



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

INTERIM REPORT
2021

*For identification purposes only

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income from money lending business	3	7,370	6,904	14,683	15,577
Commission income from securities brokerage		1,888	710	2,768	1,409
Interest income from margin financing		1,507	1,582	3,007	3,290
Interest income from initial public offering financing		-	16	35	16
Handling and settlement income arising from securities brokerage		2,065	1,286	3,725	2,532
Asset management fee income		29	37	59	64
Advisory fee income from corporate finance		719	100	899	100
Net realised gain (loss) on securities investment	4	4,017	(11,657)	5,374	(11,657)
Net unrealised (loss) gain on securities investment	4	(11,744)	6,240	26,375	(5,221)
Service income from provision of travel-related services		148	93	457	2,435
Other income, other gains and losses	6	2,193	3,730	5,244	7,337
Staff costs		(6,474)	(10,140)	(14,208)	(23,476)
Depreciation expenses	10	(1,157)	(2,318)	(3,092)	(4,617)
Gain (loss) on fair value changes of investment properties	13	6,800	(26,700)	6,800	(26,700)
Impairment loss on interest in a joint venture	14	-	(3,248)	-	(3,248)
Reversal of provision for (provision for) expected credit losses on loan receivables	15	1,601	(37,929)	885	(37,929)
Provision for expected credit losses on trade receivables	16	(870)	(66,636)	(870)	(66,636)
Other expenses	7	(7,884)	(4,230)	(14,420)	(8,233)
Finance costs	8	(2,904)	(4,477)	(6,408)	(8,943)
Share of loss of a joint venture		-	(2,590)	-	(2,590)
(Loss) profit before tax		(2,696)	(149,227)	31,313	(166,490)
Income tax (expense) credit	9	(344)	5,720	(252)	5,155
(Loss) profit for the period	10	(3,040)	(143,507)	31,061	(161,335)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	NOTE	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other comprehensive (expense) income for the period					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences arising on translation of foreign operations		(93)	3,006	45	(1,840)
Share of exchange difference of a joint venture		-	113	-	(588)
		<u>(93)</u>	<u>3,119</u>	<u>45</u>	<u>(2,428)</u>
Other comprehensive (expense) income for the period		(93)		45	
		<u>(93)</u>	<u>3,119</u>	<u>45</u>	<u>(2,428)</u>
Total comprehensive (expense) income for the period		(3,133)	(140,388)	31,106	(163,763)
		<u>(3,133)</u>	<u>(140,388)</u>	<u>31,106</u>	<u>(163,763)</u>
(Loss) profit for the period attributable to:					
Owners of the Company		(3,036)	(143,507)	31,065	(161,335)
Non-controlling interests		(4)	-	(4)	-
		<u>(3,040)</u>	<u>(143,507)</u>	<u>31,061</u>	<u>(161,335)</u>
		<u>(3,040)</u>	<u>(143,507)</u>	<u>31,061</u>	<u>(161,335)</u>
Total comprehensive (expense) income attributable to:					
Owners of the Company		(3,129)	(140,388)	31,110	(163,763)
Non-controlling interests		(4)	-	(4)	-
		<u>(3,133)</u>	<u>(140,388)</u>	<u>31,106</u>	<u>(163,763)</u>
		<u>(3,133)</u>	<u>(140,388)</u>	<u>31,106</u>	<u>(163,763)</u>
(Loss) earnings per share (HK cents)			(Restated)		(Restated)
Basic	12	(0.64)	(33.66)	6.87	(37.85)
Diluted	12	(0.64)	(33.66)	6.22	(37.85)
		<u>(0.64)</u>	<u>(33.66)</u>	<u>6.22</u>	<u>(37.85)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	NOTES	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	213	325
Right-of-use assets	13	10,702	3,957
Investment properties	13	170,100	163,300
Interest in a joint venture	14	–	–
Loan receivables	15	96,003	136,405
Prepayment to a non-controlling shareholder of a subsidiary		629	–
Deferred tax assets		13,943	14,089
		291,590	318,076
CURRENT ASSETS			
Trade and other receivables	16	96,708	107,837
Loan receivables	15	152,887	109,575
Financial assets at fair value through profit or loss	17	34,863	21,672
Tax recoverable		697	229
Bank trust account balances		13,394	14,863
Bank balances and cash		30,496	28,721
		329,045	282,897
CURRENT LIABILITIES			
Trade and other payables	18	53,863	56,115
Contract liabilities		1,070	850
Lease liabilities		2,040	2,686
Bank borrowings	19	15,279	30,233
Other borrowing	20	100,000	100,000
Convertible bonds	21	–	60,658
		172,252	250,542
NET CURRENT ASSETS		156,793	32,355
TOTAL ASSETS LESS CURRENT LIABILITIES		448,383	350,431

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 JUNE 2021

	NOTE	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		<u>7,657</u>	<u>811</u>
NET ASSETS		<u>440,726</u>	<u>349,620</u>
CAPITAL AND RESERVES			
Share capital	22	<u>51,079</u>	42,629
Share premium and reserves		<u>389,651</u>	<u>306,991</u>
Equity attributable to owners of the Company		440,730	349,620
Non-controlling interests		<u>(4)</u>	<u>–</u>
TOTAL EQUITY		<u>440,726</u>	<u>349,620</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Exchange reserve	Convertible bonds equity reserve	Property revaluation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Note)</i>									
At 1 January 2021 (audited)	42,629	920,537	32,589	(19,111)	-	65,547	(692,571)	349,620	-	349,620
Profit (loss) for the period	-	-	-	-	-	-	31,065	31,065	(4)	31,061
Other comprehensive income for the period	-	-	-	45	-	-	-	45	-	45
Total comprehensive income (expense) for the period	-	-	-	45	-	-	31,065	31,110	(4)	31,106
Conversion of convertible bonds (note 21)	8,450	51,550	-	-	-	-	-	60,000	-	60,000
At 30 June 2021 (unaudited)	51,079	972,087	32,589	(19,066)	-	65,547	(661,506)	440,730	(4)	440,726
At 1 January 2020 (audited)	42,629	920,537	32,589	(18,921)	4,108	65,547	(429,595)	616,894	-	616,894
Loss for the period	-	-	-	-	-	-	(161,335)	(161,335)	-	(161,335)
Other comprehensive expense for the period	-	-	-	(2,428)	-	-	-	(2,428)	-	(2,428)
Total comprehensive expense for the period	-	-	-	(2,428)	-	-	(161,335)	(163,763)	-	(163,763)
At 30 June 2020 (unaudited)	42,629	920,537	32,589	(21,349)	4,108	65,547	(590,930)	453,131	-	453,131

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	1,896	945
Decrease in trade and other receivables	9,136	24,309
Decrease (increase) in bank trust account balances	1,469	(15,939)
Loan repayments from customers of money lending business	1,266	1,026
Increase in loan interest receivables from customers of money lending business	(3,291)	(3,366)
Decrease in financial assets at fair value through profit or loss	18,557	23,949
(Decrease) increase in trade and other payables	(1,664)	14,712
Increase (decrease) in contract liabilities	237	(332)
	<hr/>	<hr/>
Cash generated from operations	27,606	45,304
Income tax paid	(593)	(4,068)
	<hr/>	<hr/>
Net cash from operating activities	27,013	41,236

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
INVESTING ACTIVITIES		
Payments for right-of-use assets	(1,000)	–
Purchases of property, plant and equipment	(65)	(148)
Proceeds from disposal of property, plant and equipment	196	–
Interest received	216	252
	<u> </u>	<u> </u>
Net cash (used in) from investing activities	(653)	104
FINANCING ACTIVITIES		
Repayments of bank borrowings	(14,843)	(5,908)
Repayments of lease liabilities	(2,510)	(4,269)
Interest paid	(7,010)	(4,657)
	<u> </u>	<u> </u>
Cash used in financing activities	(24,363)	(14,834)
	<u> </u>	<u> </u>
Net increase in cash and cash equivalents	1,997	26,506
Cash and cash equivalents at 1 January	28,721	97,031
Effect of foreign exchange rate changes	(222)	(125)
	<u> </u>	<u> </u>
Cash and cash equivalents at 30 June, represented by bank balances and cash	<u>30,496</u>	<u>123,412</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and 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 “**GEM Listing Rules**”). The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards (“**HKFRSs**”) financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied 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 2021 for the preparation of the Group’s condensed consolidated financial statements:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. INTEREST INCOME FROM MONEY LENDING BUSINESS

During the six months ended 30 June 2021, the Group generated interest income of HK\$14,683,000 (for the six months ended 30 June 2020: HK\$15,577,000) from money lending business.

4. 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 is recognised 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 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 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	11,518	23,949	18,557	23,949
Carrying amount of financial assets at fair value through profit or loss	(7,501)	(35,606)	(13,183)	(35,606)
	<u>4,017</u>	<u>(11,657)</u>	<u>5,374</u>	<u>(11,657)</u>
Net unrealised (loss) gain on financial assets at fair value through profit or loss	(11,744)	6,240	26,375	(5,221)
	<u>(7,727)</u>	<u>(5,417)</u>	<u>31,749</u>	<u>(16,878)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5. OPERATING SEGMENTS

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided or income derived from business engaged in. This is also the basis upon which the Group is arranged and organised.

The Group's operations are currently organised into six (for the six months ended 30 June 2020: six) reportable and operating segments under HKFRS 8 "Operating Segments", namely treasury management business, money lending business, brokerage business, asset management business, corporate finance advisory business and travel business (for the six months ended 30 June 2020: treasury management business, money lending business, brokerage business, asset management business, corporate finance advisory business and travel business).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5. OPERATING SEGMENTS *(Continued)*

Segment revenue and results

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

	Segment revenue		Segment profits (losses)	
	Six months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Treasury management business	5,374	(11,657)	31,670	(16,884)
Money lending business	14,683	15,577	8,760	(25,037)
Brokerage business	9,535	7,247	2,574	(252)
Asset management business	59	64	(57)	29
Corporate finance advisory business	899	100	(69)	(842)
Travel business	457	2,435	(7,553)	(73,528)
Total	31,007	13,766	35,325	(116,514)
Impairment loss on interest in a joint venture			-	(3,248)
Share of loss of a joint venture			-	(2,590)
Gain (loss) on fair value changes of investment properties			6,800	(26,700)
Unallocated income			2,629	2,930
Unallocated expenses			(13,693)	(15,213)
Profit (loss) for the period			31,061	(161,335)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5. OPERATING SEGMENTS *(Continued)*

Segment revenue and results *(Continued)*

	Segment revenue		Segment (losses) profits	
	Three months ended 30 June		Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Treasury management business	4,017	(11,657)	(7,803)	(5,420)
Money lending business	7,370	6,904	5,852	(28,946)
Brokerage business	5,460	3,594	1,869	(16)
Asset management business	29	37	(54)	16
Corporate finance advisory business	719	100	235	(358)
Travel business	148	93	(5,873)	(70,055)
Total	17,743	(929)	(5,774)	(104,779)
Impairment loss on interest in a joint venture			-	(3,248)
Share of loss of a joint venture			-	(2,590)
Gain (loss) on fair value changes of investment properties			6,800	(26,700)
Unallocated income			1,328	1,381
Unallocated expenses			(5,394)	(7,571)
Loss for the period			(3,040)	(143,507)

All of the segment revenue reported above are from external customers.

Segment profits (losses) represent the profits earned (losses incurred) by each segment without allocation of impairment loss on interest in a joint venture, share of loss of a joint venture, gain (loss) on fair value changes of investment properties, unallocated income (which mainly includes bank interest income of head office and rental income) and unallocated expenses (which mainly include central administration costs and directors' salaries of head office). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
<i>Segment assets</i>		
Treasury management business	36,898	21,775
Money lending business	266,294	265,654
Brokerage business	93,009	96,107
Asset management business	11,562	13,665
Corporate finance advisory business	204	7
Travel business	37,982	38,367
	<hr/>	<hr/>
Total reportable segment assets	445,949	435,575
Interest in a joint venture	–	–
Unallocated bank balances and cash	2,825	1,711
Unallocated assets	171,861	163,687
	<hr/>	<hr/>
Consolidated assets	620,635	600,973
	<hr/> <hr/>	<hr/> <hr/>
<i>Segment liabilities</i>		
Money lending business	1,144	1,662
Brokerage business	14,564	16,269
Asset management business	1,274	3,998
Corporate finance advisory business	8	9
Travel business	57,546	64,229
	<hr/>	<hr/>
Total reportable segment liabilities	74,536	86,167
Unallocated liabilities	105,373	165,186
	<hr/>	<hr/>
Consolidated liabilities	179,909	251,353
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to operating segments other than interest in a joint venture, certain property, plant and equipment, certain right-of-use asset, investment properties, certain deposits and prepayments and certain bank balances and cash.
- all liabilities are allocated to operating segments other than other borrowing, convertible bonds and certain accruals and other payables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

6. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Government grants*				
– Jobs Support Scheme from the Singapore government	758	2,433	2,132	4,086
– Mandated rental relief from the Singapore government	(1)	–	62	–
– Wage credit scheme from the Singapore government	–	91	33	105
– Employment Support Scheme from the Hong Kong government	–	280	–	280
– Anti-epidemic fund from the Hong Kong government	–	50	–	50
Rental income from related parties <i>(note 25)</i>	1,257	1,257	2,513	2,513
Bank interest income	–	–	–	180
Imputed interest income from deposit for a life insurance policy	–	37	–	72
Commercial credit card rebate	9	14	9	17
Net exchange (loss) gain	(70)	(432)	18	(78)
Others	240	–	477	112
	2,193	3,730	5,244	7,337

* The conditions of all those government grants have been fulfilled and the Group has received the government grants already.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

7. OTHER EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Handling fee and commission arising from brokerage business	2,399	1,577	4,182	3,023
Legal and professional fees	1,014	471	3,861	743
Selling and marketing expenses	2,246	29	2,252	150
Rental expenses	588	176	593	348
Telecommunication expenses	227	254	487	515
Bank charges	133	58	265	217
Repair and maintenance expenses	63	184	150	355
Travelling expenses	37	51	60	286
Premium and other charges on a life insurance policy	–	74	–	147
Others	1,177	1,356	2,570	2,449
	<u>7,884</u>	<u>4,230</u>	<u>14,420</u>	<u>8,233</u>

8. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on other borrowing	1,995	1,994	3,967	3,989
Interest on convertible bonds <i>(note 21)</i>	473	2,155	1,657	4,286
Interest on short-term bank borrowings	246	200	560	380
Interest on lease liabilities	190	128	224	288
	<u>2,904</u>	<u>4,477</u>	<u>6,408</u>	<u>8,943</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

9. INCOME TAX EXPENSE (CREDIT)

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
The tax charge (credit) comprises:				
Hong Kong Profits Tax				
– current period	101	558	127	1,123
– overprovision in prior periods	(21)	(20)	(21)	(20)
Deferred taxation				
– current period	264	(6,258)	146	(6,258)
	344	(5,720)	252	(5,155)

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.

At 30 June 2021, the Group has taxable temporary differences of HK\$26,375,000 arising from the net unrealised gain on financial assets at fair value through profit or loss (for the six months ended 30 June 2020: net unrealised loss of HK\$5,221,000). No deferred tax liability has been recognised in relation to such taxable temporary differences as the relevant subsidiary has unused tax losses available for offset against the taxable temporary differences. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

10. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging the following items:

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	47	157	134	308
Depreciation of right- of-use assets	1,110	2,161	2,958	4,309
Total depreciation expenses	<u>1,157</u>	<u>2,318</u>	<u>3,092</u>	<u>4,617</u>

11. DIVIDENDS

No dividends were paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2021 and 2020 nor has any dividend been proposed since the end of both reporting periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
(Loss) earnings				
(Loss) earnings for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share	(3,036)	(143,507)	31,065	(161,335)
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds	—	—	699	—
(Loss) earnings for the period attributable to owners of the Company for the purpose of diluted (loss) earnings per share	(3,036)	(143,507)	31,764	(161,335)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

12. (LOSS) EARNINGS PER SHARE *(Continued)*

	Three months ended 30 June		Six months ended 30 June	
	2021 '000 (Unaudited)	2020 '000 (Unaudited) (Restated)	2021 '000 (Unaudited)	2020 '000 (Unaudited) (Restated)
Number of shares				
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	477,362	426,287	451,966	426,287
Effect of dilutive potential ordinary shares arising from assumed conversion of convertible bonds	<u>-</u>	<u>-</u>	<u>58,828</u>	<u>-</u>
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	<u>477,362</u>	<u>426,287</u>	<u>510,794</u>	<u>426,287</u>

On 14 April 2021, the Company implemented the Share Consolidation (as defined in note 22) and the weighted average number of ordinary shares in issue used in the basic and diluted loss per share calculation for the six months ended 30 June 2020 was adjusted retrospectively.

For the six months ended 30 June 2021, the weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the conversion of convertible bonds that took place on 12 May 2021.

For the three months ended 30 June 2021 and 2020 and the six months ended 30 June 2020, the computation of diluted loss per share did not assume the conversion of the Company's outstanding convertible bonds during the periods since their assumed conversion would result in a decrease in loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the six months ended 30 June 2021, the Group acquired property, plant and equipment for a cash consideration of HK\$65,000 (for the six months ended 30 June 2020: HK\$148,000) mainly for acquisitions of computer equipment (for the six months ended 30 June 2020: computer equipment).

During the six months ended 30 June 2021, the Group entered into a renewal of lease agreement for the office premises for 4.5 years' term. The Group was required to make fixed monthly payments during the contract periods. On the lease commencement, the Group recognised HK\$8,730,000 of right-of-use assets and HK\$8,730,000 of lease liabilities. During the six months ended 30 June 2020, the Group did not enter into any new or renewal of lease agreements.

During the six months ended 30 June 2021, the Group acquired a right-of-use of a brand name of HK\$1,000,000 from a non-controlling shareholder of a subsidiary.

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 June 2021 and 2020. The valuations were arrived at 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 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 increase in fair values of investment properties of HK\$6,800,000 (for the six months ended 30 June 2020: decrease in fair values of HK\$26,700,000) has been recognised directly in profit or loss for the six months ended 30 June 2021. At 30 June 2021, all the investment properties were pledged to secure the bank borrowings (note 19).

14. INTEREST IN A JOINT VENTURE

On 30 July 2013, Jade Emperor International Limited ("**Jade Emperor**"), a wholly-owned subsidiary of the Company, entered into a venture participation agreement (the "**Participation Agreement**") with Matrix Triumph Sdn. Bhd. ("**MTSB**"), being the joint venture partner, and Discover Orient Holidays Sdn. Bhd. ("**DOH**"), being the joint venture company, for participation and involvement in the business being conducted by DOH at a cash consideration of HK\$14 million. DOH, which is incorporated in Malaysia with limited liability, engages principally in the business of operating as an organiser of tours and travel agent in Malaysia.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

14. INTEREST IN A JOINT VENTURE *(Continued)*

The transaction was completed on 31 August 2013. Pursuant to the terms of the Participation Agreement, DOH shall pay to Jade Emperor a management fee as its share of results which is equivalent to 90% of the profit before taxation of DOH.

In addition to the Participation Agreement, MTSB and Jade Emperor also entered into an option agreement on the same day, pursuant to which MTSB granted a call option to Jade Emperor to acquire the entire issued share capital in DOH at a price to be agreed by the parties with reference to the profit before taxation of DOH or such comparables at the time of exercise of the option. In the opinion of the directors, the exercise price of the call option will be at market value on a mutually agreed basis by the parties at the time of exercise of the option, and therefore the value of the call option has no material financial impact to the Group.

As the Participation Agreement requires the consent of both parties on major decision in the operation and control of DOH, DOH is treated as a joint venture of the Group accordingly.

As at 30 June 2020, in view of the fact that both actual sales and profits generated from the joint venture have fallen below expectation due to the COVID-19 pandemic and slowing global and local economy in Malaysia, the Group performed impairment assessment on the joint venture. Determining whether impairment loss should be recognised requires an estimation of the recoverable amount of the relevant joint venture which is the higher of value in use and fair value less costs to sell. The recoverable amount of interest in a joint venture has been determined based on a value in use calculation. The value in use calculation requires the management of the Group to estimate its share of the present value of the estimated future cash flows expected to be generated by the joint venture, including the cash flows from the operations of the joint venture and the proceeds from the ultimate disposal of the investment.

For the six months ended 30 June 2020, the value in use was determined by the management of the Group with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group, for the purposes of impairment testing. The calculation used cash flow projections based on financial budgets approved by management of the joint venture covering a five-year period, and discounted at a pre-tax discount rate of 16.41%. Cash flows after the five-year period were extrapolated using a 2.17% terminal growth rate in considering the economic condition of the market.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

14. INTEREST IN A JOINT VENTURE *(Continued)*

Other key assumptions for the value in use calculations related to the estimation of cash inflows based on the above financial budgets including the budgeted sales and gross margin. Such estimation was based on the joint venture's past performance and management's expectations for the market development including the fluctuation in the travel business in the current economic environment. Both actual sales and profit generated from the joint venture which engaged in the travel business segment in Malaysia had fallen below expectation due to the COVID-19 pandemic and slowing global and local economy in Malaysia, and therefore the management had revised the cash flow projections to reflect the latest economic conditions as at the end of the reporting period. On this basis, the recoverable amount of interest in the joint venture was estimated approximately to be nil at 30 June 2020. The directors of the Company concluded that an impairment loss of HK\$3,248,000 was recognised in profit or loss during the six months ended 30 June 2020 and the interest in the joint venture was fully impaired as at 30 June 2020.

At 30 June 2021, the recoverable amount of interest in the joint venture is estimated approximately to be remained as nil.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

15. LOAN RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Fixed-rate loan receivables	320,134	321,400
Accrued interest receivables	13,257	9,966
Less: Accumulated loss allowance of expected credit loss ("ECL")	(84,501)	(85,386)
	248,890	245,980
Analysed as:		
Current	152,887	109,575
Non-current	96,003	136,405
	248,890	245,980

The range of interest rate on the Group's loan receivables is from 7.42% to 15% per annum (31 December 2020: from 7.42% to 15% per annum). The loans are respectively repayable in one year to five years (31 December 2020: one year to five years) from the drawdown dates, and hence the loans repayable beyond one year from the end of the reporting period are classified as non-current.

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines its credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly. The management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. The policy includes evaluation of collectability and aging analysis of the loan receivables based on management's judgment and creditworthiness, collateral, past collection history of each individual and corporate borrower.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

15. LOAN RECEIVABLES *(Continued)*

There are loans secured with collaterals and unsecured loans mainly comprise corporate entities or individuals with a good reputation. The unsecured loans were granted based on borrowers' creditworthiness. In addition, the Group may require an unsecured loan be covered by a third party guarantee, depending on the borrower's credit status and the credit risk assessed by the management. The Group performed credit risk assessment of each borrower to calculate the related ECL, taking into consideration of the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the cash inflow that are expected from foreclosure on the collaterals (if any) less the costs of selling the collaterals. In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument as at the reporting date with the date of initial recognition.

In determining the recoverability of loan receivables, the Group will consider the change in the credit quality of each loan receivable, if any, from the date the loans initially granted up to the reporting date. This includes assessing the credit history of each borrower, such as past due information or default in payments, and the market value of the collaterals pledged to the Group, if any.

At 30 June 2021, the net carrying amounts of loan receivables amounting to HK\$61,720,000 (31 December 2020: HK\$66,130,000) were secured or guaranteed, and HK\$187,170,000 (31 December 2020: HK\$179,850,000) were unsecured or unguaranteed. The collaterals of the secured loans are taken into account when determining the loss given default, and the loss rate for the loan receivables. There has been no significant change in the quality of the collaterals held for the loan receivables during the six months ended 30 June 2021.

The directors of the Company consider credit risks have incurred significantly and those past due more than 90 days are considered as credit-impaired.

During the six months ended 30 June 2021, loan receivables with a gross carrying amount of HK\$85,864,000 (31 December 2020: HK\$83,301,000) were determined to be credit-impaired (i.e. Stage 3 – Lifetime ECL), and accumulated loss allowance of ECL of HK\$51,121,000 (31 December 2020: HK\$42,094,000) was provided based on the ECL assessment performed because they were overdue for more than 90 days. Out of these gross carrying amounts, HK\$22,760,000 (31 December 2020: HK\$21,629,000) was secured by first legal charge over a property in Hong Kong of which the market value of the property less its estimated costs to sell of approximately HK\$15,522,000 (31 December 2020: HK\$22,000,000) at 30 June 2021, and accumulated loss allowance of ECL of HK\$7,572,000 (31 December 2020: nil) has been provided. The remaining amount of loan receivable of HK\$60,858,000 (31 December 2020: HK\$59,531,000) was guaranteed and HK\$2,246,000 (31 December 2020: HK\$2,141,000) was unsecured by any collateral.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

15. LOAN RECEIVABLES *(Continued)*

The Group considers various actions for recovery of the credit-impaired loan including regular collateral revisions and interviews with the borrower to update the credit risk of the borrower. In the event of default, the Group might take possession of assets held as collateral through court proceeding or voluntary delivery of possession by the borrower. The credit quality review process enables the Group to assess the potential loss as a result of the risk to which it is exposed and take appropriate corrective actions.

For the loan receivables that credit risk has increased significantly since its initial recognition but is not deemed to be credit-impaired (i.e. Stage 2 – Lifetime ECL), the loan receivables with a gross carrying amount of HK\$95,118,000 (31 December 2020: HK\$94,686,000) and accumulated loss allowance of ECL of HK\$28,425,000 (31 December 2020: HK\$36,493,000) was provided based on the ECL assessment performed. Out of these gross carrying amounts, HK\$35,300,000 (31 December 2020: HK\$36,000,000) was secured and guaranteed, and HK\$59,818,000 (31 December 2020: HK\$58,686,000) was unsecured or unguaranteed.

For the loan receivables assessed no significant increase in their credit risk since its initial recognition under the 12 months ECL (i.e. Stage 1 – 12 months ECL), loan receivables with a gross carrying amount of HK\$152,409,000 (31 December 2020: HK\$153,379,000) were unsecured or unguaranteed, and accumulated loss allowance of ECL of HK\$4,955,000 (31 December 2020: HK\$6,799,000) was provided based on the ECL assessment performed.

During the six months ended 30 June 2021, a reversal of provision for ECL of HK\$885,000 (for the six months ended 30 June 2020: provision for ECL of HK\$37,929,000) was recognised.

Before extending the loans to borrowers, the management of the Group reviews and assesses each borrower individually based on the evaluation of collectability and aging analysis of the loan account and on management's judgment, including the current creditworthiness and the past collection statistics of each borrower, the realisation value of securities or collaterals from the borrower and the guarantor.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

16. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables from the travel business of HK\$10,249,000 (31 December 2020: HK\$9,835,000) and accounts receivables from cash clients, margin clients and clearing house amounting to HK\$671,000 (31 December 2020: HK\$250,000), HK\$64,727,000 (31 December 2020: HK\$58,515,000) and HK\$602,000 (31 December 2020: HK\$7,202,000) respectively from the brokerage business.

For the travel business, the Group allows an average credit period range from 60 to 90 days to its customers of travel business. The following is an aged analysis of receivables from travel business, net of accumulated loss allowance of ECL, presented based on the invoice date at the end of the reporting period.

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Up to 3 months	3,853	5,809
4 to 6 months	6,396	1,410
7 to 12 months	–	2,616
	<hr/> 10,249 <hr/>	<hr/> 9,835 <hr/>

Trade receivables from travel business represent the gross amounts billed to customers, of which trade receivables, net of accumulated loss allowance of ECL, from travel business in Singapore is HK\$10,249,000 (31 December 2020: HK\$9,835,000) as at 30 June 2021. The Group measures loss allowance for trade receivables from travel business at an amount equal to lifetime ECL, which is calculated using a provision matrix by reference to past default experience of the debtor and current market condition in relation to each debtor's exposure and time value of money where appropriate. The ECL assessment also incorporates forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle such trade receivables. Trade receivables from travel business have been grouped based on shared credit risk and the days past due.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

16. TRADE AND OTHER RECEIVABLES *(Continued)*

As at 30 June 2021, included in the Group's trade receivables from travel business balance are debtors with aggregate carrying amount of approximately HK\$4,364,000 (31 December 2020: HK\$4,649,000) which are past due as at the reporting date. The average age of these receivables is 185 days (31 December 2020: 185 days). For the six months ended 30 June 2021, the provision for ECL of HK\$870,000 (for the six months ended 30 June 2020: HK\$66,636,000) was recognised.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Equity securities listed in Hong Kong held for trading <i>(Note)</i>	34,863	21,672

Note: The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

At 30 June 2021 and 31 December 2020, no financial assets at fair value through profit or loss have been pledged as security.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

18. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables from travel business of approximately HK\$16,049,000 (31 December 2020: HK\$16,073,000) and an aged analysis presented based on the invoice date at the end of reporting period is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 month	3,682	2,092
1 to 2 months	347	4,674
2 to 3 months	324	1,486
Over 3 months	11,696	7,821
	16,049	16,073

The average credit period from trade suppliers of the travel business is 30 days.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

19. BANK BORROWINGS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
The carrying amounts of secured bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable: Within one year	15,279	30,233

As at 30 June 2021, the bank borrowings carry interest rate of 6.00% (31 December 2020: 3.00% to 4.50%) per annum.

The Group's bank borrowings that are denominated in currencies other than the functional currency of the relevant group entity are set out below:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Singapore dollars	15,279	–
United States dollars	–	5,796

During the year ended 31 December 2020, there was a technical breach of a loan covenant in the banking facility letter that primarily related to a prescribed amount of the net tangible assets requirement in Safe2Travel Pte Ltd ("**Safe2Travel**"), a subsidiary of the Group. The bank borrowings of approximately Singapore Dollars ("**SG\$**") SG\$4,170,000 (equivalent to approximately HK\$24,437,000 are guaranteed by the Company and the entire bank borrowings have been classified as current liabilities relevant at the end of the reporting periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

19. BANK BORROWINGS *(Continued)*

In December 2020, the Company negotiated with the bank for the detail terms of the settlement and formally reached a settlement agreement with the bank in March 2021 in repaying the outstanding bank borrowings and the accrued interest payable (after deducting the surrender value of US\$745,000 (equivalent to HK\$5,785,000) of the life insurance policy in January 2021), in which (i) 10% of the outstanding balance of SG\$504,000 (equivalent to HK\$2,961,000) was paid in January 2021, (ii) a portion of the outstanding balance of SG\$214,000 (equivalent to HK\$1,253,000) was paid in February 2021, and (iii) the remaining outstanding balance of SG\$3,487,000 (equivalent to HK\$20,433,000) together with the accrued and unpaid interest thereon would be paid by 17 equal monthly instalments commencing in March 2021. The repayment is secured by a first legal mortgage over the Group's investment properties in Hong Kong at carrying amount of HK\$170,100,000 at 30 June 2021 (note 13) and the assignment of rental proceeds deriving from these investment properties to the bank.

20. OTHER BORROWING

As at 30 June 2021, included in other borrowing is a loan amounting to HK\$100,000,000 (31 December 2020: HK\$100,000,000) which is guaranteed by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, an executive director of the Company. The loan carried interest at a fixed rate of 8% (31 December 2020: 8%) per annum and is repayable in instalments. The maturity date of the other borrowing was in November 2021. The majority of the proceeds were used to finance the working capital of money lending business.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

21. CONVERTIBLE BONDS

The Company issued 8% two-year convertible bonds (the “**Convertible Bonds I**”) with principal amount of HK\$80,000,000 on 13 November 2018 to an independent third party. The Convertible Bonds I were denominated in Hong Kong dollars. The Convertible Bonds I entitled the holders to convert them into ordinary shares of HK\$0.01 each of the Company at any time between the date of issue of the convertible bonds and the fifth business days prior to 12 November 2020 at a conversion price of HK\$0.115 per share. If the Convertible Bonds I have not been converted, they would be redeemed on the maturity date at par. Interest of 8% per annum would be paid annually in arrears up until the settlement date.

The principal terms of the Convertible Bonds I were disclosed in the Company’s announcement dated 29 October 2018.

At initial recognition, the equity component of the Convertible Bonds I was separated from the liability component of Convertible Bonds I. The equity element was presented in equity heading “convertible bonds equity reserve”. The effective interest rate of the liability component was 11.12% per annum.

During the year ended 31 December 2020, the Company issued new 8% two-year convertible bonds (the “**Convertible Bonds II**”) with principal amount of HK\$60,000,000 to the holder of the Convertible Bonds I on 12 November 2020. The Company and the holder of the Convertible Bonds I agreed that part of the moneys due by the Company to the holder had been used to pay for the subscription moneys for the Convertible Bonds II. As such, the Company shall not receive any proceeds from this issuance, and the Company repaid part of the principal amount of HK\$20,000,000 of Convertible Bonds I and the accrued coupon interests of HK\$6,400,000, totaling of HK\$26,400,000 (including HK\$859,000 was used to settle prior year’s accrued interest payable), to the holder.

The principal terms of the Convertible Bonds II were disclosed in the Company’s announcement dated 25 September 2020.

The Convertible Bonds II were denominated in Hong Kong dollars, and entitled the holders to convert them into ordinary shares of HK\$0.01 each of the Company at any time between the date of issue of the Convertible Bonds II and the fifth business days prior to 11 November 2022 at a conversion price of HK\$0.071 per share. If the Convertible Bonds II have not been converted, they would be redeemed on the maturity date at par. Interest of 8% per annum would be paid annually in arrears up until the settlement date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

21. CONVERTIBLE BONDS *(Continued)*

No adjustment shall be made to the conversion price in any case in which the amount by which the same would be reduced in accordance with certain provisions would be less than 1% and any adjustment that would otherwise be required then to be made shall not be carried forward.

If any adjustment made to the conversion price would require the Company to allot and issue shares in excess of 852,573,410 unissued ordinary shares of HK\$0.01 each under the general mandate granted to the directors of the Company, the holders would be entitled to convert up to the maximum of 852,573,410 ordinary shares of HK\$0.01 each and all remaining portion of the principal amount will be redeemed on a dollar-to-dollar basis plus interest accrued on the conversion date of the Convertible Bonds II. The Company has the right to redeem part or all of the outstanding Convertible Bonds II by giving to the holders of the Convertible Bonds II a redemption notice not less than seven business days at any time from the issue date but before the maturity date.

The conversion options are not settled by exchange of a fixed amount of cash or another asset for a fixed number of the Company's own shares as they contain the feature designed to protect the holders of convertible bonds from adverse movements in share price at the expense of the existing ordinary shareholders. The Company has designated the debt component, derivative components of holder's conversion option and issuer's early redemption option as financial liabilities at fair value through profit or loss and initially recognised Convertible Bonds II at fair value. The fair value of Convertible Bonds II was determined by aggregating the fair values of (i) present value of contractual future cash flows, represented by the 8% coupon payments per annum, discounted at the effective interest rate of 11% per annum, taking into account the credit standing of the Company and the remaining time to maturity; and (ii) conversion option and issuer's early redemption option. The Company may at any time from the issue date but before the maturity date redeem part or all of the outstanding Convertible Bonds II principal and accrued interests.

At 31 December 2020, the valuation of Convertible Bonds II was determined with the assistance of APAC Appraisal and Consulting Limited, an independent qualified professional valuer not connected to the Group.

In subsequent periods, such Convertible Bonds II shall be measured at fair value with changes in fair values recognised in profit or loss. Transaction costs relating to the issuance of Convertible Bonds II shall be charged to profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

21. CONVERTIBLE BONDS *(Continued)*

The Convertible Bonds II were measured at fair value using the Binomial Option Pricing Model, at initial recognition and at the end of each subsequent reporting period. The inputs into the model as at 31 December 2020 are as follows:

	31 December 2020 (Audited)
Share price	HK\$0.51
Conversion price*	HK\$0.071
Expected volatility	44%
Dividend yield	0%
Option life	1.87 years
Discount rate	11%

* The adjusted conversion price was HK\$0.71 as a result of the Share Consolidation (as defined in note 22).

On 7 May 2021, the Company received the conversion notices from the holder of the Convertible Bonds II for the exercise of its conversion rights to convert the entire outstanding principal amount of the Convertible Bonds II of HK\$60,000,000 into 84,507,042 ordinary shares of HK\$0.10 each of the Company at the adjusted conversion price of HK\$0.71 per share (the "**Conversion**").

The Company allotted and issued the 84,507,042 ordinary shares of HK\$0.10 each to the holder of the Convertible Bonds II on 12 May 2021. The ordinary shares allotted and issued by the Company upon the Conversion rank *pari passu* in all respects with, and within the same class as, the shares in issue upon the date of the Conversion. After the Conversion, there are no outstanding Convertible Bonds II in issue. Details of which are set out in the Company's announcement dated 12 May 2021.

The movement of Convertible Bonds II for the six months ended 30 June 2021 is set out below:

	HK\$'000
At 1 January 2021 (audited)	60,658
Interest charge (<i>note 8</i>)	1,657
Coupon interest paid	(2,315)
Conversion of convertible bonds into shares	(60,000)
	<hr/>
At 30 June 2021 (unaudited)	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

22. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK\$ '000
Authorised:		
Ordinary shares		
At 1 January 2020 (audited), 30 June 2020 (unaudited), 31 December 2020 (audited) and 1 January 2021 (audited)	180,000,000,000 (162,000,000,000)	1,800,000 –
Share Consolidation <i>(Note)</i>		–
At 30 June 2021 (unaudited)	18,000,000,000	1,800,000
Issued and fully paid:		
Ordinary shares		
At 1 January 2020 (audited), 30 June 2020 (unaudited), 31 December 2020 (audited) and 1 January 2021 (audited)	4,262,867,050 (3,836,580,345)	42,629 –
Share Consolidation <i>(Note)</i>		–
After Share Consolidation	426,286,705	42,629
Conversion of convertible bonds into shares <i>(note 21)</i>	84,507,042	8,450
At 30 June 2021 (unaudited)	510,793,747	51,079

Note:

As announced by the Company on 23 March 2021, the Company proposed to implement a share consolidation (the “**Share Consolidation**”) by consolidating every ten issued and unissued existing ordinary shares of HK\$0.01 each in the share capital of the Company into one ordinary share of HK\$0.10 each, ranked *pari passu* in all respect with each other. Immediately after the Share Consolidation, the authorised share capital of the Company shall become HK\$1,800,000,000 divided into 18,000,000,000 ordinary shares of HK\$0.10 each, of which 426,286,705 ordinary shares of HK\$0.10 each were in issue and fully paid. Details of the Share Consolidation are set out, among others, in the circular of the Company dated 23 March 2021.

The ordinary resolution approving the Share Consolidation was passed at the extraordinary general meeting of the Company held on 12 April 2021 and the Share Consolidation became effective on 14 April 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

23. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a new share option scheme to replace the share option scheme adopted on 19 May 2011 pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 24 June 2021. The purpose of the share option scheme is to enable the Company to grant options to selected eligible participants who include employees and directors of the Company and its subsidiaries as incentives or rewards for their contribution or potential contribution to the Group. Under the share option scheme, the option period during which a share option may be exercised shall be determined and notified by the directors of the Company to the grantee and in any event shall not exceed ten years from the date of grant. The maximum number of shares which may be issued upon exercise of all options may be granted at any time under the share option scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed such number of shares as equals 10% of the issued share capital of the Company as at the date of the approval of the share option scheme (the "**Scheme Mandate Limit**"), without prior approval from the Company's shareholders. The Company may seek approval by the shareholders of the Company in general meeting to refresh the Scheme Mandate Limit under the share option scheme.

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

No share options were granted during the six months ended 30 June 2021 and 2020. No share options were outstanding as at 30 June 2021 and 31 December 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

24. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

As at 30 June 2021 and 31 December 2020, details of the pledge of assets are as follows:

- (a) As at 30 June 2021, the Group's investment properties with a carrying amount of HK\$170,100,000 were pledged for securing the repayment of the Group's bank borrowings.
- (b) As at 30 June 2021, cash collateral placed by the Group and included in other receivables of approximately SG\$640,000 (equivalent to approximately HK\$3,684,000) (31 December 2020: SG\$670,000 (equivalent to approximately HK\$3,926,000)), was pledged for financial guarantees of SG\$1,000,000 (equivalent to approximately HK\$5,756,000) (31 December 2020: SG\$1,260,000 (equivalent to approximately HK\$7,383,000)) given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. The financial guarantees will be released upon completion of the contract works.

At the end of the reporting period, as represented by the management of the Group, they do not consider it is probable that a claim will be made against the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

24. PLEDGE OF OR RESTRICTIONS ON ASSETS *(Continued)*

Pledge of assets *(Continued)*

- (c) As at 31 December 2020, the net carrying amount of trade receivables from travel business in Singapore amounting SG\$1,678,000 (equivalent to approximately HK\$9,835,000) and a life insurance policy surrender account receivable of US\$745,000 (equivalent to approximately HK\$5,785,000) had been pledged to a bank in Singapore by way of a floating charge.

The bank had provided the following banking facilities to a subsidiary of the Company in Singapore for travel business:

	31 December 2020	
	Facility limit HK\$'000 (Audited)	Utilised amount HK\$'000 (Audited)
Accounts receivables financing and commercial card guarantee in an aggregate amount of approximately SG\$5,600,000 of which SG\$4,170,000 was utilised	32,815	24,437
Life insurance premium financing loan and term loan in an aggregate amount of approximately US\$854,000 of which US\$746,000 was utilised	6,631	5,796
	<u>39,446</u>	<u>30,233</u>

No such banking facilities were provided to the subsidiary in Singapore after the settlement agreement formed (details as set out in note 19) in March 2021.

Restrictions on assets

As at 30 June 2021, lease liabilities of HK\$9,697,000 (31 December 2020: HK\$3,497,000) are recognised with related carrying amounts of the right-of-use assets of HK\$9,739,000 (31 December 2020: HK\$3,957,000). The lease agreements do not impose any covenants other than the security deposits in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

25. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

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

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term employee benefits	1,942	3,443	4,770	5,807
Post-employment benefits	11	18	25	36
	1,953	3,461	4,795	5,843

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

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

		Three months ended 30 June		Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Related companies (Note 1)	Rental income	1,257	1,257	2,513	2,513
	Brokerage commission income and other service charge income	220	1	243	3
	Advisory fee income from corporate finance	-	100	-	100
	Secretarial fee and other office expenses	-	1	-	40
Subsidiaries of a substantial shareholder of the Company (Note 2)	Lease payments	435	746	1,181	1,492
	Advisory fee income from corporate finance	270	-	370	-
	Brokerage commission income and other service charge income	34	37	47	50

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

25. RELATED PARTY TRANSACTIONS *(Continued)*

(b) *(Continued)*

Notes:

1. Mr. Mung Hon Ting, Jackie ("**Mr. Jackie Mung**"), a close family member of Mr. Mung Kin Keung ("**Mr. KK Mung**") and Mr. Mung Bun Man, Alan ("**Mr. Alan Mung**"), both of whom are directors of the Company.

For the six months ended 30 June 2021, Mr. Alan Mung and Mr. Jackie Mung have the beneficial interests in the related companies. For the six months ended 30 June 2020, Mr. KK Mung and Mr. Jackie Mung had the beneficial interests in the related companies.

2. 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 and a substantial shareholder of the Company. Eternity Investment Limited had significant influence over the Company up to 24 May 2021.

3. During the six months ended 30 June 2021, the Group entered into the following transaction with a related party, and subsequently completed on 2 July 2021:

On 26 March 2021, Harvest Well International Limited ("**Harvest Well**"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Universal Advisory Pte Ltd ("**Universal Advisory**"), a company wholly-owned by Mr. Fung Chung Yuen Steve who is a director and the chief executive officer of Safe2Travel, a then wholly-owned subsidiary of the Company and the principal operating company of the travel business of the Group, pursuant to which Harvest Well agreed to sell and Universal Advisory agreed to purchase 49% of the issued share capital of Safe2Travel (the "**Disposal**").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2021

25. RELATED PARTY TRANSACTIONS *(Continued)*

(b) *(Continued)*

Notes: (Continued)

The consideration for the Disposal is SG\$108,000 (equivalent to approximately HK\$626,000). The consideration shall be paid by Universal Advisory to Harvest Well in cash within ten business days after finalising the audited financial statements of Safe2Travel for the year ended 31 December 2020.

Universal Advisory is wholly owned by Mr. Fung Chung Yuen Steve who is a director and the chief executive officer of Safe2Travel (being a subsidiary of the Company), and is therefore a connected person of the Company at the subsidiary level. The Disposal constituted a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. Pursuant to Rule 20.99 of the GEM Listing Rules, as the Disposal was approved by the board of directors of the Company and confirmed by the independent non-executive directors as being fair and reasonable, and the terms of the Disposal were confirmed by the independent non-executive directors as being on normal commercial terms and in the interests of the Company and the shareholders as a whole, the Disposal was only subject to the reporting and announcement requirements but was exempt from the circular, independent financial advice and independent shareholders' approval requirements under the GEM Listing Rules.

The Disposal was completed on 2 July 2021, subsequently after the six months ended 30 June 2021. In the opinion of the directors, the management of the Group is in the process of assessing the financial impact of the Disposal and expected there will have not material financial impact to the Group's financial position.

26. EVENT AFTER THE END OF THE REPORTING PERIOD

On 26 March 2021, the Group entered into a sale and purchase agreement with Universal Advisory. Pursuant to the sale and purchase agreement, the Group agreed to sell and Universal Advisory agreed to purchase 49% of the issued share capital of Safe2Travel for a total cash consideration of SG\$108,000 (equivalent to HK\$626,000). The completion of the Disposal took place on 2 July 2021. After completion, Safe2Travel changed from a wholly-owned subsidiary to a 51% owned subsidiary of the Company.

Other than those disclosed above, the Group had no material events for disclosure subsequent to 30 June 2021 and up to the date of this report.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

Global Mastermind Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) recorded a profit attributable to owners of the Company of HK\$31,065,000 for the six months ended 30 June 2021 (2020: a loss attributable to owners of the Company of HK\$161,335,000). The turnaround from loss to profit attributable to owners of the Company was due to (i) a HK\$65,766,000 decrease in provision for expected credit losses (“**ECL**”) on trade receivables; (ii) the recognition of an HK\$885,000 reversal of provision for ECL on loan receivables, whereas a HK\$37,929,000 provision for ECL was recognised in the corresponding period last year; (iii) the recognition of the HK\$31,749,000 net realised and unrealised gains on securities investment, whereas HK\$16,878,000 net realised and unrealised losses on securities investment was recognised in the corresponding period last year; and (iv) the recognition of a HK\$6,800,000 gain on fair value changes of investment properties, whereas a HK\$26,700,000 loss on fair value changes of investment properties was recognised in the corresponding period last year.

Revenue and profitability

An analysis of the Group’s revenue for the six months ended 30 June 2021 and 2020 was as follows:

	Six months ended	
	30 June	
	2021	2020
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Service income from provision of travel-related services	457	2,435
Interest income from money lending business	14,683	15,577
Net realised gain (loss) on securities investment	5,374	(11,657)
Revenue derived from financial services business	10,493	7,411
	31,007	13,766

For the six months ended 30 June 2021, the revenue of the Group amounted to HK\$31,007,000, comprised of (i) service income from the provision of travel-related services of HK\$457,000; (ii) interest income from money lending business of HK\$14,683,000; and (iii) net realised gain on securities investment of HK\$5,374,000; and (iv) revenue derived from financial services business of HK\$10,493,000. Revenue derived from financial services business includes 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. The Group reported an increase of 125% in its revenue for the six months ended 30 June 2021 compared to HK\$13,766,000 for the six months ended 30 June 2020. This increase was mainly attributable to the recognition of a HK\$5,374,000 net realised gain on securities investment, whereas a HK\$11,657,000 net realised loss on securities investment was recognised in the corresponding period last year.

Other income, other gains and losses

Other income, other gains and losses for the six months ended 30 June 2021 amounted to a net income of HK\$5,244,000, representing a decrease of 29% as compared to the net income of HK\$7,337,000 for the six months ended 30 June 2020. The decrease was mainly attributable to HK\$2,294,000 decrease in government grants in respect of the COVID-19 pandemic-related subsidies.

Staff costs, depreciation expenses, and other expenses

For the six months ended 30 June 2021, staff costs amounted to HK\$14,208,000 (2020: HK\$23,476,000). Depreciation expenses amounted to HK\$3,092,000 (2020: HK\$4,617,000). Other expenses amounted to HK\$14,420,000 (2020: HK\$8,233,000).

The decrease in staff costs was mainly attributable to the Group's travel operations in Singapore adopting more substantial unpaid leaves as well as furlough leaves per month in the six month ended 30 June 2021 compared with relatively lesser unpaid leaves taken for the beginning of the COVID-19 pandemic situation in the corresponding period last year. The increase in other expenses was mainly due to (i) a HK\$3,118,000 increase in legal and professional fees resulted from the incidents of Solution Apex Investments Limited, a then wholly-owned subsidiary of the Company, relating to the three unauthorised purported investments and unexplained cash withdrawals as disclosed in the Company's announcement dated 29 December 2020, (ii) a HK\$2,102,000 increase in selling and marketing expenses resulted from the expiry of prepaid marketing and promotional expenses charged to profit or loss, and (iii) a HK\$1,159,000 increase in handling fee and commission arising from brokerage business.

Gain on fair value changes of investment properties

At the end of the reporting period, the Group remeasured its investment properties in Hong Kong at fair value based on a valuation prepared by an independent qualified valuer, and recognised a gain of HK\$6,800,000 (2020: a loss of HK\$26,700,000) on fair value changes of investment properties. The recognition of the gain on fair value changes of investment properties was due to the recovery of investment market sentiment following the deployment of the vaccination programme in early 2021.

Reversal of provision for ECL 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 prepared by an independent professional valuer. Based on the valuation, the Group recognised a reversal of provision for ECL of HK\$885,000 (2020: a provision for ECL of HK\$37,929,000). The reversal was due to the decrease in the probability of default in calculating the provision for ECL on loan receivables classified as initial recognition and significant increase in credit risk as a result of the recovery of the global economy following the deployment of the vaccination programme in early 2021.

Provision for ECL on trade receivables

At the end of the reporting period, the Directors performed an impairment assessment on the Group's trade receivables from travel business. Based on the impairment assessment, the Group recognised a provision for ECL of HK\$870,000 (2020: HK\$66,636,000), representing a decrease of HK\$65,766,000 as compared to that for the six months ended 30 June 2020. During the six months ended 30 June 2021, a further provision for ECL was made as the credit quality of certain trade debtors was deteriorated.

Finance costs

For the six months ended 30 June 2021, the finance costs amounted to HK\$6,408,000 (2020: HK\$8,943,000), out of which (i) HK\$560,000 (2020: HK\$380,000) was related to the interest expenses on short-term bank borrowings, (ii) HK\$3,967,000 (2020: HK\$3,989,000) was related to the interest expense on other borrowing, (iii) HK\$1,657,000 (2020: HK\$4,286,000) was related to the interest expense on convertible bonds, and (iv) HK\$224,000 (2020: HK\$288,000) was related to the interest expenses on lease liabilities. The decrease was due to (i) the partial redemption of HK\$20,000,000 of the convertible bonds issued in 2018 on 10 November 2020, and (ii) the conversion of the entire convertible bonds of HK\$60,000,000 issued in 2020 into ordinary shares of the Company on 12 May 2021.

Business Review

Travel business

During the six months ended 30 June 2021, the Group's travel business generated revenue of HK\$457,000 (2020: HK\$2,435,000), an 81% decrease as compared to the corresponding period last year. The decrease in revenue generated from the travel business for the six months ended 30 June 2021 was due to the persistent seriousness of the COVID-19 pandemic.

Money lending business

During the six months ended 30 June 2021, the Group's money lending business generated interest income on loans of HK\$14,683,000 (2020: HK\$15,577,000), a 6% decrease as compared to the corresponding period last year. The decrease was due to the change in interest income recognition method of two loans classified as credit-impaired. Interest income for these two loans is calculated based on the effective interest rate on the net carrying amounts of the two loans (after deducting the related accumulated loss allowance of ECL), rather than the gross carrying amounts. During the six months ended 30 June 2021, the Group did not grant any new loan (2020: Nil), but extended the final repayment dates of two existing loans in the aggregate outstanding principal amount of HK\$75,300,000. The Group's customers repaid HK\$1,266,000 (2020: HK\$1,026,000) to the Group. As at 30 June 2021, the Group's loan receivables together with accrued interest receivables (before accumulated loss allowance of ECL) amounted to HK\$333,391,000 (2020: HK\$331,336,000).

A customer failed to repay the outstanding principal amount of the revolving loan facilities and the accrued interests in the aggregate amount of HK\$59,114,000 in April 2020. The Group commenced civil proceeding in the People's Republic of China (the "PRC") against the customer and the guarantor in September 2020 to collect the outstanding principal amount together with the accrued and unpaid interests thereon. The first court hearing is scheduled on 17 August 2021.

A customer has failed to pay the accrued interests in the aggregate amount of HK\$3,760,000 as they fell due since May 2020. The revolving loan facilities granted to him are secured by a first legal charge over a commercial property located in Central. In June 2021, the Group took possession of the commercial property. In July 2021, the Group entered into a provisional sale and purchase agreement with a third party independent of the Company and its connected persons (as defined under the GEM Listing Rules) to sell the commercial property at a price of HK\$15,900,000 for recovering part of the outstanding principal amount of the revolving loan facilities and the accrued and unpaid interests in the aggregate amount of HK\$22,760,000. Completion of the sale and purchase of the commercial property will take place on or before 8 September 2021. Currently, the Company is seeking legal advice on recovering the remaining balance of outstanding principal amount and the accrued and unpaid interests.

A customer has failed to pay the outstanding principal amount and the accrued interests in the aggregate amount of HK\$2,246,000 as they fell due since August 2020. However, the Group was not able to contact him. The customer has given an undertaking to the Group, in which he has undertaken to the Group that he shall dispose of the whole or any part of the investment portfolio held in his securities account maintained at Global Mastermind Securities Limited, a wholly-owned subsidiary of the Company, to repay the outstanding principal amount of the loan and the accrued interest if he fails to repay the outstanding principal amount of the loan and/or interest payment. Currently, the Group is seeking legal advice on how to dispose of his securities portfolio maintained at Global Mastermind Securities Limited for the recovery of the outstanding principal amount of the loan and the accrued and unpaid interests.

During the six months ended 30 June 2021, a reversal of provision for ECL on loan receivables of HK\$885,000 (2020: a provision for ECL of HK\$37,929,000) was recognised. As at 30 June 2021, the accumulated loss allowance of ECL was HK\$84,501,000 (31 December 2020: HK\$85,386,000).

Treasury management business

During the six months ended 30 June 2021, the Group did not acquire any securities investment (2020: Nil). The Group made a trading gain of HK\$5,374,000 (2020: a trading loss of HK\$11,657,000) by disposing of a securities investment at a consideration of HK\$18,557,000 on the open market, with a carrying amount plus transaction costs of HK\$13,183,000. As at 30 June 2021, the Group remeasured its securities investment at fair value and recorded a net unrealised gain of HK\$26,375,000 arising on changes in fair values of securities investment (2020: a net unrealised loss of HK\$5,221,000).

Financial services business

During the six months ended 30 June 2021, the revenue of the Group's financial services business increased by 42% to HK\$10,493,000 (2020: HK\$7,411,000).

Commission income from securities brokerage for the six months ended 30 June 2021 increased by 96% to HK\$2,768,000 (2020: HK\$1,409,000). This increase was due to increased transaction volumes of securities dealings by the Group's customers resulted from the Hong Kong equity market recovery.

Interest income from margin financing for the six months ended 30 June 2021 decreased by 9% to HK\$3,007,000 (2020: HK\$3,290,000) as there was a decrease in the Group's securities margin financing business. The average outstanding loans of securities margin financing for the six months ended 30 June 2021 amounted to HK\$63,707,000 (2020: HK\$63,807,000). Having performed an impairment assessment, the Directors concluded that no provision for ECL on loans of securities margin financing was required for the six months ended 30 June 2021 (2020: Nil).

Interest income from IPO financing for the six months ended 30 June 2021 increased by 119% to HK\$35,000 (2020: HK\$16,000) as certain customers of the Group increased their IPO shares subscription activities.

The handling and settlement income arising from securities brokerage for the six months ended 30 June 2021 increased by 47% to HK\$3,725,000 (2020: HK\$2,532,000).

The asset management fee income for the six months ended 30 June 2021 decreased by 8% to HK\$59,000 (2020: HK\$64,000). The decrease was due to a decrease in the assets under management by the Group.

The advisory fee income from corporate finance for the six months ended 30 June 2021 increased by 799% to HK\$899,000 (2020: HK\$100,000).

Liquidity and Financial Resources

During the six months ended 30 June 2021, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, and borrowings. Equity attributable to owners of the Company increased from HK\$349,620,000 at 31 December 2020 to HK\$440,730,000 at 30 June 2021. This increase was due to (i) the conversion of the entire convertible bonds of HK\$60,000,000 into ordinary shares of the Company on 12 May 2021, and (ii) the profit generated by the Group for the six months ended 30 June 2021.

On 9 November 2020, a supplemental agreement was entered into between the Company and the finance company to extend further the final repayment date of the loan of HK\$100,000,000 granted by the finance company under the loan agreement dated 16 May 2019 (as amended and supplemented by the supplemental agreement dated 9 November 2020). The loan is interest-bearing at 8% per annum, secured by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, the Chairman of the Board and an executive Director, and maturing on 12 November 2021.

On 12 November 2020, the Company issued the convertible bonds in an aggregate principal amount of HK\$60,000,000. The convertible bonds were interest-bearing at 8% per annum, secured by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, and maturing on 11 November 2022. The gross proceeds from the issue of the convertible bonds of HK\$60,000,000 were utilised to offset against the remaining outstanding principal amount of the convertible bonds issued in November 2018. On 12 May 2021, the holder converted the entire convertible bonds of HK\$60,000,000 into 84,507,042 ordinary shares of HK\$0.10 each at the adjusted conversion price of HK\$0.71 per share. As at 30 June 2021, there were no outstanding convertible bonds in issue.

As at 30 June 2021, the Group had the outstanding bank borrowings of HK\$15,279,000 (31 December 2020: HK\$30,233,000) due to a bank in Singapore. The bank borrowing are interest-bearing at 6% per annum, secured by (i) a first legal mortgage over the Group's investment properties in Hong Kong with a carrying amount of HK\$170,100,000 as at 30 June 2021 and (ii) the assignment of rental proceeds from the Group's investment properties to the bank, and maturing on 1 July 2022.

As at 30 June 2021, the total borrowings of the Group amounted to HK\$115,279,000 (31 December 2020: HK\$190,233,000), representing (i) the other borrowing of HK\$100,000,000 (31 December 2020: HK\$100,000,000), and (ii) the bank borrowings of HK\$15,279,000 (31 December 2020: HK\$30,233,000).

The Group's gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company, was 26% (31 December 2020: 54%). The significant decrease was mainly attributable to the substantial increase in the equity attributable to owners of the Company resulted from (i) the profit generated for the six months ended 30 June 2021; and (ii) the conversion of the entire convertible bonds of HK\$60,000,000 into ordinary shares of the Company on 12 May 2021.

As at 30 June 2021, the bank balances and cash of the Group amounted to HK\$30,496,000 (31 December 2020: HK\$28,721,000). As at 30 June 2021, the Group's net current assets and current ratio were HK\$156,793,000 (31 December 2020: HK\$32,355,000) and 1.9 time (31 December 2020: 1.1 time) respectively. The increase in net current assets and current ratio was mainly attributable to (i) the reclassification of loan receivables of HK\$47,602,000 (net of accumulated loss allowance of ECL) from non-current assets to current assets during the six months ended 30 June 2021; and (ii) the conversion of the entire convertible bonds of HK\$60,000,000 into ordinary shares of the Company on 12 May 2021.

Capital Structure

On 12 March 2021, the Board proposed to implement the share consolidation (the "**Share Consolidation**") by consolidating every ten existing issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company into one ordinary share of HK\$0.10 each. The Share Consolidation was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 12 April 2021 and all conditions precedent of the Share Consolidation have been fulfilled on 12 April 2021. The total number of issued shares became 426,286,705 upon the Share Consolidation became effective on 14 April 2021. Please refer to the announcements of the Company dated 12 March 2021 and 12 April 2021 and the circular of the Company dated 23 March 2021 for details.

On 12 May 2021, the Company allotted and issued 84,507,042 ordinary shares of HK\$0.10 each to the holder of convertible bonds of HK\$60,000,000 at the adjusted conversion price of HK\$0.71 per share pursuant to the conversion notices given by the holder.

Save as disclosed above, there was no change in the Company's capital structure during the six months period ended 30 June 2021.

Exchange Rate Risk

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period were recognised in the profit or loss. In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement to suppliers or payment from customers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, and forward contracts would be entered for hedging the risks if considered necessary.

Pledge of Assets

As at 30 June 2021, the Group's investment properties with a carrying amount of HK\$170,100,000 were pledged for securing the banking facilities granted to the Group's travel business.

As at 30 June 2021, cash collateral of SG\$640,000 (equivalent to HK\$3,684,000) (31 December 2020: SG\$670,000 (equivalent to HK\$3,926,000)) included in other receivables was pledged for financial guarantees of SG\$1,000,000 (equivalent to HK\$5,756,000) (31 December 2020: SG\$1,260,000 (equivalent to HK\$7,383,000)) given by insurance companies in favour of the Group's customers of travel business as security for the due performance and observance of the Group's obligations under the contracts with its customers. If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. At the end of the reporting period, the Directors did not consider it was probable that a claim would be made against the Group.

Contingent Liabilities

As at 30 June 2021, the Group had no material contingent liabilities.

Material Commitments

As at 30 June 2021, the Group had no material commitments.

Material Acquisitions of Subsidiaries, Associations and Joint Ventures

On 17 March 2021, the Group entered into an agreement with Le The Limited (“**Le The**”), a company incorporated in Hong Kong with limited liability and the beneficial owners of which are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules), pursuant to which the Group and Le The agreed to form a company, namely Hocha.elite Limited (“**Hocha.elite**”), which is owned as to 51% by the Group and 49% by Le The. Hocha.elite shall be principally engaged in the promotion, distribution, and sale of the products under the brand name of “Hocha” or “好茶養生” in the Greater China and Southeast Asia regions.

Upon the signing of the agreement, the Group paid HK\$2,000,000 to Le The. Under the agreement, Le The shall authorise the rights of use of the brand name “Hocha” or “好茶養生”, and provide its know-how and management service for the operation of Hocha.elite for an initial period of three years, whereas the Group shall be responsible for procuring other potential investors for investing in Hocha.elite subject to the terms as the parties shall agree. The Group and Le The shall have no obligations for any capital commitment on Hocha.elite.

The board of directors of Hocha.elite shall at all times consist of three directors, of whom two shall be appointed or removed from time to time at the request of the Group and one shall be appointed or removed from time to time at the request of Le The. Hocha.elite was incorporated on 21 May 2021, and became a subsidiary of the Company as the Company has control over Hocha.elite.

Please refer to the Company's announcement dated 17 March 2021 for more details.

As at 30 June 2021, Hocha.elite has not commenced business yet.

Other than disclosed above, the Group did not have any material acquisitions of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

Material Disposals of Subsidiaries, Associates and Joint Ventures

On 26 March 2021, the Group entered into a sale and purchase agreement with Universal Advisory Pte Ltd ("**Universal Advisory**"), a company incorporated in Singapore with limited liability and wholly owned by Mr. Fung Chung Yuen Steve ("**Mr. Fung**") who is a director and the chief executive officer of Safe2Travel Pte Ltd ("**Safe2Travel**"), which is the principal operating company of the travel business of the Group. Pursuant to the sale and purchase agreement, the Group agreed to sell and Universal Advisory agreed to purchase 49% of the issued share capital of Safe2Travel (the "**Disposal**") for a cash consideration of SG\$108,000 (equivalent to HK\$626,000).

The Directors are of the view that the Disposal can benefit the Group on the following aspects, namely: (i) to reduce the Group's exposure on further loss and further capital requirements of Safe2Travel, and (ii) to provide incentive to Mr. Fung, being the key management person of the Group's travel business, through the joint equity holding with him as a matter of alignment of his economic benefit with the future growth and development of the travel business of the Group.

Completion of the Disposal took place on 2 July 2021. After completion, Safe2Travel changed from a wholly-owned subsidiary to a 51% owned subsidiary of the Company. The Company will continue to consolidate the results of Safe2Travel after the Disposal.

Universal Advisory is wholly owned by Mr. Fung who is a director and the chief executive officer of Safe2Travel (being a subsidiary of the Company), and is therefore a connected person of the Company at the subsidiary level. The Disposal constituted a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. The Company has complied with the relevant connected transaction requirements in Chapter 20 of the GEM Listing Rules.

Please refer to the Company's announcements dated 26 March 2021 and 25 May 2021 for more details.

Other than disclosed above, the Group did not have any material disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

Employees Information

As at 30 June 2021, the total number of employees of the Group was 74 (31 December 2020: 93). Staff costs (including directors' emoluments) for the six months ended 30 June 2021 amounted to HK\$14,208,000 (2020: HK\$23,476,000). The decrease in staff costs was mainly attributable to the Group's travel operations in Singapore adopting more substantial unpaid leaves as well as furlough leaves per month in the six month ended 30 June 2021 compared with relatively lesser unpaid leaves taken for the beginning of the COVID-19 pandemic situation in the corresponding period last year. In addition to basic salaries, contributions to retirement benefits schemes and discretionary bonus, staff benefits also include medical schemes and share options.

Outlook

In early 2021, the rollout of vaccination was expected to allow lockdown measures to be gradually relaxed or lifted, and the global economy was forecast to rebound in 2021. However, the increased cases of new COVID-19 variants have forced many countries to introduce tighter travel restrictions. The Directors expect the Group's travel business will not improve until the Hong Kong-Singapore Air Travel Bubble is launched. Both Hong Kong and Singapore Governments agreed that a review of the way forward for the Hong Kong-Singapore Air Travel Bubble could be conducted in late August 2021.

In view of the recent fall in crude oil prices, the worries over the PRC government regulations battered stocks in property and technology sectors and the ongoing COVID-19 pandemic, the outlook of the Hong Kong equity market remains volatile in the rest of 2021. The Directors will closely monitor and adjust the Group's securities investment from time to time and realise the securities investment into cash as and when appropriate in the second half of 2021.

As the new COVID-19 variants increase stress on the global economy, the Directors will continue to closely monitor the repayment and financial condition of the Group's money lending customers in 2021 to ensure speedy actions on any early signs of loan recovery issues. As a matter of prudent measure, the Directors intend to maintain the size of the Group's loan portfolio rather than to expand it further in 2021.

The Directors expect the performance of the Group's financial services business will improve in 2021 compared to 2020, as more and more US-listed Chinese companies are expected to apply for secondary listings in Hong Kong, which has a positive impact on Hong Kong's securities industries in the long run.

For the second half of 2021, the Directors will be cautious and watchful over the development of the COVID-19 pandemic. The Directors commit to lead the Group to weather the challenges and continue to monitor the business environment cautiously and strengthen the Group's business foundation by focusing on its existing businesses. In addition to focusing on the Group's existing businesses, the Directors will continue to cautiously identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

Events After the Reporting Period

On 26 March 2021, the Group entered into a sale and purchase agreement with Universal Advisory. Pursuant to the sale and purchase agreement, the Group agreed to sell and Universal Advisory agreed to purchase 49% of the issued share capital of Safe2Travel for a total cash consideration of SG\$108,000 (equivalent to HK\$626,000). The completion of the Disposal took place on 2 July 2021. After completion, Safe2Travel changed from a wholly-owned subsidiary to a 51% owned subsidiary of the Company.

Other than those disclosed above, the Group had no material events for disclosure subsequent to 30 June 2021 and up to the date of this report.

ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES

Dividends

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

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2021, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, as recorded in the register required to be kept by the Company under section 352 of the Securities and Futures Ordinance (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.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2021, the register of substantial shareholders kept by the Company pursuant to section 336 of the SFO showed that, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions – ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of ordinary shares of the Company held	Approximate percentage of the issued share capital of the Company
Heng Tai Finance Limited (<i>Note 1</i>)	Beneficial owner	84,507,042	16.54%
Heng Tai Consumables Group Limited (<i>Note 1</i>)	Interest of controlled corporation	84,507,042	16.54%
Eternity Investment Limited (" Eternity ") (<i>Note 2</i>)	Interest of controlled corporation	64,730,000	12.67%

Notes:

- Heng Tai Finance Limited 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). Heng Tai Finance Limited is interested in 84,507,042 ordinary shares of the Company. Heng Tai Consumables Group Limited is deemed to be interested in such 84,507,042 ordinary shares by virtue of the SFO.
- Eternity Finance Group Limited is a wholly-owned subsidiary of Eternity, a company listed on the Main Board of the Stock Exchange (stock code: 764). Eternity Finance Group Limited is interested in 64,730,000 ordinary shares of the Company. Eternity is deemed to be interested in such 64,730,000 ordinary shares by virtue of the SFO.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2021.

Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company on 24 June 2021, the Company adopted a new share option scheme (the “**Option Scheme**”) to replace the share option scheme adopted on 19 May 2011. The Option Scheme will expire on 28 June 2031. The purpose of the Option Scheme is to enable the Company to grant share options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The principal terms of the Option Scheme were disclosed in the Company’s circular dated 30 April 2021.

At 1 January 2021 and 30 June 2021, there were no share options outstanding. During the six months ended 30 June 2021, no share options were granted.

Disclosure Pursuant to Rule 17.22 of the GEM Listing Rules

As at 30 June 2021, the outstanding principal amount of the loan made by the Group to Mr. Yuen Hoi Po, an independent third party customer, amounted to HK\$62,247,000, which exceeds 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules. The loan is interest-bearing at 9.00% per annum, unsecured and repayable in one lump sum on 10 November 2022. The loan granted to Mr. Yuen Hoi Po was in the ordinary course of the Group’s money lending business. Details of the grant of the loan were disclosed in the Company’s announcements dated 28 November 2018 and 11 November 2020.

Competing Interests

- (a) Mr. Cheung Kwok Wai, Elton, the Chairman of the Board and an executive Director, has an indirect interest of 15.29% in the issued shares of and is an executive director of Eternity. Eternity and its subsidiaries engage in sale of financial assets, property investment, money lending, and design and sale of jewelry products, which may compete or is likely to 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). China Healthwise Holdings Limited and its subsidiaries engage in sales of Chinese health products, money lending business and investment in financial instruments which may compete or is likely to 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 ("**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 six months ended 30 June 2021, the Company was in compliance with the code provisions set out in the CG Code except for the deviations as explained below:

- (a) 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 a Chief Executive Officer, and the roles and functions of the Chief Executive Officer are performed by the executive Directors collectively.
- (b) 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 memorandum and articles of association of the Company (the “**Articles**”).
- (c) 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” (where applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. The Directors are also 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 disclosed above, in the opinion of the Directors, the Company met the code provisions set out in the CG Code during the six months ended 30 June 2021.

Directors' Securities Transactions

The Company has adopted the required standards of dealings regarding securities transactions by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the GEM Listing Rules during the six months ended 30 June 2021.

Purchase, Redemption or Sale of Listed Securities of the Company

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

Review of Financial Information

The unaudited condensed consolidated financial information for the six months ended 30 June 2021 and this report of the Company have been reviewed by the Audit Committee of the Board, which was of the opinion that the preparation of such financial information and report complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

Acknowledgement

On behalf of the Board, I would like to express my gratitude and appreciation to my fellow Directors, the management and staff for their dedication, loyalty and contribution. In addition, I would like to thank our shareholders for their continuous support.

On behalf of the Board

Cheung Kwok Wai, Elton

Chairman and Executive Director

Hong Kong, 11 August 2021

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