

INTERIM REPORT 2021



OSHDORI INTERNATIONAL HOLDINGS LTD

(Incorporated in Bermuda with limited liability)
STOCK CODE : 622.HK or "OSHDORI"

CONTENTS

	Page(s)
Corporate Information	2
Financial Highlights	3
Management Discussion and Analysis	4
Other Information	19
Report on Review of Interim Financial Information	27
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	28
Condensed Consolidated Statement of Financial Position	30
Condensed Consolidated Statement of Changes in Equity	31
Condensed Consolidated Statement of Cash Flows	33
Notes to the Condensed Consolidated Financial Statements	34



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. WONG Wan Men
Mr. WONG Yat Fai

Non-executive Directors

Mr. Alejandro YEMENIDJIAN
(*Non-executive Chairman*)
Hon. Joseph Edward SCHMITZ
Mr. SAM Hing Cheong

Independent Non-executive Directors

Hon. CHAN Hak Kan, *S.B.S., J.P.*
Mr. CHEUNG Wing Ping
Mr. HUNG Cho Sing, *B.B.S.*
Dr. LO Wing Yan William, *J.P.*

AUTHORISED REPRESENTATIVES

Ms. WONG Wan Men
Mr. WONG Yat Fai

AUDIT COMMITTEE

Hon. CHAN Hak Kan, *S.B.S., J.P.*
Mr. CHEUNG Wing Ping (*Chairman*)
Mr. HUNG Cho Sing, *B.B.S.*
Dr. LO Wing Yan William, *J.P.*

NOMINATION COMMITTEE

Hon. CHAN Hak Kan, *S.B.S., J.P.*
Mr. CHEUNG Wing Ping (*Chairman*)
Mr. HUNG Cho Sing, *B.B.S.*
Dr. LO Wing Yan William, *J.P.*
Ms. WONG Wan Men

REMUNERATION COMMITTEE

Hon. CHAN Hak Kan, *S.B.S., J.P.*
Mr. CHEUNG Wing Ping (*Chairman*)
Mr. HUNG Cho Sing, *B.B.S.*
Dr. LO Wing Yan William, *J.P.*
Ms. WONG Wan Men

COMPANY SECRETARY

Ms. LIU Tsui Fong

LEGAL ADVISORS

(*As to Bermuda law*)
Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

25th Floor, China United Centre
28 Marble Road, North Point
Hong Kong
Telephone : (852) 3198 0622
Facsimile : (852) 2704 2181
Stock Code : 622
Website : www.oshidoriinternational.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42nd Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited



FINANCIAL HIGHLIGHTS

Financial highlights of Oshidori International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 (“Reporting Period”)

- Revenue is a positive amount of approximately HK\$152.2 million.
- Profit for the period amounted to approximately HK\$899.5 million.
- Basic earnings per share is approximately HK14.71 cents.



MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded a total revenue of HK\$152.2 million for the Reporting Period, representing an increase of 122.5% as compared with the amount of HK\$68.4 million for the six months ended 30 June 2020 (“Previous Period”). The Group achieved a net profit of HK\$899.5 million for the Reporting Period, a turnaround from the loss of HK\$3.7 million for the Previous Period. Basic earnings per share for the Reporting Period was HK cents 14.71.

The profit was mainly attributable to the one-off gain on bargain purchase from the acquisition of an associate and the progressive improvement in operating performance in the Group’s financial services segment and the credit and lending services segment. The Board is confident that the solid growth of these operating segments manifests sufficient operation as well as sustainable development of the Group.

BUSINESS REVIEW

The Group principally engages in investment holdings, tactical and/or strategical investments, and the provision of financial services including the Securities and Futures Commission (the “SFC”) regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance.

Financial Services (SFC Type 1, 2, 4, 6 and 9 regulated activities)

Through a wholly owned subsidiary, Oshidori Securities Limited (“OSL”), the Group engages in securities brokerage and financial services business. OSL is licensed by the SFC to conduct regulated activities including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) and holds a Stock Exchange Trading Right. In order to trade securities through trading facilities of the Stock Exchange, OSL holds a Stock Exchange Trading Right and is an Exchange Participant of the Stock Exchange. OSL is also a China Connect Exchange Participant and China Connect Clearing Participant, offering clients a platform to trade eligible stocks listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange.

The Group has been trying to expand its scope of operations to cover futures brokerage. In 2019, OSL applied for and was successfully granted a Type 2 regulated activity licence (dealing in futures contracts) from the SFC. In April 2021, OSL has successfully become an exchange participant of Hong Kong Futures Exchange Limited and HKFE Clearing Corporation Limited. The brokerage services of dealing in futures contracts will commence in the second half of 2021, bringing an additional stream of commission income to the Group.

The Group also engages in corporate finance business through its wholly owned subsidiary, Oshidori Corporate Finance Limited (“OCFL”), which has been licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity since 2005. The client base of the Group’s corporate finance business has expanded during the Reporting Period. OCFL was appointed by various listed companies as their respective corporate financial advisor to advise on their corporate activities in relation to Listing Rules compliance issues.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group is in the application process to obtain an SFC licence for Type 8 regulated activity (securities margin financing) to attract clients with sound financial background, particularly those who hold significant shareholding of a single stock but are unable to seek additional financing for acquisition of securities and/or for the continuation of holding securities from banks and/or other brokers. The proposed new margin financing service reflects the Group's ongoing commitment to expand its scope of business.

(i) Securities Brokerage Services and Margin Financing Services

Brokerage commission income generated from securities brokerage services increased by 300.0% to HK\$1.2 million for the Reporting Period (the Previous Period: HK\$0.3 million). Interest income generated from provision of margin financing services increased by 266.2% to HK\$48.7 million for the Reporting Period (the Previous Period: HK\$13.3 million).

The Group will continue to balance risk and return and maintain a cautious approach to the credit control of its margin financing business.

(ii) Placing and Underwriting Services

The Group, through OSL, completed two underwriting projects during the Reporting Period and has one ongoing underwriting project that is expected to be completed in the second half of 2021. During the Reporting Period, OSL acted as a sub-underwriter for equity fund raising activities conducted by listed companies on the Stock Exchange, with a total underwriting commitment of HK\$444.0 million. These projects generated an underwriting commission of HK\$2.4 million for the Group for the Reporting Period, compared to approximately HK\$0.3 million for the Previous Period.

The Group has maintained a cautious approach before committing to underwriting and placing services at times of market turbulence.

(iii) Corporate Finance Advisory

A wholly owned subsidiary of the Group, OCFL, was appointed by various listed companies, to provide corporate finance advisory services. The income generated from corporate finance advisory amounted to HK\$1.4 million for the Reporting Period (the Previous Period: nil). Given prevailing sentiments of market uncertainty in recent years and regulatory changes, the approach of the market to fund-raising and substantial acquisitions has been increasingly conservative. In line with prevailing market sentiments, the Group's approach to fund-raising activities (in a corporate financial advisory capacity) has also been increasingly conservative.



MANAGEMENT DISCUSSION AND ANALYSIS

(iv) Asset management

The Group currently offers a discretionary investment management service for clients who wish to diversify their investments with a customized solution.

The Group has been working on building its client network and forming strong relationships with clients. It is also focused on building its reputation and presence to attract various types of customers.

The Group is also reviewing the possibility of offering fund investment services to clients who may have a need to look for investments other than equities. The ability to offer a portfolio of investment products should appeal to clients who would wish to diversify across different asset classes as well as different regions for their investment needs.

A. Credit and Lending Services

The Company, through its wholly owned subsidiaries namely Oshidori WW Resources Limited and Oshidori Citizens Money Lending Corporation Limited, conducts credit and lending business under the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong.

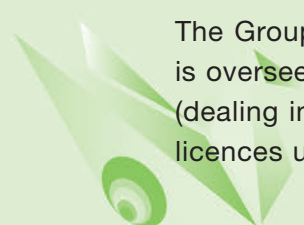
The credit and lending business performed well during the Reporting Period. Interest income from loan receivables increased by 108.9% to HK\$84.8 million for the Reporting Period (the Previous Period: HK\$40.6 million). The significant improvement was mainly attributable to the increasing demand of the Group's credit and lending service.

B. Tactical and/or Strategic Investments

The tactical and/or strategic investments segment recorded a net profit of HK\$790.3 million for the Reporting Period as compared to HK\$184.2 million for the Previous Period, which is mainly attributable to the one-off gain on bargain purchase from acquisition of an associate, contributing to 329.0% increase in the segment profit.

The bargain purchase was a result of a settlement agreement between the Group and an independent third party borrower, amongst others, the Group obtained the ownership of 315,000,000 shares of Blue River Holdings Limited (stock code: 0498.HK) ("Blue River"), which represent 28.53% of total issued share capital of Blue River as at the date of completion as well as this report. The settlement was completed in March 2021. Upon completion of the settlement, Blue River became an associate of the Group and resulted in a gain on bargain purchase of approximately HK\$1,157.0 million, which is the difference between the investment cost of Blue River and fair value of the Group's share of net identifiable assets and liabilities.

The Group engages in tactical and/or strategic investments of a diversified portfolio, which is overseen by a professional investment team that holds Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), and Type 9 (asset management) licences under the SFO.



MANAGEMENT DISCUSSION AND ANALYSIS

VISION

The Group's vision is to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value to the shareholders of the Company.

INVESTMENT STRATEGY

The Group is a prudent deal-maker and has generated significant businesses under the Group's tactical and/or strategical investments segment, mainly arising from capital appreciation of the Group's strategically sound portfolio. It aligns with the Group's overall strategy, creates value through investment selection and disposal, and demonstrates resilience through the Group's outstanding performance and financial position.

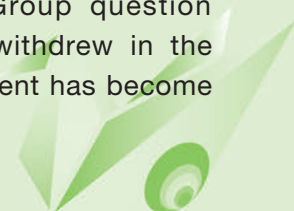
Since 2019, the Group has been engaging in certain operational shifts to support and accelerate next major growth initiatives and made efforts to be more open and accessible both internally and externally. As the Group comes across various opportunities to invest in different assets, it has formulated an investment philosophy to identify the appropriate investments, establish criteria for evaluation, consider the opportunity for its strategic value and categorize such investments to reflect their significance and contribution to the Group. The holding size and holding periods are mainly dependent on reasons for the acquisition, the strategic value of the investments, and potential returns. The Group may consider realizing certain investments based on internal resources' requirements, the increase/decrease in valuations that trigger the threshold for disposal, and the availability of alternative investment opportunities that may be superior in returns than existing holdings from time to time.

OUTLOOK

The management has a bleak outlook on the global investment environment. This assessment is based on the combined effects from several critical events and public policy implementation by various governments and their agencies, posing substantial risks to invest in both market-based investments and real investments.

One of the main concerns is the COVID-19 pandemic. Despite global government imposed efforts to achieve herd immunity through vaccination programmes, the pandemic has continued with the to mutation of the virus into a highly contagious variant. Border restrictions are tightening again and strict policies remain effective in China and Hong Kong in determination to eliminate all COVID-19 cases. Air travel has not returned to normal and industries that rely heavily on tourism, such as airlines and hospitality, have suffered greatly.

Another major disappointment comes from the bid for an integrated resort in Nagasaki Prefecture, Japan ("IR Project"). The Group was shocked by the restrictive and unreasonable rules and measures imposed by Nagasaki Prefecture and incidents that made the Group question whether there have been serious ethical irregularities. The Group eventually withdrew in the request-for-proposal ("RFP") process. Following such an experience, the management has become cautious towards foreign investments.



MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong saw a drop in confidence towards local investment. As reported by Nikkei at the end of 2020, "...the number of companies with regional headquarters and regional offices in Hong Kong dropped 2.4% to 1,504, and dipped 0.4% to 2,479 respectively. The overall number of employees at non-local companies also declined by 10,000 to 483,000. The foreign exodus was particularly stark in the financial sector, with 52 banks and financial companies and 24 insurers were seen leaving the city." While the management is confident that foreign companies will eventually return, the timeframe of such event remains uncertain. While the management considers such worries by foreign institutions to be unfounded, the sentiment was nevertheless affected.

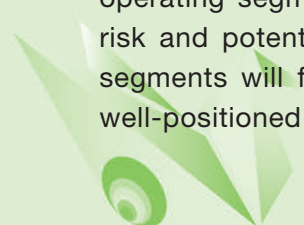
A review on the above by the management has therefore yield a pessimistic outlook in the coming year for making investments. The management will continue making investments where some of the risks that have been seen are deemed manageable, and the Group will continue adhering to overall business development and expansion strategy to broaden the scope of its integrated financial services with full service offering and to enlarge its client base. The Group will also exercise cost control measures, with the aim of improving its profitability and maintaining steady businesses development.

The Group has commenced IPO margin financing in January 2021. In addition, the second half of 2021 shall witness the further diversification of the Group's business, i.e. the launch of brokerage services dealing in futures contracts a subsidiary of the Group has just become an exchange participant of Hong Kong Futures Exchange Limited and HKFE Clearing Corporation Limited in May 2021. Going forward, the Group will further provide customized margin financing services to various types of customers under Type 8 (securities margin financing) licence, the application of which is under the process as at the date of this report. With a more comprehensive profile of financial service offerings by the Group, the business development of the Group shall benefit from synergy effect and enable the Group to better capture the opportunities in the capital market. The Group also believes that there will be significant cross selling potential across different business lines, which will broaden revenue sources and enhance client loyalty.

In order to prepare for business expansion, the Group will recruit professionals with extensive experience and leverage on their expertise to mitigate risks as well as to fuel the stable and healthy business growth of the Group. In addition, the Group will grow its client base through a combination of the following: (i) leveraging on the established and extensive business network and connections of directors, senior management and licensed persons of the Group; (ii) through the recruitment of seasoned professionals with high caliber customer networks; (iii) obtaining referrals from financial institutions, investment banks, professional parties, business partners, and/or existing clients.

In pursuing the Group's development and expansion strategy for achieving long-term growth, the management will closely monitor market conditions and will remain cautious in managing the Group's operating segments.

The Group is committed to executing its long-term strategy and investing for growth in new businesses and opportunities. The Group will continue to improve its performance in different operating segments and maintain a balanced approach to asset allocation balancing appropriate risk and potential reward. The Board is confident that the solid growth of the Group's operating segments will further enhance the sustainable development of the Group, and that the Group is well-positioned to deliver higher and more sustainable returns for our shareholders in the future.



MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

An investment with a carrying value of 5% or more of the total assets of the Group is considered as an significant investment, or jointly as significant investments of the Group in this report (“Significant Investments”). A breakdown of such Significant Investments as at 30 June 2021 is set out below:

Name of investments	Number of shares held as at 30 Jun 2021	Percentage of shareholding held as at 30 Jun 2021	Realised and unrealised	Realised and unrealised loss	Dividends received for the period ended 30 Jun 2021	Approximate % to the Group's total assets as at 30 Jun 2021	Investment cost	Market value as at 30 Jun 2021
			loss for the period ended 30 Jun 2021	through other comprehensive income for the period ended 30 Jun 2021				
			HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
Listed shares in Hong Kong								
- China Evergrande New Energy Vehicle Group Limited (Stock code: 708)	138,245,000	1.42%	(149,338)	(30,381)	-	33.16%	1,292,813	3,995,281
- Shengjing Bank Co., Ltd. (Stock code: 2066)	193,034,000	8.25%	(1,001)	(62,700)	-	11.06%	1,272,356	1,331,935

1. China Evergrande New Energy Vehicle Group Limited (“Evergrande Auto”) (Stock Code: 708)

Evergrande Auto and its subsidiaries engage in technology research and development (R&D) and manufacturing of, and sales services in respect of new energy vehicles (collectively, the “New Energy Vehicle Segment”), as well as health management businesses including “Internet+” community health management, international hospitals, elderly care and rehabilitation (collectively, the “Health Management Segment”).

Dedicated to the global R&D and promotion of new energy vehicles applications, Evergrande Auto adhered to its core technology vision of “achieving world-class core technology and proprietary intellectual property rights”, and its quality goal of “achieving world-class product quality”, and has established a full industry chain of new energy vehicles covering automobile manufacturing, electric motor control, power batteries, vehicle sales, smart charging, shared mobility and other aspects. Evergrande Auto cooperated with global automotive engineering technology leaders and top styling and design masters to simultaneously develop and design 14 vehicle models, 9 of which have been released. Evergrande Auto also built advanced intelligent manufacturing bases in Tianjin, Shanghai, Guangzhou and other locations in accordance with the Industry 4.0 Standard. Evergrande Auto strives to become the world’s largest and most powerful new energy vehicle enterprise, with a goal of achieving annual production and sales volume of over 1 million vehicles by 2025 and 5 million vehicles by 2035, respectively.



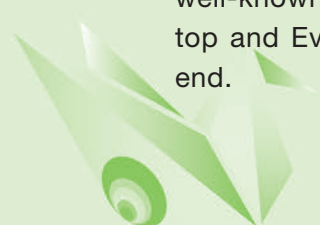
MANAGEMENT DISCUSSION AND ANALYSIS

Focusing on the three major pillars of core technology, quality and scale, Evergrande Auto has integrated top talents, technologies and equipments from all over the world. At present, Evergrande Auto Group has formed core advantages on talent, capital, core technology, quality, cost, sales, after-sales services, corporate management and strong execution capabilities.

In March 2020, Gemera, the top new energy super sports car jointly developed by Evergrande Auto and Koenigsegg, made its global debut. In August 2020, the first batch of the six models of Hengchi were released globally, and several production bases built in accordance with the Industry 4.0 Standard were unveiled. In November 2020, Hengchi's car branding and naming system were released, with the Tianjin, Shanghai and Guangzhou production bases fully initiated trial production and commissioning, and preparations for mass production having progressed smoothly. In December 2020, the interior design of Hengchi 1 was unveiled with remarkable features. Given its excellent interior and exterior designs and outstanding performance, Hengchi 1 was well-received enthusiastically within the market.

Entering 2021, the Evergrande Auto's new energy vehicle business segment has achieved another major breakthrough. In February, Hengchi conducted a three-week winter calibration test in Yakeshi, Hulunbuir, to comprehensively test the reliability, safety, stability and comfortability of Hengchi in extremely cold environment. Three new models, namely Hengchi 7, Hengchi 8 and Hengchi 9, were released. In March, Evergrande Auto established a joint venture with Tencent to jointly develop a world-leading smart vehicle operating system with proprietary intellectual property rights. For the first time, Evergrande Auto announced its forward-looking layout and a series of innovations in the field of intelligent network connection, and released the H-Smart OS (Hengchi smart vehicle operating system), which covers the dual ecosystems of Tencent and Baidu and brings users an unprecedented intelligent life experience.

On the other hand, Evergrande Auto proactively implements the national strategy of "Healthy China". Adhering to its corporate vision of "enhancing the healthy living standards for the general public", and centering on the healthcare needs of the general public, Evergrande Auto has created a membership mechanism on all-round healthy life for all-age populations, and established a multi-level hierarchical medical care, high-precision health management, all-age health care and diversified elderly care system, thereby comprehensively enhancing the healthy living standards for the general public. As at the date of this report, 29 Evergrande Elderly Care Valleys have taken root across China. Evergrande Auto also continued its in-depth exchanges and cooperation with Brigham and Women's Hospital (being one of the main teaching hospitals of Harvard Medical School) in the United States, which comprehensively enhanced the healthcare services standards at Boao Evergrande International Hospital, the only affiliated hospital of Brigham and Women's Hospital in China. Evergrande Auto also improved Evergrande Medical System, which integrated resources from well-known 3A hospitals across different areas, with Evergrande International Hospital at the top and Evergrande Rehabilitation Hospital as well as the community medical system at the end.



MANAGEMENT DISCUSSION AND ANALYSIS

In 2020, Evergrande Auto's turnover amounted to RMB15,486.6 million, representing an increase of 174.8% as compared to RMB5,635.6 million in 2019.

The Group is confident in the future development of Evergrande Auto and believes that the investment in Evergrande Auto will bring in decent return in the medium to long run.

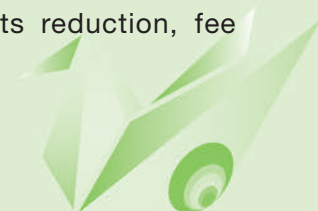
2. Shengjing Bank Co., Ltd. ("Shengjing") (Stock Code: 2066)

Shengjing principally engages in the provision of corporate and personal deposits, loans, and advances, settlement, treasury business and other banking services as approved by the China Banking Regulatory Commission.

During the recent years, Shengjing has creatively completed domestic and overseas capital increase and share expansion, deepened the strategic transformation, optimised the corporate governance system, strengthened the internal control and compliance management, improved the risk control system and promoted the development of the Shengjing's corporate culture pursuant to the Company Law of the PRC, the Guidelines on the Corporate Governance of Commercial Banks, and the Articles of Association of the bank, which has laid a solid foundation for the reform and development of the bank.

Shengjing has been focusing on advantageous industries and strategic customer groups and has allocated credit resources to key areas of economic and social development, actively promoted industrial integration, and provided effective financial support for local economic development. As at the end of 2020, various loans of Shengjing bank increased by RMB89.860 billion year on year, representing an increase of 19.7%. Focusing on high-quality projects and mainstream customers, and according to the strategic positioning as a featured and lightweight corporate bank, Shengjing took multiple measures in terms of scale growth, structural optimisation, product innovation, channel expansion and system development through financing, capital operation, resource integration and asset management, promoting the high-quality and healthy development of corporate banking business. On one hand, Shengjing adhered to the strategic vision of "building a sound bank", deepened customer operation and met the diversified needs of customers; on the other hand, Shengjing accelerated the construction of the system and released the capacity of institutions and mechanisms. By focusing on customer experience, Shengjing created a retail banking development model covering all products, all channels and all scenarios, and featuring integration and digitalisation, so as to comprehensively improve customer service capabilities.

In 2020, Shengjing achieved a net profit of RMB1.232 billion, representing a year-on-year decrease of RMB4.206 billion or 77.3%. It was mainly due to the complex and severe economic and financial situation during the reporting period, especially the impact of COVID-19, Shengjing actively responded to the call of the national policy and took the initiative to boost the real economy, adopting various measures to assist businesses through this difficult period, such as interest concessions by the ways of costs reduction, fee reduction and interest concession, deferred debt and interest payment.



MANAGEMENT DISCUSSION AND ANALYSIS

From a long-term perspective, Shengjing appears to have good prospects and the Company considers its investment in Shengjing has strategic investment value.

Going forward, the Group will continue to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value for our shareholders. Although the market sentiment is expected to gradually improve given the sufficient liquidity and post COVID-19 recovery of the economy, the overall economic outlook still remains uncertain. The Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate capital to meet the challenges ahead.

FINANCIAL REVIEW

Revenue

The Group recorded a total revenue of HK\$152.2 million for the Reporting Period, representing an increase of 122.5% as compared with the amount of HK\$68.4 million for the Previous Period. Income from financial services segment amounted to HK\$53.7 million (Previous Period: HK\$13.9 million); Negative income from tactical and/or strategical investments segment amounted to HK\$128.1 million (Previous Period: positive HK\$217.3 million); Income from credit and lending segment amounted to HK\$84.8 million (Previous Period: HK\$40.6 million).

Profit

The Group achieved a net profit of HK\$899.5 million for the Reporting Period, a turnaround from the loss of HK\$3.7 million for the Previous Period. Basic earnings per share for the Reporting Period was HK cents 14.71. The net profit of financial services segment was HK\$52.4 million (Previous Period: HK\$3.9 million); The net profit of tactical and/or strategical investments segment was HK\$790.3 million (Previous Period: HK\$184.2 million); The net profit of credit and lending segment was HK\$48.2 million (Previous Period: net loss of HK\$37.6 million).

Other comprehensive income

The Group recorded other comprehensive income of HK\$111.6 million for the Reporting Period (Previous Period: HK\$247.4 million).

Capital structure

The Company has not conducted any equity fund raising activities during the Reporting Period. The Company has 6,113,609,139 shares in issue.

The unaudited consolidated net asset value of the Group as at 30 June 2021 was HK\$10,950.8 million, representing an increase of HK\$1,013.6 million as compared with that of HK\$9,937.2 million as at 31 December 2020. The unaudited consolidated net asset value per share as at 30 June 2021 was HK\$1.79.



MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

As at 30 June 2021, the Group's borrowings included margin loans of HK\$425.2 million (31 December 2020: HK\$273.3 million) and an unsecured loan from an independent third party of HK\$240.8 million (31 December 2020: HK\$235.1 million). The margin loans are secured by pledge of debt and equity securities to securities brokers as collaterals, with total market value of HK\$4,850.3 million as at 30 June 2021 (31 December 2020: HK\$4,789.9 million). As at 30 June 2021, the Group's borrowings are interest bearing at a range from 1.52% to 12.0% per annum (31 December 2020: 1.56% to 12.0% per annum) and repayable on demand or within 1 year (31 December 2020: repayable on demand or within 1 year).

Liquidity and financial resources

The Group's cash and cash equivalents was HK\$637.5 million as at 30 June 2021 (31 December 2020: HK\$683.3 million). The cash and cash equivalents and financial assets at fair value through profit or loss in aggregate were HK\$4,884.2 million as at 30 June 2021 (31 December 2020: HK\$5,367.3 million).

The liquidity of the Group remained strong with a current ratio of 9.7 as at 30 June 2021 (31 December 2020: 12.8). The Group had loan payables of HK\$240.8 million as at 30 June 2021 (31 December 2020: HK\$235.1 million) and the gearing ratio of the Group measuring the proportion of a company's loan payable to its equity, was 2.2% (31 December 2020: 2.4%). The decrease in gearing ratio manifests better liquidity position and efficient financial management of the Group.

Exposure to fluctuation in exchange rates and related hedges

Save for certain bank balances that are denominated in Renminbi ("RMB") and United States dollar ("USD"), most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollar. As at 30 June 2021, the bank balances denominated in RMB and USD amounted to HK\$148.6 million and HK\$7.4 million respectively. Therefore, the Group's exposure to the risk of foreign exchange rate fluctuations is not material. For the Reporting Period, the Group did not have any derivatives for hedging against the foreign exchange rate risk. The Directors will continue to monitor the foreign exchange exposure and will consider appropriate action to mitigate such risk, when necessary.

Capital commitments

The Group did not have any capital commitments in respect of the acquisition of property and equipment as at 30 June 2021 (31 December 2020: Nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2021 (31 December 2020: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL TRANSACTIONS

Disposal of Listed Securities (“Disposal”)

On 18 January 2021, the Company disposed of 172,000,000 ordinary shares of C C Land Holdings Limited (“C C Land Shares”) on the open market at an aggregate consideration of HK\$309.6 million (equivalent to the price of HK\$1.80 per C C Land Share). Upon completion of the disposal, the Company continues to hold 14,020,514 C C Land Shares, and the investment in C C Land Shares will no longer be a significant investment of the Group.

Acquisition of 28.53% of an associate

On 12 March 2021, the Group entered into settlement agreement with an independent third party borrower, amongst others, the Group obtained the ownership of 315,000,000 shares of Blue River, at the consideration of HK\$155.9 million (the “Settlement”). Upon completion of the Settlement on the same date, the Group held 28.53% of the total issued share capital of Blue River and Blue River had become an associate of the Group. The Group’s shareholding in Blue River would be classified as long-term assets under the Group’s tactical and/or strategic investments segment.

The Settlement was completed in March 2021. Upon completion of the Settlement, the Group owned 28.53% equity interests in Blue River. The Directors have engaged a professional valuer to provide assistance in determining the fair values of the identifiable net tangible assets and intangible assets (if any) of Blue River. The fair value of the identifiable assets and liabilities of 28.53% equity interests in Blue River as at the date of completion amounted to approximately HK\$1,312.9 million, which resulted in a gain on bargain purchase of approximately HK\$1,157.0 million and was recognised in the profit or loss for the Reporting Period.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In addition to the events disclosed elsewhere in the Interim Financial Statements, the Group had the following subsequent events:

- i) The Company, through its subsidiary Oshidori International Development GK, has met Nagasaki prefecture’s initial qualification requirement for the IR Project on 12 February 2021. Partnering with Mohegan Gaming & Entertainment, a master developer and operator of premier global integrated entertainment resorts, the Company aimed not only to develop a world-class integrated resort, but also to create a dynamic community that would make Nagasaki a premium travel and residential destination. The Company has led the RFP process since the first selection round. On 19 March 2021, the Company’s IR project was selected as one of the three finalists to be considered as an integrated resort operator by the Government of Japan.



MANAGEMENT DISCUSSION AND ANALYSIS

However, the Company withdrew from participation in the RFP process for IR Project in early August 2021 due to the restrictive and unreasonable rules and measures constantly imposed by Nagasaki Prefecture, which seemed to be unfair and impossible for the Company to conduct business in a prudent and efficient manner. In addition, the Company encountered several incidents that made it question whether there have been serious ethical irregularities in the RFP process. After all, the Company is only interested in participating in a process that is of the highest integrity, professional, transparent, and based on merit.

LITIGATION

(a) Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. (“Fuhuade”)

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the “Buyer”). The total consideration of the disposal of RMB1,037.6 million (equivalent to approximately HK\$1,247.2 million) was payable in instalments, the payment of which was subject to finalisation and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalised and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK\$93.1 million for the year ended 31 December 2012.

As at 31 December 2013, the Group was still not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board is of the opinion that the timing and eventual outcome of the finalisation of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK\$255.2 million, being the amount of consideration receivable amounting to HK\$358.9 million as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK\$103.7 million, in the profit and loss account for the year ended 31 December 2013.

On 20 December 2017, the Group received a civil judgement (廣東省深圳市中級人民法院民事判決書[2014]深中法涉外初字第59號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB85.5 million (equivalent to approximately HK\$102.3 million) together with related interest of approximately RMB28.3 million (equivalent to approximately HK\$33.9 million) (before tax).



MANAGEMENT DISCUSSION AND ANALYSIS

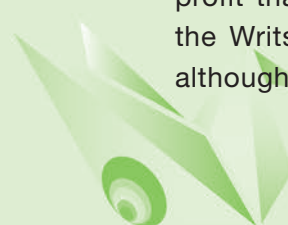
On 16 April 2019, the Group further received a civil judgment (廣東省深圳市中級人民法院民事判決書[2016]粵03民初第662號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB113.5 million (equivalent to approximately HK\$129.1 million) (before tax) together with related tax subsidies of approximately RMB29.1 million (equivalent to approximately HK\$33.0 million) (before tax).

Up to 31 December 2020, approximately RMB127.6 million (equivalent to approximately HK\$145.6 million) has been received from CNOOC Gas & Power Group for settlement of judged consideration receivables of the third instalment of approximately RMB113.5 million (equivalent to approximately HK\$129.1 million) and fuel subsidy of approximately RMB21.0 million (equivalent to approximately HK\$24.3 million) after deducting withholding tax of approximately RMB6.9 million (equivalent to approximately HK\$7.9 million).

On 2 February 2021, the Group received a civil judgement (廣東省高級人民法院民事判決書2019粵民終3034號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade. As a result, the Group received a fuel subsidy of approximately RMB12.6 million (equivalent to HK\$15.1 million) (including interest after tax) from CNOOC Gas & Power Group, completing the disposal of shares in Fuhuade.

(b) Writs of Summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the “Liquidators of Allied Weli Development Limited”)

OCFL, Win Wind Capital Limited, Win Wind Investment (Holdings) Limited, Enerchine Nominee Limited and OSL (the “Defendant Parties”), which as of the date hereof are wholly owned subsidiaries of the Company, have been named, inter alia, as defendants in two separate writ of summons in the High Court of Hong Kong (the “Writs”) by the plaintiffs, Allied Weli Development Limited (in Liquidation) and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the “Liquidators”) of Allied Weli Development Limited. The Liquidators have not served the Writs on the Defendant Parties. On 2 February 2018, the Group, through its legal advisors, requested the Liquidators to (i) serve the Writs of Summons on the Defendant Parties by 20 February 2018 as required under the Rules of the High Court (Order 12, rule 8A) or (ii) to discontinue the Writs against the Defendant Parties. On 15 February 2018, the Group received a letter from the Liquidator’s lawyers stating, inter alia, that the Liquidators may ultimately decide not to pursue a claim against the Defendant Parties at all. As the Writs have not been served on the Defendant Parties, accordingly no provision has been made in the consolidated financial statements for the ended 31 December 2020. However, the management of the Company considers the Writs are not only groundless but the Liquidator’s actions are a flagrant and calculated abuse of the law, designed solely to drag the Group’s good name and good will through the Hong Kong Courts in the hopes of profit that they will clearly not be entitled to. The management of the Company’s belief that the Writs are groundless are further supported by the fact that they have yet to be served although they have been issued well over 3 years ago on 9 January 2018.



MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the Reporting Period. (Previous Period: nil)

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed 33 full time employees for its principal activities. The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options and awarded shares may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme and share award scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the Reporting Period.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. As at the date of this report, the Audit Committee comprises four Independent Non-Executive Directors. The Audit Committee is chaired by Mr. Cheung Wing Ping and the members of the Audit Committee are Mr. Hung Cho Sing, Hon. Chan Hak Kan and Dr. Lo Wing Yan William. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management. The interim results of the Group for the Reporting Period had not been audited, but had been reviewed by the Company's auditor, Mazars CPA Limited and the Audit Committee.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance. The Company confirms that it has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the Reporting Period, all Directors have complied with the required standard set out in the Model Code.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this interim report, there is sufficient public float of not less than 25% of the Company’s issued shares as required under the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Oshidori International Holdings Limited
Wong Wan Men
Executive Director

Hong Kong, 30 August 2021



OTHER INFORMATION

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(A) Long Positions in Shares, Underlying Shares and Debentures of the Company

Name of director	Nature of interest	Number of underlying shares held	Approximate% of shareholding
Wong Wan Men	Personal*	30,000,000 ⁽¹⁾	0.49
Alejandro Yemenidjian	Personal*	120,000,000 ⁽²⁾	1.96

Notes:

⁽¹⁾ Out of 30,000,000 shares, 10,000,000 shares represented the interest in Award Shares granted by the Company and remained unvested, and the balance of 20,000,000 shares represented the interests in Share Options granted by the Company as beneficial owner. Details of the Awarded Shares and Share Options granted to this director are set out in "Share Award Scheme" and "Share Option Scheme" sections stated below.

⁽²⁾ Out of 120,000,000 shares, 60,000,000 shares represent the interest held pursuant to the Share Options granted by the Company as beneficial owner, details of which are set out in "Share Option Scheme" section stated below. On 18 June 2021, Mr. Alejandro Yemenidjian further acquired 60,000,000 shares of the Company.

* Interests of beneficial owner

(B) Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2021, none of the Directors and chief executives of the Company or their associates had any short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined under Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

At no time during the six months ended 30 June 2021 were rights to acquire benefits by means of the acquisition of shares in or warrants or debentures of the Company granted to any Director or chief executives 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 or holding company or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

(A) 2002 Share Option Scheme

The Company operated a share option scheme adopted by shareholders of the Company on 24 May 2002 (the "2002 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated in the said scheme. The 2002 Share Option Scheme had a life of 10 years and was terminated at the annual general meeting of the Company held on 17 May 2012.

No further options shall thereafter be offered under the 2002 Share Option Scheme but the options, which had been granted during its life, shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect.

Following to the lapse of all 28,079,700 outstanding options in 2017, the Company had no underlying shares comprised in options outstanding under the 2002 Share Option Scheme. Details of the 2002 Share Option Scheme were set out in the Company's 2017 annual report.



OTHER INFORMATION

(B) 2012 Share Option Scheme

A new share option scheme was adopted by shareholders of the Company on 17 May 2012 (the “2012 Share Option Scheme”), under which the Board may, of its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Options Scheme has a remaining life of approximately 0.5 years as at the date of this interim report. The general terms and conditions of the 2012 Share Option Scheme are listed as follows:

(A) Purpose

The 2012 Share Option Scheme is a share incentive scheme and is established to enable the Group to (i) recognise and acknowledge the contributions that eligible persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other eligible persons; (iii) motivate the eligible persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to eligible persons. The eligible persons include (a) any full time or part time employees of the Group or any directors of the Company or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.



OTHER INFORMATION

(B) Maximum Number of Shares Available for Subscription

- (i) Subject to (iv) below, the total number of shares which may be issued upon exercise of all the options to be granted under 2012 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the shares in issue as at the date of approval of the 2012 Share Option Scheme.
- (ii) Subject to (iv) below, the Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of the shares in issue as at the date of approval to refresh such limit.
- (iii) Subject to (iv) below, the Company may seek separate approval from the Shareholders in general meeting for granting options beyond the 10% limit provided the options granted in excess of such limit are granted only to eligible persons specifically identified by the Company before such approval is sought. In such case, the Company shall send a circular to its Shareholders containing the information required under the Listing Rules.
- (iv) in respect of which options may be granted under the 2012 Share Option Scheme together with any options outstanding and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue from time to time. No option may be granted under the 2012 Share Option Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.

(C) Total Number of Securities Available for Issue

The scheme mandate limit was refreshed on 6 June 2019, pursuant to which the Company was authorised to grant options to subscribe for up to a maximum of 581,176,628 shares, being 10% of the total issued shares of the Company as at 6 June 2019. There were 72,000,000 options outstanding as of 31 December 2019. The total number of shares which may be issued upon exercise of all options granted and to be granted under the 2012 Share Option Scheme was 653,176,628 shares, representing 11.24% of the shares of the Company in issue as at the date of the annual report.



OTHER INFORMATION

(D) Maximum Entitlement to Shares of Each Eligible Person

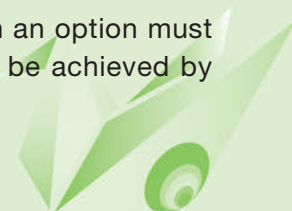
- (i) The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.
- (ii) Notwithstanding (i) above, any further grant of options to an eligible person in excess of the 1% limit shall be subject to approval by the Shareholders in general meeting with such eligible person and his or her associates abstaining from voting. The number and the terms of the options to be granted to such eligible person shall be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date for grant for the purpose of calculating the subscription price.
- (iii) Where the Board proposes to grant any option to an eligible person who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates and such option which if exercised in full, would result in such eligible person becomes entitled to subscribe for such number of shares, when aggregated with the total number of shares already issued and issuable to him or her pursuant to all options granted and to be granted (including options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant: (1) representing in aggregate more than 0.1% of the relevant class of securities of the Company in issue on the date of such grant; and (2) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000, such proposed grant of options must be approved by the Shareholders in general meeting.

(E) Acceptance of Offer

Offer of an option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 (or such other nominal sum in any currency as the Board may determine) by way of consideration for the grant thereof.

(F) Exercise of Options

An option may be exercised in accordance with the terms of the 2012 Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period. Subject to the discretion of the Board in accordance with the terms of the 2012 Share Option Scheme, there is no minimum period for which an option must be held before it can be exercised and no performance targets need to be achieved by the grantee before the option can be exercised.



OTHER INFORMATION

(G) Exercise Price

The exercise price shall be determined by the Board at its sole discretion and notified to the eligible persons and shall be no less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share on the date on which an option is granted.

On 22 January 2020, the Board resolved to grant an aggregate of 120,000,000 share options to 10 option grantees under the 2012 Share Option Scheme, of which, (i) 100,000,000 share options were granted to 9 independent option grantees; and (ii) 20,000,000 share options were granted to Ms. Wong Wan Men.

As at 30 June 2020, there were Share Options relating to 252,000,000 shares granted by the Company representing 4.12% of the issued shares as at the date of this Report pursuant to the 2012 Share Option Scheme which were valid and outstanding.

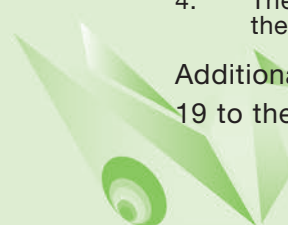
Details of the Share Options granted under the 2012 Share Option Scheme that remain outstanding as at 30 June 2021 are as follows:-

Grant Date	Exercise Price HK\$	Grantees	Number of Share Options			Exercisable period	
			As at 1/1/2021	Granted	Forfeited/ Lapsed		As at 30/6/2021
29/3/2019 (note 1)	0.82	Employees	72,000,000	-	-	72,000,000	29/3/2019 – 28/3/2029
22/1/2020 (note 2)	0.865	Wong Wan Men	20,000,000	-	-	20,000,000	22/1/2020 – 21/1/2030
		Other participants	100,000,000	-	-	100,000,000	
9/6/2020 (note 3)	0.840	Alejandro Yemenidjian	60,000,000	-	-	60,000,000	9/6/2020 – 8/6/2030
		Total	252,000,000	-	-	252,000,000	

Notes:

- The closing market price per share of the Company as at the date preceding the date on which the Share Options were granted and stated in the Stock Exchange's daily quotation sheet on 28 March 2019 was HK\$0.80.
- The closing market price per share of the Company as at the date preceding the date on which the Share Options were granted and stated in the Stock Exchange's daily quotation sheet on 21 January 2020 was HK\$0.86.
- The closing market price per share of the Company as at the date preceding the date on which the Share Options were granted and stated in the Stock Exchange's daily quotation sheet on 8 June 2020 was HK\$0.83.
- The vesting period of the share options is from the date of grant until the commencement date of the exercise period.

Additional information in relation to the Company's Share Option Schemes are set out in note 19 to the consolidated financial statements.



OTHER INFORMATION

SHARE AWARD SCHEME

The share award scheme was adopted by the shareholders at the special general meeting of the Company held on 19 December 2019 (“2019 Share Award Scheme”).

Subject to the 2019 Share Award Scheme limit, the maximum number of awarded shares which may be awarded by the Board in any financial year shall not be more than 3% of the issued share capital of the Company (“Annual Limit”) provided that if the Annual Limit is not fully utilised in any financial year, further awarded shares may be awarded by the Board in subsequent financial year(s) up to such Annual Limit. The Annual Limit may be refreshed by Shareholders who are permitted under the Rules Governing the Listing of Securities (the “Listing Rules”) to vote at a general meeting of the Company so that the Annual Limit refreshed shall not exceed 3% of the issued share capital of the Company as at the date of the general meeting approving such refreshment. The maximum aggregate number of the shares which may be awarded to a selected grantee under the 2019 Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The objectives of the 2019 Share Award Scheme are: (i) to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group’s existing and other new potential business including integrated resort development; and (ii) to attract suitable personnel with relevant experience in the Group’s existing and other new potential business including integrated resort development.

On 22 January 2020, the Board resolved to award an aggregate of 95,000,000 awarded shares to the same 10 persons under the 2019 Share Award Scheme, of which, (i) 85,000,000 awarded shares were awarded to 9 independent grantees by way of issue and allotment of new shares pursuant to the specific mandate; and (ii) 10,000,000 connected awarded shares were proposed to Ms. Wong by way of issue and allotment of new shares pursuant to the specific mandate.

The movements of share awards under the 2019 Share Award Scheme during the period are as follows:

Grant Date	Grantees	Number of Award Shares			As at 30/6/2021	Vesting Date
		As at 1/1/2021	Granted	Unvested/ Forfeited		
22/1/2020	Wong Wan Men	10,000,000	–	–	10,000,000	To be vested on 22/1/2024
	Non-connected persons	85,000,000	–	–	85,000,000	To be vested on 22/1/2024
	Total	95,000,000	–	–	95,000,000	



OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

The register of the interests and short positions maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of relevant interests and short positions in the issued shares of the Company as at 30 June 2021:

Long position in shares of the Company

Name of substantial shareholder	Capacity	Number of Issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Peak Trust Company – NV	Beneficial owner	1,151,976,600	18.84%
VMS Investment Group Limited	Beneficial owner (<i>Note</i>)	575,003,000	9.41%

Note: Ms. Mak Siu Hang, Viola holds 100% of the equity interest in VMS Investment Group Limited (“VMS”). Therefore, Ms. Mak Siu Hang, Viola is deemed to be interested in the Shares of the Company which are owned by VMS.

Save as disclosed above, as at 30 June 2021, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CHANGES IN DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the Company’s Annual Report 2020 and up to the date of this report are set out as below:

1. Mr. Sam Hing Cheong has been appointed as executive director of Blue River Holdings Limited with effect from 1 April 2021.
2. Hon. Chan Hak Kan was awarded Silver Bauhinia Star on 1 July 2021.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

mazars

MAZARS CPA LIMITED**中審眾環(香港)會計師事務所有限公司**42nd Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道 18 號中環廣場 42 樓

Tel 電話: (852) 2909 5555

Fax 傳真: (852) 2810 0032

Email 電郵: info@mazars.hk

Website 網址: www.mazars.hk

Introduction

We have reviewed the interim financial information set out on pages 28 to 56, which comprises the condensed consolidated statement of financial position of Oshidori International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 30 August 2021



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended	
		30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)
Revenue			
Advisory, commission income and other fee income		4,988	631
Net (loss) gain on sales of financial assets at fair value through profit or loss ("FVPL")		(3,589)	338
Net loss on sales of debt investments measured at fair value through other comprehensive income ("Mandatory FVOCI")		–	(739)
Interest income		141,141	58,373
Dividend income		9,626	9,787
Total revenue	3	152,166	68,390
Other income	4	19,966	4,173
Other net gains	5	19,421	3,102
Net unrealised fair value (loss) gain on financial assets at FVPL	3	(141,808)	203,405
Gain on bargain purchase	12	1,157,009	–
Impairment loss in respect of loan receivables, net	13(d)	(23,339)	(60,211)
Depreciation and amortisation expenses		(16,399)	(21,203)
Employee benefits expenses	6	(14,780)	(41,826)
Other expenses	6	(112,111)	(103,838)
Share of results of associates	12	(155,353)	(2,232)
Finance costs	6	(9,057)	(10,580)
Profit before taxation	6	875,715	39,180
Income tax credit (expense)	7	23,825	(42,905)
Profit (Loss) for the period		899,540	(3,725)
Other comprehensive income (loss):			
<i>Item that will not be reclassified to profit or loss</i>			
Fair value change on equity investments measured at fair value through other comprehensive income ("Designated FVOCI")		111,401	250,557



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

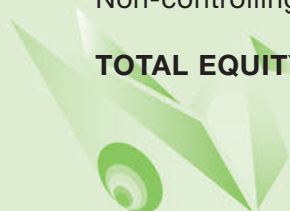
	Note	Six months ended	
		30 June 2021 <i>HK\$'000</i> (Unaudited)	30 June 2020 <i>HK\$'000</i> (Unaudited)
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Fair value change on Mandatory FVOCI		–	(180)
Fair value change on Mandatory FVOCI reclassified to profit or loss upon disposal		–	740
Exchange differences arising on translation to presentation currency		215	(3,753)
		215	(3,193)
Total other comprehensive income for the period		111,616	247,364
Total comprehensive income for the period		1,011,156	243,639
Profit (Loss) for the period attributable to:			
Owners of the Company		899,540	(3,738)
Non-controlling interests		–	13
		899,540	(3,725)
Total comprehensive income for the period attributable to:			
Owners of the Company		1,011,156	242,992
Non-controlling interests		–	647
		1,011,156	243,639
		<i>HK cents</i>	<i>HK cents</i>
Earnings (Losses) per share	9		
Basic		14.71	(0.06)
Diluted		14.71	(0.06)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current assets			
Property and equipment	10	173,475	184,499
Right-of-use assets		5,241	9,900
Financial assets at fair value through other comprehensive income ("FVOCI")	11	3,384,060	3,271,186
Financial assets at FVPL	15	294,121	270,827
Interests in associates	12	1,157,581	–
Intangible assets		8,616	8,866
Other deposits		470	442
Loan receivables	13	12,766	55,926
		5,036,330	3,801,646
Current assets			
Trade, loan and other receivables	13	2,398,011	1,802,685
Income tax recoverable		2,604	1,953
Promissory note receivable	14	–	192,146
Financial assets at FVPL	15	3,952,648	4,413,163
Bank balances – trust and segregated accounts		20,796	7,655
Cash and cash equivalents		637,452	683,299
		7,011,511	7,100,901
Current liabilities			
Trade and other payables	16	460,597	305,481
Lease liabilities		3,969	7,997
Income tax payable		16,240	6,065
Loan payable	17	240,771	235,068
		721,577	554,611
Net current assets		6,289,934	6,546,290
Total assets less current liabilities		11,326,264	10,347,936
Non-current liabilities			
Deferred taxation		374,706	408,705
Lease liabilities		772	2,062
		375,478	410,767
NET ASSETS		10,950,786	9,937,169
Capital and reserves			
Share capital	18	305,680	305,680
Reserves		10,645,106	9,629,684
Equity attributable to owners of the Company		10,950,786	9,935,364
Non-controlling interests		–	1,805
TOTAL EQUITY		10,950,786	9,937,169



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

Note	Attributable to equity holders of the Company							Non-controlling interests					
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Contribution surplus HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Share option reserve HK\$'000	Share award reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Share of other equity components HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Total HK\$'000	Total HK\$'000
At 1 January 2021 (Audited)	305,680	196,198	(74,719)	5,682,380	318,506	107,225	20,187	3,379,907	9,935,364	6,245	(4,440)	1,805	9,937,169
Profit for the period	-	-	-	-	-	-	-	899,540	899,540	-	-	-	899,540
Other comprehensive income (loss)													
<i>Items that will not be reclassified to profit or loss</i>													
Fair value change on Designated FVOCI	-	-	-	-	111,401	-	-	-	111,401	-	-	-	111,401
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	-	-	-	-	(16,194)	-	-	16,194	-	-	-	-	-
	-	-	-	-	95,207	-	-	16,194	111,401	-	-	-	111,401
<i>Item that is reclassified or may be reclassified subsequently to profit or loss</i>													
Exchange differences arising on translation to presentation currency	-	-	215	-	-	-	-	-	215	-	-	-	215
Total other comprehensive income for the period	-	-	215	-	95,207	-	-	16,194	111,616	-	-	-	111,616
Total comprehensive income for the period	-	-	215	-	95,207	-	-	915,734	1,011,156	-	-	-	1,011,156
Transactions with owners:													
<i>Contribution and distribution</i>													
Recognition of equity-settled share-based payments	-	-	-	-	-	-	10,094	-	10,094	-	-	-	10,094
Change in non-controlling interest arising from increase in the Group's shareholding in a subsidiary	-	-	-	-	-	-	-	(5,828)	(5,828)	(6,245)	4,440	(1,805)	(7,633)
Total transactions with owners	-	-	-	-	-	-	10,094	(5,828)	4,266	(6,245)	4,440	(1,805)	2,461
At 30 June 2021 (Unaudited)	305,680	196,198	(74,504)	5,682,380	413,713	107,225	30,281	4,289,813	10,950,786	-	-	-	10,950,786



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

Note	Attributable to equity holders of the Company									Non-controlling interests				
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Contribution surplus HK\$'000	Investment revaluation reserve (recycling) HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Share option reserve HK\$'000	Shares award reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Share of other equity components HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Total HK\$'000	Total HK\$'000
At 1 January 2020 (Audited)	290,588	-	(87,753)	5,682,380	(560)	(658,141)	24,720	-	918,884	6,170,118	5,748	(1,377)	4,371	6,174,489
(Loss) Profit for the period	-	-	-	-	-	-	-	-	(3,738)	(3,738)	13	-	13	(3,725)
Other comprehensive income (loss)														
Items that will not be reclassified to profit or loss														
Fair value change on Designated FVOCI	-	-	-	-	-	249,923	-	-	-	249,923	-	634	634	250,557
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	-	-	-	-	-	(32,865)	-	-	32,865	-	594	(594)	-	-
	-	-	-	-	-	217,058	-	-	32,865	249,923	594	40	634	250,557
Items that are reclassified or may be reclassified subsequently to profit or loss														
Fair value change on Mandatory FVOCI	-	-	-	-	(180)	-	-	-	-	(180)	-	-	-	(180)
Fair value change on Mandatory FVOCI reclassified to profit or loss upon disposal	-	-	-	-	740	-	-	-	-	740	-	-	-	740
Exchange differences arising on translation to presentation currency	-	-	(3,753)	-	-	-	-	-	-	(3,753)	-	-	-	(3,753)
	-	-	(3,753)	-	560	-	-	-	-	(3,193)	-	-	-	(3,193)
Total other comprehensive income for the period	-	-	(3,753)	-	560	217,058	-	-	32,865	246,730	594	40	634	247,364
Total comprehensive income for the period	-	-	(3,753)	-	560	217,058	-	-	29,127	242,992	607	40	647	243,639
Transactions with owners:														
Contribution and distribution														
Issue of new shares upon share swap	15,092	196,198	-	-	-	-	-	-	-	211,290	-	-	-	211,290
Recognition of equity-settled share-based payments	-	-	-	-	-	-	82,505	10,094	-	92,599	-	-	-	92,599
Total transactions with owners	15,092	196,198	-	-	-	-	82,505	10,094	-	303,889	-	-	-	303,889
At 30 June 2020 (Unaudited)	305,680	196,198	(91,506)	5,682,380	-	(441,083)	107,225	10,094	948,011	6,716,999	6,355	(1,337)	5,018	6,722,017



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended	
		30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES		(249,802)	(56,213)
INVESTING ACTIVITIES			
Dividend received		9,626	9,787
Interest received		9,223	4,710
Purchase of property and equipment	10	(466)	(15)
Proceeds from disposal of property and equipment		–	42,557
Purchase of Designated FVOCI		(131,555)	(1,364)
Proceeds from disposal of Designated FVOCI		130,340	219,910
Purchases of financial assets at FVPL		–	(250,905)
Proceeds from disposal of Mandatory FVOCI		–	18,419
Proceeds from disposal of an associate		–	8,433
Settlement of promissory note receivable	14	200,000	–
Net cash flows arising from disposal of a subsidiary		–	423
NET CASH FROM INVESTING ACTIVITIES		217,168	51,955
FINANCING ACTIVITIES			
Drawdown of loan payables		–	155,600
Repayment of loan payables		–	(150,000)
Repayment of lease liabilities		(5,464)	(6,064)
Cash outflows from acquisition of non-controlling interest		(7,633)	–
NET CASH USED IN FINANCING ACTIVITIES		(13,097)	(464)
Net decrease in cash and cash equivalents		(45,731)	(4,722)
Cash and cash equivalents at beginning of the reporting period		683,299	695,894
Effect on exchange rate changes on cash and cash equivalents		(116)	(3,110)
Cash and cash equivalents at end of the reporting period, represented by cash and bank balances		637,452	688,062



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. CORPORATE INFORMATION

The Company is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the interim report.

The principal activities of the Company and its subsidiaries (together the “Group”) are investment holdings, tactical and/or strategic investments, and the provisions of (i) securities brokerage services, (ii) margin financing services, (iii) placing and underwriting services, (iv) corporate finance advisory services, (v) investment advisory and asset management services, and (vi) credit and lending services.

Certain group entities are licensed under the Hong Kong Securities and Futures Ordinance with the following regulated activities:

- Type 1: Dealing in securities
- Type 2: Dealing in futures contracts
- Type 4: Advising on securities
- Type 6: Advising on corporate finance
- Type 9: Asset management

A group entity applied for the licence to conduct Type 8 (securities margin financing) regulated activity and the application is still in progress during the period.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated financial statements of the Group for the six months ended 30 June 2021 (the “Interim Financial Statements”) are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements should be read in conjunction with the 2020 annual financial statements. The accounting policies adopted in preparing the Interim Financial Statements are consistent with those in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of the new/revised standards of Hong Kong Financial Reporting Standards (“HKFRSs”) which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2021 as described below.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs

Amendments to HKAS 39,
HKFRSs 4, 7, 9 and 16

Interest Rate Benchmark Reform – Phase 2

The adoption of these new and revised HKFRSs in the current period has no material impact on the Group's results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

The Group's reportable and operating segments are as follows:

- (a) provision of securities brokerage, margin financing, placing and underwriting, investment advisory, asset management and corporate financial advisory services ("financial services");
- (b) investment in financial instruments ("tactical and/or strategical investments"); and
- (c) provision of credit and money lending services ("credit and lending services").



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the six months ended 30 June 2021 (Unaudited)

	Financial services HK\$'000	Tactical and/or strategical investments HK\$'000	Credit and lending services HK\$'000	Consolidated HK\$'000
Revenue				
Advisory, commission income and other fee income	4,988	–	–	4,988
Net loss on sales of financial assets at FVPL	–	(3,589)	–	(3,589)
Interest income	48,735	7,644	84,762	141,141
Dividend income	–	9,626	–	9,626
Total revenue	53,723	13,681	84,762	152,166
Net unrealised fair value loss on financial assets at FVPL	–	(141,808)	–	(141,808)
Segment revenue	<u>53,723</u>	<u>(128,127)</u>	<u>84,762</u>	<u>10,358</u>
Segment profit	<u>53,111</u>	<u>790,313</u>	<u>47,480</u>	<u>890,904</u>
Unallocated other income				1,560
Unallocated exchange gain				2,162
Unallocated other net gains				16,781
Unallocated finance costs				(146)
Central corporate expenses				<u>(35,546)</u>
Profit before taxation				<u>875,715</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2020 (Unaudited)

	Financial services HK\$'000	Tactical and/ or strategical investments HK\$'000	Credit and lending services HK\$'000	Consolidated HK\$'000
Revenue				
Advisory, commission income and other fee income	631	–	–	631
Net gain on sales of financial assets at FVPL	–	338	–	338
Net loss on sales of Mandatory FVOCI	–	(739)	–	(739)
Interest income	13,255	4,553	40,565	58,373
Dividend income	–	9,787	–	9,787
Total revenue	13,886	13,939	40,565	68,390
Net unrealised fair value gain on financial assets at FVPL	–	203,405	–	203,405
Segment revenue	13,886	217,344	40,565	271,795
Segment profit (loss)	3,917	184,244	(37,551)	150,610
Unallocated other income				2,436
Unallocated exchange gain				1,168
Unallocated other net gains				2,824
Unallocated share of results of associates				(2,232)
Unallocated finance costs				(2,654)
Central corporate expenses				(112,972)
Profit before taxation				39,180

Segment revenue includes revenue from financial services, tactical and/or strategical investments and credit and lending services. In addition, the chief operating decision makers also consider net unrealised fair value (loss) gain on financial assets at FVPL as segment revenue.

Segment result represents the profit earned or loss incurred by each segment without allocation of certain other income, certain other net gains, certain share of results of associates, certain finance costs and the central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 30 June 2021 (Unaudited)

	Financial services HK\$'000	Tactical and/ or strategical investments HK\$'000	Credit and lending services HK\$'000	Consolidated HK\$'000
Segment assets	957,060	8,828,152	1,610,131	11,395,343
Unallocated property and equipment				168,792
Unallocated intangible assets				4,708
Unallocated right-of-use assets				5,241
Unallocated other receivables				15,524
Income tax recoverable				2,604
Unallocated cash and cash equivalents				455,629
Consolidated assets				12,047,841
Segment liabilities	24,444	666,146	39	690,629
Unallocated other payables				10,739
Unallocated lease liabilities				4,741
Income tax payable				16,240
Deferred taxation				374,706
Consolidated liabilities				1,097,055



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2020 (Audited)

	Financial services HK\$'000	Tactical and/ or strategical investments HK\$'000	Credit and lending services HK\$'000	Consolidated HK\$'000
Segment assets	652,943	8,183,716	1,577,484	10,414,143
Unallocated property and equipment				178,690
Unallocated intangible assets				4,958
Unallocated right-of-use assets				9,900
Unallocated other receivables				16,027
Income tax recoverable				1,953
Unallocated cash and cash equivalents				276,876
Consolidated assets				10,902,547
Segment liabilities	13,122	511,348	101	524,571
Unallocated other payables				15,978
Unallocated lease liabilities				10,059
Income tax payable				6,065
Deferred taxation				408,705
Consolidated liabilities				965,378

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

- all assets are allocated to operating and reportable segments other than certain property and equipment, certain right-of-use assets, certain other receivables, income tax recoverable and certain cash and cash equivalents.
- all liabilities are allocated to operating and reportable segments other than certain other payables, certain lease liabilities, income tax payable and deferred taxation.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

4. OTHER INCOME

	Note	Six months ended	
		30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)
Interest income on:			
– bank deposits		1,578	1,834
– promissory note receivable	14	7,854	–
– others		1	2
		9,433	1,836
Handling fee income		4,567	25
Scrip fee income		2,262	181
Others		3,704	2,131
		19,966	4,173

5. OTHER NET GAINS

	Note	Six months ended	
		30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)
Amortisation of deferred day-one gain		–	4,810
Bad debt written off		–	(5,700)
Gain on disposal of a subsidiary		–	1
Gain on disposal of an associate		–	8,433
Loss on disposal of property and equipment		–	(5,610)
Net exchange gain		2,640	1,168
Recovery on doubtful consideration receivables	(a)	16,781	–
		19,421	3,102

Note:

(a) During the year ended 31 December 2011, the Group disposed of its 100% equity interest in a subsidiary to CNOOC Gas & Power Group (the “CNOOC Gas”). The total consideration of disposal of RMB1,037,642,000 (equivalent to approximately HK\$1,247,166,000) was payable in 4 instalments. Up to the year ended 31 December 2013, the total outstanding instalments of approximately RMB275,571,000 (equivalent to approximately HK\$348,317,000), net of estimated other taxes payable arising from disposal of the subsidiary, was fully written down by the Group. In 2014, the Group started to take legal action against CNOOC Gas to recover the outstanding instalments.

In December 2017 and April 2019, the Group received a civil judgement in favour of the Group. The Group has received approximately RMB199,031,000 (equivalent to approximately HK\$231,429,000), which represents partial outstanding balance of instalments after deducting other tax expenses, together with related tax subsidies. Up to 31 December 2020, the unsettled tax subsidies is approximately RMB8,041,000.

In February 2021, the Group received the final civil judgement in favour of the Group, pursuant to which the Group was judged to receive approximately RMB12,580,000 (equivalent to approximately HK\$15,103,000), which is the outstanding balance of tax subsidies and relevant interest on consideration receivables of approximately RMB13,978,000 (equivalent to approximately HK\$16,781,000) net of withholding tax of approximately RMB1,398,000 (equivalent to approximately HK\$1,678,000). The amount was settled in May 2021 and the legal case is closed by then.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

6. PROFIT BEFORE TAXATION

This is stated after charging:

	Note	Six months ended	
		30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)
Finance costs			
Interest on loan payables		5,703	2,492
Interest on margin financing		3,208	7,833
Imputed interest on lease liabilities		146	255
		9,057	10,580
Employee benefits expenses (including directors' emoluments)			
Salaries and other benefits		13,454	12,410
Retirement benefit scheme contributions		263	307
Share-based payment expenses		1,063	29,109
		14,780	41,826
Other expenses			
Business development expenses		84,607	22,854
Business registration fees, statutory fees and listing fees		900	891
Financial information charges		998	878
Handling and settlement expenses		1,890	276
Insurance		782	581
Investment transaction cost		1,873	97
Lease payments for short-term leases		200	1,338
Legal and professional fees		2,898	2,890
Marketing expenses		3,181	6,509
Other operating expenses		4,073	4,034
Other tax expenses	5	1,678	–
Share-based payment expenses to service providers		9,031	63,490
		112,111	103,838



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

7. INCOME TAX CREDIT (EXPENSE)

The profits tax rate for the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will continue to be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 June 2021 and 2020, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	Six months ended	
	30 June 2021 <i>HK\$'000</i> (Unaudited)	30 June 2020 <i>HK\$'000</i> (Unaudited)
Current tax		
Hong Kong Profits Tax	10,174	3,340
Deferred taxation		
Origination and reversal of temporary difference	(33,999)	39,565
Income tax (credit) expense	<u>(23,825)</u>	<u>42,905</u>

8. DIVIDENDS

The directors of the Company (the "Directors") do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2021 or a final dividend in respect of the year ended 31 December 2020 (six months ended 30 June 2020: Nil).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

9. EARNINGS (LOSSES) PER SHARE

The calculation of the basic and diluted earnings (losses) per share is based on profit (loss) attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period as follows:

Earnings (Losses)

	Six months ended	
	30 June 2021	30 June 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit (Loss) for the period attributable to equity shareholders of the Company, for the purpose of basic and diluted earnings (losses) per share	899,540	(3,738)

Number of shares

	Note	Six months ended	
		30 June 2021	30 June 2020
		(Unaudited)	(Unaudited)
Weighted average number of ordinary shares, for the purpose of basic and diluted earnings (losses) per share	(a)	6,113,609,139	5,902,830,646

Note:

- (a) Diluted earnings (losses) per share for the periods ended 30 June 2021 and 2020 were not based on the assumption that the share options and unvested share awards have been exercised since their assumed exercise during the periods would have an anti-dilutive effect on the basic earnings (losses) per share amount presented.

10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2021, the Group had acquired property and equipment of approximately HK\$466,000 (six months ended 30 June 2020: acquired and disposed property and equipment of approximately HK\$15,000 and HK\$48,167,000 respectively).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

11. FINANCIAL ASSETS AT FVOCI

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Designated FVOCI			
Equity securities – listed			
Listed in Hong Kong		3,145,875	3,114,571
Listed in the United States		111,180	22,861
		3,257,055	3,137,432
Equity securities – unlisted	(a)	127,005	133,754
		3,384,060	3,271,186

Note:

- (a) As at 30 June 2021, the amount represented the investments in unlisted equity securities issued by private entities. As at 30 June 2021, the Group's unlisted investments mainly included approximately 2.36% (31 December 2020: 2.36%) of the issued shares of Co-Lead Holdings Limited ("Co-Lead") in the amount of HK\$71,446,000 (31 December 2020: HK\$73,570,000) and approximately 18.75% (31 December 2020: 18.75%) of the issued shares of 青驢投資管理有限公司 ("青驢投資") in the amount of HK\$16,774,000 (31 December 2020: HK\$21,371,000), which are companies incorporated in the British Virgin Islands ("BVI") and the People's Republic of China ("PRC") respectively. Co-Lead and its subsidiaries principally engage in securities trading and investment holding business in Hong Kong and 青驢投資 principally engages in securities trading and other direct investments in the PRC.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

12. INTERESTS IN ASSOCIATES

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Listed shares			
Shares of net assets	(b)	1,157,581	–
Unlisted shares			
Shares of net assets	(a)	–	–
		1,157,581	–

Notes:

- (a) As at 31 December 2020, interests in associates represented the Group's interests in 25% of the issued ordinary share capital of Eternal Billion Holding Group Limited.
- (b) On 12 March 2021, the Group entered into a settlement agreement with an independent third party borrower, to settle the borrower's outstanding balances due to the Group. The borrower agreed to settle the outstanding loan payable and margin payable by cash and 315,000,000 shares of Blue River Holdings Limited ("Blue River"), a listed company on the Stock Exchange, which is held under the borrower's margin account in a subsidiary of the Group. The settlement was completed in March 2021. Upon completion of the settlement, the Group owned 28.53% equity interests in Blue River and Blue River becomes an associate of the Group. In the opinion of the chief operating decision makers, the assets and relevant share of results of interest in Blue River is allocated to tactical and/or strategic investments segment.

The Directors engaged a professional valuer to provide assistance in determining the fair values of the identifiable net tangible assets and intangible assets (if any) of Blue River in accordance with HKFRS 13. The fair value of the identifiable assets and liabilities of 28.53% equity interests in Blue River as at the date of completion amounted to approximately HK\$1,312,934,000, which resulted in a gain on bargain purchase of approximately HK\$1,157,009,000 and was recognised in the profit or loss for the six months ended 30 June 2021. A detailed calculation is set out below:

	<i>HK\$'000</i>
Fair value of the identifiable assets and liabilities at the date of completion	4,601,172
Group's ownership interests	28.53%
Group's share of net assets	1,312,934
Less: investment cost of Blue River	(155,925)
Gain on bargain purchase	<u>1,157,009</u>

During the period ended 30 June 2021, the share of result of a loss from Blue River amounted to approximately HK\$155,353,000.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. TRADE, LOAN AND OTHER RECEIVABLES

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables			
Trade receivables arising from the business of securities brokerage			
– cash clients		94	93
– margin clients	(b)	676,134	552,121
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	(c)	79,821	9,526
	(a)	756,049	561,740
Trade receivable arising from the provision of corporate finance advisory services			
		310	320
		756,359	562,060
Loan receivables			
Loan and interest receivables			
– from independent third parties		1,614,899	1,297,944
– from an associate		40,250	–
		1,655,149	1,297,944
Less: Loss allowance			
		(66,762)	(43,423)
	(d)	1,588,387	1,254,521
Less: Non-current portion			
		(12,766)	(55,926)
Current portion			
		1,575,621	1,198,595
Other receivables			
Deposits with securities brokers	(e)	46,100	9,555
Consideration receivable from disposal of unlisted Designated FVOCI		–	9,442
Other receivables, deposits and prepayments		19,931	23,033
		66,031	42,030
	(f)	2,398,011	1,802,685



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. TRADE, LOAN AND OTHER RECEIVABLES (Continued)

Notes:

- (a) No aging analysis by invoice date is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of securities brokerage business. The Group offsets certain trade receivables against trade payables when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.
- (b) Trade receivables from margin clients are repayable on demand and bear interests ranging from 8% to 30% (31 December 2020: 8% to 30%) per annum at the end of the reporting period. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$1,466,122,000 (31 December 2020: approximately HK\$1,758,248,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. During the six months ended 30 June 2021 and 2020, no margin loans were granted to the Directors or directors of subsidiaries.
- (c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.
- (d) At the end of the reporting period, the Group's net loan receivables included both fixed and variable rate loan advances to independent third parties of approximately HK\$476,654,000 (31 December 2020: approximately HK\$788,779,000) which were secured by the pledge of certain collaterals and personal guarantees, bearing interests ranging from 5% to 15% (31 December 2020: 3% to 24%) per annum and had contractual loan period between 4 months and 5 years (31 December 2020: between 6 months and 30 years) under the Group's credit and lending services. The remaining unsecured balance included both fixed and variable rate loan advances to independent third parties of approximately HK\$1,071,483,000 which were bearing interests ranging from 5% to 15% per annum and that to an associate of approximately HK\$40,250,000 with interest rate at 12% per annum (31 December 2020: unsecured fixed and variable rate loan advances to independent third parties of approximately HK\$465,742,000 bearing interests ranging from 5% to 36% per annum). The contractual loan period for majority of the unsecured loan receivables from third parties was between 6 months and 5 years (31 December 2020: between 6 months and 5 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their background, and financial position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. During the six months ended 30 June 2021, the Group recognised a net impairment loss in respect of loan receivables of approximately HK\$23,339,000 (six months ended 30 June 2020: HK\$60,211,000).

Aging analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Not yet past due	1,469,380	1,254,521
Less than 1 month past due	–	–
1 to 3 months past due	66,969*	–
4 to 6 months past due	52,038	–
	<hr/>	<hr/>
At the end of the reporting period	1,588,387	1,254,521

* Subsequent to the end of the reporting period, the amount was settled.

As at 30 June 2021, the Group has concentration of credit risk on loans to independent third parties as the exposure to the largest customer and the five largest customers represents 17% and 61% respectively (31 December 2020: 18% and 73% respectively) of the total loans granted by the Group within the credit and lending services segment. Management of the Group monitors the exposure from time to time to assess their recoverability.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13. TRADE, LOAN AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (e) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.
- (f) The amount is expected to be recovered within one year, except for the deposits of approximately HK\$14,292,000 (31 December 2020: approximately HK\$17,963,000).

14. PROMISSORY NOTE RECEIVABLE

During the six months ended 30 June 2021, the zero-coupon promissory note at principal amount of HK\$200,000,000 had matured and been settled, and the Group recognised imputed interest income of approximately HK\$7,854,000 in other income (six months ended 30 June 2020: Nil).

15. FINANCIAL ASSETS AT FVPL

	30 June 2021	31 December 2020
Note	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Mandatorily measured at FVPL:		
– Listed shares in Hong Kong	3,806,418	4,330,031
– Listed shares in the United States	9,264	3,235
– Unlisted investment funds (a)	412,099	350,724
– Unlisted callable fixed coupon notes	18,988	–
	4,246,769	4,683,990
Analysed as:		
Non-current	294,121	270,827
Current	3,952,648	4,413,163
	4,246,769	4,683,990

Note:

- (a) The unlisted investment funds are mainly subscribed from independent financial institutions. The portfolios of these funds mainly comprise securities listed in Hong Kong and overseas and unlisted debt and equity securities in Asia-Pacific region. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment, except for the unlisted investment funds of approximately HK\$294,121,000 (31 December 2020: HK\$270,827,000) which was held for a long-term investment purpose.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

16. TRADE AND OTHER PAYABLES

		30 June 2021	31 December 2020
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Trade payables			
Trade payables arising from the business of securities brokerage	(a)		
– cash clients		889	510
– margin clients		19,349	8,172
Secured margin loans from securities brokers	(b)	425,173	273,285
		445,411	281,967
Other payables			
Other payables and accrued charges		15,186	23,514
		460,597	305,481

Notes:

- (a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the Directors, no aging analysis is disclosed as the aging analysis does not give additional value.
- (b) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at a range from 1.52% to 12% per annum (31 December 2020: 1.56% to 12% per annum). The total market value of debt and equity securities pledged as collateral in respect of the loans was approximately HK\$4,850,262,000 (31 December 2020: HK\$4,789,885,000) as at 30 June 2021.

17. LOAN PAYABLE

The loan from an independent third party as at 30 June 2021 is unsecured, interest bearing of 5% (31 December 2020: 5%) per annum and repayable within 1 year (31 December 2020: within 1 year) from drawdown date.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

18. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.05 each (31 December 2020: HK\$0.05 each)		
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	20,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2020	5,811,766,282	290,588
Issue of shares on:		
– share swap in April 2020	187,500,000	9,375
– share swap in May 2020	114,342,857	5,717
At 31 December 2020, 1 January 2021 and 30 June 2021	6,113,609,139	305,680



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

19. SHARE OPTION AND SHARE AWARD SCHEMES

2012 Share Option Scheme

On 17 May 2012, the Company adopted a share option scheme (the “2012 Scheme”) which has a life of ten years from 17 May 2012. Under the 2012 Scheme, the Board of Directors may, at its discretion, offer the eligible persons (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme, which shall not in aggregate exceed 10% of the total number of shares in issue at the date of approval of the refreshment of the scheme limit (i.e. 5 June 2020). The total number of shares issued and to be issued upon exercise of the options granted to each eligible person in any 12-month period shall not exceed 1% of the total number of shares in issue.

During the six months ended 30 June 2021, no share options were granted and no equity-settled share-based payment expenses recognised under the 2012 Scheme (six months ended 30 June 2020: 180,000,000 share options were granted and approximately HK\$82,505,000 with reference to the fair value of the share options determined at the date of grant using the Binomial model, as the equity-settled share-based payment expenses, with the corresponding amounts being credited to share option reserve).

The following tables disclose details of the Company’s share options held by eligible persons (including Directors) and movement in such holdings during the six months ended 30 June 2021:

	Number of the share options			
	Outstanding at 1 January 2021	Granted during the period	Outstanding at 30 June 2021	Exercisable at 30 June 2021
2012 Scheme				
Directors	80,000,000	–	80,000,000	80,000,000
Employees	72,000,000	–	72,000,000	72,000,000
Other participants	100,000,000	–	100,000,000	100,000,000
	252,000,000	–	252,000,000	252,000,000
Weighted average exercise price	HK\$0.85	–	HK\$0.85	HK\$0.85



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

19. SHARE OPTION AND SHARE AWARD SCHEMES (Continued)

2019 Share Award Scheme

On 19 December 2019, the Company adopted a share award scheme (the “2019 Scheme”) which has a life of ten years from 19 December 2019. Under the 2019 Scheme, the Board of Directors may, at its discretion, issue awarded shares to the eligible persons (including any executive director) of the Company or its subsidiaries subject to the terms and conditions stipulated therein.

On 22 January 2020, the Company granted 95,000,000 awarded shares to 10 eligible persons under the 2019 Scheme by way of issue and allotment of new shares pursuant to the specific mandate. All the awarded shares shall be vested on the fourth anniversary of the date of grant (i.e. 22 January 2024), subject to the grantees remaining as eligible persons on 22 January 2024 and all of the other conditions being satisfied.

The fair value of the shares granted amounting to HK\$80,750,000, which is determined based on the share price of the Company at the date of grant of HK\$0.85 per share, shall be recognised as share-based payment expenses over 4 years from the date of grant on a straight line basis.

During the six months ended 30 June 2021, no new awarded shares were granted and the Group recognised approximately HK\$10,094,000 (six months ended 30 June 2020: approximately HK\$10,094,000) as the equity-settled share-based payment expenses, with the corresponding amounts being credited to shares held for share award reserve.

Movements of the awarded shares granted under the 2019 Scheme are as follows:

	Number of awarded shares		
	At 1 January 2021	Granted during the period	Unvested at 30 June 2021
2019 Scheme			
Director of the Company	10,000,000	–	10,000,000
Other participants	85,000,000	–	85,000,000
	95,000,000	–	95,000,000



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

20. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

20. FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2021 (Unaudited)	31 December 2020 (Audited)		
1) Investments in listed equity securities classified as financial assets at FVPL	Listed equity securities in: - Hong Kong HK\$3,806,418,000 - United States HK\$9,264,000	Listed equity securities in: - Hong Kong HK\$4,330,031,000 - United States HK\$3,235,000	Level 1	Quoted bid prices in an active market
2) Investments in unlisted investment funds classified as financial assets at FVPL	HK\$412,099,000	HK\$350,724,000	Level 2	Derived from quoted prices from external fund manager based on net asset value of the funds
3) Investments in unlisted callable fixed coupon notes classified as financial assets at FVPL	HK\$18,988,000	-	Level 2	Quoted price from broker
4) Investments in listed equity securities classified as Designated FVOCI	Listed equity securities in: - Hong Kong HK\$3,145,875,000 - United States HK\$111,180,000	Listed equity securities in: - Hong Kong HK\$3,114,571,000 - United States HK\$22,861,000	Level 1	Quoted bid prices in an active market
5) Investments in unlisted equity securities classified as Designated FVOCI	HK\$88,220,000	HK\$94,941,000	Level 3	Derived from unobservable inputs for the asset or liability by the management (31 December 2020: an independent professional qualified valuer)
6) Investment in unlisted investment fund classified as Designated FVOCI	HK\$38,785,000	HK\$38,813,000	Level 2	Estimated by external fund manager by reference to recent comparable transactions

There were neither transfers between Level 1 and Level 2 fair value measurement nor transfers into and out of Level 3 fair value measurement during both periods.

Note:

The fair value of the unlisted equity securities without an active market classified in Level 3 was determined by the management. The fair value of the unlisted equity securities is estimated by a number of significant unobservable inputs including the expected assets-based multiples (e.g. enterprise value to assets), expected net assets-based multiples and adjustment for a lack of marketability associated with the investment.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

20. FAIR VALUE MEASUREMENTS (Continued)

(b) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

Valuation process

The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group will establish the appropriate valuation techniques and inputs to the model. Management reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

21. RELATED PARTY TRANSACTIONS

During the period, the Group had following transactions with related parties:

Related party relationship	Nature of transaction	Note	Six months ended	
			30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)
A related company which has common directorship	Interest income from loan receivables	(a)	-	5,956
An associate which has common directorship	Interest income from loan receivables		1,460	-

Note:

(a) The common director of the Company has resigned from the related company on 8 July 2020.

The key management personnel are the Directors. During the six months ended 30 June 2021, the emolument of key management personnel were HK\$7,033,000 (six months ended 30 June 2020: HK\$32,680,000).

Except for those disclosed elsewhere in these Interim Financial Statements, the Group does not have any significant related party balances as at the end of the reporting periods.

