GOLDSTREAM INVESTMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1328)

INTERIM REPORT **2019**

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HIGHLIGHTS

- Revenue for the six months ended 30 June 2019 was approximately HK$141,892,000, representing an increase of approximately 5% as compared to that for the six months ended 30 June 2018.

- Loss attributable to owners of the Company for the six months ended 30 June 2019 was approximately HK$15,621,000, representing an increase of approximately 22% as compared to that for the six months ended 30 June 2018. The increase in loss attributable to owners of the Company for the six months ended 30 June 2019 was mainly attributable to (i) the increase in the amortization of intangible assets (i.e customer contracts); and (ii) the disposal of PIM business and RF-SIM business in 2018.

Business Overview

The Group is principally engaged in providing customer relationship management ("CRM") services and investment management ("IM") services. The Group provides CRM outsourcing services with a business focus in Hong Kong, Macau and the People's Republic of China ("PRC") markets. CRM is a process of providing services to customers with the use of communication and computer networks. Services provided by the Group are classified into inbound and outbound services. During the period under review, the Group continued to provide services to established telecommunications service providers, including Hutchison Telecommunications, HGC Global Communications, China Unicom Guangdong, Telecom Digital and PCCW Mobile. Besides, the management continues to diversify the Group's CRM customer base to non-telecommunications industries, the clients of which include, but not limited to, China Guangfa Bank, Pizza Hut (Hong Kong & Macau), KFC (Hong Kong & Macau), Park'N Shop (PRC) and Beijing Yazhan.

The Group is no longer engaged in the provision of passenger information management system ("PIMS") and research and development, production and sales of radio-frequency subscriber identity module ("RF-SIM") products and licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau as well as the research and development and technology transfer of certificate authority-SIM ("CA-SIM") application right to customers following the completion of disposal of interest in Global Link Communications Holdings Limited through the distribution in specie in October 2018 and the disposal of interest in Sunward Telecom Limited in November 2018.

Following the acquisition of Goldstream Capital Management Limited and Goldstream Securities Limited ("Goldstream Companies") in November 2018, the Group is also engaged in the provision of IM services. IM business includes (i) the provision of advisory services on securities and asset management; and (ii) securities trading.

Financial Review

Revenue from CRMS business for the six months ended 30 June 2019 was approximately HK$127,273,000, representing a slight decrease of approximately 6% as compared to that of the Last Corresponding Period. With the new business driver, IM business, the Group recorded a new revenue stream of approximately HK$14,619,000 for the six months ended 30 June 2019. Revenue of the Group for the six months ended 30 June 2019 amounted to approximately HK$141,892,000, representing an increase of approximately 5% as compared to that of the Last Corresponding Period. Revenue from CRMS and IM businesses accounted for approximately 90% and 10% of the Group's total revenue for the six months ended 30 June 2019 respectively.

The Group's loss attributable to owners of the Company for the six months ended 30 June 2019 was approximately HK$15,621,000, representing an increase of approximately 22% as compared to that of the Last Corresponding Period. The increase in loss attributable to owners of the Company for the six months ended 30 June 2019 was mainly attributable to (i) the increase in the amortization of intangible assets (i.e customer contracts); and (ii) the disposal of PIMS business and RF-SIM business in 2018.

CRMS Business

Business Review

Customers in Telecommunications Industry

During the period under review, the Group continued to provide services to established telecommunications service providers. The Group continued to seek further cooperation with customers in the telecommunications industry, as well as business opportunities with other telecommunications service providers. The Group has successfully acquired service contracts from a customer with business established outside Guangdong Province, China under the paragraph – "New Customers" of this report. However, due to the fierce competition in the CRM and telecommunications industry, there was a decrease in revenue of the Group from telecommunications service providers for the six months ended 30 June 2019 of approximately 4% as compared to that of the Last Corresponding Period.

During the period under review, the Group operated a new project for a client in the telecommunications industry: Internet Online project. The project utilizes manual online customer service of 7 days a week and 24 hours daily to provide services such as business consulting, business inquiry, business processing, fault reporting, and complaint acceptance to customers. Revenue is generated from monthly assessment. However, the demand for online customer service is decreasing due to the development of smart robots and higher percentage of usage of customer self-service. Meanwhile, with the further increase in labour cost, the net profit of Internet Online project decreased, which may generate loss in the future.

During the second quarter of 2019, the Group operated a new project for a client in the telecommunications industry: New Customer Development and Acquisition project. The project uses Baidu or new media channels to deliver advertisements to convert and acquire new customers. After the potential users filled in the information on the Internet, the operator will then call back and provide services or products by means of telesales. The project is still in its early stage, and due to the impact of the unclear policies of the mobile network operator and portable number transfer policy, the revenue has not reached its expected level, but it is gradually developing in a steady pace.

Customers in Non-Telecommunications Industries

During the period under review, the Group continued to develop its non-telecommunications customer base through active negotiation with potential customers in various industries such as finance, broadcast communication, social welfare, food and beverage, slimming and beauty shops, education, information technology, banking, exposition and property development.

During the period under review, the Group ran pilot operations for two new projects for clients in non-telecommunications industries: Self-media project and Educational Voice Outbound project. Self-media project generates revenue by interspersing clients' advertisements in WeChat and other public platforms to achieve traffic monetization. The project is committed to realizing traffic monetization for merchants of different types, which includes paid courses, paid communities, content e-commerce, service e-commerce and others. Though self-media marketing is a creative business mode that is relative popular these days, revenue from this project has not reached its expected level, due to the lack of experience in the platform integration, traffic monetization and operation. The Educational Voice Outbound project is mainly targeted at prospective students' parents, who will be screened by artificial intelligence's voice outbound calls. After a successful preliminary interview, further telesales will be conducted to invite target customers to participate in course experience at designated campus. The commission revenue is generated from monthly assessment. Since the actual conversion rate of successful sales is much lower than expected, the relative growth of commission is not enough to justify the costs. Eventually, the two projects were suspended at the end of the second quarter of 2019.

The Group continued to cooperate with and provide CRM services to well-established customers and customers with businesses established outside Guangdong Province, China. These customers have stronger demand for our services in line with their development and expansion. With the new and established customers, the Group has built a consolidated customer base and they have witnessed the achievement of the Group's development in non-telecommunications industries.

Multi-Skill Training

Benefiting from the government's favourable training policy for the CRM industry in China, the Group provided various training programs for its staff, including a multi-skill-and-management training program. This training program is designed to imbue the experienced operators with skills that will allow them to work on multiple projects. This makes the project teams more versatile and better allocates the Group's resources. Consequently, operators that would otherwise be idle can now serve customers of different projects. That has significantly enhanced the Group's efficiency, particularly in small projects with volatile call volume.

An additional benefit of the training program is the further improvement of service quality. The multi-skill operators who have attended at least two structured training programs have demonstrated superior performance in terms of customer satisfaction and telesales success rate. The directors of the Company (the "Directors") believe that the operators with multi-skills can form an elite CRM team that particularly caters to high-end customers.

CRM Service Centres

The Group has established four CRM service centres and the current production capacity is at an impressive level of over 4,500 seats, securing the Group's leading position in China. During the period under review, the Group continued to improve facilities and environment of its CRM service centres so as to enhance the general operational efficiency.

New Customers

During the period under review, the Group has entered into service contracts with the following customers for the provision of CRM services.

Customer	Service	Contract date
China United Network Communications Co., Ltd. Jieyang City Branch (中國聯合網絡通信有限公司揭陽市分公司)	Telesales	January 2019
China United Network Communications Co., Ltd. Zhongshan City Branch (中國聯合網絡通信有限公司中山市分公司)	Telesales	January 2019

Awards And Certification

In May 2019, China Elite Info. Co., Ltd. ("China Elite") obtained the Business Licence for Cross-region Value-added Telecommunications Business from the Ministry of Industry and Information Technology of the PRC.

In May 2019, China Elite obtained the Customer Center – Capability Maturity Model Standard Certificate from CCM World Group.

Internet CRM

During the period under review, the Group continued to provide the Internet CRM service named as Intelligent Internet Chat Application ("iChat") service, to established telecommunications service providers as well as customers in non-telecommunications industries. The users' usage pattern nowadays is shifting from traditional voice services to value-added online services, therefore Internet CRM service will be the focus of the Group. With the introduction of iChat service, the labour force structure of the traditional CRM service has been optimized. Furthermore, iChat service creates unique value to the Group's customers. The Group believes that by changing the cost structure and increasing the revenue source, the new service will enhance the profit margin of the Group. As the market trend changes and the artificial intelligence ("A.I.") industry rises, the Group will be exploring the application of A.I. technology in iChat to optimize its services.

The Group had developed an A.I. system called "CallVu" and obtained services agreements to provide online service support to the customer over the past years. However, such CallVu related services project is expected to end in 2019, and the Group has realised in the operation that the technology keeps upgrading and replacing. There are uncertain factors in the renewal of the agreement at this point in time, therefore the Group is prudent in the value of CallVu.

The Chinese government has become more supportive of the development of A.I. industry. The Directors believe that the applications of A.I. will become an irresistible trend, and will further invest the Group's resources in the research and development of CRM-related A.I. applications, and seek further business opportunities.

Reference is made to the composite offer and response document dated 6 December 2018 (the "Composite Document") jointly issued by the Company and Hony Gold Holdings, L.P. (the "Offeror"). As disclosed in the Composite Document, the Offeror intended to continue the development of the CRMS business of the Group in three ways, namely (i) improvement of infrastructure for the CRMS business; (ii) development of business with existing customers; and (iii) possible development of CRMS business with new customers introduced by the Offeror.

(i) Improvement of infrastructure

Due to slow down in the economy brought about by the United States-China trade conflict, the CRM industry and some of our major clients are facing a challenging period of time. This slowed down our projected business growth, and in some cases, revenue from existing contracts fell below estimates. In view of the adverse market conditions which lack clarity, the Group has deferred some of the replacement and upgrade to our computer systems and client servicing seats to avoid building up excessive capacity.

However, during the second quarter of 2019, the Group has continued to identify and invest in new service methods and technologies, such as artificial intelligence, use of big data processing and visualization with the plan of building the next generation of CRM centre to capture new business opportunities derived from the deployment of the latest 5G mobile technology.

(ii) Development of business with existing customers and new customers

During the first quarter of 2019, the Group has continued to strive to increase the presence of its CRMS business in the China market and the possibility of developing non-telecommunications markets and has been constantly seeking business improvement. The Group has entered into two new contracts to provide telesales services to the Jieyang Branch and Zhongshan Branch of China United Network Communications Co., Ltd. (中國聯合網絡通信有限公司).

During the second quarter of 2019, the Group continued to provide CRM services to established telecommunications service providers. The Group continued to seek further cooperation with customers in the telecommunications industry, as well as business opportunities with other telecommunications service providers.

The Group continued to develop new business initiatives through various projects. The Group operated two new projects for a client in the telecommunications industry and ran pilot operations for two new projects for clients in non-telecommunications industries. For further details of such projects, please refer to the paragraphs – "Business Review – Customers in Telecommunications Industry" and "Business Review – Customers in Non-Telecommunications Industries" of this report.

Due to rising labour cost and user traffic falling at a rate significantly above projections, the expected revenue-to-cost ratio and level of income did not meet our expectations and some of these projects were suspended or are expected to generate loss in the future.

(iii) Possible development with new customers introduced by the Offeror

During the second quarter of 2019, the Group has made major effort in developing the CRMS business with clients in non-telecommunications industries covering:

- Food and Beverage – The Group is negotiating with a few food chain stores to provide order hotline, online ordering and other client related services.

- Healthcare – The Group is negotiating with a hospital management company to provide telephone appointment and customer hotline services.

- Media – The Group is negotiating with different online shopping and internet service providers and cable TV companies to provide online customer services.

- Tourism – The Group has commenced negotiation with three tourist companies in mainland China to provide online bookings, booking hotline and client relationship management.

- Insurance – The Group's wholly-owned subsidiary has a insurance agency license issued by the Chinese mainland government, and its business includes online and offline sales. The Group expects to provide specialized telemarketing and online sales services to insurance companies based on big data and artificial intelligence.

- Retail – The banking industry continues to transform and the Group plans to open up the market to the banking industry. At present, the Group has cooperated with a Chinese bank in financial business process outsourcing and will use this as a basis to develop businesses with more banks. The Group will vigorously deepen the sales and support service to banking products by applying artificial intelligence and big data.

Although none of the above new initiatives has been materialized into any service contracts as of the date of this report, the Group will continue its efforts to develop new ideas to provide value-added services to these different industries. The Group will also look into engaging external market consulting group to provide in-depth studies of the prospects of CRM and related business in China to help us focus our effort in developing and expanding our foot print.

Prospects

China is committed to promoting outsourcing services, and the CRM service provided by the Group is one of the important services of business process outsourcing. According to a bulletin by the Ministry of Commerce of China on the domestic business operations for the six months ended 30 June 2019, the outsourcing service industry serviced outsourcing contracts amounted to approximately RMB405.94 billion, an increase of 11.5% over the same period last year. In the first half of this year, the structure of China's service outsourcing business continued to be optimized, and the proportion of high value-added service increased.

The Group is committed to enhancing the penetration rate of the PRC market and exploring the possibility of developing the non-telecommunications market. The Group expects that the launch of the 13th Five-Year Plan will bring new market opportunities and will attract more customers to recognize the importance of the Group's professional services and may cooperate with the Group to reduce operating costs, expand their market and enhance their customers' loyalty management. The Group expects to enter into service agreements with these potential customers.

Within the technologically innovative environment in China, including but not limited to the growth of 4G mobile communications, the rapid development of 5G mobile communication technologies, the popularization of mobile Internet in daily life, the emerging of "smart city" related applications and the "Internet plus" strategy, the Directors expect that there will be more opportunities in the PRC market for the Group to develop its business. Now that the mainland China has entered into the "portable number transfer" and 5G commercial eras, and the gaining momentum in 5G licensing in Hong Kong, the Group will continue to conduct in-depth cooperation with operators to carry out related sales business projects in the future. In addition, the Group has the intellectual property rights of artificial intelligence voice technology. As the artificial intelligence application service matures, the Group will also accelerate the pace of applying artificial intelligence technology to CRMS business, thereby increasing service-added value.

In 2019, the Group will continue to identify business opportunities with government departments and companies with operations outside the provinces of Guangdong Province, China. In addition, the Group is leveraging on the Group's resources and applying their knowledge in the food and beverage industry to engage commercial discussion with two large food chain companies. At the same time, the Group also has commercial contacts with a pay TV media in Hong Kong and is expected to provide CRM services and mobile communication sales for pay TV members.

As disclosed in the Composite Document, the Offeror would conduct a review of the business operations and financial position of the Group with a view to formulating a long term strategy and business plan, together with a plan for utilization of the Group's assets, and would explore other business opportunities for the Group.

The Group is constantly pursuing business improvement and formulating plans to launch new services, new procedures and explore new markets. Based on the Directors' review of the business operation and financial position of the Group, in the near future, the Group plans to launch a wireless Internet service, which is a wireless Internet portal based on wireless hotspots, which can provide users with high-speed data communication services such as web browsing, cloud games, cloud video and social chat. The Group's CRM and innovative solutions are increasingly recognized for its strong operational team and advanced technology developed by itself. The Directors expect that the demand for quality smart CRM outsourcing solutions will increase in all sectors of the local and overseas markets. The Directors are confident that the Group will be able to fully grasp the tremendous business opportunities created by these future growth.

In order to cater to the new cooperative business and the development of the new generation CRM centre, the Directors believe that the sixth generation call centre is about to enter into the era of artificial intelligence that is covered by large operators to the whole industry.

In the past few years, in order to meet the requirements of market development, the Group has continued to invest a large amount of funds in research and development, and has achieved a series of results. Including: Shenghua A.I. telephone robot system (EliteUCVAI), visual customer service software (CallVU), integrated customer service system (EUC) and 20 other software copyrights, of which the visual customer service software (CallVU) has submitted a patent application to the national intellectual property department.

The Directors believe that with the changes in consumer behavior and service methods, the demand for text, visualization and artificial intelligence will become more obvious in the future, and the requirements for service standards will become higher. In such market competition, partners will inevitably choose to cooperate with enterprises that have both economies of scale and are willing to provide new services. Therefore, in order to speed up market development, we strive to seize market opportunities with new technology and new services. Therefore, the Group hopes to cooperate with enterprises with richer society, enterprise and consumer resources, so as to take advantage of the breakout, absorb more CRM business, and consolidate its market advantage.

The Group is relying on technology and empowerment such as artificial intelligence and visualization technology to provide a new generation of CRM center cooperation for many companies.

IM Business

Business Review

After the acquisition of the IM business at the end of November 2018, the Group continued to develop the business through setting up new investment products and establishing new relationships with institutional clients both within and outside of mainland China.

The Asia fund management industry enjoyed a positive start to 2019. It began with strong momentum after a challenging 2018 with majority of investment strategies posting gains. Last year's underperformers were the top gainers as fundamental long short strategies fared the best, especially funds with a sizable allocation to China. Risk appetite made a significant return to global markets in January, following a very challenging second half in 2018. Markets oscillated around the latest US-China trade rhetoric but generally maintained their positive momentum throughout the last couple of months. The change in sentiment was sharp, global markets continued to exhibit signs of exuberance with many of the key risk indicators collapsing.

China equity markets were some of the best performers in February 2019 with substantial increase in turnover in domestic exchanges month over month. China focus funds had the best January and February monthly performance in recent years. The market reacted positively to the fast tracking of weighting increase in A shares in MSCI Emerging Markets Index. Fund performance in Asia was stronger than other regions for the second successive month and investor interest has subsequently increased.

There have been continued moves to allow a broader access to China's onshore equity market with recent announcements regarding increasing the flexibility of the QFII and RQFII schemes. These have created positive sentiment and favorable environment for the investment management business to recover from 2018.

During the second quarter of 2019, the markets continued to be volatile caused mainly by the US-China trade conflict. Although investors remain interested in investing in Asia and China, they are deferring their decisions until there are more clarities in the market. This caused a slower growth than our projection. In response to the market environment, the Group has been evolving its strategies with value creation in mind and has established new funds with different investment strategies to meet clients' demands in a rapidly changing environment that is very different from the recent past.

The Group has successfully received additional investment from one of our major institutional clients after being ranked as one of their top investment advisors by performance and is actively engaging in close discussions with a number of new institutional clients and family offices on various business ventures and investment advisory mandates.

In parallel to product and strategy development, the Group has continued to develop its operating platform to offer our investors value-added services.

The Company remains positive that Hong Kong and China offer attractive long term investment opportunities with limited correlation to other markets and local investment managers with the right expertise is required to deliver risk-adjusted returns.

Prospects

Based on the Directors' review of the business operation and the financial position of the Group, the Group intends to continue to develop its IM business with a focus on becoming a provider of products, solutions, platform and infrastructure. The Group will continue with the following initiatives:

- setting up and launching new products to diversify the investment of the IM business;
- promoting our funds to institutional clients and family offices to extend our client base geographically and increase our assets under management;
- developing our business relationships in China to extend our investment advisory services to mainland institutional clients investing in the Hong Kong equity market through the stock connect program;
- building relationships with institutional clients covering financial institutions, mainly banks and insurance companies, product distributors like securities companies, high net worth individuals and large conglomerates;
- developing our operating platform to enhance our client services, risk management and operations capabilities to support our diversifying set of products and business services;
- applying technology to improve investment, reduce costs and reshaping work force;
- developing new investment and allocation strategies through the usage of big data and quantitative analysis to build up our investment solutions capabilities; and
- building up our China capabilities to issue and manage domestic products.

Capital Structure

As at 30 June 2019, the Group's shareholders' equity was approximately HK$819,005,000 and the total number of shares issued was 11,346,472,321.

The Group obtained an unsecured, non-interest bearing loan from a former director, Mr. Li Kin Shing in November 2018 and HK$105,000,000 was drawndown as at 30 June 2019. The loan will mature and repayable in full amount on 29 November 2020. As at 30 June 2019, the gearing ratio (being ratio of total borrowings outstanding less cash and deposits to the sum of total equity and total borrowings) was therefore not applicable.

Liquidity and Financial Position

	As at 30 June 2019 (Unaudited) HK$'000	As at 31 December 2018 (Audited) HK$'000
Cash at banks and on hand	**185,574**	116,821
Fixed-term bank deposits	**321,662**	343,531
Total cash and deposits	**507,236**	460,352

The Group adopts a sound financial policy, and the surplus cash is deposited at banks to facilitate extra operation expenditure or investment. Management makes financial forecast on a regular basis.

As at 30 June 2019, the Group's balance of cash and deposits was approximately HK$507,236,000, which was attributable to the proceeds from the IPO, cashflow from operations and the borrowings from a former director.

The Group normally finances its operations with internally generated cash flows. Cash and cash equivalents increased by approximately HK$46,884,000 during the six months ended 30 June 2019.

The current ratio was 11.17 as at 30 June 2019, which is higher than 9.72 as at 31 December 2018. The quick ratio was 11.11 as at 30 June 2019, which is higher than 9.72 as at 31 December 2018.

羅兵咸永道

To the Board of Directors of Goldstream Investment Limited (Formerly known as "International Elite Ltd.")
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 14 to 47, which comprises the condensed consolidated interim statement of financial position of Goldstream Investment Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2019 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Other Matter

The comparative information for the condensed consolidated interim statement of financial position is based on the audited financial statements as at 31 December 2018. The comparative information for the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows, and related explanatory notes, for the six months ended 30 June 2018 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2019

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	(Unaudited) For the six months ended 30 June 2019 HK$'000	2018 (Restated) HK$'000
Continuing operations			
Revenue	6	**141,892**	134,769
Other income		**5,397**	3,961
Expenses			
Employee benefits expenses	8	**(123,126)**	(120,405)
Depreciation and amortisation expenses		**(19,338)**	(4,844)
Operating lease charges		**(3,430)**	(5,573)
Utilities		**(2,551)**	(2,630)
Legal and professional fee expenses		**(2,172)**	(1,088)
Other expenses		**(16,932)**	(10,271)
Total expenses		**(167,549)**	(144,811)
Operating loss		**(20,260)**	(6,081)
Finance income	19	**2,693**	–
Finance cost		**(1,476)**	–
Finance income, net		**1,217**	–
Loss before income tax	7	**(19,043)**	(6,081)
Income tax credit	9	**3,422**	135
Loss from continuing operations		**(15,621)**	(5,946)
Loss from discontinued operations	12(a)	**–**	(8,140)
Loss for the period		**(15,621)**	(14,086)

The above condensed consolidated interim income statement should be read in conjunction with accompanying notes.

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	(Unaudited) For the six months ended 30 June 2019 HK$'000	2018 (Restated) HK$'000
Loss for the period attributable to:			
Owners of the Company			
– Continuing operations		**(15,621)**	(5,946)
– Discontinued operations		**–**	(6,829)
		(15,621)	(12,775)
Non-controlling interest			
– Continuing operations		**–**	–
– Discontinued operations		**–**	(1,311)
		–	(1,311)
Loss per share attributable to owners of the Company during the period (expressed in HK cent per share):	11		
Basic and diluted			
– Continuing operations		**(0.14)**	(0.07)
– Discontinued operations		**–**	(0.07)
		(0.14)	(0.14)

The above condensed consolidated interim income statement should be read in conjunction with accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		(Unaudited) For the six months ended 30 June	
		2019	2018 (Restated)
	Note	**HK$'000**	HK$'000
Loss for the period		**(15,621)**	(14,086)
Other comprehensive loss			
Item that may be reclassified to profit or loss:			
Currency translation differences:			
– Continuing operations		**(707)**	(1,387)
– Discontinued operations	12(a)	**–**	(846)
Other comprehensive loss for the period, net of tax		**(707)**	(2,233)
Total comprehensive loss for the period, net of tax		**(16,328)**	(16,319)
Total comprehensive loss for the period attributable to:			
– Owners of the Company		**(16,328)**	(14,929)
– Non-controlling interests		**–**	(1,390)
		(16,328)	(16,319)
Total comprehensive loss for the period is attributable to the owners of the Company arises from:			
– Continuing operations		**(16,328)**	(7,333)
– Discontinued operations		**–**	(7,596)
Total		**(16,328)**	(14,929)

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	**(Unaudited) As at 30 June 2019 HK$'000**	(Audited) As at 31 December 2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**45,762**	47,379
Goodwill	14	**197,833**	197,833
Intangible assets	14	**100,941**	115,208
Right-of-use assets	3(a)	**10,200**	–
Deferred tax assets		**384**	–
Long term deposits	15	**1,011**	615
		356,131	361,035
Current assets			
Trade receivables and contract assets	15	**91,401**	98,294
Prepayments, deposits and other receivables	15	**44,887**	44,017
Cash and cash equivalents	16	**507,236**	460,352
		643,524	602,663
Total assets		**999,655**	963,698
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	17	**113,465**	113,465
Reserves		**705,540**	721,868
Total equity		**819,005**	835,333
LIABILITIES			
Non-current liabilities			
Borrowings from a former director	19	**100,975**	47,445
Deferred tax liabilities		**16,628**	18,891
Lease liabilities	3(a)	**5,432**	–
		123,035	66,336
Current liabilities			
Trade and other payables	18	**51,933**	60,935
Contract liabilities		**755**	309
Lease liabilities	3(a)	**4,911**	–
Tax payable		**16**	785
		57,615	62,029
Total liabilities		**180,650**	128,365
Total equity and liabilities		**999,655**	963,698

The above condensed consolidated interim statement of financial position should be read in conjunction with accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	(Unaudited) Attributable to owners of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Other reserves** HK$'000	**Statutory reserve** HK$'000	**Exchange reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interest** HK$'000	**Total equity** HK$'000
As at 1 January 2018	90,835	1,481,785	1,504,296	3,016	99,939	(2,570,197)	609,674	63,796	673,470
Change in accounting policy	–	–	–	–	–	(2,714)	(2,714)	(3,775)	(6,489)
Restated total equity as at 1 January 2018	90,835	1,481,785	1,504,296	3,016	99,939	(2,572,911)	606,960	60,021	666,981
Comprehensive loss									
Loss for the period	–	–	–	–	–	(12,775)	(12,775)	(1,311)	(14,086)
Other comprehensive loss									
Currency translation differences	–	–	–	–	(2,154)	–	(2,154)	(79)	(2,233)
Total other comprehensive loss, net of tax	–	–	–	–	(2,154)	–	(2,154)	(79)	(2,233)
Total comprehensive loss	–	–	–	–	(2,154)	(12,775)	(14,929)	(1,390)	(16,319)
Transaction with owners in their capacity as owners									
Transfer to statutory reserve	–	–	–	175	–	(175)	–	–	–
Total transaction with owners in their capacity as owners	–	–	–	175	–	(175)	–	–	–
As at 30 June 2018	90,835	1,481,785	1,504,296	3,191	97,785	(2,585,861)	592,031	58,631	650,662
As at 1 January 2019	**113,465**	**1,709,869**	**1,458,416**	**3,141**	**1,202**	**(2,450,760)**	**835,333**	**–**	**835,333**
Comprehensive loss									
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(15,621)**	**(15,621)**	**–**	**(15,621)**
Other comprehensive loss									
Currency translation differences	**–**	**–**	**–**	**–**	**(707)**	**–**	**(707)**	**–**	**(707)**
Total other comprehensive loss, net of tax	**–**	**–**	**–**	**–**	**(707)**	**–**	**(707)**	**–**	**(707)**
Total comprehensive loss	**–**	**–**	**–**	**–**	**(707)**	**(15,621)**	**(16,328)**	**–**	**(16,328)**
Transaction with owners in their capacity as owners									
Transfer to statutory reserve	**–**	**–**	**–**	**1,464**	**–**	**(1,464)**	**–**	**–**	**–**
Total transaction with owners in their capacity as owners	**–**	**–**	**–**	**1,464**	**–**	**(1,464)**	**–**	**–**	**–**
As at 30 June 2019	**113,465**	**1,709,869**	**1,458,416**	**4,605**	**495**	**(2,467,845)**	**819,005**	**–**	**819,005**

The above condensed consolidated interim statement of changes in equity should be read in conjunction with accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	(Unaudited) For the six months ended 30 June 2019 HK$'000	 2018 (Restated) HK$'000
Cash flows from operating activities			
Cash used in operations		**(7,263)**	(1,145)
Income tax paid		**–**	(30)
Net cash used in operating activities from discontinued operations	12(b)	**–**	(9,985)
Net cash used in operating activities		**(7,263)**	(11,160)
Cash flows from investing activities			
Purchases of property, plant and equipment	13	**(941)**	(395)
Proceeds on disposal of property, plant and equipment		**53**	17
Interest received		**3,037**	1,118
Net cash generated from investing activities from discontinued operations	12(b)	**–**	95
Net cash generated from investing activities		**2,149**	835
Cash flows from financing activities			
Proceed from borrowings from a former director	19	**55,000**	–
Principal elements of lease payment		**(2,823)**	–
Net cash generated from financing activities		**52,177**	–
Net increase/(decrease) in cash and cash equivalents		**47,063**	(10,325)
Cash and cash equivalents at 1 January		**460,352**	383,856
Effect of foreign exchange rate changes		**(179)**	(598)
Cash and cash equivalents at 30 June	16	**507,236**	372,933

The above condensed consolidated interim statement of cash flows should be read in conjunction with accompanying notes.

1 General information

Goldstream Investment Limited (Formerly known as "International Elite Ltd.") (the "Company") and its subsidiaries (collectively, the "Group") is principally engaged in the provision of Customer Relationship Management ("CRM") services, which include inbound services and outbound services, to companies in various service-oriented industries. Following the acquisition of Sunward Telecom Limited and its subsidiaries ("Sunward Group") in September 2010, the Group was also engaged in research and development, production and sales of Radio-Frequency Subscriber Identity Module ("RF-SIM") products and licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau as well as the research and development and technology transfer of Certificate Authority-SIM ("CA-SIM") application right to customers. Following the acquisition of Global Link Communications Holdings Limited ("GLCH") in April 2016, the Group was also engaged in the provision of passenger information management system ("PIMS"). The Group has no longer engaged in PIMS business and RF-SIM business following the completion of disposal of interest in GLCH through distribution in specie in October 2018 ("Distribution in Specie") and the disposal of interest in Sunward Telecom Limited in November 2018. Following the acquisition of Goldstream Capital Management Limited ("GCML") and Goldstream Securities Limited ("GSL") ("Goldstream Companies") in November 2018 ("Acquisition"), the Group is also engaged in the provision of investment management ("IM") services.

The Company was incorporated in the Cayman Islands on 18 September 2000 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is the Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, Grand Cayman KY1-1208, Cayman Islands. The Company has been listed on the Main Board of the Hong Kong Stock Exchange since 25 May 2009.

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The condensed consolidated interim financial information was approved for issue by the Board on 29 August 2019.

The condensed consolidated interim financial information has been reviewed, not audited.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

2 Basis of preparation (Continued)

On 9 October 2018, pursuant to the Distribution in Specie, the Group ceased to be shareholder of 872,920,496 shares in GLCH, representing 42% of the then total issued shares of GLCH. Distribution of nearly all of its interest in GLCH led to loss of control in GLCH on the same date.

On 30 July 2018, the Company entered into a sale and purchase agreement with Mr. Li Kin Shing ("Mr. Li") to dispose of the Group's 100% equity interest in MZone Network Limited and Sunward Telecom Limited (the "Disposal Group") to Mr. Li at a consideration of HK$135,000,000. The Group completed such disposal on 29 November 2018.

The Group completed the Distribution in Specie, and the disposals of the Disposal Group ("the Disposal Businesses") in October and November 2018, respectively (see Note 12). Accordingly, the financial results of Disposal Businesses for the period from 1 January 2018 to 30 June 2018 were presented as discontinued operations in accompanying condensed consolidated interim income statement and condensed consolidated interim statement of cash flows as "Discontinued Operations" in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations". Comparative figures for the period ended 30 June 2018 had been restated accordingly.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements, except for the adoption of new and amended standards effective for the reporting period beginning on or after 1 January 2019. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New, amended standards and interpretation adopted by the Group

New and amended standards and interpretations, which are mandatory for the first time for the financial period beginning 1 January 2019 to the Group, are as follows:

Annual improvements project	Annual Improvements to IFRSs 2015 – 2017 Cycle
IAS 19 (Amendment)	Employee Benefits
IAS 28 (Amendment)	Investments in Associate and Joint Ventures
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation
IFRS 16	Leases
IFRIC – Int 23	Uncertainty over Income Tax Treatments

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 "Leases".

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note 3(a) below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

2 Basis of preparation (Continued)

(b) New, amended standards and interpretation not yet applied by the Group

A number of new standards, amendments to standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2019 and have not been early adopted by the Group in preparing the condensed consolidated interim financial information. None of these is expected to have a significant effect of the condensed consolidated interim financial information of the Group based on the preliminary assessment made by management.

(c) Changes in presentation of the consolidated income statement

In previous years, the Group presented an analysis of the Group's expenses on the face of its consolidated income statement using a classification based on their function within the Group.

Following the disposals of manufacturing and trading businesses and acquisition of investment management business recently, the directors reviewed the presentation of the Group's consolidated income statement taking into account of the changes that the Group's core business become mainly engaging in providing service to customers and the presentation adopted by certain companies within the same industry, and concluded that to present an analysis of expenses using a classification based on their nature would be more appropriate to the Group's circumstances and more relevant to users of the Group's financial statements. Consequently, the presentation of the condensed consolidated interim income statement for the period from 1 January 2019 to 30 June 2019 has been revised and the comparative figures have been reclassified in order to conform to the current period's presentation.

The changes in presentation of the condensed consolidated interim income statement did not have any impact on the Group's loss for the period or the calculation of the Group's earnings/(loss) per share.

3 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 "Leases" on the Group's condensed consolidated interim financial information and discloses the new accounting policies that have been applied from 1 January 2019 in Note 3(a) below.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of IFRS 16

In accordance with the transitional provision under IFRS 16, the Group has applied the simplified transition approach, and all right-of-use assets were measured at the amount of the lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses). Comparative figures for the 2018 financial year/period have not been restated.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17, "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.35%-4.41%.

	2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	3,110
(Less): short-term leases and low value leases recognised on a straight-line basis as expense	(1,018)
Add: adjustments as a result of a different treatment of extension and termination options	10,636
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(1,019)
Lease liabilities recognised as at 1 January 2019	11,709
Of which are:	
Current lease liabilities	4,787
Non-current lease liabilities	6,922
	11,709

3 Changes in accounting policies (Continued)

(a) Adjustments recognised on adoption of IFRS 16 (Continued)

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 HK$'000	1 January 2019 HK$'000
Properties	**9,362**	10,663
Equipment	**838**	1,046
Total right-of-use assets	**10,200**	11,709

The change in accounting policy affected the following items in the condensed consolidated interim statement of financial position on 1 January 2019:

- Right-of-use assets – increase by HK$11,709,000
- Leased liabilities – increase by HK$11,709,000

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 "Determining whether an Arrangement contains a Lease".

3 Changes in accounting policies (Continued)

(b) The Group's leasing activities and how these are accounted for

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

3 Changes in accounting policies (Continued)

(b) The Group's leasing activities and how these are accounted for (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

4 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

There have been no changes in the risk management department or in any risk management policies since year end.

5 Financial risk management (Continued)

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5.3 Fair value estimation

The carrying amounts of the Group's financial assets, including cash and cash equivalents, and trade receivables, deposits and other receivables and financial liabilities including trade and other payables and lease liabilities are assumed to approximate their fair values due to their short maturities.

6 Segment information

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management team of the Group. The CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The CODM assesses the performance of the operating segments based on the results and assets attributable to each reportable segment. Interest income and expense are not allocated to segment, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The CODM has determined the operating segments based on these reports. The Group is organised into four business segments:

(i) CRM service ("CRMS") business: this segment includes (a) inbound services which include customer hotline services and built-in secretarial services, a personalised message taking service; and (b) outbound services which include telesales services and market research services.

(ii) RF-SIM business*: this segment includes (a) research and development, production and sales of RF-SIM products; (b) licensing of the RF-SIM operation rights; and (c) research and development and technology transfer of CA-SIM application rights to customers.

(iii) PIMS business*: this segment includes sales of PIMS products.

(iv) IM ("IM") business: this segment includes (a) advisory services on securities and asset management; and (b) securities trading.

* As disclosed in Note 12, subsequent to the disposals, the Group no longer carried on the RF-SIM businesses and PIMS businesses. The results of these businesses were classified as discontinued operations of the Group for the period ended 30 June 2018.

No other operating segments have been aggregated to form the reportable segments.

6 Segment information (Continued)

(a) Segment results and assets

The CODM assesses the performance of the operating segments based on the revenue from external customers and reportable segment profit (i.e. earnings before interest, tax and amortisation).

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments including depreciation and amortisation of assets attributable to those segments.

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets.

Information relating to segment liabilities is not disclosed as such information is not regular reported to the CODM.

The following tables present revenue, reportable segment profit/(loss) and certain assets, and expenditure information for the Group's business segments for the six months ended 30 June 2019 and 2018, and as at 30 June 2019 and 31 December 2018.

	(Unaudited)							
	Continuing operations			Discontinued operations				
	IM business HK$'000	CRMS business HK$'000	Total HK$'000	RF-SIM business HK$'000	PIMS business HK$'000	CRMS business HK$'000	Total HK$'000	Group HK$'000
For the six months ended 30 June 2019								
Revenue from external customers	14,619	127,273	141,892	-	-	-	-	141,892
Reportable segment (loss)/profit	(7,353)	4,053	(3,300)	-	-	-	-	(3,300)
Depreciation and amortisation	14,757	4,581	19,338	-	-	-	-	19,338
As at 30 June 2019								
Reportable segment assets	351,839	140,196	492,035	-	-	-	-	492,035
Additions to non-current segment assets during the period	1,449	609	2,058	-	-	-	-	2,058

6 Segment information (Continued)

(a) Segment results and assets (Continued)

	(Unaudited)						
	Continuing operations			Discontinued operations			
	IM business HK$'000	CRMS business HK$'000	Total HK$'000	RF-SIM business HK$'000	PIMS business HK$'000	Total HK$'000	Group HK$'000
For the six months ended 30 June 2018							
Revenue from external customers	–	134,769	134,769	2,353	60,379	62,732	197,501
Reportable segment loss	–	(3,547)	(3,547)	(3,354)	(2,253)	(5,607)	(9,154)
Depreciation and amortisation	–	4,844	4,844	2,636	162	2,798	7,642
Provision of impairment of financial assets, net	–	–	–	–	4,174	4,174	4,174

	(Audited)						
	Continuing operations			Discontinued operations			
	IM business HK$'000	CRMS business HK$'000	Total HK$'000	RF-SIM business HK$'000	PIMS business HK$'000	Total HK$'000	Group HK$'000
As at 31 December 2018							
Reportable segment assets	353,568	149,778	503,346	–	–	–	503,346
Additions to non-current segment assets during the year	116,328	769	117,097	85	725	810	117,907

6 Segment information (Continued)

(b) Reconciliations of reportable revenue, loss and assets

	(Unaudited) For the six months ended 30 June 2019 HK$'000	2018 HK$'000
Continuing operations		
Revenue		
Reportable segment revenue	**141,892**	134,769
Consolidated revenue	**141,892**	134,769
Loss		
Reportable segment loss	**(3,300)**	(3,547)
Finance expense	**(1,476)**	–
Amortisation	**(14,267)**	(2,534)
Consolidated loss before income tax	**(19,043)**	(6,081)

	(Unaudited) As at 30 June 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
Assets		
Reportable segment assets	**492,035**	503,346
Deferred tax assets	**384**	–
Cash and cash equivalents	**507,236**	460,352
Consolidated total assets	**999,655**	963,698

6 Segment information (Continued)

(b) Reconciliations of reportable revenue, loss and assets (Continued)

	(Unaudited) For the six months ended 30 June 2019 HK$'000	2018 HK$'000
Discontinued operations		
Revenue		
Reportable segment revenue	–	62,732
Consolidated revenue	–	62,732
Loss		
Reportable segment loss	–	(5,607)
Finance expense	–	–
Amortisation	–	(2,838)
Consolidated loss before income tax	–	(8,445)

(c) Geographic information

The following tables set out the information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and right-of-use assets ("specified non-current assets"). The geographical location of revenue from external customers is based on the location of the customers at which the services were provided. The geographical location of the specified non-current assets is based on the location of the operations to which they are allocated.

	(Unaudited)								
	Continuing operations				Discontinued operations				
	Hong Kong HK$'000	The People's Republic of China ("PRC") HK$'000	Macao and others HK$'000	Total HK$'000	Hong Kong HK$'000	The People's Republic of China ("PRC") HK$'000	Macao and others HK$'000	Total HK$'000	Group HK$'000
For the six months ended 30 June 2019									
Revenue from external customers	81,798	57,023	3,071	141,892	-	-	-	-	141,892
As at 30 June 2019									
Specified non-current assets	303,975	50,440	321	354,736	-	-	-	-	354,736

6 Segment information (Continued)

(c) Geographic information (Continued)

	(Unaudited)								
	Continuing operations				Discontinued operations				
	Hong Kong HK$'000	The People's Republic of China ("PRC") HK$'000	Macao and others HK$'000	Total HK$'000	Hong Kong HK$'000	The People's Republic of China ("PRC") HK$'000	Macao and others HK$'000	Total HK$'000	Group HK$'000
For the six months ended 30 June 2018									
Revenue from external customers	75,963	55,788	3,018	134,769	277	62,426	29	62,732	197,501

	(Audited)								
	Continuing operations				Discontinued operations				
	Hong Kong HK$'000	The People's Republic of China ("PRC") HK$'000	Macao and others HK$'000	Total HK$'000	Hong Kong HK$'000	The People's Republic of China ("PRC") HK$'000	Macao and others HK$'000	Total HK$'000	Group HK$'000
As at 31 December 2018									
Specified non-current assets	315,822	44,492	721	361,035	–	–	–	–	361,035

6 Segment information (Continued)

(d) Disaggregation of revenue from contracts with customers

The Group derives revenue from provision of services over-time and at point in time for the following services types.

	Unaudited						
	Continuing operations			Discontinued operations			
	IM business HK$'000	CRMS business HK$'000	Total HK$'000	RF-SIM business HK$'000	PIMS business HK$'000	Total HK$'000	Group HK$'000
For the six months ended 30 June 2019							
At point in time	**–**	**78,388**	**78,388**	**–**	**–**	**–**	**78,388**
Over-time	**14,619**	**48,885**	**63,504**	**–**	**–**	**–**	**63,504**
	14,619	**127,273**	**141,892**	**–**	**–**	**–**	**141,892**
For the six months ended 30 June 2018							
At point in time	–	83,542	83,542	2,353	60,379	62,732	146,274
Over-time	–	51,227	51,227	–	–	–	51,227
	–	134,769	134,769	2,353	60,379	62,732	197,501

The Group has three customers whose transactions accounted for 10% or more of the Group's aggregate revenue for 2019 (2018: three customers). The amounts of revenue from the customers are as follows:

	(Unaudited) For the six months ended 30 June	
	2019 HK$'000	2018 HK$'000
Customer 1	**49,564**	52,678
Customer 2	**37,711**	40,404
Customer 3	**27,027**	27,835

7 Loss before income tax

The loss before income tax is arrived after charging:

	(Unaudited) For the six months ended 30 June	
	2019 HK$'000	2018 HK$'000
Continuing operations		
Employee benefits expenses, including directors' emoluments (Note 8)	**123,126**	120,405
Amortisation of intangible assets (Note 14)	**14,267**	2,534
Information system expense	**3,162**	–
Depreciation of right-of-use assets	**2,716**	–
Depreciation of property, plant and equipment	**2,355**	2,310
Operating lease charges in respect of		
– hire of transmission lines	**2,298**	3,079
– rental of building and offices	**1,132**	2,494
Utilities expense	**2,551**	2,630
Legal and professional fee expenses	**2,172**	1,088
Commission expense	**1,775**	56
Recruitment and training expense	**1,511**	1,126
Auditors' remuneration	**1,323**	800

8 Employee benefits expenses, including directors' emoluments

	(Unaudited) For the six months ended 30 June	
	2019 HK$'000	2018 HK$'000
Salaries, wages and other benefits	**113,774**	111,748
Contribution to retirement benefit schemes	**9,352**	8,657
Total employee benefits expenses	**123,126**	120,405

9 Income tax credit

	(Unaudited) For the six month ended 30 June	
	2019 HK$'000	2018 HK$'000
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporate income tax	–	–
Over-provision in prior period	(775)	(20)
Deferred income tax	(2,647)	(420)
Income tax credit	(3,422)	(440)
Income tax credit is attributable to:		
– Loss from continuing operations	(3,422)	(135)
– Loss from discontinued operations	–	(305)
	(3,422)	(440)

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the six months ended 30 June 2019 and 2018.

(ii) PRC corporate income tax

Xiamen Elite Electric Co. Ltd ("Xiamen Elite") and Guangzhou Global Link Communications Inc. ("Guangzhou Global Link") are qualified as a High and New Technology Enterprise ("HNTE") from 2018 to 2020 and are entitled to a preferential income tax rate of PRC Corporate Income tax at 15% for 3 years commencing 2018. As disclosed in Note 12, subsequent to the disposals, Xiamen Elite and Guangzhou Global Link were no longer subsidiaries of the Group.

China Elite Info. Co. Ltd. ("China Elite") is eligible for a preferential income tax rate of 15% as a HNTE from 2017 to 2019.

Other than the above, remaining subsidiaries located in the PRC are subject to the PRC Corporate Income tax rate of 25% (2018: 25%) on their assessable profits.

(iii) Pursuant to Article 12 of Decree-Law No. 58/99/M issued by the Macao Government, the Group is exempted from Macao Complementary Tax. As a result, no provision for Macao Complementary Tax has been made by the Group for the six months ended 30 June 2019 and 2018.

10 Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: nil).

11 Loss per share

(a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 June 2019 is based on the loss attributable to owners of the Company of approximately HK$15,621,000 (2018: loss of approximately HK$12,775,000) and on the weighted average number of 11,346,472,000 ordinary shares (2018: 9,083,460,000).

(b) Diluted loss per share

For diluted loss per share, the weighted average of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares.

Diluted loss per share equals to the basic loss per share for the six months ended 30 June 2019 as there were no potential dilutive ordinary shares outstanding during the period (2018: same).

12 Discontinued operations

The Group completed the Distribution in Specie, and the disposals of the Disposal Group ("the Disposed Businesses") on 9 October 2018 and 29 November 2018 respectively. Accordingly, the financial results of the Disposed Businesses are presented in the condensed consolidated interim income statement and condensed consolidated interim statement of cash flows as "Discontinued Operations" in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations" issued by the IASB. Comparative figures have been restated accordingly.

Details of the loss from discontinued operations are as follows:

	(Unaudited) For the six month ended 30 June	
	2019 HK$'000	2018 HK$'000
Loss after tax from discontinued operations	–	(8,140)

12 Discontinued operations (Continued)

(a) An analysis of the results of operations of the Discontinued Operations are set out below:

	(Unaudited) For the six month ended 30 June	
	2019	2018
	HK$'000	HK$'000
Revenue	–	62,732
Other income	–	3,313
Depreciation and amortisation expenses	–	(2,798)
Employee benefits expenses	–	(18,114)
Cost of inventories sold	–	(33,179)
Net impairment losses of financial assets	–	(4,174)
Utilities	–	(88)
Legal and professional fee expenses	–	(360)
Other expenses	–	(15,777)
Loss before income tax for the period for discontinued operations	–	(8,445)
Income tax credit	–	305
Loss after tax for the period for discontinued operations	–	(8,140)
Other comprehensive loss from discontinued operations		
– Currency translation differences	–	(846)
	–	(8,986)

(b) An analysis of the cash outflows of the discontinued operations is as follows:

	(Unaudited) For the six month ended 30 June	
	2019	2018
	HK$'000	HK$'000
Net cash used in operating activities	–	(9,985)
Net cash generated from investing activities	–	95
Total cash outflows	–	(9,890)

13 Property, plant and equipment

During the six months ended 30 June 2019, the Group acquired property, plant and equipment with an aggregate cost of approximately HK$941,000 (31 December 2018: approximately HK$1,108,000). Property, plant and equipment with the net book values of approximately HK$54,000 (31 December 2018: HK$146,000) were disposed of during the six months ended 30 June 2019.

As at 30 June 2019, the Group had a banking facility of RMB20 million (equivalent to approximately HK$22.7 million) (31 December 2018: nil) for financing its business operation. Unused facilities as at the same date amounted to HK$22.7 million (31 December 2018: nil). The facility is secured by the buildings in Guangzhou held by the Group.

14 Goodwill and intangible assets

(a) Goodwill

	(Unaudited) 30 June 2019 HK$'000	(Audited) 31 December 2018 HK$'000
At the beginning	**197,833**	41,459
Business combination	**–**	197,833
Disposals of businesses	**–**	(41,459)
At the closing	**197,833**	197,833

On 29 November 2018, the Company completed the acquisition of the entire issued share capital of Goldstream Capital Management Limited and Goldstream Securities Limited ("Goldstream Companies"), companies principally engaged in financial services business, for a total consideration of HK$351 million, which was settled by the allotment and issuance of consideration shares (being 2,263,012,321 shares of the Company) to the sellers. Upon the completion of the Acquisition, the Group obtained control of Goldstream Companies. The intangible assets acquired through acquisition of Goldstream Companies include customer contracts and licenses.

Management expects the Group could expand its business scope to financial services business through the acquisition of Goldstream Companies. After the Acquisition, the Group has obtained instant access to a readily available asset management, securities advisory and trading platform which enables the Group to tap into the financial services sector with an aim to broader the Group's income stream and enhance the shareholders' value.

The goodwill of HK$197,833,000 arising from the acquisition is attributable to the synergies expected to arise from the business combination and future growth of Goldstream Companies. None of the goodwill recognised is expected to be deductible for income tax purposes. The recoverable amount of goodwill is determined based on fair value less cost of disposal. There is no impairment charged to the condensed consolidated interim income statement for the six months ended 30 June 2019 (2018: nil).

14 Goodwill and intangible assets (Continued)

(b) Intangible assets

The intangible assets held by the Group generated primarily as a result of the acquisition of Goldstream Companies in 2018.

	Development expenditures HK$'000	Customer contracts HK$'000	Licenses HK$'000	Total HK$'000
At 31 December 2018				
Cost	900	106,281	9,978	117,159
Accumulated amortisation and impairment	(180)	(1,771)	–	(1,951)
Net book amount	720	104,510	9,978	115,208
At 30 June 2019				
Opening net book amount	**720**	**104,510**	**9,978**	**115,208**
Amortisation charge	**(540)**	**(13,727)**	**–**	**(14,267)**
Closing net book amount	**180**	**90,783**	**9,978**	**100,941**
Cost	**900**	**106,281**	**9,978**	**117,159**
Accumulated amortisation and impairment	**(720)**	**(15,498)**	**–**	**(16,218)**
Net book amount	**180**	**90,783**	**9,978**	**100,941**

15 Trade and other receivables, prepayments, deposits and contract assets

	(Unaudited) As at 30 June 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
Trade receivables		
– Amounts due from related parties	**18,966**	10,492
– Amounts due from third parties	**53,024**	66,968
	71,990	77,460
Provision for doubtful debts	**(181)**	(181)
Trade receivables, net	**71,809**	77,279
Contract assets		
– Amounts due from related parties	**–**	30
– Amounts due from third parties	**19,592**	20,985
	19,592	21,015
Other financial assets at amortised costs		
Deposits and other receivables		
– Amounts due from related parties	**27,037**	27,427
– Amounts due from third parties	**15,674**	14,793
Prepayments	**3,187**	2,412
Less: Non-current deposits	**(1,011)**	(615)
	44,887	44,017
	136,288	142,311

According to the contracts entered into between the Group and its customers, payments in respect of the Group's provision of services are made on an open account with credit terms ranging from 15 to 30 days. Its customers are granted with credit terms of maximum of 30 days for the provision of services. Subject to negotiation, credit terms could be further extended to three to six months for certain customers with well-established trading and payment records on a case-by-case basis. The Group generally gives credit terms to its customers based on certain criteria, such as the length of business relationship with the customers and their payment history, background and financial strength. The Group reviews the settlement records of its customers on a regular basis to determine their credit terms.

At 30 June 2019, the Group had a concentration of credit risk as 71% (31 December 2018: 84%) of the total trade receivables were due from the Group's five largest customers and 23% (31 December 2018: 37%) of the total trade receivables was due from the Group's largest customer.

15 Trade and other receivables, prepayments, deposits and contract assets (Continued)

(a) Ageing analysis

Included in trade receivables and contract assets are trade debtors (net of loss allowance) with the following ageing analysis based on the dated on which the relevant revenue were recognised:

	(Unaudited) As at 30 June 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
Aged within 1 month	**45,581**	52,445
Aged between 1 to 3 months	**27,383**	22,443
Aged between 3 to 6 months	**8,770**	9,483
Aged between 6 months to 1 year	**1,073**	622
Aged over 1 year	**8,594**	13,301
	91,401	98,294

16 Cash and cash equivalents

	(Unaudited) As at 30 June 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
Cash at banks and on hand	**185,574**	116,821
Short-term bank deposits	**321,662**	343,531
Cash and cash equivalents	**507,236**	460,352

17 Share capital

	(Unaudited) As at 30 June 2019 Number of Shares '000	(Unaudited) As at 30 June 2019 Nominal value HK$'000	(Audited) As at 31 December 2018 Number of Shares '000	(Audited) As at 31 December 2018 Nominal value HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At beginning and end of the period/year	**20,000,000**	**200,000**	20,000,000	200,000
Issued and fully paid:				
At beginning	**11,346,472**	**113,465**	9,083,460	90,835
Issuance of shares (Note a)	**–**	**–**	2,263,012	22,630
End of the period/year	**11,346,472**	**113,465**	11,346,472	113,465

Note (a):

On 30 July 2018, the Company entered into the sales and purchase agreement with Hony Capital Group, L.P. and Expand Ocean Limited to acquire Goldstream Companies. On 29 November 2018, all the conditions precedent set out in the sale and purchase agreement had been fulfilled. Consequently, Goldstream Companies have become subsidiaries of the Group with effect from 29 November 2018. The consideration amounted to approximately HK$351 million was settled by issuance of 2,263,012,321 consideration shares of the Company to the sellers. The consideration shares price was HK$0.155 per share.

18 Trade and other payables

	(Unaudited) As at 30 June 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
Trade payables		
– Amounts due to related parties	**50**	548
– Amounts due to third parties	**2,839**	2,957
	2,889	3,505
Other payables and accruals		
– Amounts due to related parties	**23**	24,030
– Amounts due to third parties	**49,021**	33,400
	51,933	60,935

The ageing analysis of trade payables based on invoice date is as follows:

	(Unaudited) As at 30 June 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
0 – 30 days	**1,822**	2,429
31 – 90 days	**792**	848
91 – 180 days	**97**	5
181 days – 1 year	**73**	175
Over 1 year	**105**	48
	2,889	3,505

19 Borrowings from a former director

	(Unaudited) As at 30 June 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
Borrowings from a former director	**100,975**	47,445

The amount due represents balance with a former director, Mr. Li. He had been a director of the Company until 28 December 2018. The amount is unsecured, non-interest bearing and repayable in full amounted HK$105 million on 29 November 2020. The imputed interest of HK$2,693,000 (2018: HK$nil) was recognised initially and the aggregated finance costs of HK$1,223,000 (2018: HK$nil) was incurred for the six months ended 30 June 2019.

As at 30 June 2019, the Group has a facility of HK$215 million (31 December 2018: HK$215 million) from Mr. Li for financing its business operation. Unused facilities as at the same date amounted to HK$110 million (31 December 2018: HK$165 million).

20 Commitments

(a) Capital commitments

The Group has capital expenditure contracted but not yet incurred of approximately HK$1,149,000 as at 31 December 2018.

21 Related party transactions

(a) Relationship between the Group and related parties

(i) Ultimate shareholders of the Group

Li Kin Shing [1]
Kwok King Wa [1]
Zhao John Huan [2]

(ii) Ultimate parent

Ever Prosper International Limited [1]
Hony Capital Group, L.P. [2]

(iii) Subject to common control of ultimate shareholders

China-Hong Kong Telecom Ltd. [1]
Directel Communications Ltd. [1]
Directel Holdings Limited [1]
Directel Limited [1]
Elitel Limited [1]
Fastary Limited [1]
Jandah Management Limited [1]
Talent Information Engineering Co., Ltd. [1]
Guangzhou Directel Telecommunications Limited [1]
Exponential Fortune Group Limited [2]
Goldstream Capital Management (Cayman) Limited [2]
Hony Capital Limited [2]
Hony Capital Management Limited [2]
Hony Gold Holdings, L.P. [2]
Hony Gold GP Limited [2]
Hony Group Management Limited [2]
Hony Managing Partners Limited [2]

Notes:

(1) Ceased from 29 November 2018 onwards

(2) Started from 29 November 2018 onwards

21 Related party transactions (Continued)

(b) Transactions with related parties

The Group entered into the following related party transactions:

		(Unaudited) For the six months ended 30 June 2019 HK$'000	2018 HK$'000
Revenue	(i)	**12,234**	203
Licensing income	(ii)	**–**	33
Rental expenses of properties	(iii)	**1,025**	482
Sundry expense	(iv)	**–**	51

Notes:

(i) Revenue from related parties mainly represent income from rendering CRM services for the six months ended 30 June 2018 and provision of investment management services for the six months ended 30 June 2019. The transactions were carried out in the normal course of the Group's business and conducted at terms mutually agreed by the respective parties.

(ii) Licensing income from Directel Limited, licensee of the operation rights of RF-SIM in markets other than the PRC is determined on a mutually agreed basis.

(iii) The Group rented properties from related parties, Hony Capital Limited and Talent Information Engineering Co., Ltd., at a price set on a mutually agreed basis.

(iv) The Group paid transmission expenses to a related party, Guangzhou Directel Telecommunications Limited at a price mutually agreed.

(c) Balances with related parties

The outstanding balances arising from the above transactions at the end of the reporting period are as follows:

	(Unaudited) As at 30 June 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
Amounts due from related parties		
– Trade receivables	**18,966**	10,492
– Contract assets	**–**	30
– Other receivables	**27,037**	27,427
Amounts due to related parties		
– Trade payables	**50**	548
– Other payables	**6**	24,030

Balances with related parties are unsecured, interest-free and repayable on demand.

21 Related party transactions (Continued)

(d) Key management compensation

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

	(Unaudited) For the six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Wages, salaries and other benefits	**3,187**	4,287
Contribution to retirement benefit schemes	**167**	177
	3,354	4,464

The remuneration is included in "employee benefits expenses" (see Note 8).

22 Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2019 and 31 December 2018.

23 Events after balance sheet date

On 1 July 2019, the Company entered into an agreement to subscribe for a non-listed pooled investment hedge fund, Prelude Opportunity Fund, L.P.. A subscription amount of US$10 million (equivalent to approximately HK$78.4 million) was funded by the Group's internal resources.

Details of the subscription are set out in the announcements of the Company dated 1 July 2019 and 14 August 2019.

Foreign Exchange Risk

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

Asset Mortgage

The Group has no outstanding asset mortgage as at 30 June 2019 (31 December 2018: nil).

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2019 (31 December 2018: nil).

Significant Acquisition, Disposal or Investment

As at 30 June 2019, the Group has no specific acquisition target. The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures, and investment during the period under review.

Capital Commitments

The Group has capital expenditure contracted but not yet incurred of approximately HK$1,149,000 as at 31 December 2018.

Segment Reporting

In accordance with IFRS 8, Operating Segments, operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management team of the Company. CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The Group has identified two reportable segments which are CRMS and IM businesses. Details of the segment reporting are set out in note 6 to the condensed consolidated interim financial information.

Staff and Remuneration Policy

As at 30 June 2019, the Group had 2,645 employees (31 December 2018: 2,740 employees). Among them, 2,618 employees worked in the PRC, 26 employees worked in Hong Kong and 1 employee worked in Macau. Breakdown of the staffs of the Group by function as at 30 June 2019 is as follows:

Function	As at 30 June 2019	As at 31 December 2018
Management	**12**	13
Operation	**2,509**	2,595
Financial, administration and human resources	**74**	82
Sales and marketing	**2**	2
Research and development	**24**	23
Repairs and maintenance	**24**	25
Total	**2,645**	2,740

The total staff remuneration including Directors' remuneration paid by the Group for the six months ended 30 June 2019 was approximately HK$123,126,000 (Last Corresponding Period: approximately HK$120,405,000). The remuneration paid to the staff, including the Directors, is based on their qualification, experience, performance and market rates, so as to maintain a competitive remuneration level. The Group also offers various staff welfare, including housing fund, social insurance and medical insurance. We believe that in Goldstream Investment Limited, our employees are our most valuable asset.

Disclosure Under Chapter 13 of the Rules Governing the Listing of Securities on the Stock Exchange (The "Listing Rules")

The Directors confirmed that they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules during the period under review.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: nil).

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2019, so far as it is known to the Directors, the Directors and the chief executive of the Company had the following interests and short positions in the shares, underlying shares or the debentures of the Company or any of its associated corporation within the meaning of part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules:

Interests in ordinary shares of the Company – long position

Name of Director	Number of shares held	Capacity	Percentage of Equity
Mr. Zhao John Huan	7,802,539,321	Corporate Interests (Note)	68.76%

Notes:

Jovial Elite Limited is a wholly-owned subsidiary of Hony Capital Fund 2008, L.P., which is managed by Hony Capital Fund 2008 GP, L.P. (as general partner). Hony Capital Fund 2008 GP, L.P. is, in turn, managed by Hony Capital Fund 2008 GP Limited (as general partner). Therefore, Hony Capital Fund 2008, L.P., Hony Capital Fund 2008 GP, L.P. and Hony Capital Fund 2008 GP Limited are deemed to be interested in the shares in which Jovial Elite Limited is interested under the SFO.

Hony Gold Holdings, L.P. is managed by Hony Gold GP Limited (as general partner). Therefore, Hony Gold GP Limited is deemed to be interested in the shares in which Hony Gold Holdings, L.P. is interested.

Hony Capital Fund 2008 GP Limited and Hony Gold GP Limited are wholly-owned subsidiaries of Hony Group Management Limited, which is owned as to 80% by Hony Managing Partners Limited. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, which is owned by Mr. Zhao John Huan as to 49%.

As such, Mr. Zhao John Huan, Exponential Fortune Group Limited, Hony Managing Partners Limited and Hony Group Management Limited are deemed to be interested in the shares in which Jovial Elite Limited and Hony Gold Holdings, L.P. are interested under the SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2019, so far as known to the Directors, the persons (other than the Directors or chief executive of the Company) with interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name	Capacity	Number of Shares	Approx. percentage of interest
Jovial Elite Limited	Beneficial owner	900,000,000 (Note 1)	7.93%
Hony Capital Fund 2008, L.P.	Interest in controlled corporation	900,000,000 (Note 1)	7.93%
Hony Capital Fund 2008 GP, L.P.	Interest in controlled corporation	900,000,000 (Note 1)	7.93%
Hony Capital Fund 2008 GP Limited	Interest in controlled corporation	900,000,000 (Note 1)	7.93%
Hony Gold Holdings, L.P.	Beneficial owner	6,902,539,321 (Note 1)	60.83%
Hony Gold GP Limited	Interest in controlled corporation	6,902,539,321 (Note 1)	60.83%
Hony Group Management Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	68.76%
Hony Managing Partners Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	68.76%
Exponential Fortune Group Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	68.76%
Mr. Zhao John Huan	Interest in controlled corporation	7,802,539,321 (Note 1)	68.76%
Glory Moment Investments Ltd.	Beneficial owner	840,000,000 (Note 2)	7.40%
Mr. Fang Shin	Interest in controlled corporation	840,000,000 (Note 2)	7.40%
Ms. Kwok King Wa	Beneficial owner	684,900,000 (Note 3)	6.04%
Mr. Li Kin Shing	Interest of spouse	684,900,000 (Note 3)	6.04%

Notes:

1. Jovial Elite Limited is a wholly-owned subsidiary of Hony Capital Fund 2008, L.P., which is managed by Hony Capital Fund 2008 GP, L.P. (as general partner). Hony Capital Fund 2008 GP, L.P. is, in turn, managed by Hony Capital Fund 2008 GP Limited (as general partner). Therefore, Hony Capital Fund 2008, L.P., Hony Capital Fund 2008 GP, L.P. and Hony Capital Fund 2008 GP Limited are deemed to be interested in the shares in which Jovial Elite Limited is interested under the SFO.

   Hony Gold Holdings, L.P. is managed by Hony Gold GP Limited (as general partner). Therefore, Hony Gold GP Limited is deemed to be interested in the shares in which Hony Gold Holdings, L.P. is interested.

   Hony Capital Fund 2008 GP Limited and Hony Gold GP Limited are wholly-owned subsidiaries of Hony Group Management Limited, which is owned as to 80% by Hony Managing Partners Limited. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, which is owned by Mr. Zhao John Huan as to 49%. As such, Mr. Zhao John Huan, Exponential Fortune Group Limited, Hony Managing Partners Limited and Hony Group Management Limited are deemed to be interested in the shares in which Jovial Elite Limited and Hony Gold Holdings, L.P. are interested under the SFO.

2. The 840,000,000 shares are held by Glory Moment Investments Ltd., which is wholly owned by Mr. Fang Shin.

3. The 684,900,000 Shares are held by Ms. Kwok King Wa in person. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa and therefore deemed to have 684,900,000 Shares held by Ms. Kwok King Wa under the SFO.

Save as disclosed above, as at 30 June 2019, so far as known to the Directors, there was no other person (other than the Directors or chief executive of the Company) with interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Directors' and Chief Executives' Right to Acquire Shares or Debentures

Save as disclosed in this report, during the period under review, there was no right to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or the chief executive of the Company or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company to acquire such rights in any other body corporate.

Share Option Scheme

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") in the written resolutions of the Shareholders passed on 4 May 2010, for the purpose of providing incentives or rewards to eligible participants (including employees, executives or officers, directors including non-executive directors and independent non-executive directors, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries) for their contribution to the long term growth of the Group and to enable the Company to attract and retain high calibre employees. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from 4 May 2010.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 283,860,000 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme as adjusted following the completion of the bonus issue of shares of the Company as disclosed in the announcement of the Company dated 30 March 2015. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of the share options shall be not less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

As at 30 June 2019, no option has been granted under the Share Option Scheme.

Model Code for Directors' Securities Transactions

The Company has adopted its own code of conduct which is not more lenient than Appendix 10 to the Listing Rules. Specific enquiry to all Directors has been made and the Company has confirmed that the Directors have complied with the required standard set out in the code of conduct during the six months ended 30 June 2019.

Purchase, Sale, Redemption or Cancellation of The Company's Listed Securities or Redeemable Securities

During the six months ended 30 June 2019, the Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries has purchased or sold any share of the Company.

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has redeemed, purchased or cancelled any redeemable securities of the Company.

Directors' Interests in Competing Business

During the six months ended 30 June 2019 and up to the date of this report, none of the Directors nor their respective associates is considered to have interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors have been appointed or were appointed as directors to represent the interests of the Company and/or the Group.

Events After Balance Sheet Date

On 1 July 2019, the Company entered into an agreement to subscribe for a non-listed pooled investment hedge fund, Prelude Opportunity Fund, L.P.. A subscription amount of US$10 million (equivalent to approximately HK$78.4 million) was funded by the Group's internal resources.

Details of the subscription are set out in the announcements of the Company dated 1 July 2019 and 14 August 2019.

Compliance with Code on Corporate Governance Practices

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company has complied with all relevant code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2019.

Audit Committee

The Company has established an audit committee ("Audit Committee") with written terms of reference in accordance with the requirements of the CG Code ("Terms of Reference"). The Terms of Reference were revised and adopted by the Board on 31 December 2018. The primary duties of the Audit Committee are among others, to review and supervise the financial reporting processes and internal control procedures of the Group, and to provide advice and comments to the Board accordingly. The Audit Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems, and the management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems for the six months ended 30 June 2019. The Company has also conducted review of its risk management and internal control systems periodically and has convened meeting periodically to discuss the financial, operational and risk management control. The Audit Committee is of the view that the risk management and internal control systems implemented by the Group during the period under review had been valid and adequate. The Audit Committee consists of the three independent non-executive Directors of the Company, namely, Mr. Cheung Sai Ming, Mr. Chen Xue Dao and Mr. Liu Chun Bao. Mr. Cheung Sai Ming is the chairman of the Audit Committee.

The audit committee of the Company has reviewed the Group's unaudited consolidated interim financial information for the six months ended 30 June 2019 and is of the opinion that the unaudited consolidated interim financial information complied with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

Independent review of interim results

The unaudited consolidated interim financial information of the Group for the six months ended 30 June 2019 have been reviewed by the Company's external auditor, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

By order of the Board
Goldstream Investment Limited
ZHAO JOHN HUAN
Chairman

Hong Kong, 29 August 2019

As at the date of this report, the executive Directors are Mr. Zhao John Huan, Dr. Lin Tun, Mr. Yuan Bing and Ms. Li Yin and the independent non-executive Directors are Mr. Cheung Sai Ming, Mr. Chen Xue Dao and Mr. Liu Chun Bao.