GOLDSTREAM INVESTMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 1328)

ANNUAL REPORT 2020

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zhao John Huan *(Chairman)*
Dr. Lin Tun *(Chief Executive Officer)*
Mr. Yuan Bing
Ms. Li Yin

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUTHORIZED REPRESENTATIVES

Dr. Lin Tun
Ms. Chan Wai Ching

COMPLIANCE OFFICER

Mr. Lam Tsan Fai Fergus

COMPANY SECRETARY

Ms. Chan Wai Ching

AUDIT COMMITTEE

Mr. Shu Wa Tung Laurence *(Chairman)*
Mr. Jin Qingjun
Mr. Lee Kin Ping Christophe

REMUNERATION COMMITTEE

Mr. Jin Qingjun *(Chairman)*
Mr. Lee Kin Ping Christophe
Mr. Yuan Bing

NOMINATION COMMITTEE

Mr. Zhao John Huan *(Chairman)*
Mr. Jin Qingjun
Mr. Shu Wa Tung Laurence

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 08, 70/F.
Two International Finance Centre
No. 8 Finance Street
Central, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Gilman Street Branch
136 Des Voeux Road
Central, Hong Kong

Citibank N.A.
21/F Tower 1, The Gateway
Harbour City, Tsimshatsui
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

STOCK CODE

1328

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Goldstream Investment Limited (the "Company"), I am pleased to present the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2020.

The Group's financial performance in 2020 was clearly impacted by the pandemic and the consequent challenging economic and market environment. Despite this, we delivered an improved finance performance and continued to make good strategic progress. I am pleased to announce that the Group turned profitable in 2020.

The COVID-19 pandemic caused disruption in business operations worldwide in 2020. The Group's customer relationship management ("CRM") business faced strong headwinds after the outbreak of the virus. The Group addressed the situation by adopting more of a digital working culture to ensure the safety of its employees while increasing productivity. Despite the difficult economic environment, the Group managed to enter into a number of CRM contracts with new customers, including but not limited to Qingyuan (清遠), Kunming (昆明) and Taishan (台山) city branches of China United Network Communications Co., Ltd. (中國聯合網絡通信有限公司) and China Unicom Womusic Culture Co., Ltd. (聯通沃音樂文化有限公司). As the pandemic evolves and economies recover, the Group is actively contemplating strategic direction of its CRM business in the new environment.

2020 has been a remarkable year for the global financial markets. After the COVID-19 pandemic triggered the worst market crash in a generation, unprecedented stimulus measures and vaccine breakthroughs have sent stocks roaring back to record highs. Despite the extreme market volatility, the Group's investment management business ("IM") has achieved significant growth in 2020. The IM service income grew from HK$71 million in 2019 to HK$112 million in 2020, with an annual growth rate of 58%. Leveraging the brainpower and infrastructure of the IM business, the Group also grew its strategic direct investment ("SDI") business by investing its principal capital into securities and funds that Goldstream Capital Management Limited ("GCML") manages. In 2020, SDI received HK$53 million gain from SDI business, nearly 12 times of 2019. We believe that IM business and SDI business will continue to grow in the years to come.

On behalf of the Board, I would like to thank all our staff for their passion and hard work in turning the Group's vision into reality. I also take this opportunity to extend my appreciation to our shareholders and business partners for their trust and support. The Group's management and staff will work cohesively under the leadership of the Board to overcome challenges in the coming year and generate returns for our shareholders.

ZHAO JOHN HUAN
Chairman

Hong Kong, 31 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a customer relationship management ("CRM") outsourcing service provider with business focus in Hong Kong, Macau and the People's Republic of China (the "PRC") markets. CRM is a process of providing services to customers with the use of communication and computer networks. During the year under review, the Group continued to provide services to established telecommunications service providers, including Hutchison Telecommunications, HGC Global Communications, China Unicom Guangdong, China Telecom Guangzhou and PCCW Mobile. Besides, management continued 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 GCML and Goldstream Securities Limited ("GSL") (collectively, "Goldstream Companies") in November 2018, the Group is also engaged in investment management business.

Since the third quarter of 2019, the Group has made 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 made by the Group since 2019 met our target and generated more favorable returns as compared with interest gains from keeping same amount of idle cash in commercial bank deposit accounts.

The principal businesses of the Group are classified into the following three segments:

CRM Service ("CRMS") Business

CRMS business includes the provision of inbound services and outbound services. Inbound services comprise a range of customer hotline services, including general enquiry, technical support, broadband connection arrangement, service installation, account activation, subscriber details update, account enquiry, account termination, order placement, member registration, built-in secretary ("BIS") and super secretarial services ("Super BIS"). BIS service is a personalized message taking service, where its operators transmit messages left to the subscriber via SMS. The Super BIS service is a concierge service where the operators can provide advanced functions such as making restaurant reservation and purchasing flight tickets for highend subscribers. Outbound services, on the other hand, include telesales services and market research services. The Group's operators run on behalf of their customers promotions and ongoing telemarketing via unsolicited phone calls (cold calls). The operators can also conduct large scale surveys to efficiently collect feedback, opinions, and in some cases, complaints for their customers.

Investment Management ("IM") Business

IM business includes (i) the provision of advisory services on securities and asset management; and (ii) securities trading.

Strategic Direct Investment ("SDI") Business

SDI business includes proprietary investments in the financial market.

BUSINESS ENVIRONMENT

Mature development of China's service outsourcing base cities leads to the fierce competition of CRM market. It becomes a big challenge to the Group. Due to the robust domestic demand of CRM services, the risk exposure to the operation of the Group is still at a manageable level. In 2020, China's economic growth rate reached 2.3%. Capitalizing on the valuable opportunities arising from a number of favorable government policies in China, including the growth in 4G mobile communications, the rapid development of 5G mobile communications technology, the "Internet Plus" strategy, the increase in domestic demand and the demand arising from the 14th Five-Year Plan for the development of "Smart City", the Group continues to explore the PRC market.

CRM outsourcing is relatively common in the traditional telecommunications industry. CRM customer base has been extended to a wide range of industries, stretching across finance, postal, travel, healthcare, logistics, information technology, online business, media, public utilities and retail. Meanwhile, new concepts such as "Services in China", online services, mobile internet applications ("APP") and the government's "Internet Plus" strategy are getting increasingly popular and these new elements have been integrated into traditional CRM services. In 2020, the Group continued to expand its internet CRM services to customers to operate intelligent online business for them. Therefore, the immense potential scale of a rising intelligent CRM market will be further enhanced along with the swift growth in China's booming consumer market. The Group is well-prepared for capturing the opportunities and meeting the challenges ahead.

The year under review was a challenging year to the CRMS business although the PRC government has been persevering in its reform and opening up the market, which has brought about unprecedented changes across the industries. Growth in China's economy has been slowing down. The Sino-US trade friction has intensified the global economic uncertainty. To alleviate the adverse situation the industry is facing, the PRC government successively introduced a series of policies such as "The Private Economy Shall Grow Stronger, Not Weaker", "Taking Special Actions to Increase Financial Support to the Private Businesses to Ease Their Difficulty in Financing" and "Taking Innovation-Driven Development as a Major Strategy for the Future with Unremitting Determination" under the guidance of its core strategic policy of unremitting reform and opening up.

For the financial markets, the year 2020 proved to be one of the most turbulent in recent times, and few predicted that COVID-19 would cause an unprecedented and extremely challenging year for people, businesses and economies. The global lockdowns during the pandemic resulted in a deep contraction for the global economy. Heavy falls in stock market in the last week of February were followed by a massive selloff in March. But the financial markets recovered much faster than the real economy with the huge stimulus packages from federal governments around the world.

The rapid recovery was underlined by the Dow Jones Industrial Average Index, for instance, which plunged by 37% during the height of the pandemic in March 2020, before staging a stunning recovery with a huge rebound to reach record high in December.

Financial markets rallied in December on the prospects of COVID-19 vaccines becoming available and ultimate agreement of another tranche of stimulus. Looking back in 2020, despite of the economic and market tumult, the markets continue to function and that people can adapt to difficult circumstances. Even ignoring the pandemic for a moment, 2020's stock market defied expectation and markets performed strong even in weak global economy. A good lesson that market performance is not always tied to economic performance.

Moving into 2021, many questions remain about the pandemic, new vaccines, business activity, changes in how people work and socialize, and the direction of global markets. If new vaccines are successful, they could help accelerate the global economic recovery, driving corporate earnings and financial markets even higher. On the other hand, we should not expect all of 2020's many challenges to disappear as a result of a medical breakthrough, no matter how impressive. The logistics of mass vaccination are complex, and further waves of the pandemic cannot be ruled out, which could still cause major problems for some businesses.

Going forward, reducing costs, strengthening of risk management and improving operating model remain a high priority to protect assets and improve profit margins. The industry will continue to evolve and develop new operating models to deal with different market environments and volatility.

As we enter an uncertain phase for investment management, there are many reasons to remain positive. The outlook for Asia and China remains positive for fund managers and investor appetite for the region remains strong. As returns from traditional asset classes become challenging, this is arguably the time to increase allocation to alternative asset classes which the IM business focuses on.

The SDI business is a relatively new business segment with the initial objective of enhancing the returns on excess cash balance, the Group is prudent in selecting its investments and has invested using market-neutral investment strategies with low exposure to market volatilities. During the year under review, the investments met our objectives with returns more favorable than keeping cash in interest bearing commercial bank deposit accounts.

FINANCIAL REVIEW

Income

Service income from CRMS business for the year ended 31 December 2020 was approximately HK$215,166,000 (2019: approximately HK$239,412,000), representing a decrease of approximately 10% as compared with last year. With the new business driver, IM and SDI businesses the Group recorded investment management services income stream of approximately HK$112,159,000 (2019: approximately HK$70,758,000) for the year ended 31 December 2020. Dividend income from investment funds of approximately HK$12,006,000 (2019: HK$1,636,000), aggregated income generated from fair value gains on financial assets of fair value through profit or loss and share of net profits of associates accounted for using the equity method of approximately HK$43,419,000 (2019: HK$2,511,000) also increased overall income of the Group. For the year ended 31 December 2020, income of the Group amounted to approximately HK$382,750,000, representing an increase of approximately 22% as compared with last year. Income from CRMS, IM and SDI businesses accounted for approximately 56%, 29% and 15% of the Group’s total income for the year ended 31 December 2020 respectively.

Other income

The Group’s other income was approximately HK$11,144,000 (2019: approximately HK$10,745,000), representing an increase of approximately 4% as compared with last year. The increment was mainly due to net impact of sundry income generated from the provision of miscellaneous services by idle staff to third parties, interest income from financial asset at fair value through profit and loss, and drop of bank interest income.

Operating expenses

In terms of expenses, the Group continued to exercise stringent cost discipline. Total expenses increased from approximately HK$373,245,000 for the year ended 31 December 2019 to approximately HK$387,540,000 for the year ended 31 December 2020. During the year, the Group recorded amortisation expense and non-recurring expense including impairment provision for and write 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.

Profit Attributable to Equity Holders of the Company

The Group’s profit attributable to equity holders of the Company for the year ended 31 December 2020 was approximately HK$17,254,000, while the Group’s loss attributable to equity holders of the Company for the year ended 31 December 2019 was approximately HK$38,852,000. The turnaround of profit attributable to equity holders of the Company for the year ended 31 December 2020 was mainly attributable to the net positive impact from improved performance of operating segments.

CRMS BUSINESS

Business Review

Customers in Telecommunications Industry

In 2020, the Group continued to provide services to established telecommunications service providers. The Group continued to seek further cooperation with customers in the telecommunications industry, as well as business opportunities with other telecommunications service providers. The Group has successfully acquired service contracts from new 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 industry and the economic impact of COVID-19, there was a decrease in income of the Group from telecommunications service providers for the year ended 31 December 2020 of approximately 10.5% as compared with last year.

During the second quarter of 2020, the Group started to operate 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 year under review.

The Group has made use of its profound knowledge in the telecommunications industry and launched successfully in December, 2020 a new project: South China Customer Service Centre project. The Group provides human resource and management services for the client at the client's operational site. The project mainly provides business inquiry, service failure report and handling, complain handling and other call centre related support services. Although the project is still in its earliest stage, the Group believes that the performance of the project is promising.

Customers in Non-Telecommunications Industries

In 2020, 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 year ended 31 December 2020 of approximately 3.9% as compared with last year.

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

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, organizing 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 year 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 and does not incur much additional cost.

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 a consolidated customer base and they have witnessed the achievement of the Group's development in non-telecommunications industries.

Multi-Skill Training

Benefiting from the government's favorable 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 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 in 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 ("Director(s)") believe that the operators with multi-skills can form an elite CRM team that particularly caters high-end customers.

CRM Service Centres

The Group has established four CRM service centres and the production capacity is at an impressive level of 4,500 seats, securing the Group's leading position in China. During the year 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 year under review, the Group 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

Awards 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 year under review, the Group continued to provide Internet CRM service named 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 service will enhance profit margin of the Group.

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.

(ii) *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 year 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 year under review, the Group has operated two new projects for clients in the telecommunications industry. The Group has also operated two other 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.

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

During the year 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

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 14th 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.

The market trend changes and the artificial intelligent ("A.I.") industry rises so 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.

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 2021, the Group will continue to identify business opportunities with government departments and companies with operations outside the provinces of Guangdong Province, China. In addition, the Group is leveraging on the Group's resources and applying 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 was 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 in the first half of the year.

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 from the first quarter sharp decline to end the year with some record highs.

Overall, during 2020 the Group continued to develop its IM business in accordance with our plan. The redemptions from the first quarter were mostly offset by new inflows and although market was volatile 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 and investments.

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 2021. 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 built up our mainland domestic asset management business to broaden and make new product offerings to mainland investors.

Prospects

Looking ahead, we anticipate that 2021 will return gradually to normalcy with sustained recovery, in which sectors affected by the pandemic will improve. The size of this recovery will, of course, be influenced by the scale of the contraction in 2020, as well as by breakthroughs in vaccine research and the immense levels of economic stimulus deployed. The recovery is expected to drive corporate earnings growth and asset appreciation over time. The Group is most positive about China and US, with China likely to be the biggest contributor to global GDP growth in 2021. There are also enough positives to suggest that equities will outperform bonds and cash. With greater confidence resulting from the vaccines, alongside continued technological innovation, and a recovery in global economic growth should provide a positive landscape for investors. While some challenges remain, we are alert to the opportunities and challenges that these present.

For our IM business, the challenge is to work out how best to take advantage of the recovery while guarding ourselves against unexpected shocks. The year's positive equity and fixed income returns remind that, with a solid investment approach and a commitment to staying the course, we can focus on building long-term wealth, even in challenging times.

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 follows:

(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 continue to 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 could deliver risk adjusted returns.

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. The Group is encouraged by the results from this new initiative through effective deployment of Group's resources, investment management and risk management expertise, and will continue to develop it along with the CRM and IM businesses.

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 31 December 2020, the Group's shareholders' equity was approximately HK$829,782,000 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$214,999,000 was drawn down as at 31 December 2020. The loan will mature and be repayable in full on 29 May 2022. As at 31 December 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

	2020 HK$'000	2019 HK$'000
Cash at banks and on hand	**171,163**	423,816
Money market funds	**15,604**	23,036
Fixed-term bank deposits	**46,038**	37,523
Total cash and deposits	**232,805**	484,375

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 31 December 2020, the Group's balance of cash and deposits was approximately HK$232,805,000, 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 deposits decreased by approximately HK$251,570,000 in 2020.

As at 31 December 2020, the current ratio and quick ratio was 3.71 (2019: 2.26).

FOREIGN EXCHANGE RISK

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

The Group had no outstanding as at 31 December 2020 (2019: Nil).

CONTINGENT LIABILITIES

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

MATERIAL ACQUISITIONS AND DISPOSALS

During 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 the Group has significant influence, but not control, the Group records such investments as associates. For details, please refer to note 22. The Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures during the year under review.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed, the Group did not have definite plans for material investments and capital assets as at 31 December 2020.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2020.

SIGNIFICANT INVESTMENTS

The Group provides investment management services to our clients and also make strategic direct investment on behalf of the Group. As at 31 December 2020, the Group recorded strategic direct investments of approximately HK$341,487,000. 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 total assets as at 31 December 2020 as significant investments.

As at 31 December 2020, the Group has financial assets at fair value through profit or loss with details as follows:

	Note	Market/fair value as at 31 December 2020 HK$'000	Dividend income received during the year HK$'000	Net realised/ unrealised fair value gain/(loss) during the year HK$'000	Carrying value as at 31 December 2019 HK$'000	Percentage of individual investment to the Group's total assets as at 31 December 2020	Percentage of individual investment to the Group's total financial assets at FVPL as at 31 December 2020
Investment A	(a)	60,399	9,996	9,730	78,000	4.8%	17.5%
Other investments	(b)	285,011	2,010	13,263	89,125		
		345,410	12,006	22,993	167,125		

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"). Cost of Investment A is 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 12% and dividend income received during the year amounted to HK$9,996,000. The investment returns met the Group's expectation in participating in this investment and the Group remained positive on 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. The Group also invests other financial assets including bonds, exchange traded fund, 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 total assets as at 31 December 2020.

To mitigate relevant risks, the Group will optimise its investment strategies in response to market conditions.

As Investment A only accounted for 4.8% of the Group's total assets as at 31 December 2020, Investment A has ceased to be regarded as a significant investment of the Group. The Group had no other significant investments held during the year. Details of the Group's investment objective and strategies are set out in the paragraphs — "SDI Business — Business Review and Prospects".

GEARING RATIO AND INTEREST CAPITALIZATION

As at 31 December 2020, the Group had outstanding unsecured, non-interest bearing loan due to Mr. Li Kin Shing, a former executive director of the Company, of approximately HK$206,823,000 and repayable in full amounted to approximately HK$214,999,000 on 29 May 2022. The imputed interest of approximately HK$8,648,000 was recognized initially when the facility renewed on 29 November 2020 and finance cost of approximately HK$5,854,000 was incurred for the year ended 31 December 2020. The gearing ratio (being ratio of total borrowings outstanding less cash and deposits to total equity and total borrowings) was inapplicable as sum of the Group's cash and deposits was more than its total borrowings.

During the year under review, no interest was capitalized by the Group (2019: Nil).

CAPITAL COMMITMENTS

As at 31 December 2020, there was approximately HK$83,000 capital commitment contracted and not provided for in the financial statements (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. The 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 consolidated financial statements of the Group for the year ended 31 December 2020.

STAFF AND REMUNERATION POLICY

As at 31 December 2020, the Group had 1,874 employees (2019: 1,777 employees). Among them, 1,844 employees worked in the PRC, 29 employees worked in Hong Kong and 1 employee worked in Macau.

Breakdown of the Group's staff by function as at 31 December 2020 is as follows:

Function	**As at 31 December 2020**	As at 31 December 2019
Management	**12**	12
Operation	**1,758**	1,660
Financial, administrative and human resources	**62**	64
Sales and marketing	**4**	5
Research and development	**21**	16
Repair and maintenance	**17**	20
	1,874	1,777

The total staff remuneration including Directors' remuneration paid by the Group in 2020 was approximately HK$240,680,000 (2019: approximately HK$254,732,000).

The remuneration paid to the staff, including 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 the most valuable assets. To incentivize employees and promote the long-term growth of the Company, the Company has adopted a share option scheme and a share award scheme, further details of which are set out in the sections headed "Share Option Scheme" and "Share Award Scheme".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group will be issuing a separate environmental, social and governance ("ESG") report for the financial year ended 31 December 2020 and in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange. The ESG report will disclose information on the Group's ESG management approach, strategy, priorities and objectives.

DISCLOSURE UNDER CHAPTER 13 OF 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 Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange during the year under review.

REPORT OF DIRECTORS

The Directors present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATION LOCATION

The principal activity of the Company is investment holding. Activities and the analysis of operation location of its subsidiaries are set out in note 30 to the consolidated financial statements.

PRINCIPAL PLACE OF BUSINESS

The principal places of business include Hong Kong, the PRC and Macau.

BUSINESS REVIEW

A review and outlook of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" respectively on page 3 and pages 4 to 15 of this report.

Principal Risks and Uncertainties

Apart from those stated in the Chairman's Statement and Management Discussion and Analysis sections of this report, the Group is exposed to the following principal risks and uncertainties.

Risks Relating to the Industry

The Group operates in an industry which requires rapid deployment of new technologies. There can be no assurance that the Group will necessarily be able to offer the latest technology or services to its customers, nor develop the expertise, experience and resources to offer the latest technology or services required by customers on a timely and competitive basis. The Group may incur significant expense in developing services and expertise in order to closely follow the latest technology.

The Group faces increasing competition in the business areas in which it operates. The Directors expect this trend to continue and to accelerate. There is no assurance that competitors will not develop the expertise, experience and resources to provide services that offer greater competitiveness in both price and quality as compared to the services offered by the Group, or that the Group will be able to maintain and enhance its competitive edge.

As at the latest practicable date, there is no legal requirement pursuant to which the Group must obtain a licence under the Regulations on Telecommunications in the PRC (中華人民共和國電信條例) to operate as a CRM outsourcing service provider in the PRC. In the event that the PRC government imposes any such law and/or regulations which impacts on the Group's business, the Directors will use its best endeavours to comply with such laws and/or regulations as required. However, there can be no assurance that the changes in the regulatory environment will not have an adverse effect on the Group's business and results of operation.

Reliance on Major Customers

The Group derives a significant portion of its turnover from the provision of services to a certain number of its key customers.

In addition, some of the contracts entered into between certain of the major customers and the Group contain an exclusive clause restricting the provision of the Group's services to any companies which undertake competing business with those major customers in Hong Kong, Macau and the PRC, unless (i) prior written consent has been given by those major customers or (ii) those competitors were existing customers of the Group at the time when the Group entered into contracts with those major customers.

Reliance on the Telecommunications Industry

The Group currently derives a substantial portion of its turnover from telecommunications service providers in Hong Kong, Macau and the PRC. Demand for the services of the Group depends on the level of activities in the telecommunications industry in Hong Kong, Macau and the PRC and market competition. Any trend towards an increase in competition in the telecommunications industry in Hong Kong, Macau and the PRC, particularly amongst the telecommunications service providers which are the Group's direct and indirect customers, may put downward pressure on prices for their products and services, and consequently on their turnover. Should this happen, these telecommunications service providers may reduce CRM outsourcing fee they are willing to pay to the Group and attempt to maintain their profit margins by reducing their costs.

Potential Product and Service Liabilities

The Group's services may be critical to the operations of its customers' businesses. If the Group provides wrong information in delivering its services which subsequently adversely affect any of the Group's customers' businesses, the Group may incur additional costs in rectifying such errors or defending any legal proceedings and claims brought by its customers against the Group. Consequently, this may affect the Group's relationship with such customers and may result in negative publicity of the Group. The Group has no insurance cover on its potential liabilities. Any defects or errors in the Group's products or services could result in delayed or lost turnover, adverse customer relationship, negative publicity and additional costs.

The Trade Descriptions (Unfair Trade Practices) Ordinance ("TDO") (Amendment) 2012 was passed by the Legislative Council on 17 July 2012 and has come into effect on 19 July 2013. It extends the coverage to prohibit specified unfair trade practices deployed by traders against consumers, including false trade descriptions of services, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch and wrongly accepting payment. To control the risk and to comply with the regulation, the Group is using its best endeavours to train and manage the employees involved. As at the latest practicable date, the Directors are not aware of any complaints and/or claims against the Group for violation of TDO. However, there is no assurance that employees of the Group will not violate of TDO in the future.

Reliance on Key Management

To a significant extent, the Group's success depends on the experience, expertise and the continuous services of the Group's executive Directors and members of the senior management. The Group's performance also depends on its ability to retain and motivate its key officers. However, there is no assurance that the Group will be able to retain the continuous services of the executive Directors and the members of the senior management. If the Group is unable to retain their services, the operations of the Group may be adversely affected, if for any reason, replacement cannot be found in a timely and commercially viable manner.

Failure to Recruit and Retain Competent Employees

The success of the Group especially its CRM business depends heavily upon the continuous services provided by a huge quantity of employees whose industry expertise and experience in the business e.g. business vision, operating skills, and working relationship with customers and regulatory authorities are relied. If many of the employees are unable or unwilling to continue providing their services to the Group, or join competitors of the Group, or form competing companies, the Group's business may be adversely affected.

The sustainability and growth of the Group depend on the devotion of its employees. If the Group is unable to identify, hire and retain qualified employees, it may be unable to meet its business and financial goals.

The Stability of the Network of the Group

The Group's operational systems utilized by the CRM service centres are vulnerable to damage from fire, flood, power loss, telecommunications failures, computer virus, hackings and similar events. Any network interruption or inadequacy that causes interruptions in the connectivity of the system of the Group or deterioration in the quality of access to the system of the Group or failure to maintain the network and server or failure to solve such problems quickly could reduce the Group's customers' satisfaction. In addition, any security breach caused by hackings, which involve efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses could have a material adverse effect on the business, financial condition and results of operations. The Group maintains insurance policies covering losses relating to the systems of the Group and does not have business interruption insurance.

Infringement or Misappropriation of Intellectual Property rights

The Group's CRM business heavily relies on the operating systems in its daily operations which are developed by the Group's research and development department. The Group obtained registration certificate issued by the National Copyright Administration (國家版權局) in respect of internet CRM systems in 2011. The Group remains as one of the few operation systems owners who applied for protection for these intellectual property rights. The Group also relies on non-disclosure of confidential information agreements provided by the Group's research and development personnel to protect the Group's intellectual property rights on the operating systems currently in use.

There is no assurance that the current protection measures adopted by the Group provide adequate protection against infringement of any intellectual property rights attributable to the Group. Any unauthorized use, infringement or misappropriation of such rights by third parties may adversely affect the Group's business.

Inadequate Protection of Personal Data

The Group, acting as a CRM outsourcing service provider, obtains a significant amount of personal data from its customers, in particular, personal data of subscribers of the Group's telecommunications customers. Pursuant to contracts entered into between the Group and its customers and in compliance with the Personal Data (Privacy) Ordinance (Chapter 486), the Group is obliged to keep all such data confidential. In the event that there is a breach of confidentiality by the Group and data is leaked to third parties, the subscribers may take legal action against the Group's customers for loss and/or damages. In addition, the Group's customers may exercise their rights under the contract to terminate the contract and proceed to institute legal proceedings to claim damages for any loss sustained as a result of the Group's breach. Further, the contracts entered into by the Group with its customers contain general indemnity clauses which cover amongst others, such circumstances.

The Group has implemented internal control procedures to safeguard confidential data, including (1) restricted physical access to the designated working areas; (2) prohibited use of information storage devices; and (3) non-disclosure and confidentiality agreements with the Group's employees. However, there is no assurance that there will not be any leakage of personal data that may adversely affect the Group's business and reputation.

The Effect of the Unsolicited Electronic Messages Ordinance ("UEMO")

The UEMO governs the sending of commercial electronic messages which, for the purposes of the UEMO, include a message in any form sent over a public telecommunications service (including among others, SMS, faxes or emails) to an electronic address and includes but is not limited to a text, voice, sound, image or video message; and a message combining text, voice, sound, image or video for the purpose of advertising, promoting or offering any goods, services, business opportunities or the organizations themselves. The UEMO also governs the use of address harvesting software i.e. software which is specifically designed or marketed for use for searching the Internet or a public telecommunications network and collecting electronic addresses such as telephone numbers or email addresses in connection with or to facilitate the sending of such commercial electronic messages. The UEMO does not apply to person-to-person telemarketing calls. The Group's current business does not involve the sending of commercial electronic messages and the Group does not use any address harvesting software. Therefore the Group's business activities are not under the scope of the UEMO. However, there can be no assurance that the Group's future business activities will not fall under the scope of the UEMO. Should this happen, the Group's operations may be adversely affected by the costs and time involved in ensuring that the Group's activities comply with the UEMO. In addition, should the Group fail to comply with the UEMO, it may be liable for fines.

Risk Relating to the PRC

The Group's CRM service centres are located in Guangdong Province, the PRC, the operations of which are therefore subject to the laws and regulations prevailing in the PRC. The Group's operations may be adversely affected should there be any changes in the political, economic and legal environment in the PRC or changes in the policies or regulations in the PRC relating to the industry in which the Group operates.

At present, RMB is not freely convertible into other currencies. Pursuant to the current relevant regulations in the PRC, foreign investment enterprises are permitted to remit their profit or dividends in foreign currencies overseas or repatriate such profit or dividends after converting the same from RMB into foreign currencies through banks which are authorised to engage in foreign exchange business. Foreign investment enterprises are permitted to convert RMB into foreign currencies for items in their current accounts (including dividend payment to foreign investors) and that the control over conversion of RMB into foreign currencies for items in their capital accounts (including direct investment, loan and investment in securities) is more stringent. The Group's business operations are, to a significant extent, undertaken by China Elite, wholly foreign-owned enterprise established in the PRC, which are subject to the above regulations.

The Group is subject to restrictions on foreign investment policies imposed by the PRC law from time to time. For instance, under the Foreign Investment Catalogue, some industries are categorized as sectors which are encouraged, restricted or prohibited for foreign investment. As the Foreign Investment Catalogue is updated every few years, there can be no assurance that the PRC government will not change its policies in a manner that would render part or all of the businesses of the Group to fall within the restricted or prohibited categories. If the Group cannot obtain approval from relevant approval authorities to engage in businesses which become prohibited or restricted for foreign investors, it may be forced to sell or restructure the businesses which have become restricted or prohibited for foreign investment. If the Group is forced to adjust the corporate structure or business line as a result of changes in government policy on foreign investment, the business, financial condition and results of operations of the Group may be materially adversely affected.

Risks Relating to Investment Management Business

The Group started engaging in the investment management business since November 2018. Goldstream Companies perform the role of an Investment Manager in providing investment management services. The income are primarily derived from management fees and performance fees for providing such services to our Collective Investment Schemes (CIS) and managed accounts (generally referred to as Funds). The total income is dependent on the Asset Under Management (AUM), fee rates and appreciation of the investments.

Management fees are recognized as services are performed and are primarily based on percentage of the AUM. The demand for alternative investment strategies although has a growing trend in Asia, large investment outflows have been recorded in recent years due to circumstances described in the business environment section of this report. This puts pressure on growing our AUM which will impact our fee incomes directly. Furthermore, there is pressure in this industry to reduce fee rates in order to sustain and attract new investments. Both these factors will have negative impact on delivering stable management fee incomes.

Performance fees are significant sources of income and normally charged as a percentage of the appreciation of the AUM over a defined period of time. The investment performance may be adversely affected by lack of investment opportunities, a reduction in market liquidity, unforeseen events involving, without limitation, such matters as changes in interest rates or the credit status of an issuer, forced redemptions of securities, unexpected changes in relative value or changes in tax treatment.

Other risk factors and uncertainties which could affect the business and revenues include but not limited to the following:

(1) General economic and market conditions

The investment performance of any Fund may be adversely affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, tax treatment, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of a Fund's investments. Volatility or illiquidity could impair any investment profitability or result in losses.

(2) Availability of investment strategies

The investment returns of the our strategies will depend on our ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the importance of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued involves a high degree of uncertainty. No assurance can be given that we will be able to locate suitable investment opportunities in which to deploy all of the assets attributable to an investment strategies. Market factors including, but not limited to, a reduction in market liquidity or the pricing inefficiency of the markets in which we will seek to invest may reduce the scope for the investment strategy of the relevant Fund.

(3) Trading strategies

There can be no assurance that the specific trading strategies utilised for any Fund will produce profitable results. Any factor which would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in limit moves, could also be detrimental to profits. No assurance can be given that the techniques and strategies will be profitable in the future.

(4) Cybersecurity risk

The Investment Manager and/or one or more of its service providers may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity ("cyber incidents") refers to events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. Cyber attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, causing denial-of-service or causing operational disruption.

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, impediments to trading, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

(5) Market disruptions and liquidity

A Fund may incur major losses in the event that disrupted markets and/or other extraordinary events affect markets in a way that is not consistent with historical pricing relationships. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Fund, and such events may result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Investment Manager to liquidate affected positions and thereby expose it to losses. A Fund may be adversely affected by a decrease in market liquidity for the instruments in which such Fund is invested which may impair the ability of the Investment Manager to adjust positions. The size of a Fund's positions may magnify the effect of a decrease in market liquidity for such instruments.

(6) Regulatory risks

The regulatory environment for the alternative investment management industry is evolving and changes therein may adversely affect the value of investments held by the Fund and/or the ability of the Fund to obtain the leverage it might otherwise obtain or to continue to implement its investment approach and achieve its investment objective. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and exchanges are authorised to take extraordinary actions in the event of market emergencies. In addition, the regulatory or tax environment may adversely affect the value of the investments held by the Fund. The effect of any future regulatory or tax change on the Fund is impossible to predict.

The effect of any future regulatory change on the Fund could be substantial and adverse including, for example, increased compliance costs, increased disclosure requirements, the prohibition of certain types of trading and/or the inhibition of a Fund's ability to implement its investment approach and achieve its investment objective.

(7) Tax considerations

Where the Investment Manager, in respect of any Fund, invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Investment Manager may not be able to recover such withheld tax and so any such change could have an adverse effect on the Net Asset Value of the relevant Fund.

Financial Risk and Foreign Exchange Exposure

The Group is exposed to financial risks, such as foreign exchange risks, interest rate risks, credit risks, liquidity risks and price risk. The Group reviews regularly and manages its capital structure to maintain a sound capital position. Certain portion of the Group's trade receivables and deposits with banks is denominated in foreign currency i.e. Renminbi ("RMB"). The Group currently does not have hedging policy in respect of the foreign exchange risk. Nevertheless, the Group has continuously evaluated and monitored the fluctuation of RMB and may consider entering into forward contracts in order to manage its exposure to adverse fluctuations in foreign currency exchange rate. For details of the Group's financial management policies and strategies in managing these financial risks, please refer to note 3 to the consolidated financial statements.

Major Financial and Business Performance Indicators

Major financial and business performance indicators include revenue, net profit margin, current and quick ratio etc. Details of these indicators are set out in the section "Management Discussion and Analysis" of this report.

Environment Policies and Performance

The Group has committed to be an environmentally-friendly corporation that pays close attention to conserve natural resources. It strives to minimize environmental impact by saving electricity and encouraging recycle of office supplies and other materials. The Group also requests factories of its suppliers to operate in strict compliance with the relevant environmental regulations and rules.

Compliance with Laws and Regulations

The Group recognises the importance of compliance with the requirements of relevant laws and regulations, and any failure to comply with such requirements may result in interruptions in, or termination of the operation. The Group has allocated systems and human resources to ensure continuing compliance with rules and regulations and sound working relationships with regulators through effective communications. During the year under review, to the best of our knowledge, the Group has complied with the Listing Rules, the Securities and Futures Ordinance (Chapter 571), the Companies Ordinance (Chapter 32), Anti-Money Laundering and Counter-Terrorist Financing institution Ordinance Cap 615 of the laws of Hong Kong, the Trade Descriptions Ordinance (Chapter 362), the Personal Data (Privacy) Ordinance (Chapter 486), the Unsolicited Electronic Messages Ordinance (Chapter 593), the Company Law of the PRC (中華人民共和國公司法), the PRC Foreign Investment Law (中華人民共和國外資企業法), the PRC Administration of Tax Collection (中華人民共和國稅收徵收管理法), Regulations on Telecommunications in the PRC (中華人民共和國電信條例), the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Law of the PRC on Work Safety (中華人民共和國安全生產法), the Labor Law of the PRC (中華人民共和國勞動法), the Labor Contract Law of the PRC (中華人民共和國勞動合同法), the Computer Software Protection Regulations Rules (計算機軟件保護條例), the Code of Computer Software Copyright Registration (計算機軟件著作權登記辦法) and other relevant rules and regulations.

Relationships with Major Stakeholders

The Group's success relies on the support of major stakeholders including customers, employees, suppliers, regulators and shareholders.

Customers

The Group is committed to providing its customers with quality products and services so as to strive for sustained growth in respect of revenue and profitability. The Group has adopted various means to strengthen communication with its customers to provide excellent and quality products and services so as to increase market penetration and expand its various businesses.

Employees

Employees are considered to be the most important and valuable assets of the Group. The purpose of human resources management of the Group is to reward the staff with excellent performances through the provision of generous remuneration package and the implementation of the comprehensive performance evaluation plan. Besides, the Group formulates an appropriate training plan based on various positions and duties and titles and provides certain opportunities and platforms to assist them to develop and get promoted within the Group.

Suppliers

Maintaining good relationships with the suppliers is essential to the Group in respect of the supply chain and when facing business challenges and regulatory requirements. It can achieve cost efficiency and promote long term commercial benefits. Major suppliers include system and equipment suppliers, external consultants providing professional services, suppliers of office supplies or commodities and other business partners providing the Group with value added services.

Regulator

As a company listed in Hong Kong and certain licensed corporations licensed under the SFO, Cap 561 (the "SFO"), the Company is subject to the regulation of the Securities and Futures Commission of Hong Kong (the "SFC"), the Hong Kong Stock Exchange and other relevant regulators. With operations in the PRC, the Group is also subject to the regulation of the PRC of the Ministry of Commerce (商務部), the State Administration for Industry and Commerce (工商行政管理總局), the State Administration of Taxation (稅務總局), the Ministry of Human Resources and Social Security Bureau (人力資源和社會保障部), the National Copyright Administration (國家版權局) and other relevant regulators. The Group expects to constantly update and ensure compliance with new rules and regulations.

Shareholders

One of the corporate objectives of the Group is to enhance the corporate value for its shareholders. The Company will distribute dividends or issue bonus shares to its shareholders in recognition of their continual support while boosting the Group's business development to achieve the sustainable profit growth and taking into account the capital adequacy level, liquidity and business expansion needs. The Company has adopted a Dividend Policy on payment of dividends. Details of the Dividend Policy have been disclosed in the paragraph "Dividends" of this report.

FINANCIAL INFORMATION

Five-Year Financial Summary

A summary of the consolidated income statement and the assets and liabilities of the Group for the last five financial years is set out on page 130 of this report.

Results and Appropriations

The results of the Group for the year ended 31 December 2020 are set out in the consolidated income statement, on page 50 of this report.

Major Customers and Suppliers

For the year ended 31 December 2020, the revenue attributable to the largest customer and the five major customers accounted for approximately 20% and approximately 66% of the Group's income respectively.

For the year ended 31 December 2020, provision of services from the largest supplier accounted for approximately 21% of the Group's total purchases. Provision of services from the five largest suppliers accounted for approximately 53% of the Group's total purchases.

None of the Directors, or any of their respective close associates (as defined in the Listing Rules), or any Shareholders (whom to the knowledge of the Directors own more than 5% of the issued share capital of the Company), had any interests in any of the Group's five largest customers or five largest suppliers during the year.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020.

The Company has adopted a Dividend Policy. Subject to the relevant laws and the articles of association of the Company (the "Articles"), the Company, through a general meeting, may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board. The Articles provide that dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law of the Cayman Islands.

Declaration of dividend is subject to the discretion of the Board, taking into consideration of, among others, the following factors:

(i) general business and financial conditions;
(ii) earnings;
(iii) cash flow;
(iv) financial condition;
(v) capital requirements; and
(vi) other conditions as deemed relevant at such time by the Board.

As at the date of this annual report, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

Debentures

The Group has not issued any convertible debentures, futures, or granted any options, or other similar rights for the year ended 31 December 2020.

Reserves

Details of movements in reserves of the Group and of the Company during the year are set out in notes 25 and 33 to the consolidated financial statements respectively.

Distributable Reserve and Share Premium

Under the Companies Law of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association of the Company and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

As at 31 December 2020, the Company had approximately HK$1,709,869,000 (2019: approximately HK$1,709,869,000) available for distribution to equity shareholders of the Company, subject to immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

Goodwill and Intangible Assets

Goodwill and intangible assets arising from acquisition of Goldstream Companies last year accounted for significant portion in the Group's total assets. At 31 December 2020, under IFRS we had approximately HK$197,965,000 of goodwill and HK$29,989,000 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. Management performed test on 31 December 2020 and the year ended 31 December 2020 demonstrated that there was no impairment of goodwill or intangible assets with indefinite lives.

The recoverable amount of the IM business CGUs was based on its value-in-use and was determined with reference to the valuation performed by Ravia Global Appraisal Advisory Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets covering a four year period and terminal growth. The growth rates used to extrapolated cash flow projections beyond the four year period do not exceed the long-term average growth rate for the industry.

The key assumptions, such as budgeted AUM incremental rate ranged between 1% and 18% (2019: ranged between 6% and 15%) and portfolio return rate ranged between 0.5% and 15% (2019: ranged between 4% and 15%). No significant changes of key assumptions have been made in the current year. The key assumptions are determined with reference to historical performance of IM Business, market research of the assets management industry and specific business plans of the Group.

As at 31 December 2020, the recoverable amount of IM business amounted to approximately HK$289,270,000 (2019: approximately HK$303,093,000). As the carrying amount of the CGUs did not exceed its respective recoverable amount, certain headroom is available. Changes in key assumptions including discount rates and cash flow projections used in the determination of embedded values or reductions in AUM may result in impairment charges in the future, which could be material. Impairment charges could occur in the future as a result of changes in economic conditions. The goodwill testing for 2020 will be updated based on the conditions that exist in 2020 and may result in impairment charges, which could be material.

The Company acquired Goldstream Companies, forming certain customer contracts of approximately HK$106,281,000 in total with useful lives of 4 years. A write off expense and an impairment charges of intangible assets with definite lives approximately HK$7,204,000 and HK$20,745,000 were recognised in the consolidated income statement respectively in accordance with relevant accounting standards. 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 impairment for certain customer contracts which were located last year in the Acquisition.

In the coming year, the Group will continue to increase our fund raising, marketing effort and identify other investment opportunities in respect of the SDI to maximise returns for its equity shareholder of the Company. Despite exploring opportunity of receiving additional investments from existing clients in the future, the Group also aim at sustainable growth of client portfolio with new institutional client at the same time. Details of which are set out in the paragraph — "Prospects of IM Business" of this report.

CONTINUING CONNECTED TRANSACTIONS

Lease Agreement

Hony Capital Limited is a wholly-owned subsidiary of Hony Capital Group, L.P. ("HCG") and is principally engaged in investment management, consulting services and investment holding. HCG is managed by Hony Group Management Limited (as sole general partner), 80% equity interest of which is held by Hony Managing Partners Limited. After the completion of the sale and purchase certain shares of the Company pursuant to the Sale and Purchase Agreement dated 30 July 2018 and the acquisition of the entire issued share capital of GCML and Goldstream Securities Limited ("GSL") in November 2018, the following lease agreement (the "Lease Agreement") constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to the Lease Agreement, Hony Capital Limited shall lease certain premises to GCML and GSL. The principal terms of the Lease Agreement are set out as follows:

Parties:	(1) Hony Capital Limited; (2) GCML; and (3) GSL.
Date:	8 January 2018
Premises:	27th Floor, One Exchange Square, 8 Connaught Road Central, Hong Kong
Term:	From 1 May 2017 and ending on 30 April 2020
Rent:	Rent of HK$120,555 per month
Other charges:	Management charges of HK$18,843 per month

The annual cap for the amount of fees payable to Hony Capital Limited under the Lease Agreement was HK$557,592 for financial year ending 31 December 2020, which was calculated and determined after taking into the agreed rate of rent and other charges provided under the Lease Agreement.

Please refer to the joint announcement of the Company and Hony Gold Holdings, L.P. dated 30 July 2018 and the circular of the Company dated 31 August 2018 for further details of the Lease Agreement.

The independent non-executive Directors have, for the purpose of Rule 14A.55 of the Listing Rules, reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions have been entered into by the Group (i) in the ordinary and usual course of its business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 26 of the Annual Report in accordance with paragraph 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, the Directors consider that those related party transactions disclosed in Note 32 to the financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements (if any) under Chapter 14A of the Listing Rules.

DIRECTORS

Executive Directors

Director who held office during the year and up to the date of this report:

- Mr. Zhao John Huan (趙令歡) *(Chairman)*
- Dr. Lin Tun (林暾) *(Chief Executive Officer)*
- Mr. Yuan Bing (袁兵)
- Ms. Li Yin (李燕)

Independent Non-Executive Directors

- Mr. Jin Qingjun (靳慶軍)
- Mr. Lee Kin Ping Christophe (李建平)
- Mr. Shu Wa Tung Laurence (舒華東)

Pursuant to Article 84(1) of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is a multiple of three, the number nearest to but not less than one-third), shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly, Ms. Li Yin, Dr. Lin Tun and Mr. Yuan Bing, being Directors to retire in rotation in accordance with the Articles, will retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting ("AGM").

As at the date of this report, Mr. Jin Qingjun held directorships in more than seven listed companies including the Company. Notwithstanding his directorships in more than seven listed companies, the Board is satisfied with his contribution and proactive commitments to the Company as evidenced by his record of attendance and participation in meetings of the Board and its remuneration committee, audit committee and nomination committee since he joined the Company. Given the extensive knowledge and experience in corporate governance and his familiarity with the management of Hong Kong listed companies, the Board believes Mr. Jin will be able to devote sufficient time to the Board and continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

Confirmation of Independence

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers that all the independent non-executive Directors are independent.

Directors' Service Contracts

Each of Mr. Zhao John Huan, Dr. Lin Tun and Mr. Yuan Bing has entered into a service agreement with the Company for a term of three years, commencing on 28 December 2018. Their directorships will be subject to retirement by rotation and re-election pursuant to the provisions of the Listing Rules and the Articles of Association of the Company.

Ms. Li Yin has entered into a service agreement with the Company with each renewal for an initial term of three years commencing on 16 October 2019 and such service agreement may be terminated by either party thereto giving to the other not less than three months' prior notice in writing.

Each of Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence entered into a service agreement with the Company for an initial term of three years commencing on 1 December 2019, and such service agreement may be terminated by either party thereto giving to the other not less than three months' prior notice in writing.

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Permitted Indemnity Provision

Pursuant to section 164 of the Articles, every Director is entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may sustain or concur in or omitted in or about the execution of his or her duties, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the year ended 31 December 2020.

Contracts of Significance

Save for the service contracts of the Directors and the contracts as set out in the paragraph – "Continuing Connected Transactions" as disclosed above, (i) no contract of significance in relation to the Group's business to which the Company, its subsidiaries and controlling Shareholders was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year under review; and (ii) no contract of significance was entered into between the Company or any of its subsidiaries and the Company's controlling shareholders or any of its subsidiaries during the year ended 31 December 2020.

DIRECTORS AND SENIOR MANAGEMENT

The brief biographical details of Directors and senior management are set out in pages 43 to 45 of this report.

Directors Remunerations and Five Employees with Highest Emolument

Details of Directors' remunerations and five employees with highest emolument are set out in notes 8 and 34 to the consolidated financial statements.

No emoluments have been paid to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2020 (2019: Nil). No Director waived or agreed to waive any emoluments during the year ended 31 December 2020 (2019: Nil).

During the year ended 31 December 2020, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil).

Defined Contribution Retirement Schemes

The amounts of contributions and details of the Group's defined contribution retirement schemes are set out in notes 8 and 2.16(a) to the consolidated financial statements. No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

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

As at 31 December 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 shares and underlying shares of the Company – long position

Name of Director	Total interest in shares or underlying shares	Capacity	Approximate percentage of the Company's share capital
Mr. Zhao John Huan	7,802,539,321	Corporate interests (Note 1)	68.76%
Dr. Lin Tun	221,256,000	Beneficiary of a trust (other than a discretionary interest) (Note 2)	1.95%
Dr. Lin Tun	113,460,000	Beneficiary owner (Note 3)	1.00%

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. These 221,256,000 underlying shares of the Company represented the awarded shares, subject to vesting, granted by the Company under the Company's share award scheme. Details of the scheme are set out in the section headed "2020 Share Award Scheme".

3. These 113,460,000 underlying shares of the Company represented the share options (being regarded as unlisted physically settled equity derivatives) granted by the Company. Details of these share options are set out in the section headed "Share Option Scheme".

Save as disclosed above, as at 31 December 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 31 December 2020, so far as known to the Directors, the persons (other than the Directors or chief executive of the Company) with interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

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 is deemed to have 684,900,000 Shares held by Ms. Kwok King Wa under the SFO.

Save as disclosed above, as at 31 December 2020, so far as known to the Directors, there was no other person (other than the Directors or chief executive of the Company) with interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 4 May 2010 expired on 3 May 2020. No option was granted or outstanding under the expired share option scheme. The Company adopted a new share option scheme (the "Share Option Scheme") in the written approved by the shareholders of the Company at the annual general meeting held on 4 June 2020, for the purposes of providing incentives or rewards to eligible participants (including employees, executives or officers, directors including non-executive directors and independent non-executive directors, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries) for their contribution or potential contribution to the Group. The Share Option Scheme will remain in force for 10 years from 4 June 2020. As at the date of this report, the remaining life of the Share Option Scheme is 9 years and 2 months.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 1,134,647,232 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme and as at the date of this report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including exercised, cancelled and outstanding options) within any 12-month period up to and including the date of grant is limited to 1% of the shares of the Company in issue as at the date of grant. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. Under the provisions of the Share Option Scheme, the Board has the discretion to impose any minimum period for which an option has to be held and/or any performance target required to be achieved before such option may be exercised.

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

Movement of the Share Options Granted

Details of movement of the share options granted under the Share Option Scheme during the year ended 31 December 2020 were as follows:

				Number of options						
Grantees	Date of grant	Exercise price per option (HK$)	Exercise period	Outstanding at 1 January 2020 '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year '000	Cancelled during the year '000	Outstanding at 31 December 2020 '000	Closing price of the Company's shares immediately before grant of the options (HK$)
Continuous contract employees	21 September 2020	0.07	21/9/2020 – 20/9/2030	–	226,920	–	–	–	226,920	0.067

Note:

(a) These options are vested in 5 tranches as follows: 20% on each of 21 September 2020, 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 and are exercisable during a 10-year period commencing the respective dates of vesting.

Details of the share options granted are set out in the Company's announcement dated 21 September 2020. Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the year ended 31 December 2020.

SHARE AWARD SCHEME

The Company adopted a share award scheme (the "Share Award Scheme") on 21 September 2020, for the purposes of attracting new and motivating existing talents and retaining both in the Group. The Share Award Scheme shall be valid and effective for a term of 10 years from the Adoption Date and is administered by the Board and the trustee of the Share Award Scheme. The total number of shares to be awarded under the Share Award Scheme shall not exceed 15% of the total number of issued shares of the Company from time to time. The maximum number of share which may be awarded to a selected participant but unvested under the Share Award Scheme shall not exceed 1% of total number of issued shares of the Company from time to time. The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

During the year ended 31 December 2020, restricted shares were awarded to selected participants pursuant to the Share Award Scheme. Details of shares awarded under the Share Award Scheme during the year were as follows:

Date of grant	As at 1 January 2020 '000	Number of shares granted during the year '000	As at 31 December 2020 '000	Vesting period	
21 September 2020	–	277,988	277,988	21/9/2020 – 31/12/2024	(a)
21 September 2020	–	56,732	56,732	21/9/2020 – 31/12/2022	(b)
	–	334,720	334,720		

Notes:

(a) The awarded shares will be vested in 5 tranches within the vesting period.

(b) The awarded shares will be tested in 3 tranches within the vesting period.

(c) During the year, Mr. Lin Tun and Mr. Lam Tsan Fai, Fergus, being Director and senior management of the Company respectively, participated in the Share Award Scheme.

Since the adoption date, a total of 334,720,000 shares had been awarded under the Share Award Scheme, representing 2.95% of the total number of issued shares of the Company as at 31 December 2020.

THE PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands. According to the laws of the Cayman Islands, the Company should issue new shares on a pro-rata basis to existing shareholders of the Company.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to its shareholders by reason of their holding of the Company's securities.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM will be held on Thursday, 24 June 2021. The register of members will be closed from Monday, 21 June 2021 to Thursday, 24 June 2021, both days inclusive. In order to ascertain the members' entitlement to the attendance of the forthcoming AGM, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30p.m. on Friday, 18 June 2021.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, during the year under review, there was no rights 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.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has redeemed, purchased, sold or cancelled any listed securities of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year 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.

CORPORATE GOVERNANCE

The corporate governance report of the Company is set out on pages 34 to 42 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, prior to the latest practicable date prior to the issue of this report, at least 25% of the Company's total issued share capital was held by the public during the year under review and as at the date of this report.

CHARITABLE DONATIONS

During the year, the Group did not make charitable contributions and other donations (2019: Nil).

AUDITOR

The accompanying consolidated financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM.

AUDIT COMMITTEE

The annual results for the year ended 31 December 2020 have been reviewed by the audit committee of the Company.

CHANGES IN DIRECTOR'S AND CHIEF EXECUTIVE'S BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in the section headed "Profile of Directors and Senior Management", there is no other change in Directors' biographical details which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the date of the 2019 annual report of the Company.

On behalf of the Board
Goldstream Investment Limited

ZHAO JOHN HUAN
Chairman

Hong Kong, 31 March 2021

CORPORATE GOVERNANCE REPORT

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company has complied with all 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.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct which is on terms no less exacting than the required standard set out in 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 year ended 31 December 2020.

BOARD OF DIRECTORS

Board Composition

As at 31 December 2020 and the date of this report, the Board comprises seven Directors. The following are the members of the Board:

Executive Directors

- Mr. Zhao John Huan *(Chairman)*
- Dr. Lin Tun *(Chief Executive Officer)*
- Mr. Yuan Bing
- Ms. Li Yin

Independent Non-Executive Directors

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

The profile of Chairman and other Directors of the Board is set out in pages 43 to 45 of this report.

The Company has distinguished the roles of the chairman of the Board and chief executive officer of the Company in accordance with code provision A.2.1 of the CG Code. The chairman of the Board and chief executive officer of the Company are Mr. Zhao John Huan and Dr. Lin Tun respectively.

In conformity to the board diversity policy adopted by the Company in August 2013, the composition of the Board reflects the necessary balance of skills, experience and diversity of perspectives desirable for effective leadership of the Company and independence in decision-making.

In addition, the functions of the Board and the management are clearly established and set out in writing for delegation of day-to-day operational responsibility to the management of the Company.

Function and duties of the Board

The Board is responsible for the Company's business strategy, interim and annual results, succession planning, risk management, significant acquisitions, sales, capital transactions, and other significant operational and financial issues. The Board delegates to the Company's management the following duties: preparation of interim and annual reports for the Board's review before their publication, formulation of business execution strategy, definition and enforcement of company policies, implementation of adequate internal control systems, design of sound risk management, guidance, and compliance with the relevant laws and regulations.

The Directors may have access to the advice and services of the company secretary of the Company with a view to ensure that the board procedures, and all applicable rules and regulations, are followed.

In addition, the Directors may, upon reasonable request, seek independent professional advice in appropriate circumstances at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

Appointment, Re-election and Removal of Directors

In compliance with Rules 3.10(1) and (2) of the Listing Rules, the Company has appointed sufficient number of independent non-executive Directors with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards and that appropriate systems are in place to protect the interest of the Company and its shareholders. The Company has received an annual confirmation of independence from each of the independent non-executive Directors and considers that their independence is in compliance the Listing Rules as at the date of this report.

The term of appointment of each independent non-executive Director is for a period of three years, subject to retirement by rotation and re-election at the AGM in accordance with the Articles.

In accordance with the Articles, at each AGM one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the AGM. All Directors appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Board Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve interim and annual results, and other significant matters. Notices of regular Board meetings are duly given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides Directors information on activities and development of the businesses of the Group. The company secretary records the proceedings of each Board meeting by keeping minutes, including the record of all decisions by the Board together with concerns raised and dissenting views expressed (if any). Draft of Board minutes are circulated to all Directors for comment and approval as soon as practicable after the meeting. All minutes are open for inspection at any reasonable time on request by any Director.

Each Director ensures that he/she can give sufficient time, commitments and attention to the affairs of the Company for the year.

During the year under review, the Board of Directors held four meetings. The following is the attendance record of the Board meetings:

Name of Directors	Number of Meetings Attended
Mr. Zhao John Huan *(Executive Director and Chairman)*	4/4
Dr. Lin Tun *(Executive Director and Chief Executive Officer)*	4/4
Mr. Yuan Bing *(Executive Director)*	4/4
Ms. Li Yin *(Executive Director)*	4/4
Mr. Jin Qingjun *(Independent Non-Executive Director)*	4/4
Mr. Lee Kin Ping Christophe *(Independent Non-Executive Director)*	4/4
Mr. Shu Wa Tung Laurence *(Independent Non-Executive Director)*	4/4

Besides the meetings held above, Directors will hold meetings for special issues as appropriate.

Director's Training

As part of an ongoing process of directors' training, the Directors are updated with latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance of the same by all Directors. All Directors are encouraged to attend external forum or training courses on relevant topics which may count towards continuous professional development training. Continuing briefings and professional development to Directors will be arranged whenever necessary.

Pursuant to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. During the year and up to the date of this report, all Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

The participation by individual Directors during the year ended 31 December 2020 is recorded in the table below.

Name of Directors	Attending
Mr. Zhao John Huan *(Executive Director and Chairman)*	✓
Dr. Lin Tun *(Executive Director and Chief Executive Officer)*	✓
Mr. Yuan Bing *(Executive Director)*	✓
Ms. Li Yin *(Executive Director)*	✓
Mr. Jin Qingjun *(Independent Non-Executive Director)*	✓
Mr. Lee Kin Ping Christophe *(Independent Non-Executive Director)*	✓
Mr. Shu Wa Tung Laurence *(Independent Non-Executive Director)*	✓

Note:

- seminar(s)/course(s)/conference(s)/forums relevant to the business or directors' duties and responsibilities
- reading newspaper, journals, regulatory updates and relevant materials

Directors' and Officers' Liabilities Insurance

Pursuant to the code provision A.1.8 of the CG Code, appropriate insurance cover for the Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company arising out of corporate activities of the Group has been arranged by the Company.

BOARD COMMITTEES

The Company has established three Board committees (the "Board Committees"), namely the audit committee, the remuneration committee and the nomination committee to assist the Board in discharging its duties and responsibilities. The Board Committees are provided with sufficient resources to discharge their duties and are able to obtain outside independent professional advice in connection with their duties at the Company's expenses.

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. 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 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 chairman of the Audit Committee.

During the year under review, the Audit Committee held two meetings to review the Company's interim and annual reports and the consolidated financial statements of the Group and consider any significant or unusual items and discuss with external auditors before submission to the Board, review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement and review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

During the year under review, the Audit Committee held two meetings and the attendance record of the meetings is as follows:

Name of Directors	Number of Meetings Attended
Mr. Shu Wa Tung Laurence *(Independent Non-Executive Director and Chairman of the Audit Committee)*	2/2
Mr. Jin Qingjun *(Independent Non-Executive Director)*	2/2
Mr. Lee Kin Ping Christophe *(Independent Non-Executive Director)*	2/2

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020 and is of the opinion that the audited consolidated financial statements complied with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

Auditors' Remuneration

The audit committee of the Company is responsible for considering the appointment of the external auditors and reviewing other non-audit functions performed by the external auditors, including whether such non-audit functions have any potential significant negative impact on the Company.

Remuneration for auditing services and non-auditing services provided by the external auditors for the year ended 31 December 2020 are set out in note 10 to the consolidated financial statements. Auditors' remuneration for non-auditing services includes remuneration paid/payable to auditors for providing certain tax advisory service and others.

Nomination Committee

The Company has established a nomination committee ("Nomination Committee") with written terms of reference in accordance with the requirements of the CG Code. The Nomination Committee comprises one executive Director namely Mr. Zhao John Huan and two independent non-executive Directors namely Mr. Jin Qinjun and Mr. Shu Wa Tung Laurence. Mr. Zhao John Huan has been appointed as the chairman of the Nomination Committee. The Nomination Committee is mainly responsible for (i) formulating nomination policy for the Board's consideration and implementing the Board's approved nomination policy; (ii) reviewing the structure, size and composition of the Board and the board diversity policy; (iii) make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (iv) identify individuals suitably qualified to become Board members; and (v) assess the independence of independent non-executive Directors.

The Nomination Committee met once during the year under review to review the structure, size and composition of the Board and the independence of the independent non-executive directors, and to consider the qualifications of the retiring directors standing for election at the AGM and to consider and recommend to the Board on the appointment of new directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Pursuant to the code provision A.4.3 of the CG Code, (a) having served the Company for more than 9 years could be relevant to the determination of an independent non-executive Director's independence; and (b) if an independent non-executive Director has served more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders.

Ms. Li Yin, Dr. Lin Tun and Mr. Yuan Bing, being Directors to retire in rotation in accordance with the Articles, will retire and being eligible, offer themselves for re-election at the forthcoming AGM.

During the year under review, the Nomination Committee held one meeting and the attendance record of the meeting is as follows:

Name of Directors	Number of Meeting Attended
Mr. Zhao John Huan *(Executive Director, Chairman of the Board and Nomination Committee)*	1/1
Mr. Jin Qingjun *(Independent Non-Executive Director)*	1/1
Mr. Shu Wa Tung Laurence *(Independent Non-Executive Director)*	1/1

Furthermore, the Nomination Committee has reviewed the annual confirmation of independence submitted by the independent non-executive Directors, assessed their independence and reviewed the structure, size and composition of the Board, including the skills knowledge and experience of the Board.

The Company has recognised the importance of diversity in the boardroom and its benefits to the Company, and the Board has revised the terms of reference of nomination committee to incorporate the elements of board diversity. Thereafter, the board diversity policy was adopted in August 2013. The following is a summary of the board diversity policy:

- reviewing and assessing the composition of the Board to maintain an appropriate range and balance of talents, skills, experience and background on the Board;
- recommending candidates for appointment to the Board by considering merit against objective criteria and with due regard for the benefits of diversity on the Board; and
- conducting the annual review of the effectiveness of the Board by considering the balance of talents, skills, experience, independence and knowledge of the Board and the diversity of the Board.

The achievement of these criteria will be measurable on an objective review, which can enhance the diversity of background and experience of individual directors and the effectiveness of the Board in promoting shareholders' interests.

Remuneration Committee

The Company has established a remuneration committee ("Remuneration Committee") with written terms of reference in compliance with the CG Code. The Remuneration Committee comprises one executive Director, namely, Mr. Yuan Bing and two independent non-executive Directors, namely Mr. Jin Qingjun and Mr. Lee Kin Ping Christophe. Mr. Jin Qingjun has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

During the year under review, the Remuneration Committee held one meeting and the attendance record of the meeting is as follows:

Name of Directors	Number of Meeting Attended
Mr. Yuan Bing *(Executive Director)*	1/1
Mr. Jin Qingjun *(Independent Non-Executive Director and Chairman of the Remuneration Committee)*	1/1
Mr. Lee Kin Ping Christophe *(Independent Non-Executive Director)*	1/1

The Remuneration Committee members have considered and reviewed the service contracts of the executive Directors, the independent non-executive Directors and senior management. The Remuneration Committee members are of the opinion that the provisions of the service contracts of the executive Directors, the independent non-executive Directors and senior management are fair.

In addition, the Remuneration Committee has made recommendations to the Board to establish a more formal and transparent procedure for determining the remuneration packages of individual senior management.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 8 and 32(a) to the consolidated financial statements.

In addition, pursuant to the code provision B.1.5 of the CG Code, the annual remuneration of members of the senior management by band for the year ended 31 December 2020 is set out below:

Remuneration band	Number of individuals
Nil to HK$500,000	4
HK$7,000,001 to HK$7,500,000	1

INTERNAL AUDIT FUNCTIONS

The Company has engaged an independent external professional firm to perform internal audit ("IA") function, which is consisted of professional staffs with relevant expertise. The IA is independent of the Group's daily operation and carries out assessment of the risk management and internal control systems. It provides objective assurance to the Board that a sound internal control system is in place and operated by the management by conducting interviews, walkthroughs and tests of operating effectiveness.

CORPORATE GOVERNANCE FUNCTIONS

The Board has delegated the corporate governance functions to the Audit Committee with the following duties:

- to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
- to review and monitor the training and continuous professional development of Directors;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board are responsible.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirements under the Listing Rules. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner as required by the Listing Rules.

The external auditor's statement about reporting responsibility is set out on pages 46 and 49 of this report.

COMPANY SECRETARY

Ms. Chan Wai Ching is an employee of the Company and has been appointed as the company secretary of the Company since 1 June 2007. As the company secretary, Ms. Chan supports the Board, ensures good information flow within the Board and Board policy and procedures are followed, advises the Board on governance matters, facilitates induction and, monitors the training and continuous professional development of Directors. The biographical details of Ms. Chan is set out in the section of Profile of Directors and Senior Management on pages 43 to 45 of this report.

Pursuant to Rule 3.29 of the Listing Rules during the year under review, Ms. Chan has undertaken not less than 15 hours of relevant professional training to update her skill and knowledge.

BUSINESS STRATEGIES AND OBJECTIVES

The Group's objectives are to expand its geographical coverage, customer base and type of services. The current business strategy is disclosed in the section of Management Discussion and Analysis of this report.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests and reviewing the effectiveness of the Company's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has conducted a review of its system of internal control periodically (at least annually) to ensure the effectiveness and adequacy of the internal control system. The Company convened meetings periodically to discuss financial, operational and risk management control. During the year ended 31 December 2020, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. The Directors are of the opinion that the existing internal control and risk management systems are adequate and effective.

INVESTOR RELATIONS

The Company has disclosed necessary information in compliance with the Listing Rules. The Company meets the media and investors on a regular basis and answers questions of the Shareholders.

The attendance of members of the Board to the general meeting held during the year ended 31 December 2020 is as follows:

Name of Directors	Number of Meeting Attended
Mr. Zhao John Huan *(Executive Director and Chairman)*	1/1
Dr. Lin Tun *(Executive Director and Chief Executive Officer)*	1/1
Mr. Yuan Bing *(Executive Director)*	1/1
Ms. Li Yin *(Executive Director)*	1/1
Mr. Jin Qingjun *(Independent Non-Executive Director)*	1/1
Mr. Lee Kin Ping Christophe *(Independent Non-Executive Director)*	1/1
Mr. Shu Wa Tung Laurence *(Independent Non-Executive Director)*	1/1

In addition, interim/annual reports, announcements and press releases are posted on the Company's website at https://www.goldstreaminvestment.com/ as well as the website of the Stock Exchange at www.hkexnews.hk which are constantly being updated in a timely manner and contain additional information on the Group's business.

SHAREHOLDERS' RIGHT

Convening an extraordinary general meeting

Pursuant to article 58 of the Articles, extraordinary general meetings of the Company (the "EGM(s)") shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

Shareholders may at any time make enquiries to the Board or make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's head office and principal place of business in Hong Kong at Suite 08, 70/F, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong.

Putting forward proposals at Shareholders' meeting

The procedures for shareholders to put forward proposals at general meeting include a written notice of proposals being submitted by shareholders, addressed to the Company Secretary of the Company at our head office. Specific enquiries by shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Company's head office. Other general enquiries can be directed to the Company through the Company's website.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2020, there has not been any change in the Company's memorandum and articles of association. The Company's memorandum and articles of association are available on the website of the Company and that of the Stock Exchange.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

MR. ZHAO JOHN HUAN (趙令歡), aged 58, is an executive Director of the Company and the chairman of the Board. He is the chairman and chief executive officer of Hony Capital Limited ("Hony Capital") which is an alternative investment management group focusing on opportunities in China.

Mr. Zhao has extensive experience in senior management positions at several public companies, including as a non-executive director of Legend Holdings Limited (stock code: 3396.HK), a non-executive director of China Glass Holdings Limited (stock code: 3300.HK) a non-executive director of Lenovo Group Limited (stock code: 992.HK), a non-executive director of Zoomlion Heavy Industry Science and Technology Co., Ltd. (stock code: 1157.HK, 000157.SZ), a non-executive director of Shanghai Jin Jiang International Hotels Co., Ltd. (stock code: 600754.SH), an executive director and the chairman of the board of Best Food Holding Company Limited (stock code: 1488.HK), a non-executive director of Simcere Pharmaceutical Group Limited (stock code: 2096.HK), a non-executive director of Eros STX Global Corporation (NYSE: ESGC).

Mr. Zhao graduated with a bachelor's degree in science from Nanjing University. He also obtained dual Master's degrees in Electronic Engineering and Physics from Northern Illinois University, and a master of management degree from the Kellogg School of Management at Northwestern University.

DR. LIN TUN (林暾), aged 46, is an executive Director and chief executive officer of the Company. Prior to Goldstream, he was a managing director of Hony Capital. Dr. Lin also worked at China International Capital Corporation, Asian Development Bank, the World Bank, the University of Cambridge and China Development Bank. Dr. Lin has about 20 years' experience in finance, project investment, market analysis and policy research. Dr. Lin obtained his doctoral degree and master of philosophy degree in economics from the University of Cambridge. He also received a master of science degree from the University of Vermont, and a bachelor degree from Renmin University of China.

MR. YUAN BING (袁兵), aged 52, is an executive Director of the Company. He is also a director of two subsidiaries of the Company. He is a managing director of Hony Capital, and a member of Hony Capital's Executive Committee, responsible for its equity investment operations. Mr. Yuan is currently a non-executive director of Haichang Ocean Park Holdings Ltd. (Stock Code: 2255). Mr. Yuan joined Hony Capital in April 2009 and has served as a managing director of private equity department since January 2010. Prior to joining Hony Capital, Mr. Yuan served as a managing director of the fixed income division of Morgan Stanley Asia Limited from October 2006 to 2009. Before that, Mr. Yuan worked at Morgan Stanley Asia Limited from April 2004 to June 2006. Mr. Yuan also served as a vice president of the investment banking division of Credit Suisse First Boston (Hong Kong) Limited from September 2001 to March 2004. During his investment banking time, Mr. Yuan has assisted numerous prominent Chinese state-owned enterprises and private sector companies in completing their IPO, corporate finance and M&A transactions. Mr. Yuan received a Bachelor of Arts degree in English from Nanjing University in July 1990. He also obtained a Master's degree in International Relations in June 1993 and a Juris Doctorate's degree in October 1998 from Yale University. Mr. Yuan was a non-executive director of Hydoo International Holding Limited (Stock Code: 1396) from July 2011 to October 2019.

MS. LI YIN (李燕), aged 46, is an executive Director of the Company. She is also the chairwoman and the general manager of China Elite, a subsidiary of the Company. She is responsible for the Group's overall management, corporate planning and business development. Ms. Li obtained a diploma in Finance from Guangzhou University in 1998. Ms. Li has over 21 years of experience in the telecommunications industry. She resigned as the chief operation officer of the Company in December 2018. She had been the assistant to the general manager of the Company from 2000 to 2018. She is the sister of Mr. Li Kin Shing, a former executive Director and former chief executive officer of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. JIN QINGJUN (靳慶軍), Mr. Jin, aged 63, is currently a partner of King & Wood Mallesons. His major areas of practice include securities, finance, investment, corporate, insolvency as well as foreign-related legal affairs. Mr. Jin has solid jurisprudence theory base and extensive legal practice experience. He has been adhering to work on major jobs in the past three decades, winning a higher reputation in the industry and among peers. Mr. Jin is one of the first lawyers who are granted Security Qualification Certificate in the People's Republic of China (the "PRC"), focusing on securities-related legal affairs for more than 30 years. Mr. Jin has previously worked as general counsel of Shenzhen Stock Exchange and a member of its Listing Supervisory Council, and he is currently a legal counsel for various financial institutions, securities companies, and listed companies at home and abroad.

Mr. Jin currently serves as an independent non-executive director of Times Property Holdings Limited (a company listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), stock code: 1233), Central Development Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 475), Sino-Ocean Group Holding Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 3377) and Bank of Tianjin Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1578); an independent director of Asiantime International Construction Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002811), Guotai Junan Securities Co., Ltd. (a company listed on Hong Kong Stock Exchange, stock code: 2611; a company listed on the Shanghai Stock Exchange, stock code: 601211) and Invesco Great Wall Fund Management Company Limited, and a director of Shenzhen Kondarl (Group) Co., Ltd (a company listed on the Shenzhen Stock Exchange, stock code: 000048). Mr. Jin was an independent director of Gemdale Corporation (a company listed on the Shanghai Stock Exchange, stock code: 600383), Masterwork Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300195), Konka Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000016, 200016), Xi'an Dagang Road Machinery Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300103) and CSG Holding Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000012, 200012), and was an external supervisor of China Merchants Bank Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 3968; a company listed on the Shanghai Stock Exchange, stock code: 600036).

Mr. Jin is the adjunct professor at China University of Political Science and Law and the School of Law, Renmin University of China; co-tutor for students of master's degree at the School of Law, Tsinghua University; arbitrator of Shenzhen Court of International Arbitration, mediator of Shenzhen Securities and Futures Dispute Resolution Centre; the PRC legal counsel of US Court of Appeals for the Washington D.C Circuit, and a member of the National Equities Exchange and Quotations Review Committee. Mr. Jin obtained his B.A. in English from Anhui University in 1982. He received his master's degree in International Law from China University of Political Science and Law in 1987. Mr. Jin also received a completion certificate for a program from Harvard Kennedy School of Harvard University in 2009.

MR. LEE KIN PING CHRISTOPHE (李建平), aged 51, is currently the chief executive officer of Lotus Asset Management Limited responsible for its overall management, as well as its responsible officer for Type 4 and Type 9 regulated activities under the Securities and Futures Ordinance (the "SFO"). He has over 16 years of experience in asset management. From June 2019 to September 2019, he was a licensed representative of Zheng He Capital Management Limited for Type 4 and Type 9 regulated activities under the SFO. From January 2019 to May 2019, he was a responsible officer of Lotus Asset Management Limited for Type 4 and Type 9 regulated activities under the SFO. From July 2015 to July 2018, he was a responsible officer of MZ Asset Management Limited for Type 9 regulated activities under the SFO. From May 2014 to August 2014, he was a responsible officer of Fenex Capital Management Limited for Type 9 regulated activities under the SFO. He was a licensed representative for Type 9 regulated activities under the SFO from September 2010 to November 2011 and a responsible officer for Type 9 regulated activities under the SFO from November 2010 to March 2011 of FrontPoint Management (Hong Kong), Ltd. He was the chief financial officer of OrbusNeich Medical Company Ltd. from March 2012 to March 2017, and its senior advisor from March 2017 to June 2018. He worked in Sun Hung Kai & Co. group companies from August 2000 to August 2010 with his last position as Head of Corporate Development. He worked in Goldman Sachs (Asia) LLC from February 1997 to July 2000 with his last position as executive director of the Investment Management Division. Mr. Lee was appointed as a committee member of the New Business Committee of the Financial Services Development Council of Hong Kong by the Hong Kong SAR government from March 2013 to March 2019. He was the chairman of the Hong Kong Branch of the Alternative Investment Management Association from September 2004 to August 2012. Mr. Lee was appointed as a member of the Securities and Futures Commission Advisory Committee by the Hong Kong SAR government from June 2007 to May 2009. He obtained a Bachelor of Applied Science Degree from the University of Pennsylvania in 1991.

MR. SHU WA TUNG LAURENCE (**舒華東**), Mr. Shu, aged 48, is the chief financial officer of CONTIOCEAN ENVIRONMENTAL TECH. CO., LIMITED, primarily responsible for its financial and investment divisions. Mr. Shu has over 25 years of experience in audit, corporate finance, investment banking and financial management. He joined Deloitte Touche Tohmatsu ("Deloitte") in 1994 and later became a manager of the Reorganisation Services Group of Deloitte and joined Deloitte & Touche Corporate Finance Limited (a corporate finance service company of Deloitte) as a manager from 2001 to 2002. From 2002 to 2005, Mr. Shu was an associate director of Goldbond Capital (Asia) Limited. From May 2005 to July 2008, he served as the chief financial officer and company secretary of Texhong Textile Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2678) overseeing the group's financial management functions. From July 2008 to June 2010, Mr. Shu served as the chief financial officer of Rongsheng Heavy Industries Holdings Limited (熔盛重工控股有限公司) and oversaw the group's financial management functions and corporate finance activities as well as the daily management of the group's finance department. From July 2010 to July 2018, he served as the chief financial officer of Petro-king Oilfield Services Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2178) and was responsible for the group's financial, accounting and legal functions. From August 2018 to November 2019, Mr. Shu served as the chief financial officer of Brainhole Technology Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2203) and was responsible for its overall financial strategies and daily financial function. Mr. Shu is an independent non-executive director of Chengdu Expressway Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1785), Riverine China Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1417) and Twintek Investment Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 6182).

Mr. Shu graduated from Deakin University, Australia in 1994 with a bachelor degree in Business majoring in Accounting. He received his CPA accreditation from both the Hong Kong Institute of CPAs and the Australian Society of CPAs in 1997 and completed his CFO Programme at 中歐國際工商學院 (China Europe International Business School) in 2009. He became a member of the Hong Kong Independent Non-Executive Directors Association since May 2019.

SENIOR MANAGEMENT

MR. LAM TSAN FAI FERGUS (林贊輝), aged 60, is the chief financial officer and the chief operating officer of the Company. He is also a director of GCML. He is responsible for the business operations of GCML and GSL, both SFC licensed corporations and subsidiaries of the Company. Mr. Lam joined Hony Capital in 2015 with over 25 years of experience in the financial sector serving various senior management positions. He is experienced in business and risk management, compliance, back office operations, technology and finance. Before joining Hony Capital, Mr. Lam worked at Keywise Capital Management (HK) Limited for 5 years as managing director, chief compliance officer and chief operating officer. Prior to that, Mr. Lam served as chief operating officer and director of business operations for 6 years at Chi Capital Securities Limited, a SFC licensed corporation. Before that, Mr. Lam worked at Goldman Sachs, Hong Kong and New York from 1994 to 2002 as executive director. He was head of Asia Equities Technology responsible for Goldman Sachs' global institutional sales and trading systems development. Mr. Lam received a First Class Honor Bachelor degree in Computing Science from Imperial College, University of London in 1982 and a Master degree in Computing from Birkbeck College, University of London in 1985.

MS. CHAN WAI CHING (陳惠貞), aged 59, joined the Group in 2007 and is the company secretary of the Company. Ms. Chan has over 38 years of experience in accounting, finance, taxation and corporate governance and is an associate member of the Hong Kong Institute of Certified Public Accountant and a fellow member of the Association of Chartered Certified Accountants. Ms. Chan obtained a master's degree of professional accounting from The Hong Kong Polytechnic University in 2008. Ms. Chan had been the company secretary of Directel Holdings Limited from August 2009 to June 2016. She is also the company secretary of Global Link Communications Holdings Limited since 2016.

MS. XUAN JING SHAN (禤靜珊), aged 52, joined the Group in 1999 and is the finance manager of the China Elite. Ms. Xuan worked as the accounts manager in Guangzhou Talent Information Engineering Company (廣州天龍信息工程公司) from 1992 to 1999. Ms. Xuan graduated from the Guangzhou Radio and TV University (廣州市廣播電視大學) with a diploma in Financial Accounting in 1992. She has over 23 years of experience in the finance field.

MS. LIN YUAN YI (林原翼), aged 46, joined the Group in 2005 and is the assistant general manager and manager of customer service department of China Elite. Ms. Lin graduated from the Tai Shan Panshi TV University with a Diploma in Pedagogic English in 1994. Ms. Lin has 27 years of experience in customer relationship management. Prior to joining the Group, Ms. Lin worked for a Telecommunications service provider for over 10 years.

MS. PENG JIAN TAO (彭健濤), aged 45, joined the Group in 2005 and is the assistant general manager and manager of mobile relationship management centre of China Elite. Ms. Peng obtained a Certificate in Administrative Management from the University of Macau in 2000. And in 2018, she obtained a Diploma in Human Resource Management from South China Normal University. Ms. Peng has 24 years of experience in customer relationship management. Prior to joining the Group, Ms. Peng worked for a Telecommunications service provider for 7 years.

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF GOLDSTREAM INVESTMENT LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Goldstream Investment Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 129, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is impairment assessment of goodwill arising from the acquisition of Goldstream Capital Management Limited and Goldstream Securities Limited (collectively the "Goldstream Companies").

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill arising from the acquisition of Goldstream Companies Refer to Note 2.6(a), 4(a)(ii) & 17(a) to the consolidated financial statements As at 31 December 2020, the Group has a goodwill of HK$197,833,000 arising from the acquisition of the Goldstream Companies in November 2018. Goodwill with an indefinite useful life is subject to impairment assessment annually. Management performed goodwill impairment assessment on an operating segment — the investment management business, and assessed the recoverable amount based on value in use with reference to a valuation report prepared by an independent external valuer. The value in use were determined by using the discounted cash flow forecast and various key assumptions and estimates including revenue growth rate, discount rate and terminal growth rate. The recoverable amount of the operating segment estimated by management exceeded the carrying value and the directors were of the opinion that no impairment was necessary as at 31 December 2020. We focused on this area because the judgements and assumptions adopted in the impairment assessments are subject to high degree of uncertainty.	We obtained an understanding of the management's assessment process of impairment assessment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. We evaluated the independent external valuer's competency, capabilities and objectivity. We read the valuation report issued by the independent external valuer and involved our in-house valuation expert in our discussion with management and the independent external valuer to understand and assess the methodology used and the key assumptions applied in the discounted cash flow forecast. Based on our knowledge of the financial services business and industry, we assessed the reasonableness of the key assumptions applied in the discounted cash flow forecast. For revenue growth rate, we compared these assumptions to the historical performance of the Goldstream companies and the approved budget prepared by management. For the discount rate, we compared it to the cost of capital of the Goldstream companies and other comparable companies. For terminal growth rate, we compared it to the industry research and market data. Evaluated the sensitivity analysis prepared by management on the key assumptions used in the discounted cash flow forecast to understand the impact of changes in key assumptions on the estimated recoverable amount of the operating segment, and to consider if any impairment loss would be resulted by such changes. We tested the mathematical accuracy of the calculations of recoverable amount based on the discounted cash flow forecast. Based on the procedures performed above, we considered the key assumptions and estimates applied by management in the impairment assessment of goodwill were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the "Corporate Information", "Report of Directors", "Corporate Governance Report", "Management Discussion and Analysis", "Profile of Directors and Senior Management", "Chairman's Statement", "Five-year Financial Summary" (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the "Environmental, Social and Governance Report", which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the "Environmental, Social and Governance Report", if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lam Hiu Yam, Winnie.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2021

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Income			
Customer relationship management ("CRM") services income		**215,166**	239,412
Investment management ("IM") services income		**112,159**	70,758
Dividend income from investments	21	**12,006**	1,636
Net fair value gains on financial assets at fair value through profit or loss	21	**22,993**	2,511
Share of net profits of associates accounted for using the equity method	22	**20,426**	–
	5, 6	**382,750**	314,317
Other income	7	**11,144**	10,745
Expenses			
Employee benefits expenses	8	**(240,680)**	(254,732)
Depreciation of right-of-use-assets	15	**(5,309)**	(5,601)
Depreciation of property, plant and equipment	14	**(4,392)**	(4,509)
Amortisation of intangible assets	16	**(15,379)**	(27,605)
Impairment provision for intangible assets	16	**(20,745)**	(6,876)
Write off of intangible assets	16	**(7,204)**	(7,952)
Provision for loss allowances	3.1	**(3,952)**	(204)
Subcontracting charges		**(13,534)**	(13,080)
Operating lease charges	15	**(6,201)**	(6,270)
Utilities		**(4,261)**	(4,724)
Legal and professional fees		**(7,540)**	(5,675)
Advertising expenses for customers' projects		**(26,555)**	(5,291)
Other expenses	10	**(31,788)**	(30,726)
Total expenses		**(387,540)**	(373,245)
Operating profit/(loss)		**6,354**	(48,183)
Finance income		**8,648**	6,875
Finance costs		**(6,751)**	(4,511)
Finance income, net	11	**1,897**	2,364
Profit/(loss) before income tax		**8,251**	(45,819)
Income tax credit	12	**9,003**	6,967
Profit/(loss) for the year		**17,254**	(38,852)
Profit/(loss) attributable to:			
Owners of the Company		**17,254**	(38,852)
Earnings/(loss) per share attributable to the owners of the Company during the year (expressed in HK cents per share)			
Basic	13	**0.15**	(0.34)
Diluted	13	**0.15**	(0.34)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
Profit/(loss) for the year	**17,254**	(38,852)
Other comprehensive income/(loss)		
Item that may be reclassified to profit or loss		
– Currency translation differences	**11,380**	(3,539)
Other comprehensive income/(loss) for the year, net of tax	**11,380**	(3,539)
Total comprehensive income/(loss) for the year, net of tax	**28,634**	(42,391)
Total comprehensive income/(loss) for the year attributable to owners of the Company	**28,634**	(42,391)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	14	**44,141**	43,105
Right-of-use assets	15	**10,609**	7,676
Goodwill	17	**197,965**	197,833
Intangible assets	16	**29,989**	72,775
Deferred tax assets	18	**1,371**	–
Long term deposits	19	**867**	490
Interest in associates	22	**98,426**	–
Financial assets at fair value through profit or loss	21	**91,798**	78,000
		475,166	399,879
Current assets			
Trade receivables and contract assets	19	**133,637**	110,430
Amounts due from brokers	19	**118,093**	–
Prepayments, deposits and other receivables	19	**45,281**	50,213
Financial assets at fair value through profit or loss	21	**253,612**	89,125
Cash and cash equivalents	20	**232,805**	484,375
		783,428	734,143
Total assets		**1,258,594**	1,134,022
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	23	**113,465**	113,465
Reserves	25	**716,317**	679,477
Total equity		**829,782**	792,942
Liabilities			
Non-current liabilities			
Borrowing from a former director	27	**206,823**	–
Lease liabilities	15	**6,335**	4,114
Deferred tax liabilities	18	**4,735**	12,008
		217,893	16,122
Current liabilities			
Borrowings from a former director	27	**–**	209,617
Trade and other payables	26	**127,938**	110,505
Amounts due to brokers	26	**73,814**	–
Lease liabilities	15	**4,617**	3,793
Contract liabilities		**325**	370
Financial liabilities at fair value through profit or loss	21	**3,923**	–
Income tax payable		**302**	673
		210,919	324,958
Total liabilities		**428,812**	341,080
Total equity and liabilities		**1,258,594**	1,134,022

The consolidated financial statements on pages 50 to 129 were approved by the Board of Directors on 31 March 2021 and were signed on its behalf.

Zhao John Huan
Director

Lin Tun
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Attributable to owners of the Company							
	Share capital (Note 23(a)) HK$'000	Shares held for employee share scheme (Note 24) HK$'000	Share premium HK$'000	Other reserves (Note 25(ii)) HK$'000	Statutory reserve (Note 25(i)) HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2019	113,465	–	1,709,869	1,458,416	3,141	1,202	(2,450,760)	835,333
Comprehensive income								
Profit for the year	–	–	–	–	–	–	(38,852)	(38,852)
Other comprehensive income								
Currency translation differences	–	–	–	–	–	(3,539)	–	(3,539)
Total other comprehensive income, net of tax	–	–	–	–	–	(3,539)	–	(3,539)
Total comprehensive income	–	–	–	–	–	(3,539)	(38,852)	(42,391)
Transactions with owners in their capacity as owners								
Transfer to statutory reserve (Note 25(i))	–	–	–	–	1,464	–	(1,464)	–
Total transactions with owners in their capacity as owners	–	–	–	–	1,464	–	(1,464)	–
Balance at 31 December 2019	113,465	–	1,709,869	1,458,416	4,605	(2,337)	(2,491,076)	792,942

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the year ended 31 December 2020

	Attributable to owners of the Company							
	Share capital (Note 23(a)) HK$'000	Shares held for employee share scheme (Note 24) HK$'000	Share premium HK$'000	Other reserves (Note 25(ii)) HK$'000	Statutory reserve (Note 25(i)) HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2020	113,465	–	1,709,869	1,458,416	4,605	(2,337)	(2,491,076)	792,942
Comprehensive income								
Profit for the year	–	–	–	–	–	–	17,254	17,254
Other comprehensive income								
Currency translation differences	–	–	–	–	–	11,380	–	11,380
Total other comprehensive income, net of tax	–	–	–	–	–	11,380	–	11,380
Total comprehensive income	–	–	–	–	–	11,380	17,254	28,634
Transactions with owners in their capacity as owners								
Acquisition of shares under a share award scheme (the "Share Award Scheme") (Note 24)	–	(379)	–	–	–	–	–	(379)
Share Award Scheme and a share option scheme's (the "2020 Share Option Scheme") value of employee services	–	–	–	8,572	–	–	–	8,572
Excess deferred tax of Share Award Scheme and 2020 Share Option Scheme (Note 18)	–	–	–	13	–	–	–	13
Transfer to statutory reserve (Note 25(i))	–	–	–	–	1,206	–	(1,206)	–
Total transactions with owners in their capacity as owners	–	(379)	–	8,585	1,206	–	(1,206)	8,206
Balance at 31 December 2020	113,465	(379)	1,709,869	1,467,001	5,811	9,043	(2,475,028)	829,782

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	28	**(32,304)**	22,999
Income tax paid		**–**	–
Net cash (used in)/generated from operating activities		**(32,304)**	22,999
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	17(b)	**35**	–
Payment for property, plant and equipment		**(3,778)**	(1,193)
Interest received		**4,796**	6,730
Interest paid		**(561)**	–
Net payment for financial assets at fair value through profit or loss		**(151,369)**	(164,614)
Proceeds from sales of property, plant and equipment	28(a)	**17**	7
Dividend income received from financial assets at fair value through profit or loss	21	**12,006**	1,636
Payment for investments in associates	22	**(78,000)**	–
Net cash used in investing activities		**(216,854)**	(157,434)
Cash flows from financing activities			
Acquisition of shares for employee share scheme	24	**(379)**	–
Proceed from borrowings from a former director	28(c)	**–**	164,999
Principal elements of lease payments		**(5,216)**	(5,826)
Interest element of lease payments		**(336)**	–
Net cash (used in)/generated from financing activities		**(5,931)**	159,173
Net (decrease)/increase in cash and cash equivalents		**(255,089)**	24,738
Cash and cash equivalents at beginning of year	20	**484,375**	460,352
Exchange gain/(loss) on cash and cash equivalents		**3,519**	(715)
Cash and cash equivalents at end of year	20	**232,805**	484,375

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Goldstream Investment Limited (the "Company") and its subsidiaries (collectively, the "Group") is principally engaged in the provision of CRM services, which include inbound services and outbound services, to companies in various service-oriented industries, and the provision of IM services following the acquisition of Goldstream Companies in November 2018. To support the growth of IM business, the Group commenced to engage in strategic direct investment ("SDI") during 2019.

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. Its registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands. The Company has been listed on the Main Board of the Hong Kong Stock Exchange since 25 May 2009.

These consolidated financial statements are presented in Hong Kong thousand dollars ("HK$'000"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

The following new, amended standards and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2020:

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

The adoption of amended standards and new interpretation did not have any material impact on the current year or any prior periods.

(ii) *New and amended standards and new interpretation that have been issued but are not yet effective during the year and have not been early adopted by the Group*

		Effective for accounting periods beginning on or after
IFRS 16 (Amendment)	Covid-19-related Rent Concessions	30 June 2020
Amendments to Annual Improvements Progress	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2022
IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will adopt the new and amended standards and conceptual framework when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new and amended standards and conceptual framework, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (see Note 2.2.2).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

2.2.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

2.2.2 *Business combination* (continued)

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of comprehensive income.

2.2.3 *Change in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable IFRSs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

2.2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. In addition, the contribution to the Company's Trust (as defined in Note 2.16(d)), a controlled structured entity, is stated at cost in "Investment in subsidiaries", and will be transferred to the "Shares held for employee share scheme" under equity when the contribution is used for the acquisition of the Company's shares.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.5 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 recognized 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as key management team that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balance

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated income statement.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, where appropriate, over their estimated useful lives as follows:

Buildings	39 years
Leasehold improvements	The shorter of the unexpired term of lease or 5 years
Facilities equipment	5 years
Office equipment	3 - 5 years
Vehicles and other equipment	3 - 5 years

Construction in progress represented leasehold improvements under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.6 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.2.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 6).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets (continued)

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to ten years. Cost associated with maintaining computer software programmes are recognised as an expense as incurred.

(c) Research and development cost

Research costs are expensed as incurred. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development of the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product cost includes employee costs for software development and on appropriate portion of relevant overheads.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an assets in a subsequent period.

The Group will amortise the intangible asset from the point at which the asset is ready for use on a straight-line basis over its estimated useful lives.

The Group had developed an artificial intelligence "CallVu" system and the related development expenditures were capitalised as intangible assets. CallVu is a visual customer service system and an extension of the Group's call center system and CRM system. The amount initially recognised for intangible assets was the sum of the expenditure incurred from the date when the intangible asset first met the recognition criteria listed above. The development of CallVu was completed in January 2016 and was amortised over 5 years until there was change in the estimated useful life to 10 months in 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets (continued)

(d) Licenses

The licenses acquired in a business combination are recognised at fair value at the acquisition date. Subsidiaries of the Company, GSL and GCML are licensed corporation under the Securities and Futures Ordinance ("SFO") to engage Type 1 (dealing in securities) and Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined under the SFO respectively. The licenses have an indefinite useful life and therefore they will not be amortised until their useful life is determined to be finite.

(e) Customer contracts

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Those customer contracts have a finite useful lives and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected lives of 4 years.

2.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows are largely independent of the cash inflows from other assets or group of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.8 Investments and other financial assets (continued)

(i) *Classification* (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. The fair value of quoted financial assets is based on last traded market prices.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in administrative and other operating expenses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.8 Investments and other financial assets (continued)

(iii) *Measurement* (continued)

Debt instruments (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in administrative and other operating expenses and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within income in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at FVPL. Changes in the fair value of the financial assets at FVPL are recognised as income in the consolidated income statement. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised as income in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVPL. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1.3(c) and Note 19 for further details.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at 31 December 2020 and 2019, there were no financial assets or financial liabilities which were subject to offsetting, enforceable master netting or similar agreements.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1 for description of the Group's impairment policies.

2.11 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, short-term bank deposits with original maturities of three months or less and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.14 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.15 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits

(a) *Pension and employee social security and benefits obligations*

The subsidiaries in Hong Kong participate in a defined contribution scheme as defined in mandatory provident fund scheme ("MPF Scheme"). The assets of the MPF Scheme are held separately from those of the Group under independently administered funds. Contributions to the schemes by the employers and employees are calculated as a percentage of employees' basic salaries. Under the MPF Scheme, each of the company (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employees are subject to a cap of HK$1,500 and thereafter contributions are voluntary. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

The subsidiaries in the People's Republic of China ("PRC") participate in defined contribution retirement plans and other employee social security plans, including pension, medical, other welfare benefits, organised and administered by the relevant governmental authorities for employees in the PRC. The Group contributes to these plans based on certain percentages of the total salary of employees, subject to a certain ceiling, as stipulated by the relevant regulations.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Bonus plan*

The Group recognises a provision for bonus when contractually obliged or where there is a past practice that has created a constructive obligation.

(c) *Share-based payments*

The Group operates two equity-settled, share-based compensation plans (the Share Award Scheme and 2020 Share Option Scheme), under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted including any market performance conditions (for example, an entity's share price); but excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and retaining an employee of the entity over a specified time period).

Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

For the share option scheme, when the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits (continued)

(d) Shares held for employee share scheme

The consideration paid by the Share Scheme Trust (see Note 24 and Note 30.1) for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Shares held for employee share scheme" and the amount is deducted from total equity.

When the Trust transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for employee share scheme", with a corresponding adjustment made to "Share premium".

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.18 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) CRM services

CRM services comprise inbound services which include customer hotline services and built-in secretarial services, a personalised message taking services, and outbound services which include telesales services and market research services under fixed-price and variable price contracts.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised over time because the customer receives and uses the benefits simultaneously. For variable-price contracts, which charges based on actual volume of transactions provided is recognised at point in time when the transaction is delivered, the service has rendered.

(b) IM services

Revenue comprise (1) management income, and (2) performance fee income. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. Management income is recognised when services are performed over time. Performance fees are recognised on the performance fee valuation day of the investment funds and managed accounts when there is a positive performance for the relevant performance period and it is determined that they are no longer highly probable of significant reversal in a subsequent period, taking into consideration the relevant basis of calculation for the investment funds and managed accounts.

(c) Interest income

Interest income is recognised as it accrues using the effective interest method. Imputed interest income recognised in respect of borrowings from a former director is presented as finance income, see Note 11 and Note 27 below. Any other interest income is included in "other income" in the consolidated income statement.

(d) Dividend income

Dividends are received from financial assets measured at FVPL. Dividends are recognised as income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.20 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.21 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Group considers certain of its investments funds to be investments in unconsolidated structured entities. The Group invests in certain investment funds whose objectives range from achieving medium to long term capital growth. The private investment funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The private investment funds finance their operations by issuing redeemable shares which are puttable at the holder's option and entitles the holder to a proportional stake in the respective investment fund's net assets. The Group holds redeemable shares in certain of its investment funds.

The change in fair value of certain investment funds is included in the consolidated income statement as "Income".

2.22 Amounts due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Group shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

3 FINANCIAL RISK MANAGEMENT

3.1 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 *Foreign exchange risk*

The Group is exposed to foreign exchange risk arising from various foreign currency exposures, primarily with respect to Renminbi ("RMB") and United States dollars ("US$"). As the HK$ is pegged to the US$, the Group believes the exposure of transactions denominated in US$ which are entered into by Group companies with a functional currency of HK$ to be insignificant. Foreign exchange risk arises from recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency.

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group is presently not using any forward exchange contracts to hedge against foreign exchange risk as management considers its exposure minimal.

At 31 December 2020, if HK$ had strengthened/weakened by 6% (2019: 2%) against RMB with all other variables held constant, the Group's post-tax profit/(loss) for the year would have been HK$2,296,000 lower/higher (2019: HK$180,000 higher/lower) mainly as a result of foreign exchange losses/gains on translation of RMB denominated recognised assets and liabilities.

3.1.2 *Interest rate risk*

The Group's interest rate risk arises from cash balances placed with reputable banks and financial institutions.

As at 31 December 2020, if the interest rate on the cash at bank and financial institutions and had been 25 basis points higher or lower with all other variables held constant, the impact on the Group's post-tax profit/(loss) for the year would have been approximately HK$582,000 higher/lower (2019: HK$1,209,000 lower/higher).

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

3.1.3 *Credit risk*

The credit risk of the Group mainly arises from cash and cash equivalents, trade and other receivables carried at amortised cost, amounts due from brokers and financial assets at FVPL.

(a) Risk management

Credit risk is managed on a group basis. For credit exposures to cash and cash equivalents, bank deposits are only placed with reputable banks which are independently rated with a high credit rating. For credit exposures to customers, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer.

At 31 December 2020, the Group had a concentration of credit risk as 68% (2019: 85%) of the total trade receivables were due from the Group's five largest customers and 28% (2019: 26%) of the total trade receivables were due from the Group's largest customer.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.3 Credit risk (continued)

(b) Security of financial assets

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any guarantees which would expose the Group to credit risk.

(c) Impairment of financial assets

Trade receivables and contract assets, deposits and other receivables are subject the expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets related to unbilled receivables and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product index of the countries, Consumer Price Index, and expected default rate of the telecommunication and financial service industry in which it sells its goods and services to be the most relevant factors, and accordingly adjust the historical loss rate based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery includes, amongst other, the failure of a debtor to engage in a repayment plan within the Group, and a failure to make contractual payments for a period of greater than 180 to 365 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit/(loss). Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.3 *Credit risk* (continued)

(c) ***Impairment of financial assets*** (continued)

Trade receivables and contract assets (continued)

The Group uses two categories to present those trade receivables and contract assets with respective credit risks characteristics and basis of determining the credit loss allowance as follow:

Individual basis

The Group assessed individually for impairment allowance for trade receivables and contract assets relating to corporate customers which are of different credit risk characteristics individually. These customers are assessed with lower default rate as they are usually customers with long term business relationship or the Group expects to secure long term transactions with them. The credit terms granted are generally longer for customers which are individually assessed when compared with the customers under the collective basis, as the Group assessed that these customers are generally financially sound and have the ability to repay the outstanding balances to the Group.

The gross carrying amounts of the individually assessed trade receivables and contract assets amounted to HK$107,768,000 and HK$8,566,000 respectively (2019: HK$65,364,000 and HK$28,154,000 respectively).

As at 31 December 2020, the account receivables from an individual customer amounted to HK$13.3 million. Due to slow progress in the settlement of the account receivables from this customer, the ageing profile of the receivables from this individual customer deteriorated. A settlement arrangement was agreed in the next 12 months. Accordingly, the Group specifically made approximately HK$4.0 million of impairment loss provision on the remaining balance with no settlement arrangement as at 31 December 2020.

Collective basis

Other than those trade receivables and contract assets which were disclosed in Note 3.1.3(c) "Individual basis", remaining trade receivables and contract assets are assessed collectively for impairment allowances.

As at 31 December 2020 and 2019, the loss allowance for trade receivables and contract assets assessed collectively was determined as follows, the expected credit losses below also incorporated forward looking information.

		Past due						
31 December 2020	**Not yet due**	**Within 30 days**	**31-60 days**	**61-180 days**	**181-365 days**	**366-730 days**	**Over 730 days**	**Total**
Expected loss rate	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	
Gross carrying amount (HK$'000)								
– Trade receivables	3,392	8,418	3,054	1,187	184	11	14	16,260
– Contract assets	5,053	327	–	–	–	–	–	5,380
Loss allowance (HK$'000)	–	–	–	–	–	–	–	–

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.3 *Credit risk* (continued)

(c) *Impairment of financial assets* (continued)

31 December 2019	Not yet due	Past due: Within 30 days	31-60 days	61-180 days	181-365 days	366-730 days	Over 730 days	Total
Expected loss rate	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	
Gross carrying amount (HK$'000)								
– Trade receivables	13,527	629	13	23	40	–	–	14,232
– Contract assets	2,282	682	101	–	–	–	–	3,065
Loss allowance (HK$'000)	–	–	–	–	–	–	–	–

* Close to zero

The loss allowances for trade receivables and contract assets as at 31 December 2020 and 31 December 2019 as follows:

	2020 HK$'000	2019 HK$'000
Opening loss allowance at 1 January	**(385)**	(181)
Increase in loss allowance recognised in profit or loss during the year	**(3,952)**	(204)
Closing loss allowance at 31 December	**(4,337)**	(385)

Net impairment losses on trade receivables and contract assets amounted HK$3,952,000 (2019: HK$204,000) is included in the consolidated income statement.

Other receivables and amounts due from brokers

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which was immaterial.

The directors of the Company consider the probability of default upon initial recognition of the asset and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at each reporting period with the risk of default as at the date of initial recognition. Management considers that the credit risk of other receivables and amounts due from brokers have not increased significantly since initial recognition.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.4 *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy to managing liquidity risk is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from shareholders to meet its liquidity requirements in the short and longer term. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year HK$'000	Over 1 year and within 2 years HK$'000	Over 2 years and within 5 years HK$'000	Total HK$'000
At 31 December 2020				
Lease liabilities	**5,002**	**5,144**	**1,589**	**11,735**
Financial liabilities at fair value through profit or loss	**3,923**	**–**	**–**	**3,923**
Trade and other payables	**57,122**	**–**	**–**	**57,122**
Amounts due to brokers	**73,814**	**–**	**–**	**73,814**
Borrowing from a former director	**–**	**214,999**	**–**	**214,999**
At 31 December 2019				
Lease liabilities	3,804	1,426	3,069	8,299
Trade and other payables	63,726	–	–	63,726
Borrowings from a former director	214,999	–	–	214,999

3.1.5 *Price risk*

The Group's exposure to equity securities, contracts for difference, exchange traded funds, collateralised mortgage obligation, corporate bonds, forward foreign exchange contracts, depository receipts and investment funds price risk arises from investments held by the Group and classified in the consolidated statement of financial position at FVPL (Note 21).

To manage its price risk arising from investments in equity securities, contracts for difference, exchange traded funds, collateralised mortgage obligation, corporate bonds, forward foreign exchange contracts, depository receipts and investment funds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.5 *Price risk* (continued)

The table below summarises the Group's investments by industry category as at 31 December 2020 and 2019.

	Fair value	
	2020	2019
	HK$'000	HK$'000
Financial assets at FVPL		
Communications	**32,533**	–
Financial	**30,721**	5,423
Industrials	**9,797**	2,796
Consumer, Non-cyclical	**8,297**	–
Specialty Retail	**4,354**	–
Beverages	**3,957**	–
Energy	**3,354**	–
Pharmaceuticals	**3,108**	–
Consumer, Cyclical	**3,081**	–
Food Products	**2,877**	–
Health Care	**2,769**	3,208
Banks	**2,441**	–
Household Durables	**2,105**	–
Transportation Infrastructure	**2,051**	–
Insurance	**1,970**	–
Electronic Equipment, Instruments	**1,588**	–
Real Estate Management & Development	**1,262**	–
Technology	**1,120**	1,005
Automobiles	**786**	–
Construction Materials	**783**	779
Machinery	**766**	–
Food & Staples Retailing	**463**	–
Diversified	**260**	–
Basic Materials	**52**	–
Investment of funds	**203,028**	146,370
Collateralised mortgage obligations	**21,226**	–
Forward foreign exchange contracts	**661**	–
Consumer Staples	**–**	3,961
Consumer Discretionary	**–**	3,583
Total financial assets at FVPL	**345,410**	167,125
Financial liabilities at FVPL		
Forward foreign exchange contracts	**(2,727)**	–
Financial	**(875)**	–
Consumer, Non-cyclical	**(210)**	–
Consumer, Cyclical	**(76)**	–
Industrial	**(9)**	–
Technology	**(9)**	–
Energy	**(6)**	–
Communications	**(4)**	–
Utilities	**(4)**	–
Basic Materials	**(3)**	–
Total financial liabilities at FVPL	**(3,923)**	–

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.5 *Price risk* (continued)

Sensitivity

The Group held multi strategic funds and they had diversity portfolio. For the sole purpose of sensitivity analysis, there are no standardised benchmarks can be adopted. The table below summarises the impact of increases/decreases of the price of investments on the funds' post-tax profit for the year. The analysis presented is based upon the portfolio composition as at 31 December 2020 and 2019. The Group expects to have movements in the price of the investments and that movements in those prices will have a proportional impact on the post-tax profit of the Group.

	Impact on post-tax profit	
	2020	2019
	HK$'000	HK$'000
Movement in price of investments – increase/(decrease) 13.1% (2019: 2.9%)	**+/- 2,947**	+/- 73

Post-tax profit for the period would increase/decrease as a result of gains/losses on financial assets classified as at FVPL.

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from 2019.

In addition, subsidiaries of the Group licensed by the SFC are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") at all times.

For the licensed subsidiaries, the Group ensures each of them maintains a liquid capital level adequate to support the activities level with sufficient buffer to accommodate the increase in liquidity requirements arising from potential increases in business activities. SF(FR)R returns are filed to the SFC by the licensed subsidiaries on a monthly or semi-annually basis as required. During the current and prior financial years, all the licensed subsidiaries complied with the liquid capital requirements under the SF(FR)R.

The Group defines capital as total equity attributable to equity holders of the Company, comprising issued share capital and reserves, as shown in the consolidated statement of financial position. The Group actively and regularly reviews and manages its capital structure to ensure capital and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, projected operating cash flows and projected capital expenditures.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

As at 31 December 2020 and 31 December 2019, the Group had net cash amounted to HK$15,030,000 and HK$266,851,000 respectively (Note 28(c)). Gearing ratio is not applicable to the Group.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 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 amounts due from brokers and financial liabilities including trade and other payables and amounts due to brokers 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.

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 the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(i) *Fair value hierarchy* (continued)

Recurring fair value measurements	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2020				
Financial assets at FVPL				
Current assets				
Investment funds				
– British Virgin Islands ("BVI")	–	22,382	–	22,382
– Cayman Islands	–	51,085	–	51,085
– Ireland	538	–	–	538
Contracts for differences				
– PRC	–	44,252	–	44,252
– Hong Kong	–	17,061	–	17,061
Listed equity securities				
– PRC	47,445	–	–	47,445
– Hong Kong	3,491	–	–	3,491
Exchange traded funds				
– Hong Kong	5,552	–	–	5,552
– The United States (The "US")	31,673	–	–	31,673
Collateralised mortgage obligation				
– The US	–	–	21,226	21,226
Corporate bonds				
– PRC	7,859	–	–	7,859
Depository receipts				
– PRC	387	–	–	387
Forward foreign exchange contract	–	661	–	661
	96,945	135,441	21,226	253,612
Non-current assets				
Investment funds				
– The US	–	91,798	–	91,798
Total financial assets	96,945	227,239	21,226	345,410
At 31 December 2020				
Financial liabilities at FVPL				
Current Liabilities				
Listed equity securities				
– The US	(2)	–	–	(2)
Contracts for differences				
– Hong Kong	–	(276)	–	(276)
– Singapore	–	(165)	–	(165)
– PRC	–	(349)	–	(349)
Index futures				
– Hong Kong	(404)	–	–	(404)
Forward foreign exchange contracts	–	(2,727)	–	(2,727)
Total financial liabilities	(406)	(3,517)	–	(3,923)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(i) *Fair value hierarchy* (continued)

Recurring fair value measurements	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
At 31 December 2019			
Financial assets at FVPL			
Current assets			
Investment funds			
– British Virgin Islands	–	20,112	20,112
– Cayman Islands	–	47,448	47,448
– Ireland	810	–	810
Listed equity securities			
– PRC	20,755	–	20,755
	21,565	67,560	89,125
Non-current assets			
Investment funds			
– The US	–	78,000	78,000
Total financial assets	21,565	145,560	167,125

As 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 2020 and 2019.

(ii) *Investment in other funds that are not traded in an active market*

The right of the Group to request redemption of its investment funds ranges in frequency from monthly to quarterly.

The exposures to investment funds as classified by the Group by strategy were disclosed in the following table. These investments are included in financial assets at fair value through profit or loss in the consolidated statement of financial position.

Strategy	**Number of Investee Funds**	**31 December 2020 Investment fair value HK$'000**
Multi strategies	**3**	**132,523**
Credit strategies	**1**	**22,383**
Fixed income	**1**	**7,842**
China long only	**1**	**2,517**
		165,265

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(ii) *Investment in other funds that are not traded in an active market* (continued)

Strategy	Number of Investee Funds	31 December 2019 Investment fair value HK$'000
Multi strategies	2	125,448
Credit strategies	1	20,112
		145,560

The Group's holding in investment funds, as a percentage of the respective investment fund's total net asset value, will vary from time to time depending on the volume of subscriptions and redemptions at the investment funds level. It is possible that the Group may, at any point in future, hold a majority of an investment fund's total shares/units in issue.

The Group's maximum exposure to loss from its interests in investment funds is equal to the total fair value of its investments in investment funds.

(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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(iv) Valuation techniques and process used to determine fair values

The finance department of the Group includes a team that performs the valuation of financial assets or liabilities carried at FVPL required for financial reporting purposes, including level 3 fair values. This team reports directly to the board of directors. Discussions of valuation processes and results are held between the board of directors and the valuation team.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- quoted bid prices (or net asset value) provided by fund administrators for unlisted investment funds

(v) Valuation inputs and relationships to fair value (level 3)

The financial instruments valued at fair value (level 3) represents collateralised mortgage obligation which is a highly complex and illiquid interest-only agency mortgage back security. Management took reference to the pricing data developed from a wealth of market observations of several reputable data analysis platforms. The higher the pricing date quoted in these data analysis platforms, the higher the fair value of these financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities are discussed below.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Provision for impairment of assets

(i) Estimated impairment of non-financial assets that are subject to amortisation

The Group tested assets that are subject to amortisation and depreciation whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as set out in Note 2.7. The Group uses judgement in assessing the impairment and making inputs to the impairment calculation, based on the historical performance and the future cash flows of the assets.

As at 31 December 2020, the carrying amount of customer contracts is approximately HK$19,469,000 (2019: HK$62,797,000) (Note 16). During the year ended 31 December 2020, management had fully written off one customer contract (2019: two) with the corresponding carrying amount by HK$7,204,000 (2019: HK$7,952,000), and partially impaired two customer contracts (2019: one) and had made provision of HK$20,745,000 (2019: HK$6,876,000).

(ii) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. Significant judgement is required in assessing the recoverable amount on which the goodwill is allocated to the specific CGUs.

(iii) Trade and other receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1.3(c).

(b) Estimation of the fair value of financial assets at FVPL

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3.

(c) Estimation of the fair value of the share awards and share options

The determination of the fair value of the share awards and share options granted require estimates in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate for the life of the share awards and options and the number of share awards and options that are expected to be vested. Where the outcome of the number of share awards and options that are vested is different, such difference will impact the consolidated statement of comprehensive income in the subsequent remaining vesting period of the relevant share awards and options.

5 INCOME

The amount of each category of income recognised during the year is as follows:

	2020 HK$'000	2019 HK$'000
– CRM services income	**215,166**	239,412
– IM services income	**112,159**	70,758
– Dividend income from investments (Note 21)	**12,006**	1,636
– Net fair value gains on financial assets at FVPL (Note 21)	**22,993**	2,511
– Share of net profits of associates accounted for using the equity method (Note 22)	**20,426**	–
	382,750	314,317

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

	2020 HK$'000	2019 HK$'000
Customer 1	**77,156**	33,661
Customer 2	**50,231**	65,811
Customer 3	**46,348**	54,077
Customer 4	**39,709**	N/A
Customer 5	**37,947**	N/A
Customer 6	**N/A**	43,726

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 operating segment. Interest expense are not allocated to segment, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

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

(i) CRM services ("CRMS") business: this segment includes (a) inbound services which include customer hotline services and built-in secretarial services, a personalised message taking services; 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 operating segments.

6 SEGMENT INFORMATION (CONTINUED)

(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 write 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 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 regularly reported to the CODM.

The following tables present income, reportable segment profit/(loss) and certain assets and expenditure information for the Group's business segments for the years ended 31 December 2020 and 2019:

	IM business HK$'000	CRMS business HK$'000	SDI business HK$'000	Total HK$'000
For the year ended 31 December 2020				
CRM services income	–	215,202	–	215,202
Inter-CRM segment services income	–	(36)	–	(36)
IM services income	113,261	–	–	113,261
Inter-IM segment services income	(1,102)	–	–	(1,102)
Dividend income from investments	–	–	12,006	12,006
Net fair value gains on financial assets at FVPL	2,123	–	20,870	22,993
Share of net profits of associates accounted for using the equity method	–	–	20,426	20,426
Total segment income	114,282	215,166	53,302	382,750
Reportable segment profit	3,905	849	53,576	58,330
Depreciation and amortisation	16,583	6,386	2,111	25,080
Provision for loss allowances	3,952	–	–	3,952
Reportable segment assets	334,416	120,411	569,591	1,024,418
Additions to non-current segment assets during the year	769	5,616	119,979	126,364

6 SEGMENT INFORMATION (CONTINUED)

(a) Segment results and assets (continued)

	IM business HK$'000	CRMS business HK$'000	SDI business HK$'000	Total HK$'000
For the year ended 31 December 2019				
CRM services income	–	239,479	–	239,479
Inter-CRM segment services income	–	(67)	–	(67)
IM services income	70,783	–	–	70,783
Inter-IM segment services income	(25)	–	–	(25)
Dividend income from investments	–	–	1,636	1,636
Net fair value gains on financial assets at FVPL	–	–	2,511	2,511
Total segment income	70,758	239,412	4,147	314,317
Reportable segment (loss)/profit	(8,643)	2,889	6,879	1,125
Depreciation and amortisation	29,148	8,006	561	37,715
Provision for loss allowances	–	204	–	204
Reportable segment assets	331,787	133,090	184,770	649,647
Additions to non-current segment assets during the year	2,890	11,258	78,000	92,148

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

	2020 HK$'000	2019 HK$'000
Income		
Reportable segment income	**382,750**	314,317
Consolidated income	**382,750**	314,317
Profit/(loss)		
Reportable segment profit	**58,330**	1,125
Impairment provision for and write off of intangible assets	**(27,949)**	(14,828)
Finance costs	**(6,751)**	(4,511)
Amortisation of intangible assets	**(15,379)**	(27,605)
Consolidated profit/(loss) before income tax	**8,251**	(45,819)
Assets		
Reportable segment assets	**1,024,418**	649,647
Cash and cash equivalents	**232,805**	484,375
Deferred tax assets	**1,371**	–
Consolidated total assets	**1,258,594**	1,134,022

6 SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

The following tables set out information about the geographical locations of (i) the Group's CRM services income and IM services income ("Services income") and (ii) the Group's property, plant and equipment, intangible assets, 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 at which the services and goods were provided. The geographical location of the specified non-current assets is based on the location of the operation to which they are allocated.

	Hong Kong HK$'000	PRC HK$'000	The United States of America HK$'000	Macao and others HK$'000	Total HK$'000
Year ended 31 December 2020					
Services income	**201,145**	**120,378**	**–**	**5,802**	**327,325**
Specified non-current assets	**232,038**	**51,532**	**91,798**	**98,427**	**473,795**
Year ended 31 December 2019					
Services income	202,181	99,269	–	8,720	310,170
Specified non-current assets	274,587	47,244	78,000	48	399,879

(d) Disaggregation of revenue from contracts with customers

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

	IM business HK$'000	CRMS business HK$'000	Total HK$'000
For the year ended 31 December 2020			
At point in time	**87,042**	**151,412**	**238,454**
Over-time	**25,117**	**63,754**	**88,871**
	112,159	**215,166**	**327,325**
For the year ended 31 December 2019			
At point in time	47,360	157,884	205,244
Over-time	23,398	81,528	104,926
	70,758	239,412	310,170

7 OTHER INCOME

	2020 HK$'000	2019 HK$'000
Interest income from financial assets at FVPL	**3,860**	–
Government grants (Note a)	**2,603**	2,739
Resources dispatching income	**1,745**	–
Bank interest income	**936**	6,730
Rental income	**649**	700
Value-added tax return	**368**	–
Others	**983**	576
	11,144	10,745

Note:

(a) Government grants of HK$2,383,000 were provided by the local authorities to support the Group's enhancement of service provision to overseas customers and the Group's application of technical patents. There are no unfulfilled conditions or contingencies relating to these grants.

The remaining amounts mainly represent Employment Support Scheme under the Anti-epidemic Fund of the Government of the Hong Kong Special Administrative Region.

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2020 HK$'000	2019 HK$'000
Share-based compensation expenses	**8,572**	–
Wages, salaries and other benefits	**217,370**	238,622
Contribution to retirement benefit schemes	**14,738**	16,110
Total employee benefits expenses	**240,680**	254,732

(a) Five highest paid individuals

The five individuals whose emoluments were the highest are as follows:

	Number of individuals 2020	2019
Director of the Company	**1**	1
Employee	**4**	4

Out of the five individuals with the highest emoluments, one (2019: one) is director whose emolument is disclosed in Note 34(a). The aggregate emoluments in respect of the remaining four (2019: four) highest paid individuals are as follows:

	2020 HK$'000	2019 HK$'000
Salaries and other emoluments	**53,031**	16,027
Share-based compensation expenses	**3,217**	–
Retirement scheme contribution	**411**	436
	56,659	16,463

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

(a) Five highest paid individuals (continued)

The emoluments of the above-mentioned highest paid individuals (other than the director) with the highest emoluments fall within the following band:

	Number of individuals	
	2020	2019
HK$2,000,001-HK$2,500,000	**–**	1
HK$2,500,001-HK$3,000,000	**1**	–
HK$3,000,001-HK$3,500,000	**–**	1
HK$4,000,001-HK$4,500,000	**–**	1
HK$5,500,001-HK$6,000,000	**1**	–
HK$6,500,001-HK$7,000,000	**–**	1
HK$7,000,001-HK$7,500,000	**1**	–
HK$40,500,001-HK$41,000,000	**1**	–

9 DIVIDENDS

The board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2020 (2019: Nil).

10 OTHER EXPENSES

	2020 HK$'000	2019 HK$'000
Auditors' remuneration		
– Audit services	**3,287**	2,403
– Non-audit services	**150**	827
Loss on disposal of property, plant and equipment	**833**	46
Information system expenses	**5,526**	8,716
Exchange differences, net	**4,322**	(379)
Consultancy fee	**656**	991
Travelling and entertainment	**2,401**	2,551
Telecommunication	**956**	1,307
Recruitment expenses	**1,381**	1,983
Fund operation expenses	**1,312**	–
Staff benefits	**865**	1,112
Insurance	**1,055**	705
Vehicles expenses	**441**	1,504
Others	**8,603**	8,960
	31,788	30,726

11 FINANCE INCOME, NET

	2020 HK$'000	2019 HK$'000
Finance income		
– Imputed interest income from borrowings (Note 27)	**8,648**	6,875
Finance costs		
– Imputed Interest expense from borrowings (Note 27)	**(5,854)**	(4,048)
– Interest expense from leases (Note 15)	**(336)**	(463)
– Interest expense from financial assets at FVPL	**(561)**	–
	(6,751)	(4,511)
Finance income, net	**1,897**	2,364

12 INCOME TAX CREDIT

	2020 HK$'000	2019 HK$'000
Current income tax:		
Hong Kong corporate income tax	**150**	–
PRC corporate income tax	**–**	687
Over provision in the prior year	**(522)**	(771)
Total current tax credit	**(372)**	(84)
Deferred tax (Note 18)	**(8,631)**	(6,883)
Income tax credit	**(9,003)**	(6,967)

(i) Hong Kong profits tax

The Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HK$2 million of assessable profits at 8.25% and assessable profits above the threshold will be subject to a rate of 16.5%. Hong Kong profits tax of other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits.

(ii) PRC corporate income tax

China Elite Info. Co. Ltd. ("China Elite") is eligible for a preferential income tax rate of 15% as a High and New Technology Enterprise for 2020.

Other than the above, remaining subsidiaries located in the PRC are subject to the PRC Corporate income tax rate of 25% (2019:25%) on its assessable profits.

12 INCOME TAX CREDIT (CONTINUED)

(iii) Macao complementary tax

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 year (2019: Nil).

(iv) Cayman Islands tax

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

The tax on the Group's profit/(loss) before income tax differs than the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2020 **HK$'000**	2019 HK$'000
Profit/(loss) before income tax expenses	**8,251**	(45,819)
Tax calculated at Hong Kong tax rate of 16.5% (2019: 16.5%)	**1,362**	(7,560)
Effect of different tax rate of operations on other jurisdictions	**(7,759)**	559
Tax effects of:		
Income not subject to tax	**(1,537)**	(2,189)
Expenses not deductible for tax purposes	**1,036**	1,071
Over provision in the prior year	**(522)**	(771)
Tax losses for which no deferred tax asset was recognised	**2,997**	3,186
Written off of deferred tax assets previously recognised	**202**	92
Utilisation of tax loss for which no deferred tax assets was previously recognised	**(3,258)**	(1,355)
Special allowance and deduction	**(1,374)**	–
Concessionary tax rate	**(150)**	–
Income tax credit	**(9,003)**	(6,967)

13 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/loss attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding during the year, excluding shares held for employee share scheme (Note 24).

	2020	2019
Profit/(loss) attributable to owners of the Company (HK$'000)	**17,254**	(38,852)
Weighted average number of ordinary shares outstanding (thousand)	**11,346,314**	11,346,472
Basic earnings/(loss) per share (HK cents)	**0.15**	(0.34)

13 EARNINGS/(LOSS) PER SHARE (CONTINUED)

(b) Diluted earnings/(loss) per share

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

Diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share for the year ended 31 December 2019 as there were no potential dilutive ordinary shares outstanding during the year.

For the year ended 31 December 2020, the diluted earnings per share was calculated by considering the impact of the 2020 Share Option Scheme and the Share Award Scheme, in which certain portion of the Company's share options was vested and is in the money and has dilutive impact on the earnings per share calculation. For the Company's share awards, they have dilutive impact on the earnings per share calculation. The diluted earnings per share would not consider those portion of the Company's share options which are expected to be vested and has anti-dilutive impact on the earnings per share calculation.

	2020	2019
Profit/(loss) attributable to owners of the Company (HK$'000)	**17,254**	(38,852)
Weighted average number of ordinary shares outstanding (thousand)	**11,379,242**	11,346,472
Diluted earnings/(loss) per share (HK cents)	**0.15**	(0.34)

(c) Weighted average number of shares used as the denominator

	2020 '000	2019 '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	**11,346,314**	11,346,472
Adjustments for calculation of diluted earnings/(loss) per share:		
Share options	**4,380**	–
Share awards	**28,548**	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	**11,379,242**	11,346,472

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Facilities equipment HK$'000	Office equipment HK$'000	Vehicles and other equipment HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2019							
Cost	47,713	32,701	28,161	15,005	9,983	–	133,563
Accumulated depreciation	(10,910)	(29,497)	(26,094)	(11,750)	(7,933)	–	(86,184)
Net book amount	36,803	3,204	2,067	3,255	2,050	–	47,379
Year ended 31 December 2019							
Opening net book amount	36,803	3,204	2,067	3,255	2,050	–	47,379
Additions	–	315	746	124	8	–	1,193
Depreciation	(1,179)	(1,675)	(33)	(963)	(659)	–	(4,509)
Disposals	–	–	–	(53)	–	–	(53)
Exchange differences	(785)	(23)	(40)	(52)	(5)	–	(905)
Closing net book amount	34,839	1,821	2,740	2,311	1,394	–	43,105
At 31 December 2019							
Cost	46,669	32,503	28,595	14,298	9,871	–	131,936
Accumulated depreciation	(11,830)	(30,682)	(25,855)	(11,987)	(8,477)	–	(88,831)
Net book amount	34,839	1,821	2,740	2,311	1,394	–	43,105
Year ended 31 December 2020							
Opening net book amount	**34,839**	**1,821**	**2,740**	**2,311**	**1,394**	**–**	**43,105**
Additions	**–**	**2,974**	**537**	**267**	**–**	**–**	**3,778**
Depreciation	**(1,199)**	**(1,429)**	**(681)**	**(535)**	**(548)**	**–**	**(4,392)**
Disposals	**–**	**(703)**	**(43)**	**(104)**	**–**	**–**	**(850)**
Exchange differences	**2,177**	**51**	**126**	**115**	**31**	**–**	**2,500**
Closing net book amount	**35,817**	**2,714**	**2,679**	**2,054**	**877**	**–**	**44,141**
At 31 December 2020							
Cost	**49,675**	**29,072**	**29,540**	**14,598**	**10,212**	**–**	**133,097**
Accumulated depreciation	**(13,858)**	**(26,358)**	**(26,861)**	**(12,544)**	**(9,335)**	**–**	**(88,956)**
Net book amount	**35,817**	**2,714**	**2,679**	**2,054**	**877**	**–**	**44,141**

Note: As at 31 December 2019, the Group had an unutilised banking facility of RMB20 million (equivalent to approximately HK$22.3 million) for financing its business operation. The facility was secured by the buildings in Guangzhou held by the Group. As at 31 December 2020, the Group did not have any banking facilities.

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2020 HK$'000	2019 HK$'000
Right-of-use assets		
Properties	**10,450**	7,044
Equipment	**159**	632
	10,609	7,676
Lease liabilities		
Current	**4,617**	3,793
Non-current	**6,335**	4,114
	10,952	7,907

Additions to the right-of-use assets during the year were approximately of HK7,725,000 (2019: HK$1,246,000).

(ii) The consolidated income statement shows the following amounts relating to leases:

	2020 HK$'000	2019 HK$'000
Depreciation charge of right-of-use assets		
Properties	**4,836**	4,882
Equipment	**473**	719
	5,309	5,601
Interest expense (included in finance cost (Note 11))	**336**	463
Expense relating to short-term and low-value assets leases	**6,201**	6,270
Gains on modification of leases (included in other income)	**–**	4

The total cash outflow for leases in 2020 was approximately of HK$11,753,000 (2019: HK$12,096,000).

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

The Group leases various offices, staff quarters and transmission lines. Rental contracts are typically made for fixed periods of 1 to 5 years, but may have extension options as described in (iv) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(iv) Extension and termination options

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

16 INTANGIBLE ASSETS

	Development expenditures HK$'000	Customer contracts HK$'000	Licenses HK$'000	Total HK$'000
At 1 January 2019				
Cost	900	106,281	9,978	117,159
Accumulated amortisation	(180)	(1,771)	–	(1,951)
Net book amount	720	104,510	9,978	115,208
Year ended 31 December 2019				
Opening net book amount	720	104,510	9,978	115,208
Amortisation for the year	(720)	(26,885)	–	(27,605)
Provision for impairment	–	(6,876)	–	(6,876)
Written off	–	(7,952)	–	(7,952)
Closing net book amount	–	62,797	9,978	72,775
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
Year ended 31 December 2020				
Opening net book amount	**–**	**62,797**	**9,978**	**72,775**
Business combination (Note 17(b))	**–**	**–**	**542**	**542**
Amortisation for the year	**–**	**(15,379)**	**–**	**(15,379)**
Provision for impairment	**–**	**(20,745)**	**–**	**(20,745)**
Written off	**–**	**(7,204)**	**–**	**(7,204)**
Closing net book amount	**–**	**19,469**	**10,520**	**29,989**
At 31 December 2020				
Cost	**900**	**74,968**	**10,520**	**86,388**
Accumulated amortisation	**(900)**	**(34,754)**	**–**	**(35,654)**
Accumulated impairment	**–**	**(20,745)**	**–**	**(20,745)**
Net book amount	**–**	**19,469**	**10,520**	**29,989**

16 INTANGIBLE ASSETS (CONTINUED)

Impairment charges on intangible assets

In accordance with the Group's accounting policy on asset impairment (Note 2.7), 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.

Impairment charges on customer contracts

In 2020, one customer contract (2019: two) 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 consolidated income statement, amounted to HK$7,204,000 (2019: HK$7,952,000). Two customers contracts (2019: one) had impairment indicator for the year ended 31 December 2020. It was due to the partial redemption by the investors and management forecasted less services income will be incurred from these two contracts in the future. An impairment assessment has been performed by management and an impairment provision of HK$20,745,000 was recognised in the consolidated income statement (2019: HK$6,876,000).

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

2020	
Estimated services income growth rate of the contracts from 1 July 2020 to 31 December 2020	-29%
Estimated services income growth rate of the contracts from 1 January 2021 to 31 December 2021	-12%
Estimated services income growth rate of the contracts from 1 January 2022 to 31 December 2022	-1%
Discount rate	19.4%
2019	
Estimated services income growth rate of the contract from 1 January 2020 to 31 December 2020	49.1%
Estimated services income growth rate of the contract from 1 January 2021 to 31 December 2021	34.6%
Estimated services income growth rate of the contract from 1 January 2022 to 31 December 2022	14.1%
Discount rate	19.0%

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. If services 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 (2019: HK$1,174,000) would have been made. If the discount rate had been 1% higher than management's estimate with all other variables held constant, an additional impairment provision of HK$113,000 (2019: HK$111,000) would have been made.

17 BUSINESS COMBINATION AND GOODWILL

(a) Goodwill

	2020 HK$'000	2019 HK$'000
At 1 January	**197,833**	197,833
Business combination (Note b)	**132**	–
At 31 December	**197,965**	197,833

The goodwill of HK$197,965,000 arising from the acquisition of Goldstream Companies in November 2018 and Shenzhen JinCheng Enterprise Management Limited (深圳金晟企业管理有限公司) and its subsidiary, (the "JinCheng Acquisition") (Note (b)) is attributable to the synergies expected to arise from the business combination and future growth of IM businesses in Hong Kong and the PRC respectively. None of the goodwill recognised was expected to be deductible for income tax purposes.

Management reviews the business performance of the Group based on the services the respective businesses provide. Goodwill is monitored by management at the operating segment level.

The recoverable amount of goodwill was determined based on value in use. No impairment charge is noted as at 31 December 2020 (2019: Nil). Goodwill arising from the JinCheng Acquisition is considered immaterial by management.

As at 31 December 2020 and 2019, key assumptions used for assessing the recoverable amount of the goodwill arising from the acquisition of Goldstream Companies are as follows:

2020	
Estimated services income growth rate from 2020 to 2021	22.9%
Estimated services income growth rate from 2021 to 2022	17.7%
Estimated services income growth rate from 2022 to 2023	7.6%
Estimated services income growth rate from 2023 to 2024	4.4%
Estimated services income growth rate from 2024 to 2025	3.3%
Discount rate	17.0%
Terminal growth rate	3.0%
2019	
Estimated services income growth rate from 2019 to 2020	49.0%
Estimated services income growth rate from 2020 to 2021	37.0%
Estimated services income growth rate from 2021 to 2022	13.4%
Estimated services income growth rate from 2022 to 2024	10.0%
Discount rate	18.0%
Terminal growth rate	3.0%

If expected discount rate for the projection period had been 0.5% lower/higher than management's estimates with all other variables held constant, the carrying amount of goodwill would have been approximately HK$10,447,000 higher/lower respectively (2019: HK$11,410,000 higher/lower). If the services income growth rate had been 0.5% higher/lower than management's estimate at 31 December 2020 with all other variables held constant, the carrying amount of goodwill would have been approximately HK$6,838,000 higher/lower respectively (2019: HK$15,181,000 higher/lower). If the terminal growth rate had been 0.5% higher/lower than management's estimate at 31 December 2020 with all other variables held constant, the carrying amount of goodwill would have been approximately HK$2,080,000 higher and HK$975,000 lower respectively (2019: HK$7,373,000 higher and HK$6,897,000 lower).

17 BUSINESS COMBINATION AND GOODWILL (CONTINUED)

(b) Business combination

On 5 June 2020, Goldstream Investment Management (Shanghai) Limited (金涌投資管理(上海)有限公司), a wholly-owned subsidiary of the Company, completed the acquisition of the entire issued share capital of Shenzhen JinCheng Enterprise Management Limited (深圳金晟企業管理有限公司) and its subsidiary, companies principally engaged in the provision of mainland domestic asset management business in the PRC, for a total consideration of RMB10,000 (equivalent to approximately HK$12,000). Certain license and goodwill were recognised from the Jincheng Acquisition. The Group is expected to broaden and make new product offerings to the PRC investors.

The following table summarises the consideration paid for the Jincheng Acquisition, and the fair values of the assets acquired and liabilities assumed at the acquisition date.

	HK$'000
Purchase consideration	
Cash paid	12
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	47
Intangibles assets	542
Trade and other receivables	11,521
Payables and other accruals	(12,230)
Total net liabilities assumed	(120)
Add: Goodwill (Note a)	132
Net assets acquired	12

The acquired business contributed HK$3,900,000 to the Group's total income and HK$2,300,000 loss to the Group's profit before income tax for the period between the date of acquisition and 31 December 2020.

If the acquisition occurred on 1 January 2020, consolidated income and consolidated profit after income tax for the year ended 31 December 2020 would have been HK$386,829,000 and HK$14,056,000 respectively. The proforma information was for illustrative purposes only and was not necessarily an indication of total income and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020 nor is intended to be a projection of future results.

18 DEFERRED TAX ASSETS AND LIABILITIES

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2020 HK$'000	2019 HK$'000
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	**(1,371)**	(205)
At 31 December	**(1,371)**	(205)
Deferred tax liabilities		
Deferred tax liability to be recovered more than 12 months	**3,059**	8,659
Deferred tax liability to be recovered within 12 months	**1,676**	3,554
At 31 December	**4,735**	12,213

The net movement in the deferred income tax account is as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	**12,008**	18,891
Credited to consolidated income statement (Note 12)	**(8,631)**	(6,883)
Credited directly to equity	**(13)**	–
At 31 December	**3,364**	12,008

18 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The gross movement in deferred income tax assets and liabilities during the financial years without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

Deferred tax liabilities	Accelerated tax depreciation HK$'000	Intangible assets valuation gain HK$'000	Total HK$'000
At 1 January 2019	212	18,891	19,103
Credited to the consolidated income statement	(7)	(6,883)	(6,890)
At 31 December 2019	205	12,008	12,213
At 1 January 2020	**205**	**12,008**	**12,213**
Credited to the consolidated income statement	**(146)**	**(7,150)**	**(7,296)**
At 31 December 2020	**59**	**4,858**	**4,917**

Deferred tax assets	Decelerated tax depreciation HK$'000	Employee benefits HK$'000	Tax loss and others HK$'000	Total HK$'000
At 1 January 2019	–	–	212	212
Charged to the consolidated income statement	–	–	(7)	(7)
At 31 December 2019	–	–	205	205
At 1 January 2020	**–**	**–**	**205**	**205**
Credited/(charged) to the consolidated income statement	**123**	**1,414**	**(202)**	**1,335**
Credited directly to equity	**–**	**13**	**–**	**13**
At 31 December 2020	**123**	**1,427**	**3**	**1,553**

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. During the current year, approximately HK$15,371,000 of tax losses were incurred (2019: HK$19,360,000). The Group has unrecognised tax losses of approximately HK$47,507,000 (2019: HK$41,614,000) to carry forward against future taxable income. The Group has not recognised deferred tax assets of HK$8,525,000 (2019: HK$6,866,000) in respect of the unrecognised tax losses. The tax losses are subject to approval by Hong Kong Inland Revenue Department (2019: Hong Kong Inland Revenue Department). All unrecognised tax loss have no expiry date (2019: same).

Deferred income tax liabilities have not been recognised for the withholding tax that would be payable on the distributable retained profits amounting to HK$79,526,000 (2019: HK$66,934,000) of the Group's subsidiaries in Mainland China earned after 1 January 2008 because the Group does not have a plan to distribute these earnings from its PRC subsidiaries. The Group has the discretion to do so and it will re-invest in those PRC subsidiaries in the future.

19 TRADE AND OTHER RECEIVABLES, PREPAYMENT, DEPOSITS AND AMOUNTS DUE FROM BROKERS

	Note	2020 HK$'000	2019 HK$'000
Trade receivables			
– related parties	32(c)	**12,299**	29,038
– third parties		**111,729**	50,558
		124,028	79,596
Loss allowances (see Note 3.1.3)	(b)	**(4,337)**	(385)
Trade receivables, net		**119,691**	79,211
Contract assets			
– third parties		**13,946**	31,219
	(a)	**133,637**	110,430
Other financial assets at amortised cost			
Amounts due from brokers		**118,093**	–
Deposits and other receivables			
– related parties	32(c)	**16,551**	21,516
– third parties		**23,681**	22,294
Prepayments		**5,916**	6,893
Less: Non-current deposits		**(867)**	(490)
		45,281	50,213
		297,011	160,643

(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 dates on which the relevant services income was recognised:

	2020 HK$'000	2019 HK$'000
Aged within 1 month	**89,177**	69,080
Aged between 1 to 3 months	**19,839**	21,281
Aged between 3 to 6 months	**7,468**	9,518
Aged between 6 months to 1 year	**6,125**	2,154
Aged over 1 year	**11,028**	8,397
	133,637	110,430

19 TRADE AND OTHER RECEIVABLES, PREPAYMENT, DEPOSITS AND AMOUNTS DUE FROM BROKERS (CONTINUED)

(b) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Note 3.1.3(c) provides for details about the calculation of the allowance.

The loss allowance for trade receivables increased by a further HK$3,952,000 to HK$4,337,000 during the year ended 31 December 2020.

Information about the impairment of trade receivables and the Group's exposure to credit risk is disclosed in Note 3.1.3(c).

The carrying amounts of the Group's trade and other receivables, contract assets and amounts due from brokers excluding prepayments, are denominated in the following currencies:

	2020 HK$'000	2019 HK$'000
HK$	**41,550**	67,785
US$	**161,451**	43,236
RMB	**88,961**	43,219
	291,962	154,240

20 CASH AND CASH EQUIVALENTS

	2020 HK$'000	2019 HK$'000
Cash at banks and on hand	171,163	423,816
Short-term bank deposits	46,038	37,523
Money market funds (Note a)	15,604	23,036
	232,805	484,375
Maximum exposure to credit risk	232,146	483,639

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

The interest rates on short-term bank deposits range from 1.8%-2.7% (2019: ranged from 2.7%-3.0%) per annum. These deposits have an average maturity of 33-62 days (2019: 33-62 days).

The carrying values of cash and cash equivalents, bank deposits and money market funds approximate their fair values.

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2020 HK$'000	2019 HK$'000
HK$	105,855	81,353
US$	78,393	343,935
RMB	48,525	59,043
Other currencies	32	44
	232,805	484,375

As at 31 December 2020, cash and cash equivalents of approximately HK$37,819,000 (2019: HK$56,976,000) of the Group were deposited with banks in the PRC and denominated in RMB. The conversion of these bank balances into foreign currencies and remittance out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by The State Administration for Exchange Control.

21 FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

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

The Group classifies the following financial assets/(liabilities) 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/(liabilities) measured at FVPL include the following:

	2020 HK$'000	2019 HK$'000
Non-current assets		
Investment funds		
– US investment funds	91,798	78,000
Current assets		
Investment funds		
– Cayman Islands investment funds	51,085	47,448
– BVI investments funds	22,382	20,112
– Ireland investments funds	538	810
Contracts for difference		
– PRC contracts for difference	44,252	–
– Hong Kong contracts for difference	17,061	–
Listed equity securities		
– PRC listed equity securities	47,445	20,755
– Hong Kong listed equity securities	3,491	–
Exchange traded funds		
– US exchange traded funds	31,673	–
– Hong Kong exchange traded funds	5,552	–
Collateralised mortgage obligation		
– US collateralised mortgage obligation	21,226	–
Corporate bonds		
– PRC corporate bonds	7,859	–
Forward foreign exchange contracts (Note)	661	–
Depository receipts		
– PRC depository receipts	387	–
	253,612	89,125
	345,410	167,125

21 FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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

	2020 HK$'000	2019 HK$'000
Current liabilities		
Forward foreign exchange contracts (Note)	(2,727)	–
Contracts for difference		
– PRC contracts for difference	(349)	–
– Hong Kong contracts for difference	(276)	–
– Singapore contracts for difference	(165)	–
Index futures		
– Hong Kong Index futures	(404)	–
Listed equity securities		
– US listed equity securities	(2)	–
	(3,923)	–

Note: Forward foreign exchange contracts are derivatives which do not meet the hedging accounting criteria, they are classified as financial assets/(liabilities) measured at FVPL.

(ii) Amounts recognised in the consolidated income statement

During the year, the following income was recognised in the consolidated income statement:

	2020 HK$'000	2019 HK$'000
Net fair value gains on financial assets at FVPL (Note 5)	22,993	2,511
Dividend income from investments (Note 5)	12,006	1,636

(iii) Risk exposure and fair value measurement

Information about the Group's exposure to price risk is provided in Note 3.1.5. For information about the methods and assumptions used in determining fair value refer to Note 3.3.

22 INTERESTS IN ASSOCIATES

On 1 March 2020, the Group invested in Goldstream Healthcare Focus Fund SP and Goldstream Macro Fund SP for cash consideration of USD5 million (equivalent to approximately HK$39 million) and USD5 million (equivalent to approximately HK$39 million) respectively. As at 31 December 2020, the Group held 19.6% and 12.2% equity interest in these funds and has the power to participate in the financial and operating policy decision. Accordingly, the Group has significant influence over these two funds.

22 INTERESTS IN ASSOCIATES (CONTINUED)

(i) Details of such investment funds are summarised as follows:

	Place of incorporation	2020 Interests held %	Measurement method	2020 Carrying amount HK$'000
Goldstream Healthcare Focus Fund SP	Cayman Islands	19.6	Equity method	54,496
Goldstream Macro Fund SP	Cayman Islands	12.2	Equity method	43,930
				98,426

(i) Summarised financial information of associates

The tables below provide summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	31 December 2020	
	Goldstream Healthcare Focus Fund SP HK$'000	Goldstream Macro Fund SP HK$'000
Summarised balance sheet		
Current assets		
Cash and cash equivalents	110,796	17,736
Other current assets	289,764	402,984
Total current assets	400,560	420,720
Current liabilities		
Financial liabilities (excluding trade payables)	(111,078)	(59,186)
Other current liabilities	(10,942)	(1,381)
Total current liabilities	(122,020)	(60,567)
Net assets	278,540	360,153
Reconciliation to carrying amounts:		
Opening net assets 1 January	126,916	269,120
Profit for the year	61,373	47,247
Subscription, net	90,251	43,786
Closing net assets	278,540	360,153
Group's share in %	19.6%	12.2%
Group's share in HK$'000	54,496	43,930
Carrying amount	54,496	43,930
Summarised income statement		
Revenue	67,512	53,261
Interest income	201	305
Interest expense	(323)	(1,780)
Profit for the year	61,373	47,247
Total comprehensive income	61,373	47,247

23 SHARE CAPITAL

(a) Authorised and issued share capital

	2020 Number of shares '000	2020 Nominal value HK$'000	2019 Number of shares '000	2019 Nominal value HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At 1 January and end of the year	**20,000,000**	**200,000**	20,000,000	200,000
Issued and fully paid:				
At 1 January and end of the year	**11,346,472**	**113,465**	11,346,472	113,465

(b) Share options

2010 Share Option Scheme

The Company has adopted a share option scheme (the "2010 Share Option Scheme") on 4 May 2010, for the purpose of providing incentives or rewards to eligible participants (including employees and directors of the Company and its subsidiaries). Unless otherwise cancelled or amended, the 2010 Share Option Scheme will remain in force for 10 years from 4 May 2010.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the 2010 Share Option Scheme is 283,860,000 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the 2010 Share Option Scheme as adjusted following the completion of the bonus issue of shares of the Company as disclosed in the announcement of the Company dated 30 March 2015.

The maximum number of shares issuable under share options granted to each eligible participant in the 2010 Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue.

The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the 2010 Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised.

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

As at 31 December 2020 and 2019, no option has been granted or outstanding under the 2010 Share Option Scheme. The 2010 Share Option Scheme was expired during the year.

2020 Share Option Scheme

After the expiration of 2010 Share Option Scheme, the Company has adopted the 2020 Share Option Scheme on 4 June 2020 to attract, retain and impel talents whom are needed to achieve the strategic targets of the Company; and recognise the existing employees' contribution to the success and development of the Group. Unless otherwise cancelled or amended, the 2020 Share Option Scheme will remain in force for 10 years from 4 June 2020.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the 2020 Share Option Scheme is 1,134,647,232 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the 2020 Share Option Scheme.

23 SHARE CAPITAL (CONTINUED)

(b) Share options (continued)

The maximum number of shares issuable under share options granted to each eligible participant in the 2020 Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue.

On 21 September 2020, the Board of Directors granted options to two grantees and communicated the details of the scheme including the performance criteria in details with the grantees, accordingly, 21 September 2020 is recognised as the grant date of the 2020 Share Option Scheme (the "Grant date") in accordance with IFRS 2.

The share options granted are exercisable for a period of 10 years from 21 September 2020.

The exercise price of the share options shall be HK$0.07 per share.

The share options granted consist of 5 tranches, which are subject to certain performance criteria and service condition of the employees. Each tranche of the share options granted are vested on 21 September 2020, 31 December 2020, 31 December 2021, 31 December 2022, and 31 December 2023 respectively. The performance criteria are determined by the Board of Directors. Evaluations are made after each reporting period to assess the likelihood of the performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of the original estimates in each reporting period.

Set out below are summaries of options granted under the plan:

	Average exercise price per share option HK$	Number of shares '000
Opening balance as at 1 January 2020	–	–
Granted during the year	0.07	226,920
Balance as at 31 December 2020	0.07	226,920
Vested and exercisable at 31 December 2020	0.07	45,384
Vested but not exercisable at 31 December 2020	0.07	45,384

23 SHARE CAPITAL (CONTINUED)

(b) Share options (continued)

Set out below is the summary of options granted under the 2020 Share Option Scheme:

	Vesting Period	Expiry date	At the Grant date 21 September 2020 Fair value per share option HK$	 Average exercise price per share option HK$	 Number of options granted '000
Tranche 1	21 September 2020	20 September 2030	0.0402	0.07	45,384
Tranche 2	21 September 2020 – 31 December 2020	20 September 2030	0.0402	0.07	45,384
Tranche 3	21 September 2020 – 31 December 2021	20 September 2030	0.0406	0.07	45,384
Tranche 4	21 September 2020 – 31 December 2022	20 September 2030	0.0413	0.07	45,384
Tranche 5	21 September 2020 – 31 December 2023	20 September 2030	0.0422	0.07	45,384
Total					226,920

No share options are expired during the year ended 31 December 2020.

The fair value at Grant date is independently determined using an adjusted form of the Binomial Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The model inputs for options granted on 21 September 2020 included:

(a) exercise price: HK$0.07

(b) Grant date: 21 September 2020

(c) expiry date: 20 September 2030

(d) share price at Grant date: HK$0.07

(e) expected price volatility of the Company's shares: 57.49%

(f) expected dividend yield: 0.0%

(g) risk-free interest rate: 0.57%

(c) Share award

On 21 September 2020, the Share Award Scheme was approved and adopted by the Board of Directors of the Company to attract, retain and impel talents whom are needed to achieve the strategic targets of the Company; and recognise the existing employees' contribution to the success and development of the Group. Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 10 years from the date of adoption.

23 SHARE CAPITAL (CONTINUED)

(c) Share award (continued)

On 21 September 2020, the Board of Directors granted share awards to 2 grantees and communicated the details of the scheme including the performance criteria in details with the grantees, accordingly 21 September 2020 is recognised as the grant date of the Share Award Scheme (the "Grant date") in accordance with IFRS 2. The vesting period of the Share Award Scheme started on 21 September 2020, which is the date when the grantees were aware of the Share Award Scheme, agreed the details of the scheme and have begun providing services to satisfy the condition attached to the scheme.

At end of 31 December 2020, the total number of share awards granted under the Share Award Scheme was 334,720,000 shares.

During the year ended 31 December 2020, the Share Award Scheme is also administered by the Bank of Communications Trustee Limited (the "Share Scheme Trust"). The Share Scheme Trust is consolidated in accordance with Note 2.2.

Shares issued by the Share Scheme Trust to the employees are acquired on-market prior to the issue. Shares held by the Share Scheme Trust and not yet issued to employees at the end of the reporting period are shown as shares held for employee share scheme in the consolidated financial statements (See Note 24).

There were 2 batches of share awards granted to an executive director of the Company, and one batch of share awards granted to a senior management of the Company. The performance criteria are determined by the Board of Directors. Evaluations are made after each reporting period to assess the likelihood of the performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of the original estimates in each reporting period.

For Batch A share awards granted to an executive director, the share awards granted consist of 5 tranches, which are subject to certain performance criteria and service condition of the employees. Each tranche of the share awards granted are vested on 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 respectively. The performance criteria are determined by the Board of Directors. Evaluations are made after each reporting period to assess the likelihood of the performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of the original estimates in each reporting period. The exercise price of these share awards shall be HK$0.0345 per share.

For Batch B share awards granted to an executive director, the share awards granted consist of 3 tranches, which are subject to certain performance criteria and service condition of the employees. Each tranche of the share awards granted are vested on 31 December 2020, 31 December 2021 and 31 December 2022 respectively. The performance criteria are determined by the Board of Directors. Evaluations are made after each reporting period to assess the likelihood of the performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of the original estimates in each reporting period. There is no exercise price of these share awards.

For the share awards granted to a senior management, the share awards granted consist of 5 tranches, which are subject to certain performance criteria and service condition of the employees. Each tranche of the share awards granted are vested on 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 respectively. The performance criteria are determined by the Board of Directors. Evaluations are made after each reporting period to assess the likelihood of the performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of the original estimates in each reporting period. The exercise price of these share awards shall be HK$0.0345 per share.

23 SHARE CAPITAL (CONTINUED)

(c) Share award (continued)

Set out below are summaries of awards granted under the plan:

	Average exercise price per share award HK$	Number of shares '000
Opening balance as at 1 January 2020	–	–
Granted during the year	0.0287	334,720
Balance as at 31 December 2020	0.0287	334,720
Vested and exercisable at 31 December 2020	–	–
Vested but not exercisable at 31 December 2020	0.0257	74,511

Set out below is the summary of share awards granted under the Share Award Scheme:

			At the Grant date 21 September 2020		
	Vesting Period	Expiry date	Fair value per share award HK$	Average exercise price per share award HK$	Number of share awards granted '000
An executive director – Batch A					
Tranche 1	21 September 2020 – 31 December 2020	30 December 2021	0.0356	0.0345	32,906
Tranche 2	21 September 2020 – 31 December 2021	30 December 2022	0.0376	0.0345	32,906
Tranche 3	21 September 2020 – 31 December 2022	30 December 2023	0.0396	0.0345	32,904
Tranche 4	21 September 2020 – 31 December 2023	30 December 2024	0.0418	0.0345	32,904
Tranche 5	21 September 2020 – 31 December 2024	30 December 2025	0.0436	0.0345	32,904
Total					164,524
An executive director – Batch B					
Tranche 1	21 September 2020 – 31 December 2020	30 December 2021	0.07	Nil	18,911
Tranche 2	21 September 2020 – 31 December 2021	30 December 2022	0.07	Nil	18,911
Tranche 3	21 September 2020 – 31 December 2022	30 December 2023	0.07	Nil	18,910
Total					56,732

23 SHARE CAPITAL (CONTINUED)

(c) Share award (continued)

Set out below is the summary of share awards granted under the Share Award Scheme: (continued)

	Vesting Period	Expiry date	At the Grant date 21 September 2020 Fair value per share award HK$	Average exercise price per share award HK$	Number of share awards granted '000
A senior management					
Tranche 1	21 September 2020 – 31 December 2020	30 December 2021	0.0356	0.0345	22,694
Tranche 2	21 September 2020 – 31 December 2021	30 December 2022	0.0376	0.0345	22,694
Tranche 3	21 September 2020 – 31 December 2022	30 December 2023	0.0396	0.0345	22,692
Tranche 4	21 September 2020 – 31 December 2023	30 December 2024	0.0418	0.0345	22,692
Tranche 5	21 September 2020 – 31 December 2024	30 December 2025	0.0436	0.0345	22,692
Total					113,464

No share awards are expired during the periods covered by the above summary.

During the year, the Group purchased 3,720,000 of its own shares through the Share Scheme Trust from the open market. The total amount paid to acquire the shares was approximately HK$379,000 and has been deducted from shareholders' equity as at 31 December 2020. The shares purchased by the Group that are not yet vested for this Share Award Scheme were recorded as treasury shares of the Group.

As at 31 December 2020, except for the abovementioned treasury shares, the Company has not yet purchased its own shares through the Share Scheme Trust for those shares awards that have been vested.

24 SHARES HELD FOR EMPLOYEE SHARE SCHEME

These shares are shares in the Company that are held by the Bank of Communications Trustee Limited for the purpose of issuing shares under the Share Award Scheme (see Note 23(c) for further information). Shares issued to employees are recognised on a first-in-first-out basis.

	Number of shares '000	HK$'000
Balance as at 31 December 2019 and 1 January 2020	–	–
Acquisition of shares by the Share Scheme Trust during the year	3,720	379
Balance as at 31 December 2020	3,720	379

25 RESERVES

(i) Statutory reserve

The Group's wholly owned subsidiaries in Macau are required to transfer not less than 25% of their net profits, as determined in accordance with Commercial Code of Macau, to their statutory reserve funds until the balance reaches 50% of the registered capital. The balances of statutory reserve in the subsidiaries had already reached 50% of the respective registered capital and no more transfer was required to be made to the statutory reserve funds of these subsidiaries.

The statutory reserve can be used to make up for previous years' losses of the subsidiaries, if any. This fund can also be used to increase capital of the subsidiaries, if approved. This fund is non-distributable until liquidation. Transfer to this fund must be made before distributing dividends to the equity holders.

Pursuant to the applicable regulations in the PRC, the Group's wholly owned subsidiary in the PRC, namely China Elite, is required to transfer at least 10% of its after-tax profit determined under the relevant accounting regulations in the PRC (after offsetting prior year losses) to the statutory reserve until the balance reaches 50% of the registered capital. As China Elite is profit making, HK$1,206,000 was transferred to the statutory reserve during the year (2019: HK$1,464,000).

(ii) Other reserve

In 2016, the Group distributed to shareholders 12.17% equity interest in GLCH as distribution in specie. The carrying amount of the non-controlling interests in GLCH on the date of disposal was HK$60,215,000. The Group recognised an increase in non-controlling interests of HK$15,924,000 and an increase in equity attributable to owners of HK$45,880,000 due to revaluation of the non-controlling interest to its fair value prior to the distribution. The increase in equity of HK$45,880,000 was recognised in other reserves, which was then released and transferred to accumulated losses upon the Distribution in Specie in 2018.

In 2020, share-based compensation reserve comprises the fair value of share options and share awards granted which are yet to be exercised. The amount will be transferred to retained earnings when the related options are exercised, expired or forfeited.

26 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO BROKERS

	Note	**2020 HK$'000**	2019 HK$'000
Trade payables			
– Third parties		**3,873**	14,552
		3,873	14,552
Other payables			
– Related parties	32(c)	**3,865**	9
– Third parties		**48,136**	48,133
Accruals			
– Accrued salaries		**69,435**	45,613
– Accrued audit fee		**2,050**	1,734
– Others		**579**	464
		127,938	110,505
Amounts due to brokers		**73,814**	–

26 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO BROKERS (CONTINUED)

The carrying amounts of trade and other payables and amounts due to brokers are considered to be approximated to their fair values, due to their short-term nature.

The carrying amounts of the Group's trade and other payables and amounts due to brokers are denominated in the following currencies:

	2020 HK$'000	2019 HK$'000
USD	115,642	44,252
RMB	45,428	15,195
HK$	40,581	50,680
GBP	101	378
	201,752	110,505

Ageing analysis

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

	2020 HK$'000	2019 HK$'000
0-30 days	2,966	13,896
31-90 days	368	484
91-180 days	407	118
181 days -1 year	81	1
Over 1 year	51	53
	3,873	14,552

27 BORROWINGS FROM A FORMER DIRECTOR

	2020 HK$'000	2019 HK$'000
Borrowings from a former director	206,823	209,617

The amount due represents balance with a former director, Mr. Li Kin Shing and denominated in HK$. He was a director of the Company until he resigned on 28 December 2018. The amount is unsecured, non-interest bearing and repayable in its full principal amount of HK$214,999,000 on 29 November 2020. On 30 November 2020, the loan was extended by 18 months from 30 November 2020 to 29 May 2022. The imputed interest of HK$8,648,000 is unwinded (2019: HK$6,875,000), incurring a finance cost of HK$5,854,000 for the year ended 31 December 2020 (2019: HK$4,048,000).

As at 31 December 2020, the Group has a fully utilised borrowing facility of HK$215 million (2019: HK$215 million) from Mr. Li for financing its business operation.

28 CASH FLOW INFORMATION

(a) Cash (used in)/generated from operations

	2020 HK$'000	2019 HK$'000
Profit/(loss) before income tax	**8,251**	(45,819)
Adjustments for:		
– Depreciation of property, plant and equipment	**4,392**	4,509
– Depreciation of right-of-use assets	**5,309**	5,601
– Amortisation of intangible assets	**15,379**	27,605
– Fair value gain on financial assets at FVPL	**(22,993)**	(2,511)
– Dividend income from financial assets at FVPL	**(12,006)**	(1,636)
– Gain on modification of leases	**–**	(4)
– Loss on sale of property, plant and equipment	**833**	46
– Impairment provision for intangible assets	**20,745**	6,876
– Write off of intangible assets	**7,204**	7,952
– Provision for loss allowances	**3,952**	204
– Share of net profits of associates accounted for using the equity method	**(20,426)**	–
– Non-cash employee benefits expense – share based payments	**8,572**	–
– Interest expense	**6,751**	4,511
– Interest income	**(13,444)**	(13,605)
– Exchange difference	**4,322**	(1,053)
Changes in working capital		
– Trade receivables, prepayments, deposits and other receivables	**(124,877)**	(20,517)
– Trade and other payables and contract liabilities	**75,732**	50,840
Cash (used in)/generated from operations	**(32,304)**	22,999

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2020 HK$'000	2019 HK$'000
Net book amount	**850**	53
Loss on sales of property, plant and equipment	**(833)**	(46)
Proceeds from sales of property, plant and equipment	**17**	7

(b) Non-cash transaction

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets – Note 15; and
- options and shares issued to employees under the 2020 Share Option Scheme and the Share Award Scheme for no cash consideration – Note 23.

28 CASH FLOW INFORMATION (CONTINUED)

(c) Net cash reconciliation

This section sets out an analysis of net cash and the movements in net cash for each of the periods presented.

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	**232,805**	484,375
Borrowings from a former director – at gross amount and interest-free	**(206,823)**	(209,617)
Leases liabilities	**(10,952)**	(7,907)
Net cash	**15,030**	266,851

	Other assets	Liabilities from financing activities			
	Cash HK$'000	Borrowing due within 1 year HK$'000	Borrowing due after 1 year HK$'000	Leases liabilities HK$'000	Total HK$'000
Net cash as at 1 January 2019	460,352	–	(47,445)	–	412,907
Recognised on adoption of IFRS 16	–	–	–	(11,709)	(11,709)
	460,352	–	(47,445)	(11,709)	401,198
Reclassification	–	(47,445)	47,445	–	–
Cash flows	24,738	(164,999)	–	5,826	(134,435)
Acquisition – leases	–	–	–	(1,246)	(1,246)
Foreign exchange adjustment	(715)	–	–	134	(581)
Other charges	–	2,827	–	(912)	1,915
Net cash as at 31 December 2019 and 1 January 2020	**484,375**	**(209,617)**	**–**	**(7,907)**	**266,851**
Reclassification	**–**	**209,617**	**(209,617)**	**–**	**–**
Cash flows	**(255,089)**	**–**	**–**	**5,552**	**(249,537)**
Acquisition – leases	**–**	**–**	**–**	**(7,725)**	**(7,725)**
Foreign exchange adjustment	**3,519**	**–**	**–**	**(536)**	**2,983**
Other charges	**–**	**–**	**2,794**	**(336)**	**2,458**
Net cash as at 31 December 2020	**232,805**	**–**	**(206,823)**	**(10,952)**	**15,030**

29 CAPITAL COMMITMENTS

As at 31 December 2020, there was approximately HK$83,000 capital commitment contracted and not recognised as liabilities (2019: nil).

30 SUBSIDIARIES

30.1 The following is a list of the principal subsidiaries at 31 December 2020:

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Interest held by the Company: Directly 2020	Directly 2019	Indirectly 2020	Indirectly 2019
China Elite Info Co., Limited[1]	PRC, limited liability company	Services relating to information and telecommunications system network technology; data communications technology services in the PRC	Registered and paid-up capital of HK$94,000,000	–	–	100%	100%
International Elite Limited – Macao Commercial Offshore	Macau Special Administrative Region ("Macao") of the PRC, limited liability company	Call centre for customer support and back offices in Macau	Authorised and paid-up capital of Macau Patacus ("MOP") 100,000	–	–	100%	100%
Honor Crest Holdings Limited	British Virgin Islands, limited liability company	Dormant	Authorised US$50,000 and paid-up capital of US$1	100%	100%	–	–
Keithick Profits Limited	British Virgin Islands, limited liability company	Investment holding and provision of telecommunication services	Authorised capital of US$50,000 and paid-up capital of US$1	100%	100%	–	–
Winet Engineering Limited	Hong Kong, limited liability company	Marketing and technical support services for telecommunications companies in Hong Kong	Paid-up capital of HK$2	–	–	100%	100%
Goldstream Capital Management Limited	Hong Kong, limited liability company	Advising on securities and asset management	Paid-up capital of HK$49,354,824	100%	100%	–	–
Goldstream Securities Limited	Hong Kong, limited liability company	Dormant	Paid-up capital of HK$8,000,001	100%	100%	–	–
Redwood Elite Limited	Cayman Islands, limited liability company	Strategic direct investment	Authorised capital of US$50,000 and paid up capital of US$1	100%	100%	–	–
弘毅金涌資產管理(深圳)有限公司[1 & 2]	PRC, limited liability company	Advising on securities and asset management	Paid-up capital of RMB12,000,000 Registered capital of RMB40,000,000	–	–	100%	–

Notes:

(1) These entities was established as a wholly foreign owned enterprise in the PRC. The English name of this entity incorporated in Mainland China is direct translation of the Chinese name.

(2) This entity was acquired on 5 June 2020. Please refer to Note 17(b) for further details.

Due to the implementation of the Share Award Scheme of the Group as disclosed in Note 23, the Company has consolidated a structured entity ("Share Scheme Trust") and its particulars are as follows:

Structured entity	Principal activities
Share Scheme Trust	Administering and holding the Company's shares acquired for the Share Award Scheme which is set up for the benefits of eligible persons of the scheme

30 SUBSIDIARIES (CONTINUED)

30.2 Interests in structured entities

As at 31 December 2020, the Group is deemed to hold controlling interest in the following investment funds. All assets and liabilities of these funds are consolidated within the Group's consolidated statement of financial position.

Name	Place of incorporation	2020 Directly	2020 Indirectly	2019 Directly	2019 Indirectly
Goldstream Appreciation Fund SP	Cayman Islands	–	100%	–	100%
Goldstream China A Share Equity Fund SP	Cayman Islands	–	100%	–	100%
Goldstream Stable Fixed Income Fund I SP	Cayman Islands	–	89%	–	93%
Goldstream Multi Strategy Fund SP	Cayman Islands	–	100%	–	–

Note 1:

In 2019, the Group has set up Goldstream Appreciation Fund SP, Goldstream China A Share Equity Fund SP and Goldstream Stable Fixed Income Fund SP. In 2020, the Group has set up Goldstream Multi-Strategy Fund SP.

31 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the date of consolidated statement of financial position are as follows:

	2020 HK$'000	2019 HK$'000
Assets as per consolidated statement of financial position		
Financial assets at amortised costs		
– Trade and other receivables, excluding prepayments	173,869	154,240
– Amounts due from brokers	118,093	–
– Cash and cash equivalents	232,805	484,375
Financial assets at FVPL	345,410	167,125
Total	870,177	805,740
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost		
– Trade and other payables	57,122	63,726
– Amounts due to brokers	73,814	–
– Borrowings from a former director	206,823	209,617
– Lease liabilities	10,952	7,907
Financial liabilities at FVPL	3,923	–
Total	352,634	281,250

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. The related parties and the related party transactions are as follow:

(a) Relationship between the Group and related parties

(i) *Ultimate shareholders of the Group*

Mr. 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 (Cayman) Limited
Hony Group Management Limited
Hony Gold Holdings, L.P.
Hony Gold GP Limited
Hony Gold Management Limited
Hony Managing Partners Limited
弘毅金涌金廣私募證券投資基金
金涌多策略1號私募證券投資基金
金涌全球醫療健康1號私募證券投資基金
金涌穩固精選1號私募證券投資基金
金涌消費醫藥基金1號私募證券投資基金
金涌大中華量化穩健收益1號私募證券投資基金
金涌港股通1號私募證券投資基金

(iv) *Associates*

Goldstream Healthcare Focus Fund SP
Goldstream Marco Fund SP

(b) Transactions with related parties

The following transactions were carried out with related parties:

	Note	**2020 HK$'000**	2019 HK$'000
Services income	(i)	**6,830**	30,538
Rental and management services expenses for properties	(ii)	**1,999**	1,672

Notes:

(i) Services income from related parties mainly represents the provision of IM service, at a price mutually agreed.

(ii) The Group rented properties from related parties, Hony Capital Limited, at a price mutually agreed.

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

The outstanding balances arising from the above transactions at the date of consolidated statement of financial position are as follows:

	2020 HK$'000	2019 HK$'000
Amounts due from related parties		
– Trade receivables	**12,299**	29,038
– Deposits and other receivables	**16,551**	21,516
Amounts due to related parties		
– Other payables	**3,865**	9

Balances with related parties are unsecured, interest-free, repayable on demand and denominated in HK$, USD and RMB.

(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:

	2020 HK$'000	2019 HK$'000
Wages, salaries and other benefits	**20,885**	14,783
Contribution to retirement benefit schemes	**585**	454
	21,470	15,237

33 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Assets		
Non-current assets		
Property, plant and equipment	2,040	318
Investments in subsidiaries	468,336	468,167
Right-of-use assets	1,641	–
	472,017	468,485
Current assets		
Trade and other receivables	802	798
Amounts due from subsidiaries	397,109	331,747
Cash and cash equivalents	22,297	88,868
	420,208	421,413
Total assets	892,225	889,898
Equity		
Capital and reserves attributable to owners of the Company		
Share capital	113,465	113,465
Reserves (Note a)	557,269	554,043
Total equity	670,734	667,508
Liabilities		
Non-current liabilities		
Borrowing from a former director	206,823	–
Deferred tax liabilities	122	–
	206,945	–
Current liabilities		
Borrowings from a former director	–	209,617
Trade and other payables	12,842	12,466
Amounts due to subsidiaries	10	270
Lease liabilities	1,656	–
Current income tax liabilities	38	37
	14,546	222,390
Total liabilities	221,491	222,390
Total equity and liabilities	892,225	889,898

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2021 and was signed on its behalf.

Zhao John Huan
Director

Lin Tun
Director

33 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

(a) Reserve of the Company

	Shares held for employee share HK$'000	Share premium HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2020	–	**1,709,869**	**1,451,503**	**(2,607,329)**	**554,043**
Loss for the year	–	–	–	**(4,967)**	**(4,967)**
Acquisition of shares under Share Award Scheme	**(379)**	–	–	–	**(379)**
Share Award Scheme and 2020 Share Option Scheme value of employee services	–	–	**8,572**	–	**8,572**
At 31 December 2020	**(379)**	**1,709,869**	**1,460,075**	**(2,621,296)**	**557,269**
At 1 January 2019	–	1,709,869	1,451,503	(2,606,259)	555,113
Loss for the year	–	–	–	(1,070)	(1,070)
At 31 December 2019	–	1,709,869	1,451,503	(2,607,329)	554,043

(i) *Distribution of reserves*

Under the Companies Law of the Cayman Islands, the share premium of the Company is available for distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) *Other reserves*

It mainly represented the equity component which was arose the issuance of convertible notes on 26 July 2011. All the convertible notes were fully converted in 2011.

34 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS), REGULATION (CAP. 622G) AND HK LISTING RULES)

(a) Directors' and chief executive's emoluments

The remuneration of every directors and the chief executive is set out below:

For the year ended 31 December 2020:

Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Share-based payment HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000	Benefit scheme HK$'000
Executive directors								
Ms. Li Yin	80	1,320	110	–	–	72	–	1,582
Mr. Zhao John Huan	–	–	–	–	–	–	–	–
Dr. Lin Tun	–	4,055	1,014	5,355	48	322	–	10,794
Mr. Yuan Bing	–	–	–	–	–	–	–	–
Independent and non-executive directors								
Mr. Jin Qingjun (Note (iii))	250	–	–	–	–	–	–	250
Mr. Lee Kin Ping Christophe (Note (iii))	220	–	–	–	–	–	–	220
Mr. Shu Wa Tung Laurance (Note (iii))	220	–	–	–	–	–	–	220

34 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS), REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

For the year ended 31 December 2019:

Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Allowances and benefits in kind HK$'000	Employers contribution to a retirement benefit scheme HK$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000	Benefit scheme HK$'000
Executive directors								
Ms. Li Yin	80	1,334	110	–	14	72	–	1,610
Mr. Zhao John Huan	–	–	–	–	–	–	–	–
Dr. Lin Tun	–	2,522	3,042	–	48	201	–	5,813
Mr. Yuan Bing	–	–	–	–	–	–	–	–
Mr. Lu Yan (Note i)	–	–	–	–	–	–	–	–
Independent and non-executive directors								
Mr. Chen Xue Dao (Note (ii))	73	–	–	–	–	–	–	73
Mr. Cheung Sai Ming (Note (ii))	73	–	–	–	–	–	–	73
Mr. Liu Chun Bao (Note (ii))	73	–	–	–	–	–	–	73
Mr. Jin Qingjun (Note (iii))	21	–	–	–	–	–	–	21
Mr. Lee Kin Ping Christophe (Note (iii))	18	–	–	–	–	–	–	18
Mr. Shu Wa Tung Laurance (Note (iii))	18	–	–	–	–	–	–	18

Notes:

(i) Mr. Lu Yan resigned as executive director with effect from 23 April 2019.

(ii) Mr. Chen Xue Dao, Mr. Cheung Sai Ming and Mr. Liu Chun Bao were resigned as independent and non-executive directors with effect from 1 December 2019.

(iii) Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence had been appointed as independent and non-executive directors with effect from 1 December 2019.

There was no arrangement during the year ended 31 December 2020 and 2019 under which a director waived or agreed to waive any remuneration, and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

34 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS), REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year ended 31 December 2020 (2019: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2020, the Company does not pay consideration to any third parties for making available directors' services (2019: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2020, there are no loans, quasi-loans and other dealing arrangements entered into by the Company or subsidiary undertaking of the Company in favour of directors, controlled bodies corporate by and controlled entities with such directors (2019: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Except as disclosed in Note 32 to the consolidated financial statements, there is no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Income	**382,750**	314,317	270,915	258,371	295,489
Profit/(loss) from operations	**6,354**	(48,183)	(28,234)	(18,605)	(37,812)
Finance income, net	**1,897**	2,364	2,555	–	–
Profit/(loss) before taxation	**8,251**	(45,819)	(25,679)	(18,605)	(37,812)
Income tax credit/(expenses)	**9,003**	6,967	(840)	1,951	938
Profit/(loss) from continuing operations	**17,254**	(38,852)	(26,519)	(16,654)	(36,874)
Profit/(loss) from discontinued operations	**–**	–	100,908	(44,168)	–
Profit/(loss) for the year	**17,254**	(38,852)	74,389	(60,822)	(36,874)
Allocated as:					
Loss for the year attributable to non-controlling interest	**–**	–	(2,057)	(11,622)	(3,708)
Profit/(loss) for the year attributable to owners of the Company	**17,254**	(38,852)	76,446	(49,200)	(33,166)

	At 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Property, plant and equipment	**44,141**	43,105	47,379	55,085	56,071
Goodwill	**197,965**	197,833	197,833	41,459	41,459
Intangible assets	**29,989**	72,775	115,208	45,205	55,141
Financial assets at fair value through profit or loss available-for-sale financial asset, net	**341,487**	167,125	–	–	–
Long term deposit	**867**	490	615	632	–
Right-of-use assets	**10,609**	7,676	–	–	–
Deferred tax assets	**1,371**	–	–	2,972	3,273
Net current assets	**572,509**	409,185	540,634	530,142	563,105
Total assets less current liabilities	**1,047,675**	809,064	901,669	675,495	719,049
Lease liabilities	**10,952**	7,907	–	–	–
Deferred tax liabilities	**4,735**	12,008	18,891	2,025	2,470
Provision for long services payment	**–**	–	–	–	56
Borrowings from a former director	**206,823**	209,617	47,445	–	–
Net assets	**829,782**	792,942	835,333	673,470	716,523
Capital and reserves					
Share capital	**113,465**	113,465	113,465	90,835	90,835
Reserves	**716,317**	679,477	721,868	518,839	551,009
Non-controlling interest	**–**	–	–	63,796	74,679
Total equity	**829,782**	792,942	853,333	673,470	716,523