



GOLDSTREAM INVESTMENT LIMITED

[Incorporated in the Cayman Islands with limited liability]

[Stock Code : 1328]

INTERIM REPORT 2020



CONTENTS

2	Highlights
3	Management Discussion and Analysis
14	Other Information
22	Condensed Consolidated Interim Income Statement
23	Condensed Consolidated Interim Statement of Comprehensive Income
24	Condensed Consolidated Interim Statement of Financial Position
25	Condensed Consolidated Interim Statement of Changes in Equity
26	Condensed Consolidated Interim Statement of Cash Flows
27	Notes to the Condensed Consolidated Interim Financial Information



HIGHLIGHTS

- Aggregated customer relationship management ("CRM") services income and investment management ("IM") services income for the six months ended 30 June 2020 was approximately HK\$166,249,000, representing an increase of approximately 17% as compared to that for the six months ended 30 June 2019.
- Loss attributable to equity holders of Goldstream Investment Limited (the "Company") for the six months ended 30 June 2020 was approximately HK\$12,274,000, representing a decrease in loss of approximately 21% as compared to that of HK\$15,621,000 for the six months ended 30 June 2019. The decrease in loss attributable to equity holders of the Company for the six months ended 30 June 2020 was mainly attributable to net positive impact from (i) improved performance of all the operating segments during the six month ended 30 June 2020; and (ii) provision for impairment and written off of intangible assets of the IM business due to adverse market condition.



MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the "Board") of Goldstream Investment Limited (the "Company") hereby presents the interim report including unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2020 (the "period") together with the unaudited comparative figures for the corresponding period of 2019 (the "Last Corresponding Period").

The audit committee of the Company has reviewed the Group's unaudited condensed interim financial information for the period.

Business Overview

The Group is principally engaged in providing customer relationship management ("CRM") and investment management ("IM") services.

The Group is a CRM outsourcing service provider with 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. During the period under review, the Group continued to provide services to established telecommunications service providers, including Hutchison Telecommunications, HGC Global Communications, China Unicom, China Telecom Guangzhou, 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) and Beijing Yazhan.

Upon the purchase of the entire issued share capital of Goldstream Capital Management Limited ("GCML") and Goldstream Securities Limited ("GSL") (collectively, "Goldstream Companies") in November 2018, the Group is also engaged in investment management ("IM") business. IM business includes (i) the provision of advisory services on securities and asset management; and (ii) securities trading.

Since the third quarter of 2019, the Group started making strategic direct investments to enhance the yield of excess idle cash while at the same time support our IM business by selectively subscribing to both externally and internally managed investment funds that meet the Group's risk and returns requirement. These investments the Group made since 2019 met our target and generated more favorable returns compared with interest gains from keeping same amount of idle cash in commercial bank deposit accounts.

Financial Review

Income

Service income from CRM service ("CRMS") business for the six months ended 30 June 2020 amounted to approximately HK\$117,301,000 (2019: approximately HK\$127,273,000), representing a decrease of approximately 8% as compared to that of the Last Corresponding Period. For IM business, the Group recorded income stream of approximately HK\$48,948,000 for the six months ended 30 June 2020 (2019: approximately HK\$14,619,000), which were in the form of management fee income and performance fee income. The introduction of dividend income from investment funds of approximately HK\$2,798,000 (2019: Nil), fair value gains on financial assets at fair value through profit or loss of approximately HK\$36,000 (2019: Nil) and share of net profits of associates accounted for using the equity method of approximately HK\$9,813,000 (2019: Nil) also increased the overall income of the Group. Income from CRMS, IM and strategic direct investment ("SDI") businesses accounted for approximately 66%, 27% and 7% of the Group's total income for the six months ended 30 June 2020 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

The Group's other income was approximately HK\$5,863,000, representing an increase of approximately HK\$466,000 as compared to that of the Last Corresponding Period. The increment was mainly due to sundry income generated from provision of miscellaneous services to third parties with idle staff.

Operating expenses

In terms of expenses, the Group continued to exercise stringent cost discipline. Total expenses increased from approximately HK\$167,549,000 for the six months ended 30 June 2019 to approximately HK\$200,394,000 in 2020. During the period, the Group recorded non-recurring expense including impairment provision for and written off of intangible assets of approximately HK\$20,745,000 and HK\$7,204,000 respectively. These expense items had no impact on cash flows.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to owners of the Company for the six months ended 30 June 2020 was approximately HK\$12,274,000, representing a decrease of approximately 21% as compared to that of the Last Corresponding Period. The decrease in loss attributable to owners of the Company for the six months ended 30 June 2020 was mainly attributable to the net positive impact from (i) improved performance of all the operating segments during the first six months ended 30 June 2020; and (ii) provision impairment and written off of intangible asset of the IM business due to adverse market conditions.

Goodwill and Intangible Assets

Goodwill and intangible assets mainly arising from the acquisition of Goldstream Companies in 2018 which accounted for significant portion in the Group's total assets. At 30 June 2020, under International Financial Reporting Standard ("IFRS"), the Group had approximately HK\$197,965,000 of goodwill and HK\$35,068,000 of intangible assets (HK\$10,520,000 of which are intangible assets with indefinite lives). Goodwill and intangible assets with indefinite lives are tested at the cash generating unit level ("CGU") or group of CGUs level. A CGU comprises the smallest group of assets that are capable of generating largely independent cash flows and is either a business segment or a level below.

Out of the balance of goodwill, nearly 100% or approximately HK\$197,833,000 relating to those acquisitions carried out in 2018 were reconfirmed by a professional independent qualified valuer that no impairment was required as at 31 December 2019. Since the Group had met the financial budgets steadily within first six months of 2020, the management concluded that there is no indication of a change of the economic conditions that would lead to an impairment loss as at 30 June 2020.

Upon the acquisition of Goldstream Companies completed on 28 November 2018 (the "Acquisition"), certain customer contracts of approximately HK\$106,281,000 in total with useful lives of 4 years were recognised. Due to the unexpected changes of business environment, such as (i) new regulation requirement released in the PRC; (ii) lag of operating performance of particular customer contract; and (iii) redemption of investment from particular customer due to changes of its business plan, there are signs of additional impairment for certain customer contracts which were located in the Acquisition completed since 2018. Therefore, impairment charges and written off expense of intangible assets with definite lives of approximately HK\$20,745,000 and HK\$7,204,000 respectively were recognized in the condensed consolidated interim income statement in accordance with relevant accounting standards.



MANAGEMENT DISCUSSION AND ANALYSIS

The recoverable amounts of certain contracts as at 30 June 2020 were based on their value-in-use and were determined with reference to the valuation performed by RHL Appraisal Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets covering their remaining useful lives.

Going forward, the Group will continue to increase our fund raising and marketing effort, and to identify other investment opportunities for the SDI business to maximise returns for its equity shareholder of the Company. In addition to exploring opportunities of raising additional investments from existing clients in the future, the Group will also aim at maintaining the growth of client portfolio with new institutional clients at the same time. Details of which are set out in the paragraph — “IM Business — Prospects” of this report.

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 the existing customers as well as business opportunities with other telecommunications service providers and operators. The Group has successfully acquired service contracts from customers, details of which are set out in the paragraph — “New Customers” of this report. However, due to the fierce competition in the CRM and telecommunications industries and the economic impact of the novel coronavirus pandemic (“COVID-19”), there was a decrease in income of the Group from customers of telecommunications industry for the six months ended 30 June 2020 of approximately 8% as compared to that of the Last Corresponding Period.

During the second quarter of 2020, the Group has operated a new project for a client in the telecommunications industry: Mobile Virtual Network Operator project. The project provides corporate, agential and end customer’s service hotline, complain handling, live chat customer service and new subscriber information review service to a mobile virtual network operator (“MVNO”). The Group has years of operational experience in the industry to facilitate the launch of the project. It has been running smoothly and developing steadily during the period under review.

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, and has successfully acquired service contracts from new customers. However, due to the economic impact of COVID-19, there was a decrease in income of the Group from non-telecommunications customers for the six months ended 30 June 2020 of approximately 3% as compared to that of the Last Corresponding Period.

During the second quarter of 2020, the Group has operated two new projects for clients in non-telecommunications industries: E-commerce project and Premium Membership Card Promotion project.

MANAGEMENT DISCUSSION AND ANALYSIS

The E-commerce project undertakes certain operational tasks for a self-owned e-mall of a customer in the financial industry, including arranging promotional campaign materials, operating campaigns on various platforms, organising sale event, coupons issuing, back-end review and release of merchandises. Professional operators are dispatched to the operational site of the customer. Income is generated from the monthly service fee. The project was running smoothly during the period under review.

The Premium Membership Card Promotion project is to promote the premium membership card of a customer in the tourist industry and acquire new card members for the customer. The Group has launched promotional campaigns on certain platforms free of charge such as WeChat. After the potential users see the promotional advertisements and scan the QR codes, they are redirected to the system to fill in their information and membership cards are applied. The customer will then issue membership cards to the applicants. Commission income is calculated based on monthly assessment. The project is in its early stage. As the project does not incur much additional cost, therefore the Group is optimistic in the future prospect of the project.

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

Multi-Skill Training

Benefiting from the government's favourable training policy for 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 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 major customers for the provision of CRM services.

Customer	Service	Contract date
China United Network Communications Co., Ltd. Qingyuan City Branch (中國聯合網絡通信有限公司清遠市分公司)	Telesales	March 2020
China United Network Communications Co., Ltd. Kunming City Branch (中國聯合網絡通信有限公司昆明市分公司)	Telesales	March 2020
China Unicom Womusic Culture Co., Ltd. (聯通沃音樂文化有限公司)	Telesales	May 2020
China United Network Communications Co., Ltd. Taishan City Branch (中國聯合網絡通信有限公司台山市分公司)	Telesales	May 2020

Award and Certification

In March 2020, China Elite Info. Co., Ltd. ("China Elite") obtained the ISO 14001:2015 (Registration No. USA20E40691R1S).

In March 2020, China Elite obtained the ISO 45001:2018 (Registration No. USA20S20692R1S).

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 income source, the new service will enhance profit margin of the Group. The Group aims to seek more business opportunities with clients from various industries for the provision of Internet CRM and other value-added services.

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. Furthermore, the PRC 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.

MANAGEMENT DISCUSSION AND ANALYSIS

In order to meet the requirements of market development, the Group continued to invest in research and development, and achieved a series of results, including: Shenghua A.I. telephone robot system (EliteUCVAI), integrated customer service system (EUC) and 20 other software copyrights.

Development

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

Based on the review of the business operation and financial position of the Group, in light of the adverse business environment, the Group intends to defer some of the infrastructure upgrades and business developments in respect of the CRMS business until there is more clarity in the market conditions.

With the emergence of “portable number transfer” service and 5G technology, and the gaining momentum in 5G licensing in Hong Kong, the Group will continue to explore cooperation with operators to carry out related sales business projects in the future. The Group is adjusting its approach to identify and explore new business opportunities brought about by new technologies such as artificial intelligence, big data processing and virtualization.

(iii) Development of business with existing and new customers

The Group has continued to provide services to established telecommunications service providers and strive to increase the presence of its CRMS business in the PRC market and the possibility of developing non-telecommunications markets and has been constantly seeking business improvement.

During the period under review, the Group has entered into service contracts with new customers and customer with business established outside Guangdong Province, China for the provision of telesales services including Qingyuan City Branch, Kunming City Branch, Taishan City Branch and a subsidiary of China United Network Communications Co., Ltd. (中國聯合網絡通信有限公司).

The Group has continued to develop new business initiatives through various projects. During the period under review, the Group operated a new project for a mobile virtual network operator in the telecommunications industry. The Group also operated two new projects for clients in non-telecommunications industries. For 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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

During the period under review, the Group has made major effort in developing the CRMS business with clients in non-telecommunications industries covering:

- Food and Beverage – The Group negotiated with a few food chain stores to provide order hotline, online ordering and other client related services.
- Healthcare – The Group negotiated with a hospital management company to provide telephone appointment and customer hotline services.
- Media – The Group negotiated with different online shopping and internet service providers and cable TV companies to provide online customer services.
- Tourism – The Group 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 an insurance agency license issued by the PRC 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 made some progress to establish initial commercial contacts with an international bank card financial service provider. The Group will vigorously deepen the sales and support service to banking products by applying artificial intelligence and big data.

Prospects

PRC government is committed to promoting outsourcing services, and the CRM services provided by the Group is one of the important services of business process outsourcing. According to the domestic commerce operation situation announcement issued by China's Ministry of Commerce for the six months ended 30 June 2020, the executive contract amount of services outsourcing industry has reached RMB450.13 billion, increased by 10.9% as compared to that of the Last Corresponding Period. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is committed to enhancing the penetration in 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 certain A.I. voice technology. As the A.I. application service matures, the Group will also accelerate the pace of applying A.I. technology to CRMS business, thereby increasing service-added value.

In 2020, the Group will continue to identify business opportunities with government departments and companies with operations outside Guangdong Province, China. In addition, the Group is leveraging on the Group's resources and applying its knowledge in non-telecommunications industries and is expected to provide CRM services to a large food chain company as well as CRM services and mobile communication sales for pay TV members.

IM Business

Business Review

The first quarter of 2020 has been a challenging period for the fund management industry. Nobody could have predicted at the start of 2020 that large parts of the global economy would be brought to a sudden stop by COVID-19. Equities fell sharply, with the worst performance coming in March and this caused some redemptions from some of our investors due to liquidity crisis. Consequently, the Group has to make some necessary impairment on our intangible assets.

During the second quarter of 2020, as central banks and governments provided enormous amounts of stimulus and economies started to reopen, both the equities and credit market rebounded strongly from the first quarter sharp decline.

Overall, during the first six months of 2020 the Group continued to develop its IM business in accordance with our plan. The redemptions were mostly offset by new inflows and although market was volatility due to COVID-19, through proper risk control and continuous adjustment made to the market exposure of our investment strategies, our asset under management remained stable with an overall moderate growth in most of our funds.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group has continued to make steady progress in developing its proprietary algorithm-based methods for asset allocation, manager selection and risk management. This initiative will continue to be an important focus for the IM business in the remaining part of 2020. In parallel to the above, the Group will continue to transform its business through digitalization in areas including investment research, idea generations and improving investor experience.

The Group has successfully obtained RQFII licence which will allow our investment funds to invest directly in mainland onshore financial instruments using foreign capital and hence enhances our access to a much broader range of products across the capital structure.

In the second quarter of 2020, the Group has started building our mainland domestic asset management business to broaden and make new product offerings to mainland investors.

Prospects

Despite of the challenging 2020 first half, the Group intends to continue its plan to develop its IM business with a focus on becoming a provider of products, solutions, platform and infrastructure as below:

- (1) The Group shall continue building sound track-records for all our products.
- (2) The Group shall continue developing its asset allocation models and risk management models. These models, together with our fund products, enable us to provide holistic investment solutions to our clients – with a particular focus on Chinese investors investing into global markets and global investors investing into Chinese markets.
- (3) The Group shall promote its funds to institutional clients and family offices to extend our client base geographically and increase our assets under management. We will develop our business relationships with financial institutions, mainly banks and insurance companies, product distributors like securities companies, high net worth individuals and large conglomerates, both in China and outside China.
- (4) The Group shall continue its investment in financial technologies and in our operating platform to enhance our client services, risk management and operations capabilities to support our diversifying set of products and business services.

The Group shall continue with its prudence approach in building up the IM revenue along with our CRMS business. The Group 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 required to deliver risk adjusted returns.

MANAGEMENT DISCUSSION AND ANALYSIS

SDI Business

Business Review

SDI is to leverage on the Group's human and physical capital in pursuit of outstanding risk-adjusted returns. This also strategically supports growth of the Group's new business initiatives such as the IM segment. The investments include funds, debt and equity investments and exchange traded funds ("ETF"). Having taking into consideration of the cash requirements of the Group for the next 12 months and the level of cash and cashflow position of the Group, the Group continued to make investments to generate better return on idle cash for the Group and made positive returns in these investments managed by the Group's subsidiary Goldstream Capital.

Prospects

The Group will continue to look for investment opportunities for the Group to enhance the return on its financial resources as a whole. The Group recognises market instability and volatility, and struck a balance between the risk and return, especially at a time of great uncertainty. Our cautious and balanced allocation among Chinese and global assets, together with diversified strategies investing into different markets, are expected to deliver relatively stable returns to our investments. If we succeed in building a good track record in such a difficult time, we expect to attract more clients for our IM business once the market calms down.

Capital Structure

As at 30 June 2020, the Group's shareholders' equity was approximately HK\$777,472,000 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 approximately HK\$212,133,000 was drawdown as at 30 June 2020. The loan will mature and be repayable in full amount on 29 November 2020. As at 30 June 2020, 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 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Cash at banks and in hand	216,689	423,816
Money market funds	108,421	23,036
Fixed-term bank deposits	41,300	37,523
Total cash and deposits	366,410	484,375



MANAGEMENT DISCUSSION AND ANALYSIS

The Group adopts a sound financial policy, and the surplus cash is deposited at banks and invested in money market funds to facilitate extra operation expenditure or investment. Management makes financial forecast on a regular basis. As at 30 June 2020, the Group's balance of cash and deposits was approximately HK\$366,410,000, which was attributable to the 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 decreased by approximately HK\$117,965,000 during the six months ended 30 June 2020.

The current ratio was and quick ratio were 1.88 as at 30 June 2020, which is lower than 2.26 as at 31 December 2019.

OTHER INFORMATION

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations which denominated in a currency that is not the entity's functional currency. Foreign currency exposures are covered by forward contracts and options wherever appropriate. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time.

Asset Mortgage

The Group has no outstanding asset mortgage as at 30 June 2020 (31 December 2019: nil).

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2020 (31 December 2019: nil).

Significant Acquisition or Disposal

During first six months ended 2020, the Group provided seed capital in two investment funds, of which the Group acts as the investment manager. Where the Group has an interest in the investment funds that give the Group significant influence, but not control, the Group records such investments as associates. For details, please refer to note 18. The Group did not have any other material acquisition and disposal of subsidiaries, and joint ventures, and investment during the period under review.

Significant investments

The Group provides investment management services to our clients and also make strategic direct investment on behalf of the Group. As at 30 June 2020, the Group recorded strategic direct investments of approximately HK\$219,643,000. Given that the Group is engaged in making strategic direct investments in various listed and unlisted financial instruments through investment funds. The Board considers investments with a carrying amount that accounted for more than 5% of the Group's unaudited total assets as at 30 June 2020 as significant investments.

As at 30 June 2020, the Group has financial assets at fair value through profit or loss with details as follows:

	Note	Market/fair value as at 30 June 2020 HK\$'000	Dividend income received during the period HK\$'000	Net realised/unrealised fair value gain/(loss) during the period HK\$'000	Percentage of individual investment to the Group's total assets as at 30 June 2020	Percentage of individual investment to the Group's total FVPTL as at 30 June 2020	Carrying value as at 31 December 2019 HK\$'000
Investment A	(a)	78,000	1,593	–	6.6%	35.5%	78,000
Other investments in investment funds	(b)	76,373	–	(11,630)			
Other investments in equity securities	(c)	65,270	1,205	11,666			
		219,643	2,798	36			

Notes:

- (a) The balance is related to the Group's investment in a non-listed pooled investment fund, Prelude Opportunity Fund, LP., (the "Prelude Fund") organised for the purpose of generating capital appreciation by investing the fund's assets through a number of managed accounts held in the name of the Prelude Fund ("Sub-Account"). As at 30 June 2020, the Group has an investment balance of HK\$78,000,000 in one of the Sub-Accounts with unaudited asset under management value of HK\$780,000,000, representing 10% of the assets of that Sub-Account. The unaudited Year-To-Date performance rate per annum of the Sub-Account was approximately 4.1% and dividend income received during the period amounted to HK\$1,593,000. The investment returns met the Group's expectation in participating in this investment and the Group remained positive the potential return it could bring in the future. Please refer to the announcements of the Company dated 1 July 2019 and 14 August 2019 for further details of the investment, including investment strategy of the Prelude Fund.
- (b) The balance comprised the Group's investments in private funds which invest in a diversified portfolio of investments, including but not limited to fixed income securities, mortgage-backed securities and asset-backed securities etc. Each of such investments has a market value or fair value that account for less than 5% of the Group's unaudited total assets as at 30 June 2020.
- (c) The balance comprised the Group's investments in US assets backed security and a portfolio of companies whose shares are listed on the Main Board or the GEM of the Stock Exchange of Hong Kong and the PRC. The business/investment sectors of the securities mainly relates to various industries, including but not limited to medical and healthcare, banking and insurance, information technologies, manufacturing and retail etc. Each of such investments has a market value or fair value that account for less than 5% of the Group's unaudited total assets as at 30 June 2020.

To mitigate relevant risks, the Group will optimise its investment strategies in response to market conditions. Save as disclosed above, the Group had no other significant investments held during the period. Details of the Group's investment objective and strategies are set out in the paragraphs – "SDI Business – Business Review and Prospects".

OTHER INFORMATION

Capital Commitments

There was no material capital commitment contracted for but not yet incurred as at 30 June 2020 (31 December 2019: Nil).

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 three reportable segments which are CRMS, IM and SDI 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 2020, the Group had 1,925 employees (31 December 2019: 1,777 employees). Among them, 1,897 employees worked in the PRC, 27 employees worked in Hong Kong and 1 employee worked in Macau.

Breakdown of the Group's staff by function as at 30 June 2020 is as follows:

Function	As at 30 June 2020	As at 31 December 2019	As at 30 June 2019
Management	12	12	12
Operation	1,803	1,660	2,509
Financial, administration, and human resources	64	64	74
Sales and marketing	6	5	2
Research and development	23	16	24
Repairs and maintenance	17	20	24
Total	1,925	1,777	2,645

The total staff remuneration including Directors' remuneration paid by the Group for the six months ended 30 June 2020 was approximately HK\$109,822,000 (Last Corresponding Period: approximately HK\$123,126,000). 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 2020 (2019: nil).

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

As at 30 June 2020, so far as known to the Directors, the Directors and the chief executives of the Company had the following interests and short positions in the shares, underlying shares or the debentures of 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 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 Directors	Number of shares held	Capacity	Approximate percentage of interest
Mr. Zhao John Huan	7,802,539,321	Corporate interests (Note)	68.76%

OTHER INFORMATION

Notes:

Hony Gold Holdings, L.P. is managed by Hony Gold GP Limited (as general partner). Hony Gold GP Limited is a wholly-owned subsidiary 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, Hony Group Management Limited and Hony Gold GP Limited are deemed to be interested in the shares in which Hony Gold Holdings, L.P. is interested under the SFO.

Save as disclosed above, as at 30 June 2020, 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 2020, so far as known to the Directors, the persons (other than the Directors or chief executives 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:

Interests in ordinary shares of the Company – long position

Name	Capacity	Number of Shares	Approx. percentage of interests
Hony Gold Holdings, L.P.	Beneficial owner	7,802,539,321 (Note 1)	68.76%
Hony Gold GP Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	68.76%
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%
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. Hony Gold Holdings, L.P. is managed by Hony Gold GP Limited (as general partner). Hony Gold GP Limited is a wholly-owned subsidiary 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, Hony Group Management Limited and Hony Gold GP Limited are deemed to be interested in the shares in which Hony Gold Holdings, L.P. is 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 2020, so far as known to the Directors, there was no other person (other than the Directors or chief executives 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

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

On 4 May 2010, the Company adopted a share option scheme (the "2010 Share Option Scheme") which was valid and effective for a period of ten years commencing from 4 May 2010. After the expiry of the 2010 Share Option Scheme, the Company adopted a new share option scheme (the "2020 Share Option Scheme") pursuant to a resolution passed by the shareholders at the general meeting on 4 June 2020. The 2020 Share Option Scheme shall be valid and effective for a period of 10 years commencing from 4 June 2020. No share options had been granted under the 2010 Share Option Scheme since its adoption and no further options can be granted pursuant to the 2010 Share Option Scheme.

Since the adoption of 2020 Share Option Scheme, no share options had been granted up and until 30 June 2020. The major terms of the 2020 Share Option Scheme, are set out below.

OTHER INFORMATION

The purpose of the 2020 Share Option Scheme is to provide the Company with the flexibility of granting share options to the eligible participants (including full time or part time employees, directors, chief executive, shareholders and strategic business partners of the Group) as incentives or rewards for their contribution or potential contribution to the Group. The subscription price shall be a price determined by the Directors, but shall not be less than the highest of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The maximum number of shares in respect of which options may be granted under the 2020 Share Option Scheme must not in aggregate exceed 10% of the total number of shares in issue as at the date of the passing of the resolution for the adoption of the 2020 Share Option Scheme (i.e. 11,346,472,321 Shares). The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2020 Share Option Scheme (including exercised, cancelled and outstanding options) to each eligible participant in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of shareholders in a general meeting. Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive Directors. If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates which will result in the number of shares issued and to be issued upon exercise of options granted and to be granted to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the shares in issue; and (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the closing price of the shares at the date of each grant, such further grant of options will be subject to the approval of the shareholders in general meeting. An option may be exercised at any time during a period to be determined by the Board, which shall not in any event exceed ten years from the date of grant. The acceptance of an offer must be made within 30 days from the date of offer with a non-refundable payment of HKD1.00.

Model Code for Directors' Securities Transactions

The Company has adopted its own code of conduct which is not lenient than Appendix 10 of 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 2020.

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

During the six months ended 30 June 2020, 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 2020, 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 2020 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.

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 all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2020.

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 2020. 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. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence. Mr. Shu Wa Tung Laurence is the chairman of the Audit Committee.

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 and is of the opinion that the unaudited condensed consolidated interim financial information complied with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 28 August 2020

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. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		For the six months ended 30 June	
	Note	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Income			
Customer relationship management ("CRM") services income		117,301	127,273
Investment management ("IM") services income		48,948	14,619
Dividend income from investments		2,798	–
Net fair value gains on financial assets at fair value through profit or loss		36	–
Share of net profits of associates accounted for using the equity method		9,813	–
	6	178,896	141,892
Other income		5,863	5,397
Expenses			
Employee benefits expenses	8	(109,822)	(123,126)
Depreciation and amortisation expenses		(14,594)	(19,338)
Operating lease charges		(2,863)	(3,430)
Utilities		(1,958)	(2,551)
Legal and professional fees		(3,625)	(2,172)
Impairment provision for intangible assets		(20,745)	–
Written off of intangible asset		(7,204)	–
Subcontracting charges		(6,622)	(179)
Advertising expenses for customers' projects		(20,503)	(89)
Other expenses	7	(12,458)	(16,664)
Total expenses		(200,394)	(167,549)
Operating loss		(15,635)	(20,260)
Finance income	21	–	2,693
Finance costs		(3,006)	(1,476)
Finance (cost)/income, net		(3,006)	1,217
Loss before income tax		(18,641)	(19,043)
Income tax credit	9	6,367	3,422
Loss for the period		(12,274)	(15,621)
Loss for the period attributable to:			
Owners of the Company		(12,274)	(15,621)
Loss per share attributable to owners of the Company during the period (expressed in HK cent per share):			
Basic and diluted	11	(0.11)	(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 2020

	Note	For the six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss for the period		(12,274)	(15,621)
Other comprehensive loss			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		(3,196)	(707)
Other comprehensive loss for the period, net of tax		(3,196)	(707)
Total comprehensive loss for the period, net of tax		(15,470)	(16,328)
Total comprehensive loss for the period attributable to:			
– Owners of the Company		(15,470)	(16,328)

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 2020

	Note	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	12	40,158	43,105
Goodwill	14	197,965	197,833
Intangible assets	13	35,068	72,775
Right-of-use assets		5,233	7,676
Long term deposits	15	507	490
Interests in associates	18	87,813	–
Financial assets at fair value through profit or loss	17	78,000	78,000
		444,744	399,879
Current assets			
Trade receivables	15	148,634	110,430
Prepayments, deposits and other receivables	15	72,903	50,213
Derivative financial instruments		998	–
Financial assets at fair value through profit or loss	17	141,643	89,125
Cash and cash equivalents	16	366,410	484,375
		730,588	734,143
Total assets		1,175,332	1,134,022
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	19	113,465	113,465
Reserves		664,007	679,477
Total equity		777,472	792,942
Liabilities			
Non-current liabilities			
Deferred tax liabilities		5,697	12,008
Lease liabilities		3,324	4,114
		9,021	16,122
Current liabilities			
Borrowings from a former director	21	212,133	209,617
Trade and other payables	20	172,494	110,505
Contract liabilities		26	370
Lease liabilities		2,166	3,793
Derivative financial instruments		1,551	–
Income tax payable		469	673
		388,839	324,958
Total liabilities		397,860	341,080
Total equity and liabilities		1,175,332	1,134,022

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 2020

	(Unaudited) Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	
As at 1 January 2019	113,465	1,709,869	1,458,416	3,141	1,202	(2,450,760)	835,333
Comprehensive loss							
Loss for the period	-	-	-	-	-	(15,621)	(15,621)
Other comprehensive loss							
Currency translation differences	-	-	-	-	(707)	-	(707)
Total other comprehensive loss, net of tax	-	-	-	-	(707)	-	(707)
Total comprehensive loss	-	-	-	-	(707)	(15,621)	(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
As at 1 January 2020	113,465	1,709,869	1,458,416	4,605	(2,337)	(2,491,076)	792,942
Comprehensive loss							
Loss for the period	-	-	-	-	-	(12,274)	(12,274)
Other comprehensive loss							
Currency translation differences	-	-	-	-	(3,196)	-	(3,196)
Total other comprehensive loss, net of tax	-	-	-	-	(3,196)	(12,274)	(15,470)
Total comprehensive loss	-	-	-	-	(3,196)	(12,274)	(15,470)
Transaction with owners in their capacity as owners							
Transfer to statutory reserve	-	-	-	1,210	-	(1,210)	-
Total transaction with owners in their capacity as owners	-	-	-	1,210	-	(1,210)	-
As at 30 June 2020	113,465	1,709,869	1,458,416	5,815	(5,533)	(2,504,560)	777,472

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 2020

	Note	For the six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from/(used in) operations		12,371	(7,263)
Income tax paid		–	–
Net cash generated from/(used in) operating activities		12,371	(7,263)
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(457)	(941)
Proceeds from sales of property, plant and equipment		12	53
Acquisition of subsidiaries, net of cash acquired		35	–
Dividend income received from financial assets at fair value through profit or loss		2,798	–
Payments for investments in associates		(78,000)	–
Purchase of financial assets at fair value through profit or loss, net		(52,129)	–
Interest received		1,684	3,037
Net cash (used in)/generated from investing activities		(126,057)	2,149
Cash flows from financing activities			
Proceed from borrowings from a former director	21	–	55,000
Interest paid		(343)	–
Principal elements of lease payments		(2,617)	(2,823)
Net cash (used in)/generated from financing activities		(2,960)	52,177
Net (decrease)/increase in cash and cash equivalents		(116,646)	47,063
Cash and cash equivalents at 1 January		484,375	460,352
Exchange loss on cash and cash equivalents		(1,319)	(179)
Cash and cash equivalents at 30 June	16	366,410	507,236

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Goldstream Investment Limited (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 and provision of IM services following the acquisition of Goldstream Capital Management Limited (“GCML”) and Goldstream Securities Limited (“GSL”) (“Goldstream Companies”) in November 2018. To support the growth of IM business, the Group also engaged in strategic direct investment (“SDI”) during the year.

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 28 August 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2020 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 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, 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 2020 and the accounting policies stated in note 3. 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 2020 to the Group, are as follows:

IFRS 3 (Amendments)	<i>Definition of a Business</i>
IFRS 9, IAS 39 and IFRS 7 (Amendments)	<i>Interest Rate Benchmark Reform</i>
IAS 1 and IAS 8 (Amendments)	<i>Definition of Material</i>
Conceptual Framework for financial reporting 2018	<i>Revised Conceptual Framework for Financial Reporting</i>

The standards are mandatory for financial years commencing on or after 1 January 2020. The impact of these new standards on the Group's condensed consolidated interim financial information is not significant.

(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 2020 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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 Accounting policies

The Group has invested certain associates and purchased derivative financial instruments during the period and the relevant accounting policy is as follows.

3.1 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The Group has invested in certain investment funds that it manages or advises. As an investment manager or investment advisor, the Group may put seed capital in investment funds that it manages or advises in order to facilitate their launch. The purpose of seed capital is to ensure that the investment funds can have a reasonable starting fund size to operate and to build track record. The Group may subsequently vary the holding of these seed capital investments depending on the market conditions and various other factors.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The derivative financial instruments are designated as non-hedging instruments and are classified as current assets or liabilities. Changes in the fair value of any non-hedging derivative financial instruments are recognised immediately in the condensed consolidated statement of comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 2019.

5 Financial risk management

5.1 Financial risk factors

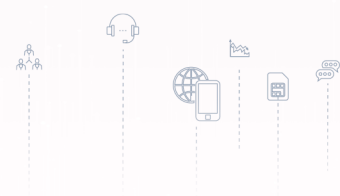
The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and interest rate risk), credit risk, liquidity risk and price risk.

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 2019.

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

5.2 Liquidity risk

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Fair value estimation

(i) Fair value hierarchy

The carrying amounts of the Group's financial assets, including cash and cash equivalents, and trade and other receivables and financial liabilities including trade and other payables approximate to their fair values due to their short maturities. The fair value of non-current borrowings from a former director is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

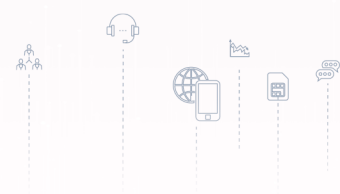
5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

<i>Recurring fair value measurements At 30 June 2020</i>	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Financial assets			
Financial assets at FVPL			
– US investments funds	–	78,000	78,000
– Cayman Islands investment funds	–	39,431	39,431
– PRC listed equity securities	21,714	–	21,714
– HK listed equity securities	11,416	–	11,416
– British Virgin Islands ("BVI") investments funds	–	19,310	19,310
– Ireland investments funds	800	–	800
– HK investment funds	16,832	–	16,832
– US asset-backed security	32,140	–	32,140
	82,902	136,741	219,643
Derivatives			
– Foreign currency forward contracts	29	–	29
– Swap	872	–	872
– Futures	97	–	97
	998	–	998
Total financial assets	83,900	136,741	220,641
Financial liabilities			
Derivatives			
– Foreign currency forward contracts	148	–	148
– Swap	1,403	–	1,403
	1,551	–	1,551



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

<i>Recurring fair value measurements</i>	Level 1	Level 2	Total
At 31 December 2019	HK\$'000	HK\$'000	HK\$'000
Financial assets			
Financial assets at FVPL			
– US investments funds	–	78,000	78,000
– Cayman Islands investments funds	–	47,448	47,448
– PRC listed equity securities	20,755	–	20,755
– BVI investment funds	–	20,112	20,112
– Ireland investments funds	810	–	810
Total financial assets	21,565	145,560	167,125

As at 31 December 2019, the Group did not have any financial liabilities that were measured at fair value.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the period.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices or dealer quotes for similar instruments; and
- quoted bid prices (or net asset value) provided by fund administrators for unlisted investment funds.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(iii) *Valuation of investments in other funds*

The Group's investments in other funds ("Investee Funds") are subject to the terms and conditions of the respective Investee Fund's offering documentation. The investments in Investee Funds are valued based on the latest available redemption price of such units for each Investee Fund, as determined by the Investee Funds' administrators. The Group reviews the details of the reported information obtained from the Investee Funds and considers:

- the liquidity of the Investee Fund or its underlying investments;
- the value date of the net asset value ("NAV") provided;
- any restrictions on redemptions; and
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investee Fund's advisors.

If necessary, the Group makes adjustments to the NAV of various Investee Funds to obtain the best estimate of fair value. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the consolidated statement of comprehensive income include the change in fair value of each Investee Fund.

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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

The CODM has determined the operating segments based on these reports. The Group is organised into three 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) IM business: this segment includes (a) advisory services on securities and asset management; and (b) securities trading.
- (iii) SDI business: this segment includes provision of making proprietary investments in the financial markets.

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

(a) Segment results and assets

The CODM assesses the performance of the operating segments based on the income and reportable segment profit (i.e. earnings before interest, tax and amortisation and impairment provision for and written off of intangible assets).

Income and expenses are allocated to the reportable segments with reference to income 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(a) Segment results and assets (Continued)

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 2020 and 2019, and as at 30 June 2020 and 31 December 2019.

	(Unaudited)			
	IM business HK\$'000	SDI business HK\$'000	CRMS business HK\$'000	Total HK\$'000
For the six months ended 30 June 2020				
CRM services income	–	–	117,337	117,337
Inter-CRM segment services income	–	–	(36)	(36)
IM services income	48,986	–	–	48,986
Inter-IM segment services income	(38)	–	–	(38)
Dividend income from investments	–	2,798	–	2,798
Net fair value gains on financial assets at FVPL	–	36	–	36
Share of net profits of associates accounted for using the equity method	–	9,813	–	9,813
Total segment income	48,948	12,647	117,301	178,896
Reportable segment profit	4,397	9,373	8,844	22,614
Depreciation and amortisation	11,324	1	3,269	14,594
As at 30 June 2020				
Reportable segment assets	291,567	349,184	168,171	808,922
Additions to non-current segment assets during the period	725	78,000	592	79,317



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(a) Segment results and assets (Continued)

	(Unaudited)			
	IM business HK\$'000	SDI business HK\$'000	CRMS business HK\$'000	Total HK\$'000
For the six months ended 30 June 2019				
CRM services income	–	–	127,273	127,273
IM services income	14,619	–	–	14,619
Reportable segment (loss)/profit	(7,353)	–	4,053	(3,300)
Depreciation and amortisation	14,757	–	4,581	19,338

	(Audited)			
	IM business HK\$'000	SDI business HK\$'000	CRMS business HK\$'000	Total HK\$'000
As at 31 December 2019				
Reportable segment assets	331,787	184,770	133,090	649,647
Additions to non-current segment assets during the year	2,890	78,000	11,258	92,148

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(b) Reconciliations of reportable segment income, loss and assets

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Income		
Reportable segment income	178,896	141,892
Consolidated income	178,896	141,892
Profit/(loss)		
Reportable segment profit/(loss)	22,614	(3,300)
Finance costs	(3,006)	(1,476)
Amortisation of intangible assets	(10,300)	(14,267)
Impairment provision for and written off of intangible assets	(27,949)	–
Consolidated loss before income tax	(18,641)	(19,043)
	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Assets		
Reportable segment assets	808,922	649,647
Cash and cash equivalents	366,410	484,375
Consolidated total assets	1,175,332	1,134,022



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(c) Geographic information

The following tables set out the information about the geographical location of (i) the Group's CRM services income and IM services income ("Service income") and (ii) the Group's property, plant and equipment, intangible assets and right-of-use assets, long term deposits and non-current financial assets at FVPL ("specified non-current assets"). The geographical location of customers is based on the location of 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)			
	Hong Kong HK\$'000	PRC HK\$'000	Macao and others HK\$'000	Total HK\$'000
For the six months ended 30 June 2020				
Services income	110,277	52,776	3,196	166,249

	(Unaudited)					
	Hong Kong	PRC	The United States of America	Cayman Island	Macao and others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30 June 2020						
Specified non-current assets	234,032	44,757	78,000	87,813	142	444,744

	(Unaudited)			
	Hong Kong HK\$'000	PRC HK\$'000	Macao and others HK\$'000	Total HK\$'000
For the six months ended 30 June 2019				
Services income	81,798	57,023	3,071	141,892

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(c) Geographic information (Continued)

	Hong Kong HK\$'000	PRC HK\$'000	(Audited) The United States of America HK\$'000	Macao and others HK\$'000	Total HK\$'000
As at 31 December 2019					
Specified non-current assets	274,587	47,244	78,000	48	399,879

(d) Disaggregation of revenue from contracts with customers

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

	IM business HK\$'000	(Unaudited) CRMS business HK\$'000	Total HK\$'000
For the six months ended 30 June 2020			
At point in time	36,296	82,538	118,834
Over-time	12,652	34,763	47,415
	48,948	117,301	166,249
For the six months ended 30 June 2019			
At point in time	–	78,388	78,388
Over-time	14,619	48,885	63,504
	14,619	127,273	141,892



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(d) Disaggregation of revenue from contracts with customers (Continued)

The Group has four customers whose transactions accounted for 10% or more of the Group's aggregate revenue for 2020 (2019: three customers). The amounts of revenue from the customers are as follows:

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Customer 1	39,019	N/A
Customer 2	34,802	49,564
Customer 3	31,868	N/A
Customer 4	24,332	27,027
Customer 5	N/A	37,711

7 Other expenses

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Auditors' remuneration	1,555	1,323
Vehicle expense	241	980
Travelling and entertainment expense	882	1,668
Training and recruitment expense	713	1,511
Other staff welfare benefit expense	526	508
Telecommunication expense	420	646
Printing, stationery and postage	331	427
Insurance	436	310
Consumables	379	442
Other tax expense	337	–
Loss on disposal of property, plant and equipment	513	1
Information system expenses	2,322	3,162
Exchanges differences, net	(273)	1,198
Other expenses	4,076	4,488
	12,458	16,664

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 Employee benefits expenses, including directors' emoluments

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Salaries, wages and other benefits	103,000	113,774
Contribution to retirement benefit schemes	6,822	9,352
Total employee benefits expenses	109,822	123,126

9 Income tax credit

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong corporate income tax	–	–
– PRC corporate income tax	–	–
Over-provision in prior period	(56)	(775)
Total current tax credit	(56)	(775)
Deferred tax	(6,311)	(2,647)
Income tax credit	(6,367)	(3,422)

(i) Hong Kong corporate income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the six months ended 30 June 2020 and 2019.

(ii) PRC corporate income tax

China Elite Info. Co. Ltd. ("China Elite") is eligible for a preferential income tax rate of 15% as a Technology Advanced Service Enterprise from 2019 to 2021.

Other than the above, remaining subsidiaries located in the PRC are subject to the PRC Corporate Income tax rate of 25% (2019: 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 2020 and 2019.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: nil).

11 Loss per share

(a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 June 2020 is based on the loss attributable to owners of the Company of approximately HK\$12,274,000 (2019: loss of approximately HK\$15,621,000) and on the weighted average number of 11,346,472,000 ordinary shares (2019: 11,346,472,000).

(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 2020 as there were no potential dilutive ordinary shares outstanding during the period (2019: same).

12 Property, plant and equipment

During the six months ended 30 June 2020, the Group acquired property, plant and equipment with an aggregate cost of approximately HK\$457,000 (31 December 2019: approximately HK\$1,193,000). Property, plant and equipment with the net book values of approximately HK\$842,000 (31 December 2019: HK\$53,000) were disposed of during the six months ended 30 June 2020.

As at 30 June 2020, the Group had a banking facility of RMB20 million (equivalent to approximately HK\$21.9 million) (31 December 2019: HK\$22.3 million) for financing its business operation. Unused facilities as at the same date amounted to HK\$21.9 million (31 December 2019: HK\$22.3 million). The facility is secured by the buildings in Guangzhou held by the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Intangible assets

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

	Development expenditures HK\$'000	Customer contracts HK\$'000	Licenses HK\$'000	Total HK\$'000
At 31 December 2019				
Cost	900	95,552	9,978	106,430
Accumulated amortisation	(900)	(25,879)	–	(26,779)
Accumulated impairment	–	(6,876)	–	(6,876)
Net book amount	–	62,797	9,978	72,775
At 30 June 2020				
Opening net book amount	–	62,797	9,978	72,775
Business combination (note 14)	–	–	542	542
Amortisation charge	–	(10,300)	–	(10,300)
Provision for impairment	–	(20,745)	–	(20,745)
Written off	–	(7,204)	–	(7,204)
Closing net book amount	–	24,548	10,520	35,068
Cost	900	74,968	10,520	86,388
Accumulated amortisation	(900)	(29,675)	–	(30,575)
Accumulated impairment	–	(20,745)	–	(20,745)
Net book amount	–	24,548	10,520	35,068

Impairment charges on intangible assets

In accordance with the Group's accounting policy on asset impairment, the carrying value of intangible assets were tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Intangible assets (Continued)

Impairment charges on customer contracts

In first six months of 2020, one customer contract was fully written off as management forecasted that no future contractual cash flows will be generated by this contract. The expense related to the write-off was charged to the condensed consolidated interim income statement, amounted to HK\$7,204,000. Two customers contracts had impairment indicator for the period ended 30 June 2020, an impairment assessment has been performed by management and an impairment provision of HK\$20,745,000 was recognised in the condensed consolidated interim income statement.

Key assumptions used for assessing the recoverable amount of the customer contract with impairment indicator are as follows:

Estimated management service fee income growth rate of the contracts from 1 July 2020 to 31 December 2020	-29%
Estimated management service fee income growth rate of the contracts from 1 January 2021 to 31 December 2021	-12%
Estimated management service fee income growth rate of the contracts from 1 January 2022 to 30 November 2022	-1%
Discount rate	19.4%

Changing the discount rates and other assumptions selected by management in assessing impairment, including the growth rates assumption in the cash flow projections, could materially affect the net present value used in the impairment assessment. At 30 June 2020, if management service fee income growth rates for each of the years for the customer contract had been 1% lower than management's estimates with all other variables held constant, an additional impairment provision of HK\$453,000 would have been made. If the discount rate had been 1% higher than management's estimate at 30 June 2020 with all other variables held constant, an additional impairment provision of HK\$113,000 would have been made.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 Business combination and Goodwill

(a) Goodwill

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
At the beginning	197,833	197,833
Business combination (note b)	132	–
At the closing	197,965	197,833

The goodwill of HK\$197,965,000 arising from the acquisition of Goldstream Companies and Shenzhen JinCheng Enterprise Management Limited (深圳金晟企業管理有限公司) ("Shenzhen JinCheng") are attributable to the synergies expected to arise from the business combination and future growth of IM businesses in Hong Kong and the PRC. 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 2020 (2019: nil).

(b) Business combination

During the first six months of 2020, the Group acquired the entire issued share capital of Shenzhen JinCheng a total consideration of RMB10,000 (equivalent to approximately HK\$10,871), which is principally engaged in the provision of mainland domestic asset management business in the PRC. The acquisition was completed on 5 June 2020. Certain license and goodwill were recognised from the acquisition. The Group is expected to broaden and make new product offerings to mainland investors.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 Trade receivables, prepayments, deposits and other receivables

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Trade receivables		
– associates	190	–
– related parties	–	29,038
– third parties	129,263	50,558
Loss allowances	(385)	(385)
Trade receivables, net	129,068	79,211
Contract assets		
– third parties	19,566	31,219
	148,634	110,430
Other financial assets at amortised costs		
Deposits and other receivables		
– related parties	21,509	21,516
– third parties	48,059	22,294
Prepayments	3,842	6,893
Less: Non-current deposits	(507)	(490)
	72,903	50,213
	221,537	160,643

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

At 30 June 2020, the Group had a concentration of credit risk as 71% (31 December 2019: 85%) of the total trade receivables were due from the Group's five largest customers and 39% (31 December 2019: 26%) of the total trade receivables was due from the Group's largest customer.

(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 services income were recognised:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Aged within 1 month	45,806	69,080
Aged between 1 to 3 months	56,496	21,281
Aged between 3 to 6 months	25,603	9,518
Aged between 6 months to 1 year	12,367	2,154
Aged over 1 year	8,362	8,397
	148,634	110,430

16 Cash and cash equivalents

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Cash at banks and on hand	216,689	423,816
Short-term bank deposits	41,300	37,523
Money market funds (Note a)	108,421	23,036
Cash and cash equivalents	366,410	484,375

Note a: Money market funds represent the investment in highly liquid money instruments, which are readily convertible to cash and has insignificant risk of changes in value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Financial assets at fair value through profit or loss

(i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets measured at FVPL include the following:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Non-current assets		
US investment funds	78,000	78,000
Current assets		
Cayman Islands investment funds	39,431	47,448
HK listed equity securities funds	11,416	–
HK investments funds	16,832	–
PRC listed equity securities	21,714	20,755
BVI investments funds	19,310	20,112
Ireland investments funds	800	810
US asset-backed security	32,140	–
	141,643	89,125
Financial assets at FVPL	219,643	167,125

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Financial assets at fair value through profit or loss (Continued)

(ii) Amounts recognised in the condensed consolidated interim income statement

During the period, the following income was recognised in the condensed consolidated interim income statement:

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net fair value gains on financial assets at FVPL	36	–
Dividend income from investments	2,798	–

18 Interests in associates

On 1 March 2020, the Group invested in Goldstream Healthcare Focus Fund and Goldstream Macro Fund for cash consideration of USD5 million (equivalent to approximately HK\$39 million) and USD5 million (equivalent to approximately HK\$39 million) respectively. The Group held 31% and 16% equity in these funds and has significant influence over these two funds.

The carrying amount of equity-accounted investments has changed as follows in the six months ended 30 June 2020:

	As at 30 June 2020 HK\$'000 (Unaudited)
At the Beginning	–
Additions	78,000
Share of profit for the period	9,813
At the closing	87,813



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 Share capital

	(Unaudited) As at 30 June 2020		(Audited) As at 31 December 2019	
	Number of Shares '000	Nominal value HK'000	Number of Shares '000	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 and end of the period/year	11,346,472	113,465	11,346,472	113,465

20 Trade and other payables

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Trade payables – third parties	49,523	14,552
	49,523	14,552
Other payables		
– related parties	4,044	9
– third parties	44,938	48,133
Accruals (due to third parties)	73,989	47,811
	172,494	110,505

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 Trade and other payables (Continued)

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
0 - 30 days	37,077	13,896
31 - 90 days	8,542	484
91 - 180 days	3,802	118
181 days - 1 year	51	1
Over 1 year	51	53
	49,523	14,552

21 Borrowings from a former director

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Borrowings from a former director	212,133	209,617

The amount due represents balance with a former director, Mr. Li Kin Shing was a director of the Company until he resigned on 28 December 2018. The amount is unsecured, non-interest bearing and repayable in full amounted HK\$214,999,000 on 29 November 2020. HK\$Nil imputed interest is unwinded for the six months ended 30 June 2020 (2019: HK\$2,693,000) and incurring a finance costs of HK\$2,516,000 (2019: HK\$1,223,000) for the six months ended 30 June 2020.

As at 30 June 2020, the Group has a facility of HK\$215 million (31 December 2019: HK\$215 million) from Mr. Li for financing its business operation. Unused facilities as at the same date amounted to nil (31 December 2019: nil).

22 Commitments

Capital commitments

There were no significant capital expenditure contracted for but not yet incurred as at 30 June 2020 and 31 December 2019.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 Related party transactions

(a) Relationship between the Group and related parties

(i) *Ultimate shareholders of the Group*

Zhao John Huan

(ii) *Ultimate parent*

Hony Capital Group, L.P.

(iii) *Subject to common control of ultimate shareholders*

Exponential Fortune Group Limited
 Goldstream Segregated Portfolio Company
 Hony Capital Limited
 Hony Capital Management Limited
 Hony Capital Management (Cayman) Limited
 Hony Gold Holdings, L.P.
 Hony Gold GP Limited
 Hony Group Management Limited
 Hony Managing Partners Limited

(b) Transactions with related parties

The following transactions were carried out with related parties:

		For the six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Services income	(i)	242	12,234
Rental expenses of properties	(ii)	558	1,025

Notes:

- (i) Services income from related parties mainly represent the provision of IM services. The selling prices are determined based on prevailing price of similar services to independent third party customers.
- (ii) The Group rented properties from related parties, Hony Capital Limited, at a price mutually agreed.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 Related party transactions (Continued)

(c) Balances with related parties

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Amounts due from associates		
– Trade receivables	190	–
Amounts due from related parties		
– Trade receivables	–	29,038
– Deposits and other receivables	21,509	21,516
Amounts due to related parties		
– Other payables	4,044	9

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

(d) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Wages, salaries and other benefits	4,806	3,187
Contribution to retirement benefit schemes	261	167
	5,067	3,354

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

24 Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2020 and 31 December 2019.