)	(42,627)
Other comprehensive expense for the period	-	-	-	(961)	-	-	-	(961)
Total comprehensive expense for the period	-	-	-	(961)	-	-	(42,627)	(43,588)
At 30 September 2019 (unaudited)	42,629	920,537	32,589	(21,064)	4,108	65,547	(417,629)	626,717

Note: The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

14. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted an old share option scheme and terminated it pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011, and the Company adopted a new share option scheme at the same meeting. The purpose of both share option schemes is to enable the board of directors of the Company at its discretion, to grant options to any eligible participants who include directors and employees as incentives or rewards for their contribution to the Group. Under both schemes, the directors of the Company may grant options to eligible participants, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Under the share option scheme, a share option may be exercised in accordance with the terms of the scheme prior to the expiry of ten years from the date of acceptance. The total number of shares in respect of which options may be granted under the share option scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company, and is not less than the higher of (i) the closing price of the Company's shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

No share options were granted during the nine months ended 30 September 2020 and 2019. No share options were outstanding as at 30 September 2020 and 2019.

15. RELATED PARTY TRANSACTIONS

- (a) The remuneration of the directors and other members of key management during the period was as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term employee benefits	2,903	2,904	8,710	7,240
Post-employment benefits	18	18	54	54
	<u>2,921</u>	<u>2,922</u>	<u>8,764</u>	<u>7,294</u>

The remuneration of the directors and other members of key management is determined by the remuneration committee having regards to the performance of individuals and market trends.

15. RELATED PARTY TRANSACTIONS (Continued)

- (b) During the period, the Group entered into the following transactions with related parties:

Relationship	Nature of transaction	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Related companies (Note 1)	Rental income	1,256	1,256	3,769	3,769
	Advisory fee income from corporate finance	50	–	150	–
	Secretarial fee and other office expenses	2	35	42	106
	Brokerage commission income and other service charge income	1	6	4	6
	Subsidiaries of a substantial shareholder of the Company (Note 2)	745	745	2,237	2,237
	Brokerage commission income and other service charge income	55	16	105	134

Notes:

- Mr. Mung Hon Ting, Jackie, a close family member of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan, both of them are executive directors of the Company and Mr. Mung Kin Keung have beneficial interests in the related companies.
 - These companies are wholly-owned subsidiaries of Eternity Investment Limited, a company incorporated in Bermuda with limited liability and with its shares listed on the Main Board of the Stock Exchange. Eternity Investment Limited is a substantial shareholder with significant influence over the Company.
- (c) As at 30 June 2020, included in other borrowing is a loan amounting to HK\$100,000,000 (31 December 2019: HK\$100,000,000) which is guaranteed by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, an executive director of the Company.

16. EVENT AFTER THE REPORTING PERIOD

On 9 November 2020, the Company entered into a supplemental agreement with the finance company to extend the final repayment date of other borrowing to 12 November 2021.

OTHER INFORMATION

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

As at 30 September 2020, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions

(a) Ordinary shares of HK\$0.01 each of the Company

Name of Director	Capacity	Number of issued ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company (Note 2)
Mr. Mung Kin Keung (Note 1)	Interest of controlled corporation	532,000,000	12.48%
Mr. Mung Bun Man, Alan (Note 1)	Interest of controlled corporation	532,000,000	12.48%
Mr. Tse Ke Li	Beneficial owner	1,150,000	0.03%

Notes:

- These shares were registered in the name of and were beneficially owned by Excellent Mind Investments Limited ("Excellent Mind"), a company is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive Directors. Therefore, they are deemed to be interested in all the shares in which Excellent Mind is interested by virtue of the SFO.
- The percentage is calculated on the basis of 4,262,867,050 shares in issue as at 30 September 2020.

Other than as disclosed above, none of the Directors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules as at 30 September 2020.

SHARE OPTION SCHEME

Pursuant to a special resolution passed at the annual general meeting held on 19 May 2011, a new share option scheme (the “**Option Scheme**”) was adopted for the purpose of providing incentive to eligible participants who contribute to the success of the Group’s operation. Unless otherwise cancelled or amended, the expiry date of the Option Scheme will be on 18 May 2021. Details of the Option Scheme are set out in note 14 of the section headed “Notes to the quarterly financial information”.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 30 September 2020, the register of substantial shareholders/other persons maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests in the issued share capital of the Company:

Long positions in ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares of the Company held	Interest in underlying shares of the Company	Approximate percentage of the issued ordinary share capital of the Company (Note 4)
Eternity Investment Limited ("Eternity Investment") (Note 1)	Held by controlled corporation	1,269,250,000	–	29.77%
Heng Tai Consumables Group Limited (Note 2)	Held by controlled corporation	–	1,540,722,595	36.14%
Excellent Mind (Note 3)	Beneficial owner	532,000,000	–	12.48%
Mr. Mung Kin Keung (Note 3)	Held by controlled corporation	532,000,000	–	12.48%
Mr. Mung Bun Man, Alan (Note 3)	Held by controlled corporation	532,000,000	–	12.48%

Notes:

- Eternity Investment, a company listed on the Main Board of the Stock Exchange (stock code: 764). Eternity Finance Group Limited, a wholly-owned subsidiary of Eternity Investment, is interested in 1,269,250,000 shares in the Company. Eternity Investment is deemed to be interested in such 1,269,250,000 shares by virtue of the SFO.
- Heng Tai Finance Limited ("Heng Tai") is deemed to be interested in 695,652,173 shares in the Company through its interest in the convertible bonds in the principal amount of HK\$80,000,000 issued by the Company on 13 November 2018.

On 25 September 2020, the Company entered into a subscription agreement with Heng Tai, pursuant to which Heng Tai has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue Heng Tai the convertible bonds in the principal amount of HK\$60,000,000 (the "New Convertible Bonds"). Upon the exercise of the conversion rights attached to the New Convertibles Bonds, Heng Tai is entitled to convert up to 845,070,422 shares of the Company. As at the date of this report, the transaction has not yet been completed. Details of the transaction are set out in the Company's announcement dated 25 September 2020.

Heng Tai is a wholly-owned subsidiary of Heng Tai Consumables Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 197). As such, Heng Tai Consumables Group Limited is deemed to be interested in total of 1,540,722,595 shares by virtue of the SFO as at 30 September 2020.

3. These shares are held by Excellent Mind which is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive Directors, who are deemed to be interested in all the shares in which Excellent Mind is interested by virtue of the SFO.
4. The percentage is calculated on the basis of 4,262,867,050 shares in issue as at 30 September 2020.

Other than as disclosed above, the Company has not been notified of any interests in the Company's issued shares as at 30 September 2020 as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Other than as disclosed above, as at 30 September 2020 and to the best knowledge of the Directors, there was no person had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely Mr. Law Kwok Ho, Kenward (as chairman), Mr. Fung Wai Ching and Mr. Lai Hok Lim, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2020 and is of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and any other applicable laws and has been adequately disclosed.

COMPETING INTERESTS

Other than as disclosed below, during the nine months ended 30 September 2020, neither the Directors, the controlling shareholders of the Company nor their respective close associates (as defined under the GEM Listing Rules) had any interests in a business which competes or may compete with the business of the Group.

- (a) Mr. Cheung Kwok Wai, Elton, the chairman of the board of the Directors and an executive Director, has an indirect interest in approximately 15.29% of the issued shares of and is an executive director of Eternity Investment engaging in sale of financial assets, property investment, money lending, and design and sale of jewelry products. Therefore, Eternity Investment competes or may compete with the Group's treasury management and money lending businesses.

- (b) Mr. Cheung Kwok Wai, Elton is the vice-chairman of the board of directors and an executive director of China Healthwise Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 348) and engaged in sales of toys and Chinese health products, money lending business and investment in financial instruments. Therefore, China Healthwise Holdings Limited competes or may compete with the Group's treasury management and money lending businesses.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. Continuous efforts are made to review and enhance the risk management and internal control systems in light of changes in regulations and developments in best practices.

During the nine months ended 30 September 2020, the Company was in compliance with the code provisions set out in the CG Code except for the deviations as explained below:

1. Code provision A.2.1 of the CG Code provides that the roles and responsibilities of chairman and chief executive officer should be divided. The Company has not appointed chief executive officer, and the roles and functions of the chief executive officer have been performed by the four executive Directors collectively.
2. Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the “**Articles**”).
3. Code provision D.1.4 of the CG Code provides that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors (except Mr. Mung Kin Keung). However, the Directors shall be subject to retirement by rotation in accordance with the Articles. In any event, all Directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring Directors, shareholders of the Company are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors. In addition, the Directors are required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors” and “Guide for Independent Non-executive Directors” (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statute and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company’s business and governance policies.

Other than as those mentioned above, in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the nine months ended 30 September 2020.

CODE OF CONDUCT REGARDING 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 of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Code on Securities Dealings**”). The Company, having made specific enquiry of all the Directors, confirmed that all the Directors have complied with the required standard of dealings as set out in the Code on Securities Dealings for the nine months ended 30 September 2020.

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

The Company has not redeemed any of its shares during the nine months ended 30 September 2020.

Neither the Company nor any of its subsidiaries purchased or sold any of the Company’s listed securities during the nine months ended 30 September 2020.

On behalf of the Board

Cheung Kwok Wai, Elton

Chairman and Executive Director

Hong Kong, 11 November 2020

As at the date of this report, the Board comprises Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung, Mr. Mung Bun Man, Alan and Mr. Tse Ke Li as executive Directors, and Mr. Law Kwok Ho, Kenward, Mr. Fung Wai Ching and Mr. Lai Hok Lim as independent non-executive Directors.