



INTERIM REPORT 2021



GOLDSTREAM INVESTMENT LIMITED

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



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HIGHLIGHTS

- Income for the six months ended 30 June 2021 was approximately HK\$178,779,000, representing a drop of approximately HK\$117,000 as compared to that for the six months ended 30 June 2020.
- Profit attributable to owners of the Company for the six months ended 30 June 2021 was approximately HK\$4,313,000, as compared to a loss attributable to owners of the Company of approximately HK\$12,274,000 for the six months ended 30 June 2020. The turnover from loss to profit attributable to owners of the Company for the six months ended 30 June 2021 was mainly attributable to the following factors: (i) the absence of impairment provision for and written off of intangible assets; and (ii) the improved performance of investment management ("IM") and strategic direct investment ("SDI") businesses which offset the loss of customer relationship management ("CRM") service ("CRMS") business with the pressure of increasing labour cost.

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of Goldstream Investment Limited (the “Company”) is pleased to present the unaudited consolidated interim financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “Relevant Period”) together with the unaudited comparative figures for the corresponding period of 2020 (the “Last Corresponding Period”).

Business Overview

The Group is principally engaged in providing CRM services and IM services.

The Group is a CRM outsourcing service provider with business focus in Hong Kong, Macau and the People’s Republic of China (“PRC”) markets. CRM is a process of providing services to customers with the use of communication and computer networks. During the Relevant Period, the Group continued to provide services to established telecommunications service providers, including Hutchison Telecommunications, HGC Global Communications, China Unicom, China Telecom Guangzhou, Telecom Digital and PCCW Mobile. Besides, the management continues to diversify the Group’s CRM customer base to non-telecommunications industries, the clients of which include, but not limited to, China Guangfa Bank, Pizza Hut (Hong Kong & Macau), KFC (Hong Kong & Macau) and Beijing Yazhan.

Upon the purchase of the entire issued share capital of Goldstream Capital Management Limited and Goldstream Securities Limited (collectively the “Goldstream Companies”) in November 2018, the Group is also engaged in IM business. IM business includes (i) the provision of advisory services on securities and asset management; and (ii) securities trading. The Group started making strategic direct investments to enhance the yield of excess idle cash while at the same time support its IM business by selectively subscribing to both externally and internally managed investment funds that meet the Group’s risk and returns requirement. These investments meet the Group’s target and generate more favorable returns compared with interest gains from keeping the same amount of idle cash in commercial bank deposit accounts.

Financial Review

Service income from CRMS business for the six months ended 30 June 2021 amounted to approximately HK\$123,295,000 (2020: approximately HK\$117,301,000), representing an increase of approximately 5% as compared to that of the Last Corresponding Period. For IM business, the Group recorded income stream of approximately HK\$34,202,000 for the six months ended 30 June 2021 (2020: approximately HK\$48,948,000), which were in the form of management fee income and performance fee income. The dividend income from investment funds of approximately HK\$1,591,000 (2020: approximately HK\$2,798,000), fair value gains on financial assets of fair value through profit or loss of approximately HK\$7,410,000 (2020: approximately HK\$36,000) and share of net profits of associates accounted for using the equity method of approximately HK\$12,281,000 (2020: approximately HK\$9,813,000) also increased the overall income of the Group. Income from CRMS, IM and SDI businesses accounted for approximately 69%, 19% and 12% of the Group’s total income for the six months ended 30 June 2021 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

The Group's other income was approximately HK\$3,853,000, representing a drop of approximately HK\$2,010,000 as compared to that of the Last Corresponding Period. The drop was mainly due to the absence of resources dispatching income during the Relevant Period.

Operating expenses

In terms of expense, the Group continued to exercise stringent cost discipline. Total expenses decreased from approximately HK\$200,394,000 for the six months ended 30 June 2020 to approximately HK\$176,663,000 in 2021. During the Last Corresponding Period, the Group recorded non-recurring expenses including impairment provision for and written off of intangible assets of approximately HK\$20,745,000 and HK\$7,204,000 respectively.

The Group recorded amortisation expense of approximately HK\$5,079,000 for the six months ended 30 June 2021. These expense items had no impact on cash flows.

Profit/(loss) Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for the six months ended 30 June 2021 was approximately HK\$4,313,000 (2020: loss attributable to owners of the Company for approximately HK\$12,274,000). The turnaround from loss to profit attributable to owners of the Company for the six months ended 30 June 2021 was mainly attributable to the following factors: (i) the absence of impairment provision for and written off of intangible assets; and (ii) the improved performance of IM and SDI businesses which offset the loss of CRMS business with the pressure of increasing labour cost.

For the CRMS business which is labour intensive, the Group has recorded a slow decline in its profitability in the past due to rising labour costs. Rapid economic growth in the PRC in the past decade has resulted in substantial increase in cost of human capital and eroded the profit margins in the CRMS business. In the first six months of 2020, the CRMS business has received a substantial pension contribution relief from the local government due to COVID-19 and recorded an operating profit of approximately HK\$8,844,000. For the same period in 2021, in the absence of further pension contribution relief, the CRMS business has recorded an operating loss of approximately HK\$5,933,000.

Goodwill and Intangible Assets

Goodwill and intangible assets arising from the acquisition of Goldstream Companies in 2018 accounted for significant portion in the Group's total assets. At 30 June 2021, under International Financial Reporting Standard ("IFRS"), the Group had approximately HK\$197,965,000 of goodwill and HK\$24,910,000 of intangible assets (HK\$10,520,000 of which are intangible assets with indefinite lives). Goodwill and intangible assets with indefinite lives are tested at the cash generating unit level ("CGU") or group of CGUs level. A CGU comprises the smallest group of assets that are capable of generating largely independent cash flows and is either a business segment or a level below.

Out of the balance of goodwill, nearly 100% or approximately HK\$197,833,000 relating to those acquisitions carried out in 2018 were reconfirmed by a professional independent qualified valuer that no impairment was required as at 31 December 2020. Since the Group had met the financial budgets steadily within the first six months of 2021, the management concluded that there is no indication of a change of the economic conditions that would lead to an impairment loss as at 30 June 2021.

Going forward, the Group will continue to increase fund raising, marketing effort and identify other investment opportunities in respect of the SDI to maximise returns for the shareholders of the Company. Despite exploring opportunity of receiving additional investments from existing clients in the future, the Group also aims at sustainable growth of client portfolio with new institutional client at the same time. Details of which are set out in the paragraph headed "Prospects" under the section headed "IM Business" in this report.

CRM SERVICE ("CRMS") BUSINESS

Business Review

Customers in Telecommunications Industry

During the Relevant Period, the Group continued to provide services to established telecommunications service providers. The Group continued to seek further cooperation with the existing customers as well as business opportunities with other telecommunications service providers and operators. There was an increase in income of the Group from customers of telecommunications industry for the six months ended 30 June 2021 of approximately 5% as compared to that of the Last Corresponding Period.

During the Relevant Period, the Group increased its input to the project, South China Customer Service Centre project which was launched in December 2020. The Group provides human resources and management services for the client at the client's operational site. The project mainly provides business inquiry, service failure report and handling, complaint handling and other call centre related support services.

Customers in Non-Telecommunications Industries

During the Relevant Period, 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. There was an increase in income of the Group from non-telecommunications customers for the six months ended 30 June 2021 of approximately 17% as compared to that of the Last Corresponding Period.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Multi-Skill Training

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

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

CRM Service Centres

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

Award and Certification

During the Relevant Period, China Elite Info. Co., Ltd. ("China Elite") obtained the following certificates:

In May 2021, China Elite obtained the ISO 27001 Information Security Management System Certificate from CEPREI Certification Body.

In June 2021, China Elite obtained the Customer Centre - Capability Maturity Model® Standard Certificate from CCM World Group.

Internet CRM

During the Relevant Period, 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 registered.

Prospects

PRC government is committed to promoting outsourcing services, and the CRM service provided by the Group is one of the important services of business process outsourcing. According to the domestic commerce operation situation announcement issued by China's Ministry of Commerce for the six months ended 30 June 2021, the executive contract amount of services outsourcing industry has reached RMB564.8 billion, increased by 25.5% as compared to that of the Last Corresponding Period. In the first half of this year, the structure of China's service outsourcing business continued to be optimized and the proportion of high value-added service increased.

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.

In 2021, the Group will continue to identify business opportunities in the new market trend including 5G commercial eras and the rising artificial intelligence ("A.I.") industry. In addition, the Group will focus on maintaining a balance between investment in development and stringent cost discipline in order to maintain profitable in this business sector.

IM Business

Business Review

The Asian financial markets began 2021 with a lot of promise, continued with the momentum from 2020. Favorable long-term trend in technology and better control of COVID-19 provided a strong push for the region.

Since February 2021, it appears that the tide has turned. Absolute performance stalled, while US and European equities stormed ahead. While part of the reasons relates to the better developed market prospects following massive fiscal stimulus in the US, the relatively poor performance of China since February 2021 has been a significant source of the underperformance of Asian equities.

This may seem surprising given that China's economic outlook for the year appeared to be compelling. Due to its early success in containing the pandemic, it was expected that China would keep on track to achieve more than 8% GDP growth in 2021.

However, the Chinese government's increasing clampdown on big-tech companies and the education sector, together with slower progress in the vaccination programme, are also likely responsible for the equity-market slump. The intensified government scrutiny, which began earlier this year, is clearly weighing on the market.

In respect of the IM business, the Group continued to expand its business and experienced a substance growth in its assets under management ("AUM") by the end of the second quarter of 2021 by more than 60% through new mandates and inflow to its investment funds.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has continued to develop its asset allocation model and progressively diversified investments into broader asset classes, including fixed income bonds, mutual funds and private funds. This provides stable returns to smooth out the bumpy ride in the equity market towards the end of the second quarter of 2021. The Group is progressing well with the plan in developing its proprietary “Human + A.I.” models to assist with asset allocation and risk monitoring. From back-testings and simulations, these models have showed promising results. The Group will continue with its effort in deploying these models to effect digital transformation of its IM business.

The Group’s domestic business in the PRC has also been developing steadily in both its products and relationships with institutional investors. Through its RMB Qualified Foreign Institutional Investor (“RQFII”) licence, the Group is providing investors with offshore capital to invest directly in mainland onshore financial instruments. The revised RQFII regulation which allows investment to be made to private funds is favourable to the Group in raising new investments to grow its AUM.

Prospects

For the remaining of 2021, the Group anticipates that there will be intermittent market volatility due to the resurgence of COVID-19 caused by the Delta variant and further regulations may be implemented by the Chinese government to tighten control on various industry sectors. The Group will make necessary adjustments in its portfolio composition to minimize negative impacts and protect clients’ assets.

Despite these regulatory developments in China, the Group believes that the overall economic outlook for China is quite positive and will remain attractive for foreign investments.

The Group will continue its plan to develop its IM business with a focus on becoming a provider of products, solutions, platform and infrastructure as below:

- (1) The Group will continue to build sound track-records for all products and step up its marketing effort in new investments.
- (2) The Group will continue to develop its asset allocation models and risk management models. These models, together with its fund products, will enable the Group to provide holistic investment solutions to clients – with a particular focus on Chinese investors investing into global markets and global investors investing into Chinese markets.
- (3) The Group will promote its funds to institutional clients and family offices to extend client base geographically and increase its AUM. The Group will continue to develop its 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 will continue to invest in financial technologies and its operating platform to enhance client services, risk management and operations capabilities to support its diversifying set of products and business services.

The Group will continue with its prudence approach in building up the IM revenue along with its CRMS business. The Group remains positive that Hong Kong and China offer attractive long term investment opportunities with limited correlation to other markets and local investment managers with the right expertise required to deliver risk adjusted returns.

SDI Business

Business Review

SDI is to leverage on the Group's human resources 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 taken 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 GCML. The Group is encouraged by the results from this new initiative through effective deployment of Group's resources, investment management and risk management expertise.

Since its inception, the Group's IM business has benefited from the deployment of idle cash to diversify and develop its investment strategies to mitigate market risk and at the same time retaining returns. The Group will continue to develop its investment strategies along with the CRMS and IM businesses.

Prospects

The Group will continue to seek investment opportunities for the Group to enhance the return on its financial resources as a whole. The Group recognises market instability and volatility, and will continue to strike a balance between risks and return, especially at a time of great uncertainty. The Group's 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 its investments. In the event that the Group succeeds in building a good track record in such a difficult time, it is expected that the Group will attract more clients for its IM business once the market calms down.

Events after the reporting period

On 26 July 2021, the Board proposed to make certain amendments to the terms of the awarded shares granted on 21 September 2020 pursuant to the share award scheme adopted by the Company on 21 September 2020, involving the issue and allotment of up to 330,700,000 new shares of the Company to connected persons pursuant to a specific mandate to be sought from the shareholders of the Company (the "Proposed Issue"). On 27 August 2021, an ordinary resolution approving the Proposed Issue was duly passed by the shareholders of the Company by way of poll at the extraordinary general meeting of the Company. Further details of the Proposed Issue are set out in the announcements of the Company dated 26 July 2021 and 27 August 2021, and the circular of the Company dated 5 August 2021.

Except for above mentioned, there were no significant events after the reporting period up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital structure

As at 30 June 2021, the Group's shareholders' equity was approximately HK\$838,736,000 and the total number of shares in issue 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\$215 million was drawdown as at 30 June 2021. The loan will mature and repayable in full amount on 29 May 2022. As at 30 June 2021, the gearing ratio (being ratio of total borrowings outstanding less cash and deposits to the sum of total equity and total borrowings) was therefore not applicable.

Liquidity and Financial Position

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Cash at banks and in hand	181,546	171,163
Short-term bank deposits	45,314	46,038
Money market funds	13,305	15,604
Total cash and deposits	240,165	232,805

The Group adopts a sound financial policy, and the surplus cash is deposited at banks and invested in money market funds to facilitate extra operation expenditure or investment. Management makes financial forecast on a regular basis. As at 30 June 2021, the Group's balance of cash and deposits was approximately HK\$240,165,000, which was attributable to the cashflow from operations.

The Group normally finances its operations with internally generated cash flows. Cash and cash equivalents increased by approximately HK\$7,360,000 during the six months ended 30 June 2021.

As at 30 June 2021, the current ratio and quick ratio was 1.91 (31 December 2020: 3.71).

Foreign Exchange Risk

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

Asset Mortgage

The Group has no outstanding asset mortgage or charge on assets as at 30 June 2021 (31 December 2020: nil).

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2021 (31 December 2020: nil).

Material Acquisitions and Disposals

During the Relevant Period, the Group has no specific acquisition target. The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the Relevant Period.

Significant Investments

The Group provides investment management services to its clients and also make strategic direct investment on behalf of the Group. As at 30 June 2021, the Group recorded strategic direct investments of approximately HK\$402,019,000. 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 30 June 2021 as significant investments.

The Group had no significant investments held during the Relevant Period. Details of the Group's investment objective and strategies are set out in the paragraphs headed "Business Review" and "Prospects" under the section headed "SDI Business" in this report.

Future Plans for Material Investments or Capital Assets

As at 30 June 2021, the Group did not have any definite plan for material investments or capital assets.

Capital Commitments

There was no material capital commitment contracted for but not yet incurred as at 30 June 2021 (31 December 2020: HK\$83,000).

OTHER INFORMATION

Segment Reporting

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

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

Staff And Remuneration Policy

As at 30 June 2021, the Group had 2,293 employees (31 December 2020: 1,874 employees). Among them, 2,264 employees worked in the PRC, 28 employees worked in Hong Kong and 1 employee worked in Macau.

Breakdown of the Group's staff by function as at 30 June 2021 is as follows:

Function	As at 30 June 2021	As at 31 December 2020
Management	12	12
Operation	2,174	1,758
Financial, administration, and human resources	62	62
Sales and marketing	3	4
Research and development	25	21
Repairs and maintenance	17	17
Total	2,293	1,874

The total staff remuneration including Directors' remuneration paid by the Group for the six months ended 30 June 2021 was approximately HK\$125,612,000 (Last Corresponding Period: approximately HK\$109,822,000).

The remuneration paid to the staff, including the Directors, is based on their qualification, experience, performance, and market rates, so as to maintain a competitive remuneration level. The Group also offers various staff welfare, including housing fund, social insurance and medical insurance. The Group believes that employees are its most valuable asset. To incentivize employees and promote the long-term growth of the Company, the Company had 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" in this report.

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

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

Dividends

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2021 (2020: nil).

Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2021, so far as known to the Directors, the Directors and the chief executive of the Company had the following interests and short positions in the shares, underlying shares or the debentures of 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%

OTHER INFORMATION

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 "Share Award Scheme" in this report.
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" in this report.

Save as disclosed above, as at 30 June 2021, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2021, 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 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 30 June 2021, 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 of the Company 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.

OTHER INFORMATION

Directors' and Chief Executive's Right to Acquire Shares or Debentures

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

Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") 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 8 years and 9 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 Relevant Period were as follows:

Grantees	Date of grant	Exercise price per option (HK\$)	Exercise period	Outstanding at 1 January 2021 '000	Granted during the period '000	Exercise during the period '000	Lapsed during the period '000	Cancelled during the period '000	Outstanding at 30 June 2021 '000	Closing price of the Company's shares immediately before grant of the options (HK\$)
Continuous contract employees	21 September 2020	0.07	21 September 2020 – 20 September 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 from the respective dates of vesting.

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the six months ended 30 June 2021.

Share Award Scheme

The Company has 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 its 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 shares 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.

OTHER INFORMATION

Details of shares awarded under the Share Award Scheme as at 30 June 2021 were as follows:

Date of grant	As at 1 January 2021 '000	Number of shares granted during the period '000	As at 30 June 2021 '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 vested in 3 tranches within the vesting period.

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 30 June 2021.

Model Code for Directors' Securities Transactions

The Company has adopted its own code of conduct which is not lenient than the Model Code contained in Appendix 10 of the Listing Rules. Specific enquiry to all Directors has been made and the Directors confirmed that they have complied with the required standard set out in the code of conduct during the six months ended 30 June 2021.

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

The trustee of the Share Award Scheme purchased from the open market a total of 300,000 shares of the Company at a total consideration of approximately HK\$35,000 pursuant to the terms of the rules of the Share Award Scheme and the terms of the trust deed.

Save as disclosed above, during the six months ended 30 June 2021, the Company has not redeemed any of its listed securities, and neither the Company nor any of its subsidiaries has purchased or sold any listed securities of the Company.

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has redeemed, purchased or cancelled any redeemable securities of the Company.

Directors' Interests in Competing Business

During the six months ended 30 June 2021 and up to the date of this report, none of the Directors nor their respective associates was considered to have interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors have been appointed or were appointed as directors to represent the interests of the Company and/or the Group.

Compliance with Code on Corporate Governance Practices

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company has complied all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2021.

Audit Committee

The Company has established an audit committee ("Audit Committee") with written terms of reference in accordance with the requirements of the CG Code ("Terms of Reference"). The Terms of Reference were revised and adopted by the Board on 31 December 2018. The primary duties of the Audit Committee are among others, to review and supervise the financial reporting processes and internal control procedures of the Group, and to provide advice and comments to the Board accordingly. The Audit Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems, and the management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems for the six months ended 30 June 2021. The Company has also conducted review of its risk management and internal control systems periodically and has convened meeting periodically to discuss the financial, operational and risk management control. The Audit Committee is of the view that the risk management and internal control systems implemented by the Group during the period under review had been valid and adequate. The Audit Committee consists of the three independent non-executive Directors of the Company, namely, Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence. Mr. Shu Wa Tung Laurence is the chairman of the Audit Committee.

The audit committee of the Company has reviewed the Group's unaudited consolidated interim financial information and the Company's interim report for the six months ended 30 June 2021 and is of the opinion that the unaudited consolidated interim financial information complied with applicable accounting standards and Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 27 August 2021

As at the date of this report, the executive Directors are Mr. Zhao John Huan, Dr. Lin Tun, Mr. Yuan Bing and Ms. Li Yin and the independent non-executive Directors are Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Income			
Customer relationship management ("CRM") services income		123,295	117,301
Investment management ("IM") services income		34,202	48,948
Dividend income from investments	17	1,591	2,798
Net fair value gains on financial assets at fair value through profit or loss	17	7,410	36
Share of net profits of associates accounted for using the equity method	18	12,281	9,813
	6	178,779	178,896
Other income		3,853	5,863
Expenses			
Employee benefits expenses	8	(125,612)	(109,822)
Depreciation of right-of-use assets		(3,042)	(2,501)
Depreciation of property, plant and equipment		(2,941)	(1,793)
Amortisation of intangible assets	13	(5,079)	(10,300)
Operating lease charges		(3,513)	(2,863)
Utilities		(2,184)	(1,958)
Legal and professional fees		(1,983)	(3,625)
Impairment provision for intangible assets	13	–	(20,745)
Write off of intangible asset	13	–	(7,204)
Subcontracting charges		(9,722)	(6,622)
Advertising expenses for customers' projects		(4,999)	(20,503)
Other expenses	7	(17,588)	(12,458)
Total expenses		(176,663)	(200,394)
Operating profit/(loss)		5,969	(15,635)
Finance costs		(3,269)	(3,006)
Profit/(loss) before income tax		2,700	(18,641)
Income tax credit	9	1,613	6,367
Profit/(loss) for the period		4,313	(12,274)
Profit/(loss) for the period attributable to:			
Owners of the Company		4,313	(12,274)
Earnings/(loss) per share attributable to owners of the Company during the period (expressed in HK cent per share):			
Basic	11	0.04	(0.11)
Diluted	11	0.04	(0.11)

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(loss) for the period		4,313	(12,274)
Other comprehensive income/(loss)			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		1,754	(3,196)
Other comprehensive income/(loss) for the period, net of tax		1,754	(3,196)
Total comprehensive income/(loss) for the period, net of tax		6,067	(15,470)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		6,067	(15,470)

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	12	42,733	44,141
Right-of-use assets		7,901	10,609
Goodwill	14	197,965	197,965
Intangible assets	13	24,910	29,989
Deferred tax assets		2,371	1,371
Long term deposits	15	935	867
Interests in associates	18	95,107	98,426
Financial assets at fair value through profit or loss	17	93,930	91,798
		465,852	475,166
Current assets			
Trade receivables and contract assets	15	95,047	133,637
Amounts due from brokers	15	115,728	118,093
Prepayments, deposits and other receivables	15	44,579	45,281
Financial assets at fair value through profit or loss	17	308,089	253,612
Cash and cash equivalents	16	240,165	232,805
		803,608	783,428
Total assets		1,269,460	1,258,594
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	19	113,465	113,465
Reserves		725,271	716,317
Total equity		838,736	829,782
Liabilities			
Non-current liabilities			
Borrowing from a former director	21	–	206,823
Lease liabilities		5,159	6,335
Deferred tax liabilities		3,899	4,735
		9,058	217,893
Current liabilities			
Borrowing from a former director	21	209,672	–
Trade and other payables	20	115,807	127,938
Amounts due to brokers	20	87,380	73,814
Contract liabilities		328	325
Lease liabilities		3,158	4,617
Financial liabilities at fair value through profit or loss	17	4,797	3,923
Income tax payable		524	302
		421,666	210,919
Total liabilities		430,724	428,812
Total equity and liabilities		1,269,460	1,258,594

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	(Unaudited) Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Shares held for employee share scheme HK\$'000	Other reserves HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2020	113,465	1,709,869	-	1,458,416	4,605	(2,337)	(2,491,076)	792,942
Comprehensive loss								
Loss for the period	-	-	-	-	-	-	(12,274)	(12,274)
Other comprehensive loss								
Currency translation differences	-	-	-	-	-	(3,196)	-	(3,196)
Total other comprehensive loss, net of tax	-	-	-	-	-	(3,196)	(12,274)	(15,470)
Total comprehensive loss	-	-	-	-	-	(3,196)	(12,274)	(15,470)
Transaction with owners in their capacity as owners								
Transfer to statutory reserve	-	-	-	-	1,210	-	(1,210)	-
Total transaction with owners in their capacity as owners	-	-	-	-	1,210	-	(1,210)	-
As at 30 June 2020	113,465	1,709,869	-	1,458,416	5,815	(5,333)	(2,504,560)	777,472
As at 1 January 2021	113,465	1,709,869	(379)	1,467,001	5,811	9,043	(2,475,028)	829,782
Comprehensive income								
Profit for the period	-	-	-	-	-	-	4,313	4,313
Other comprehensive income								
Currency translation differences	-	-	-	-	-	1,754	-	1,754
Total other comprehensive income, net of tax	-	-	-	-	-	1,754	4,313	6,067
Total comprehensive income	-	-	-	-	-	1,754	4,313	6,067
Transactions with owners in their capacity as owners								
Transfer to statutory reserve	-	-	-	-	1,345	-	(1,345)	-
Acquisition of shares under a share award scheme	-	-	(35)	-	-	-	-	(35)
Share Award Scheme and a share option scheme's (Share Option Scheme) value of employee services	-	-	-	2,922	-	-	-	2,922
Total transactions with owners in their capacity as owners	-	-	(35)	2,922	1,345	-	(1,345)	2,887
As at 30 June 2021	113,465	1,709,869	(414)	1,469,923	7,156	10,797	(2,472,060)	838,736

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		40,690	12,371
Income tax paid		–	–
Net cash generated from operating activities		40,690	12,371
Cash flows from investing activities			
Payment for property, plant and equipment	12	(1,063)	(457)
Proceeds from sales of property, plant and equipment		–	12
Acquisition of subsidiaries, net of cash acquired		–	35
Dividend income received from financial assets at fair value through profit or loss		1,591	2,798
Redemption/(payments) for investments in associates		15,600	(78,000)
Net payment for financial assets at fair value through profit or loss, net		(47,851)	(52,129)
Interest received		2,162	1,684
Interest paid		(195)	–
Net cash used in investing activities		(29,756)	(126,057)
Cash flows from financing activities			
Acquisition of shares for employee share scheme		(35)	–
Interest element of lease payments		(225)	(343)
Principal elements of lease payments		(2,963)	(2,617)
Net cash used in financing activities		(3,223)	(2,960)
Net increase/(decrease) in cash and cash equivalents		7,711	(116,646)
Cash and cash equivalents at 1 January		232,805	484,375
Exchange loss on cash and cash equivalents		(351)	(1,319)
Cash and cash equivalents at 30 June	16	240,165	366,410

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Goldstream Investment Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is principally engaged in the provision of CRM services, which include inbound services and outbound services, to companies in various service oriented industries and provision of IM services 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. The address of its registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company has been listed on the Main Board of the Hong Kong Stock Exchange since 25 May 2009.

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

The condensed consolidated interim financial information was approved for issue by the Board on 27 August 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with International Accounting Standard 34 (“IAS 34”), “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements, except for the adoption of new and amended standards effective for the reporting period beginning on or after 1 January 2021 and the accounting policies stated in note 3. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

New and amended standards and interpretations, which are mandatory for the first time for the financial period beginning 1 January 2021 to the Group, are as follows:

IFRS 16 (Amendment)	Covid-19-related Rent Concessions
IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 (Amendments)	Interest Rate Benchmark Reform – Phase 2

The standard is mandatory for financial years commencing on or after 1 January 2021. The impact of the new standards on the Group’s condensed consolidated interim financial information is not significant.

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

A number of new standards, amendments to standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted by the Group in preparing the condensed consolidated interim financial information. None of these is expected to have a significant effect of the condensed consolidated interim financial information of the Group based on the preliminary assessment made by management.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements. Except for Note 2(a) set out above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting the amended standards.

4 Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

5 Financial risk management

5.1 Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

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

5.2 Liquidity risk

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Fair value estimation

(i) Fair value hierarchy

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

The 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.

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

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

<i>Recurring fair value measurements</i>	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2021				
Financial assets at FVPL				
Current assets				
Investment funds				
– British Virgin Islands (“BVI”)	–	24,030	–	24,030
– Cayman Islands	–	80,117	–	80,117
– The United States (The “US”)	–	229	–	229
– PRC	–	23,331	–	23,331
– Ireland	236	–	–	236
Contracts for differences				
– PRC	–	43,469	–	43,469
– Great Britain	–	1,256	–	1,256
– Hong Kong	–	20,260	–	20,260
Listed equity securities				
– The US	795	–	–	795
– PRC	30,588	–	–	30,588
– Hong Kong	36,976	–	–	36,976
Exchange traded funds				
– Hong Kong	5,490	–	–	5,490
– The US	11,623	–	–	11,623
Collateralised mortgage obligation				
– The US	–	–	17,686	17,686
Corporate bonds				
– PRC	11,853	–	–	11,853
Depository receipts				
– PRC	74	–	–	74
Futures				
– Hong Kong	76	–	–	76
	97,711	192,692	17,686	308,089
Non-current assets				
Investment funds				
– The US	–	93,930	–	93,930
Total financial assets	97,711	286,622	17,686	402,019

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

<i>Recurring fair value measurements</i>	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2021				
Financial liabilities at FVPL				
Current Liabilities				
Listed equity securities				
– Hong Kong	(1,130)	–	–	(1,130)
Contracts for differences				
– PRC	–	(474)	–	(474)
Exchange traded fund				
– The US	(381)	–	–	(381)
Forward foreign exchange contracts	–	(2,812)	–	(2,812)
Total financial liabilities	(1,511)	(3,286)	–	(4,797)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

<i>Recurring fair value measurements</i>	Level 1 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				
– BVI	–	22,382	–	22,382
– Cayman Islands	–	51,085	–	51,085
– Ireland	538	–	–	538
Contracts for differences				
– BVI	–	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 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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

<i>Recurring fair value measurements</i>	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
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)

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

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include

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

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(iii) Valuation of investments in other funds

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

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

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

(iv) 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.

6 Segment information

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

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

- (i) CRM service ("CRMS") business: this segment includes (a) inbound services which include customer hotline services and built-in secretarial services, a personalised message taking service; and (b) outbound services which include telesales services and market research services.
- (ii) IM business: this segment includes (a) advisory services on securities and asset management; and (b) securities trading.
- (iii) SDI business: this segment includes provision of making proprietary investments in the financial markets.

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

(a) Segment results and assets

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(a) Segment results and assets (Continued)

The following tables present income, reportable segment profit/(loss) and certain assets, and expenditure information for the Group's business segments for the six months ended 30 June 2021 and 2020, and as at 30 June 2021 and 31 December 2020.

	(Unaudited)			Total HK\$'000
	IM business HK\$'000	SDI business HK\$'000	CRMS business HK\$'000	
For the six months ended 30 June 2021				
CRM services income	–	–	123,295	123,295
IM services income	35,134	–	–	35,134
Inter-IM segment services income	(932)	–	–	(932)
Dividend income from investments	–	1,591	–	1,591
Net fair value gains on financial assets at FVPL	–	7,410	–	7,410
Share of net profits of associates accounted for using the equity method	–	12,281	–	12,281
Total segment income	34,202	21,282	123,295	178,779
Reportable segment profit/(loss)	7,409	9,572	(5,933)	11,048
Depreciation and amortisation	5,217	2,814	3,031	11,062
As at 30 June 2021				
Reportable segment assets	274,433	614,679	137,812	1,026,924
Additions to non-current segment assets during the period	–	–	1,369	1,369

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(a) Segment results and assets (Continued)

	(Unaudited)			Total HK\$'000
	IM business HK\$'000	SDI business HK\$'000	CRMS business HK\$'000	
For the six months ended 30 June 2020				
CRM services income	–	–	117,337	117,337
Inter-CRM segment services income	–	–	(36)	(36)
IM services income	48,986	–	–	48,986
Inter-IM segment services income	(38)	–	–	(38)
Dividend income from investments	–	2,798	–	2,798
Net fair value gains on financial assets at FVPL	–	36	–	36
Share of net profits of associates accounted for using the equity method	–	9,813	–	9,813
Total segment income	48,948	12,647	117,301	178,896
Reportable segment profit	4,397	9,373	8,844	22,614
Depreciation and amortisation	11,324	1	3,269	14,594
As at 31 December 2020				
Reportable segment assets	334,416	569,591	120,411	1,024,418
Additions to non-current segment assets during the year	769	119,979	5,616	126,364

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

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

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Income		
Reportable segment income	178,779	178,896
Consolidated income	178,779	178,896
Profit/(loss)		
Reportable segment profit	11,048	22,614
Finance costs	(3,269)	(3,006)
Amortisation of intangible assets	(5,079)	(10,300)
Impairment provision for and write off of intangible assets	–	(27,949)
Consolidated profit/(loss) before income tax	2,700	(18,641)
	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Assets		
Reportable segment assets	1,026,924	1,024,418
Cash and cash equivalents	240,165	232,805
Deferred tax assets	2,371	1,371
Consolidated total assets	1,269,460	1,258,594

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(c) Geographic information

The following tables set out the information about the geographical location of (i) the Group's CRM services income and IM services income ("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 of services were provided. The geographical location of the specified non-current assets is based on the location of the operations to which they are allocated.

	(Unaudited)			
	Hong Kong HK\$'000	PRC HK\$'000	Macao and others HK\$'000	Total HK\$'000
For the six months ended 30 June 2021				
Services income	83,296	71,719	2,482	157,497

	(Unaudited)				
	Hong Kong HK\$'000	PRC HK\$'000	The United States of America HK\$'000	Macao and others HK\$'000	Total HK\$'000
As at 30 June 2021					
Specified non-current assets	223,629	50,720	93,930	95,202	463,481

	(Unaudited)			
	Hong Kong HK\$'000	PRC HK\$'000	Macao and others HK\$'000	Total HK\$'000
For the six months ended 30 June 2020				
Services income	110,277	52,776	3,196	166,249

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(c) Geographic information (Continued)

	Hong Kong HK\$'000	PRC HK\$'000	(Audited) The United States of America HK\$'000	Macao and others HK\$'000	Total HK\$'000
As at 31 December 2020					
Specified non-current assets	232,038	51,532	91,798	98,427	473,795

(d) Disaggregation of revenue from contracts with customers

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

	IM business HK\$'000	(Unaudited) CRMS business HK\$'000	Total HK\$'000
For the six months ended 30 June 2021			
At point in time	11,805	96,122	107,927
Over-time	22,397	27,173	49,570
	34,202	123,295	157,497
For the six months ended 30 June 2020			
At point in time	36,296	82,538	118,834
Over-time	12,652	34,763	47,415
	48,948	117,301	166,249

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

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

The Group has three customers whose transactions accounted for 10% or more of the Group's aggregate revenue for the six months ended 30 June 2021 (for the six months ended 30 June 2020: four customers). The amounts of revenue from the customers are as follows:

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer 1	44,115	34,802
Customer 2	38,110	39,019
Customer 3	23,330	24,332
Customer 4	N/A	30,274

7 Other expenses

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Auditors' remuneration	1,687	1,555
Vehicle expense	212	241
Travelling and entertainment expense	1,053	882
Training and recruitment expense	1,541	713
Other staff welfare benefit expense	1,447	526
Telecommunication expense	413	420
Printing, stationery and postage	150	331
Insurance	768	436
Fund operation expenses	1,857	782
Consumables	146	379
Loss on disposal of property, plant and equipment	–	513
Information system expenses	2,777	2,322
Exchanges differences, net	2,729	(273)
Other expenses	2,808	3,631
	17,588	12,458

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 Employee benefits expenses, including directors' emoluments

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Salaries, wages and other benefits	106,014	103,000
Contribution to retirement benefit schemes	16,676	6,822
Share based compensation expenses	2,922	–
Total employee benefits expenses	125,612	109,822

9 Income tax credit

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong corporate income tax	511	–
– PRC corporate income tax	–	–
Over-provision in prior period	(288)	(56)
Total current tax expense/(credit)	223	(56)
Deferred tax	(1,836)	(6,311)
Income tax credit	(1,613)	(6,367)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 Income tax credit (Continued)

(i) Hong Kong corporate income 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% (for the six months ended 30 June 2020: 16.5%) on the estimated assessable profits for the six months ended 30 June 2021 and 2020.

(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 from 2020 to 2023.

Other than the above, remaining subsidiaries located in the PRC are subject to the PRC Corporate Income tax rate of 25% (for the six months ended 30 June 2020: 25%) on their assessable profits.

(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 six months ended 30 June 2021 and 2020.

(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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 Dividends

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

11 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 period, excluding shares held for employee share scheme.

	For the six months ended 30 June	
	2021	2020
Profit/(loss) attributable to owners of the Company (HK\$'000)	4,313	(12,274)
Weighted average number of ordinary shares outstanding (thousand)	11,342,464	11,346,472
Basic earnings/(loss) per share (HK cents)	0.04	(0.11)

(b) Diluted earnings/(loss) per share

For diluted earnings/(loss) per share, the weighted average number of ordinary shares outstanding 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 period ended 30 June 2020 as there were no potential dilutive ordinary shares outstanding during the period.

For the period ended 30 June 2021, the diluted earnings per share was calculated by considering the impact of the 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 Earnings/(loss) per share (Continued)

(b) Diluted earnings/(loss) per share (Continued)

	For the six months ended 30 June	
	2021	2020
Profit/(loss) attributable to owners of the Company (HK\$'000)	4,313	(12,274)
Weighted average number of ordinary shares outstanding (thousand)	11,507,110	11,346,472
Diluted earnings/(loss) per share (HK cents)	0.04	(0.11)

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

	For the six months ended 30 June	
	2021 '000	2020 '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	11,342,464	11,346,472
Adjustments for calculation of diluted earnings/(loss) per share:		
Share options	33,910	–
Share awards	130,736	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	11,507,110	11,346,472

12 Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired property, plant and equipment with an aggregate cost of approximately HK\$1,063,000 (as at 31 December 2020: approximately HK\$3,778,000). Property, plant and equipment with the net book values of approximately HK\$850,000 were disposed of during the year ended 31 December 2020 and no property, plant and equipment was disposed of during the six months ended 30 June 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Intangible assets

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

	Development expenditures HK\$'000	Customer contracts HK\$'000	Licenses HK\$'000	Total HK\$'000
At 31 December 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
At 30 June 2021				
Opening net book amount	–	19,469	10,520	29,989
Amortisation charge	–	(5,079)	–	(5,079)
Closing net book amount	–	14,390	10,520	24,910
Cost	900	74,968	10,520	86,388
Accumulated amortisation	(900)	(39,833)	–	(40,733)
Accumulated impairment	–	(20,745)	–	(20,745)
Net book amount	–	14,390	10,520	24,910

Impairment charges on intangible assets

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Intangible assets (Continued)

Impairment charges on customer contracts

The recoverable amount of customer contracts are determined based on fair value less cost of disposal. There is no impairment charged to the condensed consolidated interim income statement for the six months ended 30 June 2021.

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

14 Business combination and Goodwill

(a) Goodwill

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
At the beginning	197,965	197,833
Business combination (note b)	-	132
At the closing	197,965	197,965

The goodwill of HK\$197,965,000 arising from the acquisition of Goldstream Capital Management Limited ("GCML") and Goldstream Securities Limited ("GSL") (collectively, "Goldstream Companies") and Shenzhen JinCheng Enterprise Management Limited (深圳金晟企業管理有限公司) ("Shenzhen JinCheng") are attributable to the synergies expected to arise from the business combination and future growth of IM businesses in Hong Kong and the PRC. None of the goodwill recognised is expected to be deductible for income tax purposes.

The recoverable amount of goodwill is determined based on value in use. There is no impairment charged to the condensed consolidated interim income statement for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 Business combination and Goodwill (Continued)

(b) Business combination

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

15 Trade and other receivables, prepayments, deposits and amounts due from brokers

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade receivables		
– related parties	5,475	12,299
– third parties	76,272	111,729
Loss allowances	(4,114)	(4,337)
Trade receivables, net	77,633	119,691
Contract assets		
– third parties	17,414	13,946
	95,047	133,637
Other financial assets at amortised costs		
Amounts due from brokers	115,728	118,093
Deposits and other receivables		
– related parties	16,684	16,551
– third parties	23,296	23,681
Prepayments	5,534	5,916
Less: Non-current deposits	(935)	(867)
	44,579	45,281
	255,354	297,011

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 Trade and other receivables, prepayments, deposits and amounts due from brokers (Continued)

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

At 30 June 2021, the Group had a concentration of credit risk as 75% (as at 31 December 2020: 68%) of the total trade receivables were due from the Group's five largest customers and 20% (as at 31 December 2020: 28%) of the total trade receivables was due from the Group's largest customer.

(a) Ageing analysis

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

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Aged within 1 month	45,927	89,177
Aged between 1 to 3 months	31,664	19,839
Aged between 3 to 6 months	11,049	7,468
Aged between 6 months to 1 year	3,244	6,125
Aged over 1 year	3,163	11,028
	95,047	133,637

16 Cash and cash equivalents

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Cash at banks and on hand	181,546	171,163
Short-term bank deposits	45,314	46,038
Money market funds (Note a)	13,305	15,604
Cash and cash equivalents	240,165	232,805

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Financial assets/(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 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:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Non-current assets		
Investment funds		
– US investment funds	93,930	91,798
Current assets		
Investment funds		
– PRC investment fund	23,331	–
– US investment fund	229	–
– Cayman Islands investment funds	80,117	51,085
– BVI investments funds	24,030	22,382
– Ireland investments funds	236	538
Contracts for difference		
– PRC contracts for difference	43,469	44,252
– Hong Kong contracts for difference	20,260	17,061
– Great Britain contracts of difference	1,256	–
Listed equity securities		
– PRC listed equity securities	30,588	47,445
– Hong Kong listed equity securities	36,976	3,491
– US listed equity securities	795	–
Exchange traded funds		
– US exchange traded funds	11,623	31,673
– Hong Kong exchange traded funds	5,490	5,552
Collateralised mortgage obligation		
– US collateralised mortgage obligation	17,686	21,226
Corporate bonds		
– PRC corporate bonds	11,853	7,859
Forward foreign exchange contracts	–	661
Depository receipts		
– PRC depository receipts	74	387
Futures		
– Hong Kong futures	76	–
	308,089	253,612
	402,019	345,410

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 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)

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Current liabilities		
Forward foreign exchange contracts <i>(Note)</i>	(2,812)	(2,727)
Exchange traded fund		
– US exchange traded fund	(381)	–
Contracts for difference		
– PRC contracts for difference	(474)	(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)
– Hong Kong listed equity securities	(1,130)	–
	(4,797)	(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 condensed consolidated interim income statement

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

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net fair value gains on financial assets at FVPL	7,410	36
Dividend income from investments	1,591	2,798

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 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. The Group redeemed USD2 million (equivalent to approximately HK\$15.6 million) from Goldstream Macro Fund SP during first six months ended 30 June 2021.

As at 30 June 2021, the Group held 8.6% and 4.2% equity interest in these funds (31 December 2020: 19.6% and 12.2%) and has the power to participate in the financial and operating policy decision. Accordingly, the Group has significant influence over these two funds.

The carrying amount of equity-accounted investments has changed as follows in the six months ended 30 June 2021:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
At the beginning	98,426	–
Additions	–	78,000
Redemption	(15,600)	–
Share of profit for the period/year	12,281	20,426
At the closing	95,107	98,426

19 Share capital

	(Unaudited) As at 30 June 2021		(Audited) As at 31 December 2020	
	Number of Shares '000	Nominal value HK'000	Number of Shares '000	Nominal value HK'000
Ordinary shares of HK\$0.01 each				
Authorised:				
At beginning and end of the period/year	20,000,000	200,000	20,000,000	200,000
Issued and fully paid:				
At beginning and end of the period/year	11,346,472	113,465	11,346,472	113,465

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 Trade and other payables and amounts due to brokers

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade payables – third parties	11,618	3,873
Other payables – related parties	2,229	3,865
– third parties	60,008	48,136
Accruals (due to third parties)	41,952	72,064
	115,807	127,938
Amounts due to brokers	87,380	73,814

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

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
0 - 30 days	5,770	2,966
31 - 90 days	892	368
91 - 180 days	4,136	407
181 days - 1 year	499	81
Over 1 year	321	51
	11,618	3,873

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 Borrowing from a former director

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Borrowing from a former director	209,672	206,823

The amount due represents balance with a former director, Mr. Li Kin Shing, who was a director of the Company until his resignation on 28 December 2018. The amount is unsecured, non-interest bearing and repayable in full amounted HK\$214,999,000 on 29 November 2020. On November 2020, the loan was extended by 18 months from 30 November 2020 to 29 May 2022. The imputed interest was recognised initially and incurred a finance costs of HK\$2,850,000 (for the six months ended 30 June 2020: HK\$2,516,000) for the six months ended 30 June 2021.

As at 30 June 2021, the Group had a fully utilised borrowing facility of HK\$215 million (as at 31 December 2020: HK\$215 million) from Mr. Li for financing its business operation.

22 Commitments

There were no significant capital expenditure contracted for but not yet incurred as at 30 June 2021 and 31 December 2020.

23 Related party transactions

(a) Relationship between the Group and related parties

(i) Ultimate shareholders of the Group

Zhao John Huan

(ii) Ultimate parent

Hony Capital Group, L.P.

(iii) Subject to common control of ultimate shareholders

Exponential Fortune Group Limited
Goldstream Segregated Portfolio Company
Hony Capital Limited
Hony Capital Management (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
金涌循道1號私募證券投資基金
金涌絕對價值投資1號私募證券投資基金

(iv) Associates

Goldstream Healthcare Focus Fund SP
Goldstream Marco Fund SP

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 Related party transactions (Continued)

(b) Transactions with related parties

The following transactions were carried out with related parties:

		For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Services income	(i)	6,635	242
Rental and management services expenses for properties	(ii)	1,440	558

Notes:

- (i) Services income from related parties mainly represent the provision of IM services, at a price mutually agreed.
- (ii) The Group rented properties from related parties, Hony Capital Limited, at a price mutually agreed.

(c) Balances with related parties

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

		As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Amounts due from related parties			
– Trade receivables		5,475	12,299
– Deposits and other receivables		16,684	16,551
Amounts due to related parties			
– Other payables		2,229	3,865

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 Related party transactions (Continued)

(d) Key management compensation

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

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Wages, salaries and other benefits	11,971	4,806
Contribution to retirement benefit schemes	343	261
	12,314	5,067

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

24 Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2021 and 31 December 2020.

25 Events after the reporting period

On 26 July 2021, the Board proposed to make certain amendments to the terms of the awarded shares granted on 21 September 2020 pursuant to the share award scheme adopted by the Company on 21 September 2020, involving the issue and allotment of up to 330,700,000 new shares of the Company to connected persons pursuant to a specific mandate to be sought from the shareholders of the Company (the "Proposed Issue"). On 27 August 2021, an ordinary resolution approving the Proposed Issue was duly passed by the shareholders of the Company by way of poll at the extraordinary general meeting of the Company. Further details of the Proposed Issue are set out in the announcements of the Company dated 26 July 2021 and 27 August 2021, and the circular of the Company dated 5 August 2021.