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中國山東高速金融集團有限公司
CHINA SHANDONG HI-SPEED FINANCIAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 412)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (“Board”) of directors (the “Directors”) of China Shandong Hi-Speed Financial Group Limited (the “Company”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 (the “Reporting Period”) together with the comparative figures.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
REVENUE	4	540,396	621,480
COST OF SERVICES		(198,537)	(337,152)
Gross profit		341,859	284,328
Other income		13,542	25,835
Other gains and losses, net	5	152,607	147,716
Impairment losses on financial assets recognised, net of reversal	6	(99,646)	(252,572)
Fair value gains on financial assets at fair value through profit or loss, net	8	151,982	24,868
Administrative expenses		(225,097)	(196,282)
Finance costs	7	(128,185)	(1,130)
Share of results of associates		55,138	45,284

		For the six months ended 30 June	
		2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
PROFIT BEFORE TAX	<i>8</i>	262,200	78,047
Income tax expense	<i>9</i>	(3,707)	(18,938)
PROFIT FOR THE PERIOD		<u>258,493</u>	<u>59,109</u>
Profit/(loss) for the period attributable to:			
Owners of the Company		115,388	(65,646)
Holders of perpetual capital instrument		158,147	105,931
Non-controlling interests		(15,042)	18,824
		<u>258,493</u>	<u>59,109</u>
EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	<i>10</i>	<u>HK\$0.48 cents</u>	<u>HK\$(0.27) cents</u>
Diluted	<i>10</i>	<u>HK\$0.48 cents</u>	<u>HK\$(0.27) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	258,493	59,109
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes on equity instruments classified as financial assets at fair value through other comprehensive income	(8,008)	(335,853)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value changes on debt instruments classified as financial assets at fair value through other comprehensive income	(61,312)	(63,893)
Release of FVTOCI reserve upon disposal of debt instruments classified as financial assets at fair value through other comprehensive income	16,668	738
Exchange difference arising on translation of foreign operations	39,111	(43,907)
TOTAL OTHER COMPREHENSIVE LOSS FOR THE PERIOD	(13,541)	(442,915)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	244,952	(383,806)
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	97,535	(507,408)
Holder of perpetual capital instrument	158,147	105,931
Non-controlling interests	(10,730)	17,671
	244,952	(383,806)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2021

		30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		62,951	12,677
Right-of-use assets		33,614	39,699
Intangible assets		1,132,856	1,273,595
Interests in associates	<i>12</i>	2,171,520	2,128,901
Financial assets at fair value through other comprehensive income	<i>13</i>	1,742,350	2,281,229
Financial assets at fair value through profit or loss	<i>14</i>	54,199	55,922
Finance lease receivables	<i>15</i>	377,831	547,554
Loans receivables	<i>16</i>	300,388	132,373
		<hr/>	<hr/>
Total non-current assets		5,875,709	6,471,950
CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	<i>13</i>	3,456,636	2,603,310
Financial assets at fair value through profit or loss	<i>14</i>	6,697,157	5,858,263
Finance lease receivables	<i>15</i>	778,178	759,072
Loans receivables	<i>16</i>	2,811,600	3,203,909
Trade and other receivables	<i>17</i>	960,910	933,805
Restricted cash		69,919	88,358
Cash held on behalf of clients		14,107	1,779
Cash and cash equivalents		2,013,213	5,045,748
		<hr/>	<hr/>
Total current assets		16,801,720	18,494,244
CURRENT LIABILITIES			
Other payables and accruals		171,622	302,023
Lease liabilities		13,179	13,270
Borrowings	<i>18</i>	3,847,478	7,442,624
Tax payables		404	677
		<hr/>	<hr/>
Total current liabilities		4,032,683	7,758,594

		30 June	31 December
		2021	2020
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
NET CURRENT ASSETS		<u>12,769,037</u>	<u>10,735,650</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,644,746</u>	<u>17,207,600</u>
NON-CURRENT LIABILITIES			
Borrowings	<i>18</i>	8,814,649	7,386,690
Lease liabilities		24,784	30,502
Other payables and accruals		22,249	21,910
Deferred tax liabilities		<u>111,750</u>	<u>111,750</u>
Total non-current liabilities		<u>8,973,432</u>	<u>7,550,852</u>
Net assets		<u><u>9,671,314</u></u>	<u><u>9,656,748</u></u>
CAPITAL AND RESERVES			
Issued capital		6,022	6,022
Reserves		<u>2,485,290</u>	<u>2,387,755</u>
Equity attributable to owners of the Company		2,491,312	2,393,777
Perpetual capital instrument		7,081,570	7,073,413
Non-controlling interests		<u>98,432</u>	<u>189,558</u>
Total equity		<u><u>9,671,314</u></u>	<u><u>9,656,748</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. CORPORATE INFORMATION

China Shandong Hi-Speed Financial Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and the principal place of business in Hong Kong of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 17/F., Agricultural Bank of China Tower, 50 Connaught Road Central, Hong Kong, respectively.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed consolidated financial statements for the six months ended 30 June 2021 (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Interim Financial Statements are presented in Hong Kong Dollar (“HK\$”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousands (HK\$’000) except when otherwise indicated.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

Except as described below, the Group’s accounting policies applied in preparing these Interim Financial Statements are consistent with those policies applied in preparing the annual financial statements for the year ended 31 December 2020.

(b) Application of New and Revised HKFRSs

The Group has adopted the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Interim Financial Statements.

Amendments to HKFRS 16	Covid-19 related rent concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of the amendments to HKFRSs has had no significant financial effect on these Interim Financial Statements and there have been no significant changes to the accounting policies applied in these Interim Financial Statements.

The Group has not early adopted any standards, interpretations or amendments that has been issued but not yet effective.

(c) Judgements and estimates

In preparing these Interim Financial Statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

3. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the Group’s chief operating decision maker (“CODM”). For the year ended 31 December 2020, the Group had four reportable operating segments. Details refer to Group’s annual financial statement for the year ended 31 December 2020.

During the six months ended 30 June 2021, CODM revisited the reporting operating segments and considered the presentation of new reportable segments better reflects the Group’s allocation of resources and assessment of performance. Investments in securities segment has been divided into standard investment segment and nonstandard investment segment. Money lending segment have renamed to license business segment. The business related to the asset trading platform previously reported in financial technology segment and the business related to the securities brokerage services previously reported in investments in securities segment have been transferred to license business segment. Comparative figures are re-presented to conform with changes in presentation in the current period.

Details are as follows:

- (i) Standard investment segment engages primarily in investments in listed securities and listed bonds primarily for interest income, dividend income and capital appreciation;
- (ii) Nonstandard investment segment engages in direct investment business including investments in debt instruments, unlisted bonds, notes, unlisted equity investments and investment funds;
- (iii) License business segment engages primarily in provision of money lending services, securities brokerage services, asset management services, advisory services and asset trading platform;
- (iv) Financial leasing segment engages primarily in the direct financial leasing and advisory services; and
- (v) Financial technology segment engages primarily in online investment and technology-enabled lending services and online new media services.

In addition to the above reportable segments, other segments that do not meet the quantitative thresholds for the reporting segments in both current period and prior year were grouped in “Unallocated”.

CODM monitors the results of the Group’s operating segments separately as described above, for the purpose of making decisions about resource allocation and assessment of the Group’s performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that unallocated income, unallocated finance costs, unallocated expenses and share of results of associates are excluded from such measurement.

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

- all assets are allocated to reportable segments except corporate assets; and
- all liabilities are allocated to reportable segments except corporate liabilities, deferred tax liabilities, certain borrowings and certain other payables and accruals.

	Standard investment		Nonstandard investment		License business		Financial leasing		Financial technology		Unallocated		Condensed	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30 June		30 June		30 June		30 June		30 June		30 June		30 June	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Segment revenue:														
Revenue from external customers	158,344	186,571	225,622	159,069	43,640	151,149	94,119	61,228	18,671	63,463	-	-	540,396	621,480
Segment results	188,171	101,875	91,559	161,033	(6,413)	57,902	(115,654)	(188,818)	(4,804)	(3,122)	-	-	152,859	128,870
Reconciliations:														
Unallocated income													171,137	180,797
Unallocated finance costs													(349)	(516)
Unallocated expenses*													(116,585)	(276,388)
Share of results of associates													55,138	45,284
Profit before tax													262,200	78,047
Other segment information:														
Finance costs	(51,608)	-	(74,954)	-	(22)	-	(1,168)	(575)	(84)	(39)	(349)	(516)	(128,185)	(1,130)
Amortisation	-	-	-	-	(146)	(91)	(82)	(75)	(1,299)	(3,559)	(145)	(144)	(1,672)	(3,869)
Depreciation														
- property, plant and equipment	-	-	-	-	(170)	(114)	(1,050)	(399)	(276)	(328)	(1,323)	(898)	(2,819)	(1,739)
- right-of-use assets	-	-	-	-	(567)	-	(2,586)	(1,880)	-	(631)	(4,564)	(4,082)	(7,717)	(6,593)
Fair value gain/(loss) on financial assets at fair value through profit or loss	116,660	(1,311)	34,987	(10,551)	-	-	335	36,730	-	-	-	-	151,982	24,868
Loss on disposal of debt instruments at fair value through other comprehensive income	(16,668)	(738)	-	-	-	-	-	-	-	-	-	-	(16,668)	(738)
Impairment losses recognised in respect of														
- goodwill	-	-	-	-	(21,478)	-	-	-	-	(8,974)	-	-	(21,478)	(8,974)
- finance lease receivables	-	-	-	-	-	-	13,879	(214,254)	-	-	-	-	13,879	(214,254)
- loans receivables	-	-	(2,265)	13,188	835	751	(112,548)	(5,413)	-	1,142	-	-	(113,978)	9,668
- trade and other receivables	(177)	(50,874)	(408)	(120)	1,112	(25)	(74)	1,484	-	1,549	-	-	453	(47,986)
Capital expenditure**	-	-	-	-	1,848	-	53,916	17	52	20,581	103	435	55,919	21,033

Note:

* Unallocated expenses mainly included employee benefit expenses of approximately HK\$68,897,000 (six months ended 30 June 2020: HK\$38,080,000), lease payment of approximately HK\$1,188,000 (six months ended 30 June 2020: HK\$6,683,000), exchange loss of approximately HK\$1,418,000 (six months ended 30 June 2020: HK\$8,634,000), legal and professional fee of approximately HK\$4,958,000 (six months ended 30 June 2020: HK\$7,651,000), depreciation of approximately HK\$5,887,000 (six months ended 30 June 2020: HK\$4,980,000) and guarantee fee paid of approximately HK\$nil (six months ended 30 June 2020: HK\$87,048,000).

** Capital expenditure consists of additions to property, plant and equipment and intangible assets and those assets acquired from acquisition of subsidiaries.

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Restated)
Segment assets:		
Standard investment	6,886,969	9,894,558
Nonstandard investment	8,658,344	7,732,627
License business	1,274,628	957,466
Financial leasing	3,523,564	3,545,054
Financial technology	–	577,000
	20,343,505	22,706,705
Unallocated assets	2,333,924	2,259,489
	22,677,429	24,966,194
Segment liabilities:		
Standard investment	4,187,000	5,304,710
Nonstandard investment	6,241,275	7,121,943
License business	153,623	194,919
Financial leasing	2,363,518	2,325,837
Financial technology	–	287,112
	12,945,416	15,234,521
Unallocated liabilities	60,699	74,925
	13,006,115	15,309,446

Geographical information

The Group's operations are mainly located in Hong Kong, the PRC and Singapore. The geographical information about the Group's revenue based on the locations of the operations is set out below:

	Revenue from external customers	
	For the six months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	411,491	368,421
The PRC	121,634	253,059
Singapore	7,271	–
	<u>540,396</u>	<u>621,480</u>

No customer of the Group has contributed over 10% of the total revenue of the Group for the current period and prior period.

Over 90% of the Group's non-current assets were located in the PRC, no geographical segment is presented in accordance with HKFRS 8 Operating Segments.

4. REVENUE

Disaggregation of revenue from contracts with customers

	For the six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Types of services		
Consultancy services income	67,645	106,175
Handling fee income	25,068	138,792
Income from asset management and performance	30	2,968
Online new media services income	6,301	10,793
Income from brokerage business	23,587	–
	<u>122,631</u>	<u>258,728</u>
Timing of revenue recognition		
Recognised at a point in time	50,223	204,876
Recognised over time	72,408	53,852
	<u>122,631</u>	<u>258,728</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts:

	For the six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	122,631	258,728
Financial leasing income	34,769	40,558
Interest income from money lending operations	21,831	37,235
Interest income from debt investments	111,953	78,962
Dividend income from financial assets at fair value through profit or loss	54,811	36,623
Interest income from financial assets at fair value through profit or loss	85,267	45,071
Interest income from financial assets at fair value through other comprehensive income	109,134	124,303
	<u>540,396</u>	<u>621,480</u>

Transaction price allocated to the remaining performance obligation for contracts with customers.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts as all contract works have an original expected duration of one year or less.

5. OTHER GAINS AND LOSSES, NET

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Impairment losses recognised in respect of		
– Goodwill	(21,478)	(8,974)
Compensation income	–	173,959
Foreign exchange gain/(loss), net	2,950	(23,717)
Gain on disposal of subsidiaries	171,135	–
Gain on remeasurement of pre-existing interest in an associate	–	6,148
Gain on disposal of associates	–	300
	<u>152,607</u>	<u>147,716</u>

6. IMPAIRMENT LOSSES ON FINANCIAL ASSETS RECOGNISED, NET OF REVERSAL

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Impairment losses on financial assets recognised, net of reversal, in respect of:		
– Finance lease receivables	13,879	(214,254)
– Loans receivables	(113,978)	9,668
– Trade and other receivables	453	(47,986)
	<u>(99,646)</u>	<u>(252,572)</u>

7. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank borrowings wholly repayable within five years	38,656	55,426
Interest on other borrowings	9,796	–
Interest on bonds	209,200	121,393
Interest on lease liabilities	966	1,130
	<u>258,618</u>	<u>177,949</u>
<i>Less: Finance costs included in cost of services</i>	<u>(130,433)</u>	<u>(176,819)</u>
	<u>128,185</u>	<u>1,130</u>

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefit expenses:		
Directors' remuneration:		
– Fees	700	1,498
– Salaries, allowances and benefits in kind	13,811	7,489
– Retirement benefit scheme contributions (defined contribution scheme) *	45	44
	<u>14,556</u>	<u>9,031</u>
Sub-total		
Other staff's costs:		
– Salaries, allowances and benefits in kind	98,886	77,638
– Retirement benefit scheme contributions (defined contribution scheme) *	5,235	5,838
	<u>104,121</u>	<u>83,476</u>
Sub-total		
Total employee benefit expenses	<u>118,677</u>	<u>92,507</u>
Realised gains from financial assets at fair value through profit or loss, net (note 14(ii))	(269,396)	(16,057)
Unrealised losses/(gains) from financial assets at fair value through profit or loss, net (note 14(iii))	117,414	(8,811)
	<u>(151,982)</u>	<u>(24,868)</u>
Fair value gains on financial assets at fair value through profit or loss, net		
Realised losses on debt instruments at fair value through other comprehensive income **	16,668	738
Amortisation of intangible assets	1,672	3,869
Depreciation of property, plant and equipment	2,819	1,739
Depreciation of right-of-use assets	7,717	6,593
Expenses relating to short term leases	2,797	12,284
	<u>16,668</u>	<u>738</u>

Notes:

* As at 30 June 2021, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (six months ended 30 June 2020: nil).

** Those items are included in “administrative expenses” in the condensed consolidated income statement.

9. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax		
– PRC Enterprise Income Tax	<u>3,707</u>	<u>18,938</u>
Total income tax expense recognised in the condensed consolidated income statement	<u><u>3,707</u></u>	<u><u>18,938</u></u>

No provision for current Hong Kong Profits Tax and Singapore Corporate Income Tax had been made for the six months ended 30 June 2021 and 2020 as the Group did not generate any assessable profits arising in Hong Kong and Singapore during the period.

PRC Enterprise Income Tax was calculated at 25% of the estimated assessable profit for the six months ended 30 June 2021 and 2020.

10. EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings/(losses) per share

The calculation of the basic earnings/(losses) per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic earnings/(losses) per share	<u><u>115,388</u></u>	<u><u>(65,646)</u></u>
Number of share ('000)		
Weighted average number of ordinary shares for the purposes of basic earnings/(losses) per share	<u><u>24,089,384</u></u>	<u><u>24,452,450</u></u>
Basic earnings/(losses) per share (<i>in HK cents</i>)	<u><u>0.48</u></u>	<u><u>(0.27)</u></u>

(b) Diluted earnings/(losses) per share

The calculation of diluted earnings/(losses) per share is based on the profit for the period attributable to owners of the Company of approximately HK\$115,388,000 (2020: loss for the period attributable to owners of the Company of approximately HK\$65,646,000) and the weighted average number of ordinary shares in issue adjusted for the potential dilutive effect caused by the share options granted by the Company:

Weighted average number of ordinary shares (diluted):

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares ('000)	24,089,384	24,452,450
Effect of deemed issue of shares under the Company's share option scheme for nil consideration ('000)	169,400	–
Weighted average number of ordinary shares for the purposes of diluted earnings/(losses) per share ('000)	24,258,784	24,452,450
Diluted earnings/(losses) per share (<i>in HK cents</i>)	0.48	(0.27)

Diluted losses per share did not assume the exercise of share options since their assumed exercise had an anti-dilutive effect on losses per share for the six months ended 30 June 2020.

11. DIVIDEND

The Board does not declare the payment of any interim dividend in respect of the current period (six months ended 30 June 2020: nil).

12. INTERESTS IN ASSOCIATES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Cost of investments, unlisted	2,049,848	2,064,393
Share of post-acquisition gains and other comprehensive income	121,979	64,798
Exchange realignment	(307)	(290)
	<u>2,171,520</u>	<u>2,128,901</u>
Amount due to an associate	<u>–</u>	<u>1,658</u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Non-current assets		
Unlisted equity investment		
– In elsewhere (<i>note ii</i>)	257,397	262,961
Listed equity investments		
– In Hong Kong (<i>note ii</i>)	111,684	140,321
Listed bonds		
– In Hong Kong	152,551	194,619
– In the PRC	68,180	151,684
– In elsewhere	641,672	1,126,447
Unlisted bonds		
– In elsewhere	426,953	229,267
Investment fund		
– In elsewhere	83,913	175,930
	<u>1,742,350</u>	<u>2,281,229</u>
Sub-total	<u><u>1,742,350</u></u>	<u><u>2,281,229</u></u>
Current assets		
Notes		
– In elsewhere	776,278	237,476
Listed bonds		
– In Hong Kong	135,164	68,496
– In elsewhere	601,475	1,009,041
Unlisted bonds		
– In elsewhere	1,943,719	1,288,297
	<u>3,456,636</u>	<u>2,603,310</u>
Sub-total	<u><u>3,456,636</u></u>	<u><u>2,603,310</u></u>
Total	<u><u>5,198,986</u></u>	<u><u>4,884,539</u></u>

Notes:

- (i) As at 30 June 2021 and 31 December 2020, no individual investment in financial assets at fair value through other comprehensive income and its fair value is larger than 5% of the total assets of the Group.
- (ii) The Group designated certain equity instruments that are measured at fair value through other comprehensive income, as the Group intended to hold the equity instruments for a long term.

(iii) Details of financial assets at fair value through other comprehensive income

Nature of investments	Fair value		Net gain/(loss) for the period ended		Investment cost	
	as at 30 June 2021 HK\$'000 (Unaudited)	as at 31 December 2020 HK\$'000 (Audited)	30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)	as at 30 June 2021 HK\$'000 (Unaudited)	as at 31 December 2020 HK\$'000 (Audited)
Non-current assets						
Unlisted equity investment						
– in elsewhere	257,397	262,961	(5,564)	(18,034)	281,220	281,220
Listed equity investments						
– in Hong Kong	111,684	140,321	(28,637)	(227,604)	543,370	543,370
Listed bonds						
– in Hong Kong	152,551	194,619	3,435	(333)	146,484	188,266
– in the PRC	68,180	151,684	(2,965)	(90)	66,411	151,140
– in elsewhere	641,672	1,126,447	(14,563)	(61,610)	649,544	1,114,997
Unlisted bonds						
– in elsewhere	426,953	229,267	–	–	426,953	232,575
Investment fund						
– in elsewhere	83,913	175,930	26,193	(90,215)	44,974	150,524
	1,742,350	2,281,229	(22,101)	(397,886)	2,158,956	2,662,092
Current assets						
Notes						
– in elsewhere	776,278	237,476	(5,749)	4,118	776,278	230,960
Listed bonds						
– in Hong Kong	135,164	68,496	(464)	(130)	135,257	68,655
– in elsewhere	601,475	1,009,041	(38,193)	(5,110)	714,315	1,104,731
Unlisted bonds						
– in elsewhere	1,943,719	1,288,297	(2,813)	–	1,940,696	1,279,161
	3,456,636	2,603,310	(47,219)	(1,122)	3,566,546	2,683,507

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Non-current assets		
Listed equity investment		
– In Hong Kong	<u>54,199</u>	<u>50,422</u>
Club membership debenture		
– In Hong Kong	<u>–</u>	<u>5,500</u>
Total	<u>54,199</u>	<u>55,922</u>
Current assets		
Held-for-trading listed equity investments		
– In Hong Kong	2,967,656	2,132,356
– In the PRC	440,888	87,769
– In elsewhere	<u>87,254</u>	<u>68,765</u>
	<u>3,495,798</u>	<u>2,288,890</u>
Held-for-trading investment funds		
– In Hong Kong	565,815	633,688
– In the PRC	–	5,860
– In elsewhere (<i>note v</i>)	<u>–</u>	<u>–</u>
	<u>565,815</u>	<u>639,548</u>
Other investment funds		
– In elsewhere	<u>1,391,317</u>	<u>1,754,798</u>
Held-for-trading bonds		
– In elsewhere	<u>331,745</u>	<u>653,338</u>
Unlisted equity investments		
– In the PRC	<u>566,854</u>	<u>521,689</u>
Notes		
– In Hong Kong	155,256	–
– In elsewhere	<u>190,372</u>	<u>–</u>
	<u>345,628</u>	<u>–</u>
Total	<u><u>6,697,157</u></u>	<u><u>5,858,263</u></u>

Notes:

- (i) As at 30 June 2021 and 31 December 2020, no individual investment in financial assets at fair value through profit or loss and its fair value is larger than 5% of the total assets of the Group.

(ii) Details of financial assets at fair value through profit or loss

Nature of investments	Fair value		Net gain/(loss)		Investment cost	
	as at 30 June 2021 HK\$'000 (Unaudited)	as at 31 December 2020 HK\$'000 (Audited)	for the period ended 30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)	as at 30 June 2021 HK\$'000 (Unaudited)	as at 31 December 2020 HK\$'000 (Audited)
Non-current assets						
Listed equity investment						
– in Hong Kong	54,199	50,422	3,777	34,659	59,383	59,383
Club membership debenture						
– in Hong Kong	–	5,500	(3,360)	–	–	4,200
	54,199	55,922	417	34,659	59,383	63,583
Current assets						
Held-for-trading listed equity investments						
– in Hong Kong	2,967,656	2,132,356	130,913	(77,996)	2,970,814	2,040,631
– in the PRC	440,888	87,769	(26,279)	46,118	482,444	79,387
– in elsewhere	87,254	68,765	18,375	(13,761)	77,628	77,525
	3,495,798	2,288,890	123,009	(45,639)	3,530,886	2,197,543
Held-for-trading investment funds						
– in Hong Kong	565,815	633,688	(67,873)	3,673	620,730	620,730
– in the PRC	–	5,860	–	–	–	4,003
– in elsewhere	–	–	–	–	140,000	140,000
	565,815	639,548	(67,873)	3,673	760,730	764,733
Other investment funds						
– in elsewhere	1,391,317	1,754,798	67,222	(14,224)	1,276,093	1,692,257
Held-for-trading listed bonds						
– in elsewhere	331,745	653,338	(9,791)	46,399	318,366	615,068
Unlisted equity investments						
– in the PRC	566,854	521,689	38,998	–	525,351	462,776
Notes						
– in Hong Kong	155,256	–	–	–	155,256	–
– in elsewhere	190,372	–	–	–	190,372	–
	345,628	–	–	–	345,628	–
	6,697,157	5,858,263	151,565	(9,791)	6,757,054	5,732,377

(iii) Unrealised (losses)/gains from financial assets at fair value through profit or loss, net

	For the six months ended	
	30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Listed equity investment		
– In Hong Kong	3,777	2,464
Unlisted equity investments		
– In the PRC	38,998	–
Held-for-trading listed equity investments		
– In Hong Kong	(94,884)	(56,890)
– In the PRC	(42,077)	43,854
– In elsewhere	18,375	(10,153)
Held-for-trading investment funds		
– In Hong Kong	(67,873)	3,673
Held-for-trading listed bonds		
– In elsewhere	(26,316)	40,087
Other investment funds		
– In elsewhere	52,586	(14,224)
	<u>52,586</u>	<u>(14,224)</u>
	<u>(117,414)</u>	<u>8,811</u>

- (iv) Realised gains from financial assets at fair value through profit or loss, net

	For the six months ended	
	30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Listed equity investment		
– In Hong Kong	–	32,195
Club membership debenture		
– In Hong Kong	(3,360)	–
Held-for-trading listed equity investments		
– In Hong Kong	225,797	(21,106)
– In the PRC	15,798	2,264
– In elsewhere	–	(3,608)
Other investment funds		
– In elsewhere	14,636	–
Held-for-trading listed bonds		
– In elsewhere	16,525	6,312
	269,396	16,057

- (v) The held-for-trading investment funds in elsewhere represent the investment in Altair Asia Investment Limited.

The Group invested in Altair Asia Investment Limited (“Altair Asia”) with a guaranteed return of 15% internal rate of return per annum. Pursuant to the terms of the subscriptions of Altair Asia, the Group has issued a written notice to Altair Asia on 4 January 2018 requesting the redemption of the entire participating shares of cost of investment in value of HK\$200,000,000 and subsequently on 23 January 2018 agreed to waive its rights to request for early redemption of part of the participating shares of HK\$140,000,000 on the ground of certain cumulative conditions being met within the prescribed time.

Since the conditions of waiver were not fully satisfied and Altair Asia failed to redeem all the participating shares pursuant to the subscription terms, the Group commenced legal proceedings in the High Court of Hong Kong against Altair Asia’s two guarantors, including (1) a winding-up petition against China Silver Asset Management (Hong Kong) Limited (“CSAMHK”); and (2) a bankruptcy petition against Frank Dominick; and a winding-up petition against Altair Asia in the Grant Court of the Cayman Islands (the “Cayman Court”) for the recovery of the investment.

On 11 March 2020, the High Court of Hong Kong handed down its decision ordering, among others, that (1) CSAMHK be wound up; and (2) the bankruptcy petition against Frank Dominick be adjourned. On 19 March 2020, CSAMHK lodged its notice of appeal to appeal against the said decision. The date of the appeal hearing is yet to be fixed.

On 4 November 2020, the Group presented another creditor's winding up petition against Altair Asia in the Cayman Court.

On 7 December 2020, the Honourable Justice made a winding up order against Altair Asia and appointed joint and several liquidators ("Liquidators"). The Group has claims against Altair Asia in the approximate sum of United States Dollar ("US\$") 17,494,271.36 (equivalent to approximately HK\$135,624,000) plus interest and cost arising out of the redemption of shares in Altair Asia.

The extent of any recovery from the liquidation estate is uncertain and depends on the ability of the Liquidators to realise Altair Asia's assets and to investigate its affairs.

The Group has engaged an independent professional valuer to assist the Group to assess the fair value of the investment in Altair Asia. As at 30 June 2021 and 31 December 2020, based on the valuation performed, the directors of the Company considered that the carrying amount of the investment in Altair Asia was zero.

15. FINANCE LEASE RECEIVABLES

The present value of minimum finance lease receivables are set out below:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within one year	949,573	918,500
Later than one year and not later than second year	341,508	370,848
Later than second year and not later than fifth year	68,420	223,454
Gross amount of finance lease receivables	1,359,501	1,512,802
<i>Less:</i> unearned finance income	(203,492)	(206,176)
Present value of minimum finance lease receivables	<u>1,156,009</u>	<u>1,306,626</u>

The carrying amount of finance lease receivables are set out below:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within one year	778,178	759,072
Later than one year and not later than second year	314,071	334,212
Later than second year and not later than fifth year	<u>63,760</u>	<u>213,342</u>
Carrying amount of finance lease receivables	<u>1,156,009</u>	<u>1,306,626</u>
Analysed for reporting purpose as		
Non-current assets	377,831	547,554
Current assets	<u>778,178</u>	<u>759,072</u>
	<u>1,156,009</u>	<u>1,306,626</u>

An aging analysis of the finance lease receivables which had been past due based on the number of past due days is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 30 days	8,599	–
31 days to 90 days	115,365	8,284
91 days to 180 days	71,409	265,379
181 days to 1 year	184,097	541,047
1 year to 2 years	332,926	460,280
More than 2 years	<u>407,619</u>	<u>–</u>
	<u>1,120,015</u>	<u>1,274,990</u>

16. LOANS RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Loans receivables	3,310,597	3,553,263
Less: allowance for impairment loss	(198,609)	(216,981)
	<u>3,111,988</u>	<u>3,336,282</u>
Analysed for reporting purpose as:		
Non-current assets	300,388	132,373
Current assets	2,811,600	3,203,909
	<u>3,111,988</u>	<u>3,336,282</u>

An aging analysis of loans receivables (net of impairment), determined based on the time to maturity of the loans receivables, as at the end of the reporting period is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
To be due within		
Within 90 days	834,535	723,914
91 days to 180 days	1,589,161	640,190
181 days to 1 year	387,904	1,839,805
1 year to 2 years	300,388	132,373
	<u>3,111,988</u>	<u>3,336,282</u>

An aging analysis of loans receivables which had been past due based on the number of past due days is as follows:

	30 June	31 December
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 30 days	91,340	–
31 days to 90 days	166,077	–
91 days to 180 days	–	–
181 days to 1 year	2,000	192,854
1 year to 2 years	667,990	8,000
2 years to 5 years	2,823	–
	<u>930,230</u>	<u>200,854</u>

17. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	286,159	467,359
<i>Less: Allowance for credit losses</i>	<u>(2,575)</u>	<u>(9,266)</u>
	<u>283,584</u>	<u>458,093</u>
Prepayments	231,393	48,155
Deposits	4,636	29,966
Interest and dividend receivables	206,330	145,634
Other receivables	<u>234,967</u>	<u>251,957</u>
	<u>677,326</u>	<u>475,712</u>
	<u>960,910</u>	<u>933,805</u>

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	30 June	31 December
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Not yet past due	<u>283,300</u>	<u>438,926</u>

The following is an aging analysis of trade receivables, net of allowance for impairment losses, presented based on the invoice date (or date of revenue recognition, if earlier):

	30 June	31 December
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 90 days	283,300	438,926
181 days to 1 year	–	10,186
Over 1 year	<u>284</u>	<u>8,981</u>
	<u>283,584</u>	<u>458,093</u>

18. BORROWINGS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Bank borrowings		
– Repayable within one year	1,049,095	390,592
– Repayable after one year but within two years	2,401,759	2,046,995
– Repayable after two years but within five years	42,094	493,757
 Bonds		
– Repayable within one year	1,179,116	6,618,969
– Repayable after one year but within two years	5,503,172	3,940,427
– Repayable after five years	789,996	789,224
 Other borrowings		
– Repayable within one year	1,619,267	433,063
– Repayable after one year but within two years	77,628	116,287
	12,662,127	14,829,314
 Analysed for reporting purpose as:		
Non-current liabilities	8,814,649	7,386,690
Current liabilities	3,847,478	7,442,624
	12,662,127	14,829,314

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS SUMMARY

	For the six months ended 30 June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	540,396	621,480
Gross profit	341,859	284,328
Profit for the period	258,493	59,109
Profit/(loss) for the period attributable to owners of the Company	115,388	(65,646)
Basic earnings/(losses) per share	<u>HK0.48 cents</u>	<u>HK(0.27) cents</u>
	30 June	31 December
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	22,677,429	24,966,194
Net assets	9,671,314	9,656,748
Cash and cash equivalents	2,013,213	5,045,748
Total borrowings	<u>12,662,127</u>	<u>14,829,314</u>

During the Reporting Period, the Group recorded revenue of approximately HK\$540,396,000, as compared with approximately HK\$621,480,000 for the six months ended 30 June 2020 (the “Previous Period”), representing a decrease of approximately 13.05% year-over-year; gross profit of approximately HK\$341,859,000, as compared with approximately HK\$284,328,000 for the Previous Period, representing an increase of approximately 20.23% year-over-year; profit for the period amounted to approximately HK\$258,493,000 as compared with approximately HK\$59,109,000 for the Previous Period, representing a significant increase of approximately 337.32% year-over-year; profit attributable to owners of the Company turned around and recorded a profit of approximately HK\$115,388,000 as compared with a loss of approximately HK\$65,646,000 for the Previous Period. The significant improvement was mainly attributable to (i) a significant improvement in the fair value gain on financial assets at fair value through profit or loss of approximately HK\$127,114,000 and (ii) a significant decrease of approximately HK\$152,926,000 in impairment losses on financial assets recognised compared to the Previous Period; basic earnings per share attributable to owners of the Company was approximately HK0.48 cents as compared to basic losses per share of approximately HK0.27 cents for the Previous Period.

As at 30 June 2021, the Group recorded total assets of approximately HK\$22,677,429,000 (31 December 2020: HK\$24,966,194,000) and total liabilities of approximately HK\$13,006,115,000 (31 December 2020: HK\$15,309,446,000). Therefore, net assets of approximately HK\$9,671,314,000 (31 December 2020: HK\$9,656,748,000).

In view of the prudent financial and risk management measures taken by the Group, the Group believes that the Coronavirus Disease 2019 (“COVID-19”) pandemic has not had a material adverse effect on the Group’s financial position and operating results during the Reporting Period. The Group will closely monitor the development of the COVID-19 pandemic and will evaluate and actively respond to the financial position and business operations of the Group as need.

MARKET REVIEW

In the first half of the year, the global economy gradually began to recover. With the acceleration of vaccinations around the world and the successive lifting of lock-down measures by many countries, the recovery momentum of the world economy has seen a remarkable rise. Major international economic organizations have raised their forecasts for global gross domestic product (“GDP”) growth in 2021. The World Bank and the International Monetary Fund (“IMF”) recently projected global economic growth of 6.0%. At the same time, the recovery of global manufacturing and trade has accelerated. According to the United Nations Conference on Trade and Development (“UNCTAD”), global trade increased by 10% year-on-year in the first quarter and 4% quarter-on-quarter. The growth of trade volume is expected to reach 16% in 2021. The global investment is also expected to bottom out and rebound. According to the World Investment Report 2021 released by UNCTAD, global foreign direct investment growth is expected to reach 10% to 15% this year.

In response to the pandemic, western developed countries, such as Europe and the United States (“U.S.”), continued their loose monetary and fiscal stimulus policies. However, with the recovery and growth of the world economy, the market’s expectations for global inflation and the Fed’s monetary policy shifts increased, along with volatility and vulnerability of financial markets. Affected by factors such as loose monetary policies in various countries, such as the U.S., and rising demand around the world, prices for bulk commodities rose rapidly, while prices for major commodities basically returned to their pre-pandemic levels. Inflation rates in the U.S., the Eurozone and other countries are on the rise. The monetary policies of developed countries have not yet shifted. However, some emerging economies, such as Brazil and Mexico, have taken the lead in starting interest rate hike cycles to cope with the dual pressures of high inflation and capital outflows caused by the rapid rise in the prices of bulk commodities.

In the first half of the year, the Chinese government made solid progress in coordinating pandemic prevention and control and stabilized economic growth. With the acceleration of vaccination, macroeconomic policies maintained continuity and stability, domestic demand basically maintained recovery, the main macroeconomic indicators were in a reasonable range, and the overall economy continued to maintain a stable recovery. In the first half of the year, China's GDP grew by 12.7%, the consumer price index ("CPI") and producer price index ("PPI") rose 0.5% and 5.1% year-on-year, respectively, employment and price levels were generally stable, and the manufacturing industry maintained steady expansion. However, as global consumers shift their spending on experience and service categories, and under the influence of a higher base in the second half of last year, it is expected that China's manufacturing investment and trade data in the second half of the year will slow. Measures such as the upgrading of domestic commodity consumption and the issuance of special bonds for new infrastructure may not be able to completely hedge against the downward pressure on the economy. In the context of weakening economic growth and rising debt burdens, the credit risks of some real estate companies, local government financing platforms, and zombie companies are expected to begin to be exposed in the second half of the year. The monetary policy is likely to be stable but loose, and interest rates may decline slightly, creating conditions for cultivating new economic growth points and resolving existing debt.

In the stock market, the Hang Seng Index rose 5.9% in the first half of the year, while the A-share CSI 300 Index edged up 0.2%. Starting in the first quarter of 2021, the Chinese Government has stepped up regulation on the Internet finance sector, including tightening online microfinance and removing online deposit products. Meanwhile, regulators' rigorous anti-monopoly supervision on the Internet industries shadowed the market, resulting in a sharp decline in the performance of the technology and Internet sector from its highs earlier this year. With Internet companies' valuations falling to a more reasonable level, coupled with the gradual clarity of regulatory requirements, stock in some sectors is being bought and held for longer terms and quality companies with fast earnings growth are expected to rebound, supporting the market performance.

For the U.S. stock market, the S&P 500 rose 15.2% in the first half of the year, driven by value stocks and small-cap stocks. Under sector rotation, capital flowed back into growth stocks during the first half of the year. With strong corporate earnings growth, restored economic activities and fiscal stimulus, the U.S. stock market is still expected to hit new highs, but more volatility is anticipated given growing concerns about inflation and tightening monetary policy.

In the bond market, uncertainties were caused by individual credit events. Asian bond performance stalled in the last quarter over market fears of defaults due to liquidity problems of real estate developers and financial institutions in China. However, Asia's major central banks have indicated to maintain their current loose monetary policies and the risk of interest rate hikes is lower than in other regions. With abundant liquidity in the region and attractive spreads compared to the U.S. and Europe, as well as shorter durations compared to bonds in other emerging markets, Asian bonds maintained positive prospects. As investors' risk awareness will increase under high inflation, Asia is expected to attract more capital inflows, which will be beneficial to the development of the bond market.

BUSINESS REVIEW

Summary of the contribution of each business segment to the Group's profit before taxation:

	For the six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
a) Standard investment business	188,171	101,875
b) Nonstandard investment business	91,559	161,033
c) License business	(6,413)	57,902
d) Financial leasing	(115,654)	(118,818)
e) Financial technology	(4,804)	(3,122)
	<hr/>	<hr/>
Segment revenue	<u>152,859</u>	<u>128,870</u>

a) Standard investment business

The Group engages in standard investment business including equity and fixed income investment by self-owned funds. In the first half of the year, global commodity prices rose rapidly and the world economy recovered unevenly. The pandemic in the U.S. was gradually brought under control, but applications for extended unemployment benefits and the unemployment rate had not yet returned to pre-pandemic levels. Governments, therefore, ramped up fiscal stimulus, resulting in ample liquidity in the global market. China's economic development was improving while maintaining stability. In order to seize any medium or long-term investment opportunities, the Group appropriately increased its allocation of equity and fixed income assets according to its cash flow situation and market conditions. During the Reporting Period, the standard investment business recorded a profit before tax of approximately HK\$188,171,000, representing a significant increase of 84.71% from approximately HK\$101,875,000 for the Previous Period.

b) Nonstandard investment business

The nonstandard investment business of the Group is mainly engaged in the direct investment business, including investment in debt instruments, unlisted bonds, notes, unlisted equity investments and investment funds. In the first half of the year, leveraging on its resource advantages and extensive experience of the team, the Group grasped market opportunities to participate in more quality nonstandard investment projects and make pre-emptive moves in the market. Meanwhile, the Group assessed various risk factors diligently and strictly controlled the threshold criteria to prevent credit default risks. During the Reporting Period, the nonstandard investment business recorded revenue and profit before tax of approximately HK\$225,622,000 and HK\$91,559,000 respectively, as compared with approximately HK\$159,069,000 and HK\$161,033,000 for the Previous Period, respectively.

c) **License business**

The Group conducts license business in Mainland China and Hong Kong. It currently holds Licenses 1, 4, 5, 6 and 9 issued by the Securities and Futures Commission of Hong Kong and a Hong Kong money lender license, as well as domestic licenses for Qualified Foreign Limited Partner (QFLP) fund managers and financial asset trading platforms. The Group serves corporate and individual clients in Mainland China, Hong Kong and the world, providing them with integrated financial services related to cross-border investment and financing needs in Mainland China and Hong Kong, including:

- **Asset management business:** The Group provides high-net-worth clients with cross-border asset management and global asset allocation services through innovative policies such as QFII and RQFII. In addition, the Group has an investment management team with extensive experience, which can tailor investment portfolios to clients according to their different risk tolerance, investment needs and goals. The Group is committed to providing personalized and high-quality investment services, so that the clients' investment returns can achieve a perfect balance among risk control, asset value preservation and asset appreciation. The Group is striving to improve its own research capabilities and increase senior staff, and it is expected that the revenue of this segment will be positively affected;
- **Securities brokerage business:** CSFG International Securities Limited (“CSFG International Securities”), a wholly-owned subsidiary of the Company, has an outstanding team to provide customers with fast and accurate market information and considerate and professional service in respect of capital market, leveraging on their expertise and intensive market experience. In addition to the securities dealing and brokerage business in the Hong Kong securities market, CSFG International Securities also provides margin, underwriting of stocks and bonds, subscription of new shares, withdrawal and deposit of stocks and custodian services;
- **Money lending business:** The money lending business of the Group focus on personal loans and commercial loans with “short term, high interest rate, collateral and low risk”, aiming to utilize funds from its financial lending business in a more effective way;

- **Advisory services and asset trading platform:** The Group provides “asset trading and integrated services” for various financial institutions, non-financial institutions and investors, and strives to satisfy their demand by continual innovation of business models, product services, financial instruments as well as investment and financing approaches, with an aim to providing international and professional across-the-board services for various asset trading, registration, custody, trading, financing, and settlement of related products.

In order to follow and act on the development of national policies, the Group continued to adjust and optimize the business strategies of advisory services and asset trading platforms to further minimize operational risks, and conduct related license business by adhering to prudent and steady development strategies, which resulted in a decrease of revenue as compared with the Previous Period. During the Reporting Period, the license business recorded revenue of approximately HK\$43,640,000, representing a decrease of 71.13% from approximately HK\$151,149,000 for the Previous Period.

d) Financial leasing

Revenue from the Group’s finance lease services is mainly derived from lease expenses and advisory services expenses received by the Group for providing direct finance leases to customers. Benefitting from the continued recovery and high growth of the Chinese economy in the first half of the year, the demand for finance leasing services increased and the Group’s finance lease business generated revenue of approximately HK\$94,119,000, representing an increase of 53.72% as compared to the Previous Period, and a decrease in loss before tax of 38.75% to HK\$115,654,000 as compared to the Previous Period. The significant decrease in losses was mainly due to a significant reduction in the Group’s overall provision for impairment of finance lease receivables as a result of the gradual improvement in market conditions and the improved cash flow and timely repayment ability of certain lessees.

e) Financial technology

During the Reporting Period, the financial technology business recorded revenue of approximately HK\$18,671,000, as compared to revenue of approximately HK\$63,463,000 in the Previous Period. To further strengthen the Group's cash flow and liquidity position and to optimize and distribute existing resources for future development of other business segments, the Group disposed of all the shares in Coastal Silk Limited, an indirect wholly-owned subsidiary of the Company, and recorded gain on disposal of subsidiaries of approximately HK\$171,135,000 during the Reporting Period. Upon completion of the Disposal, the Group no longer holds the business of financial technology.

FUTURE PROSPECTS

Looking ahead to the second half of the year, the market is currently paying close attention to the direction of the Federal Reserve's monetary policy and whether it will officially taper bond purchases by the end of the year or early next year, causing some investors to take a wait-and-see attitude. If the foundation for the recovery of the global economy is not sound enough, the Federal Reserve's early tightening of monetary policy may lead to a sharp appreciation of the United States Dollar ("US\$") and higher interest rates on U.S. long-term bonds, triggering the withdrawal of funds from emerging markets, and posing a major risk to global investment markets. According to the minutes of the Federal Reserve's July meeting, the Federal Reserve's quantitative reduction policy was put on the agenda, while capital inflows to emerging markets slowed sharply in July. According to data from the International Finance Association (IIF), the total investment inflows into emerging market countries in July amounted to approximately US\$7.5 billion, down sharply from the previous month's US\$28.1 billion. Among them, emerging market equities outflowed US\$10.5 billion, which was the worst performance in ten months. In addition, the mutated strains of COVID-19 have once again triggered the spread of the global pandemic, causing the restoration of restrictions on economic activities in some regions, which has had a certain impact on the recovery of industrial and service industries, and brought more uncertainty to the global economic recovery.

In terms of the stock market, U.S. stocks are expected to continue to benefit from favourable factors such as the restart of the local economy, robust growth of corporate profits and the introduction of a large number of fiscal measures. In terms of A-shares and Hong Kong stocks, with the recent announcement by the Chinese government to reduce the bank deposit reserve ratio, long-term funds will be released to the market, which will benefit the investment climate in these two markets. The reduction of this deposit reserve ratio is aimed at guiding financial institutions to actively use the funds with reduced deposit reserve ratio while maintaining reasonable and abundant market liquidity, increase support for small and micro enterprises, and promote the reduction of comprehensive social financing costs through financial institutions. If the anti-monopoly investigation comes to an end in the second half of the year, it is expected that the market will once again focus on innovation and growth segments. In terms of bonds, the overall U.S. dollar investment grade bond market will stabilize once the U.S. monetary policy and inflation become clearer. In addition, the Renminbi (“RMB”) treasury bond market has been relatively stable compared with the Eurozone and U.S. treasury bonds in the past, and the interest rate spread between Chinese and U.S. treasury bonds is still at a high level. It is expected that the assets related to RMB treasury bonds, and their risk returns will remain relatively attractive.

Facing an intricate external environment, the Group will pay close attention to the potential impact of the pandemic on the market and its business and continue to adhere to the core development principle of “prudent compliance and steady development”, take risk prevention and control as the core value and the priority of its development, implement comprehensive risk management, adhere to the bottom line of compliance and promote the steady development of its work. The Group will actively respond to challenges, leverage its strengths, and optimize and consolidate internal and external resources to enhance coordination and synergy across all business lines and explore new opportunities for sustainable growth while strengthening the foundation of its advantageous businesses.

Moreover, the Group will continue to strengthen the market positioning of each subsidiary to consolidate their differentiated competitive advantages. At present, the business of the Group covers Mainland China, Hong Kong and Singapore, with diversified operating licenses and business forms. The Group makes full use of the market advantages of each region to deepen the overall synergy and the cross-border linkage pattern among its domestic and overseas subsidiaries, therefore providing clients with domestic and overseas integrated omni-directional comprehensive services. Also, the Group encourages its subsidiaries to fully utilize their endogenous power and strengthen their investment capabilities to maximize the overall benefits of the Group.

In addition, the Group will continue to deepen the internal synergy with the subsidiaries of Shandong Hi-Speed Group Limited (“Shandong Hi-Speed Group”), and fully tap the resources advantage of Shandong Hi-Speed Group to seek development on a higher platform and a broader market. As an overseas listed company, the Group will fully leverage its advantages of professional teams to properly carry out ancillary businesses such as asset securitization, internationalization, and overseas investment and financing. Meanwhile, based on the resource advantages given to the Group by Shandong Hi-Speed Group, the Group will deeply integrate its own advantages of the market-oriented mechanism to obtain complementary elements of operation and development, so as to achieve a win-win cooperation for both sides.

Development strategies of business segments:

- a) **Standard investment business**, although the recent market volatility has obviously intensified, the current economic fundamentals of Mainland China and Hong Kong have not changed significantly, and the medium-term positive trend of the market remains unchanged. The irrational decline in the market brings opportunities for the Group to invest in outstanding companies, and these companies will eventually win out in the long-term competition in the industry. Adhering to the long-term value investment philosophy, the Group is committed to identifying high-quality companies with long-term performance growth and companies with long-term advantages in all walks of life. In addition, in the current situation of increasing credit market polarization, the Group will conduct in-depth credit mining and investment in some oversold ultra-short-term investment targets, and industries that are improving with less market attention under the premise of risk control. For individual corporate bonds with relatively strong financing ability and good quality, the Group will make appropriate leverage operations to increase return, and seize the possible trading opportunities of some high-quality enterprises under the market fluctuation caused by special events. At the same time, according to the market environment sentiment, the Group will make a small amount of diversified investment in fully market-oriented transactions with the operation of “micro-precision + diversification + high turnover”.

- b) **Nonstandard investment business**, the Group will continue to strengthen risk management and control measures, strengthen post-investment management of projects, conduct regular scenario analysis and stress tests, comprehensively sort out existing customers, and strengthen cooperation with high-quality customers on the premise of ensuring controllable risks. The Group will continue to conduct in-depth research and follow-up on specific industries, and with the cooperation of various business segments, capture special investment opportunities in high-quality enterprises or markets. By expanding the search scope of investment projects, the Group will further expand the scale of equity and M&A projects to lay the foundation for future earnings. The Group will also continue to provide capital support to leading enterprises with fast-growing market scale, mature business model, high investment value and endorsement by well-known investors.
- c) **Equity fund business**, the Group will make full use of the advantages of the QFLP license to introduce overseas funds to promote foreign investment in industries encouraged by the state and promote industrial upgrading, while meeting diversified investment and financing needs of both domestic and overseas customers. By mobilizing resources in domestic and overseas markets, it will achieve efficient internal and external linkages and coordinated development. At the same time, by taking advantage of the uniqueness of the QFLP license, the domestic subsidiaries of the Group can cooperate with overseas subsidiaries to participate in domestic equity projects and assist overseas subsidiaries in due diligence and other works before investment. In addition, the Group will further promote the collaboration with Shandong Hi-Speed Group, dig into other high-quality resources within Shandong Hi-Speed Group and identify high-quality equity investment opportunities therein, and share resources with other investment platforms of Shandong Hi-Speed Group to jointly analyze investment projects.

- d) Asset management business,** the Group will strengthen its cooperation with market peers to jointly explore customer resources. On the other hand, the domestic subsidiaries of the Group will continue to expand their asset management business, give full play to their location advantages, brand advantages, QFLP license advantages, equity investment policy benefit advantages of the Shenzhen Special Economic Zone and regional advantages of Guangdong-Hong Kong-Macau Greater Bay Area, and actively carry out cross-border business and domestic asset management business. In addition, the Group will strengthen communication with potential investors to understand their different capital attributes and risk-return preferences, and proactively seek suitable high-quality projects and third-party funds in the market.
- e) Securities brokerage business,** while expanding its business of stock and bond underwriting, securities transaction and margin transaction, the Group plans to launch its new IPO margin financing business in line with market needs so as to attract more new customers and increase interest margin income. At the same time, the Group will continue to expand its counterparties in various ways, explore the introduction of algorithmic trading and improve the infrastructure construction of securities companies. The Group is also in the process of connecting and testing the Shanghai-Shenzhen-Hong Kong Stock Connect, which is expected to be launched in the third quarter.
- f) Financial leasing business,** the Group will further strengthen its financing leasing business and prudently develop factoring business. In addition, the Group will learn advanced technology by leveraging on the resources of Shandong Hi-Speed Group, the Group and excellent peers, to achieve resource sharing and consolidate, grow and optimize our leasing business. At the same time, the Group will give full play to the talents and potential of its team, seize the relief opportunities of economic and industrial restructuring, energy conversion, and investment and financing optimization opportunities of enterprises and projects in a deleveraging environment, as well as appropriately participate in special investment opportunities such as relief and restructuring of listed companies and revitalization of real estate projects.

The Group will continue to seek potential acquisition targets that will create synergy with the Group and enhance its profitability. As at the date of this announcement, the Group does not have any specific acquisition targets.

UPDATE ON LITIGATION PROCEEDINGS

(a) Recovery of loans receivables under the loans to Honesta

Shangao International Leasing provided certain loans of an aggregated principal amount of RMB300,000,000 to Honesta New Finance in 2018 (the “Loans to Honesta”), of which Honesta New Finance has defaulted in repayment of the outstanding principals and interest payables when they were respectively due. The outstanding loans receivable due from Honesta New Finance amounted to approximately RMB389,184,000 (equivalent to approximately HK\$468,062,000) at the end of the Reporting Period.

Before the Group’s disposal of the entire issued shares in Coastal Silk Limited on 7 April 2021 (the “Disposal”), Honesta New Finance was a subsidiary of the Company and the Loans to Honesta were therefore regarded as intercompany transactions within the Group. As the Loans to Honesta became loan receivables due from Honesta New Finance to the Group after the Disposal, on the same date as the completion of the Disposal, the Group:

- (i) entered into a receivable charge agreement (the “Receivable Charge Agreement”) with Honesta New Finance for the creation by Honesta New Finance of first ranking charges in favour of the Group over, among others, all Honesta New Finance’s rights, title and interests arising from certain of its loan receivables as security for Honesta New Finance’s repayment obligations under the Loans to Honesta; and
- (ii) entered into the Guarantee Agreement with a total of nine guarantors (the “Guarantors”), pursuant to which the Guarantors agreed to bear irrevocable joint and several liabilities (連帶責任保證) for the repayment obligations of Honesta New Finance under the Loans to Honesta.

In this regard, after the end the Reporting Period, Shangao International Leasing

- (i) filed an arbitration application with the Shenzhen Court of International Arbitration (深圳國際仲裁院) against Honesta New Finance on 22 July 2021 and initiated civil litigation proceedings in the Shenzhen Intermediate People’s Court (深圳市中級人民法院) against Honesta New Finance and all Guarantors on 23 July 2021 for the recovery of, among others, the outstanding principal, interests and liquidated damages receivable under the Loans to Honesta; and
- (ii) initiated civil litigation proceedings in the Shenzhen Intermediate People’s Court (深圳市中級人民法院) against Honesta New Finance on 23 July 2021 for the claim of its rights of priority compensation (優先受償權) to certain loan receivables of Honesta New Finance by virtue of the Receivable Charge Agreement.

Details of the above are set out in the Company’s announcements dated 7 April 2021 and 23 July 2021.

(b) Recovery of receivables under the Notes

The Group entered into a subscription agreement in June 2020 for the subscription of senior secured and guaranteed notes in the aggregate principal amount of US\$100,000,000 (equivalent to approximately HK\$780,000,000) (the “Notes”), which were classified as financial assets at FVTOCI. The due and punctual performance and observance by the issuer (the “Issuer”) of its obligations under the Notes are secured by corporate and individual guarantees (together the “Corporate and Individual Guarantees”) and other securities, including equity interest pledge (the “Equity Interest Pledge”), share charge and pledge over asset-backed securities. The Issuer was unable to redeem all of the Notes on the maturity date at the applicable redemption amounts pursuant to the terms of the Notes, which constituted an event of default under the Notes. The Group has taken relevant legal measures to claim the principal amount and interest outstanding on the Notes, including but not limited to:

- (i) filing a civil lawsuit in Hong Kong on 25 August 2021 against the Issuer; and
- (ii) filing civil lawsuit application(s) on 23 August 2021 against the respective guarantors under the Corporate and Individual Guarantees and the pledgor under the Equity Interest Pledge in Nanjing Intermediate People’s Court* (南京市中級人民法院).

In addition, the Group has engaged an independent professional valuer to assist the Group to assess the fair value of the Equity Interest Pledge. As at 30 June 2021, the fair value of the Notes after considering the fair value of the Equity Interest Pledge was approximately HK\$779,469,000.

Details of the above are set out in the Company’s announcements dated 12 June 2020 and 25 August 2021.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no material events affecting the Group that occurred after the end of the Reporting Period.

FUNDRAISING ACTIVITIES

On 24 May 2021, Coastal Emerald Limited, an indirect wholly-owned subsidiary of the Company, issued 3.95% guaranteed bonds, which are guaranteed by the Company, with the benefit of a keepwell deed and a deed of equity interest purchase undertaking provided by Shandong Hi-Speed Group due May 2024 in an aggregate principal amount of US\$200,000,000 to professional investors to raise funds for refinancing and general corporate purposes.

The Group did not conduct any equity financing activity during the Reporting Period.

DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the Reporting Period (30 June 2020: Nil).

FINANCIAL CONDITIONS

As at 30 June 2021, the Group has total assets and net assets of approximately HK\$ 22,677,429,000 and approximately HK\$ 9,671,314,000, respectively. As at 30 June 2021, the gearing ratio (total outstanding borrowings divided by total assets) of the Group was approximately 55.84 % (31 December 2020: 59.40%). The decrease in the gearing ratio was mainly due to the Group fully repaid part of its bonds during the Reporting Period.

FINANCIAL RESOURCES

In order to prevent the potential impacts of the COVID-19 pandemic, the Group proactively strengthened the management of external financing and banking facilities, effectively reduced capital costs and continuously improved debt structure. During the Reporting Period, the Group had sufficient liquidity and working capital to maintain normal business operations. As at 30 June 2021, the total amount of cash and cash equivalents held by the Group was approximately HK\$2,013,213,000 (31 December 2020: HK\$5,045,748,000), accounting for approximately 8.88% (31 December 2020: 20.21%) of total assets.

GEARING POSITION

As at 30 June 2021, the outstanding borrowings of the Group were comprised of bank borrowings, bonds and other borrowings which were approximately HK\$3,492,948,000 (31 December 2020: HK\$2,931,344,000), approximately HK\$7,472,284,000 (31 December 2020: HK\$11,348,620,000) and approximately HK\$1,696,895,000 (31 December 2020: HK\$549,350,000), respectively.

Details of the outstanding bank borrowings and other borrowings of the Group are disclosed in note 18 to the condensed consolidated financial statements. As at 30 June 2021, the outstanding bonds of the Group included a secured bond with a coupon rate of 3.80% per annum (the aggregate outstanding amount: approximately HK\$1,168,616,000), a secured bond with a coupon rate of 3.95% per annum (the outstanding amount: approximately HK\$ 3,944,398,000), a secured bond with a coupon rate of 3.95% per annum (the outstanding amount: approximately HK\$ 1,558,774,000), a secured bond with a coupon rate of 4.30% per annum (the outstanding amount: approximately HK\$789,996,000) and an unsecured bond for a term of one year with a coupon rate of 5% per annum (the outstanding amount: approximately HK\$10,500,000). The above-stated bonds and other borrowings were denominated in US\$ and HK\$, and the exchange rate of US\$ against HK\$ was relatively stable, thus the Company was not subject to risks in relation to exchange rate fluctuations.

CAPITAL STRUCTURE

As at 30 June 2021, the Company had a total of 24,089,384,437 issued shares with a par value of HK\$0.00025 each, and the total equity attributable to the owners of the Company was approximately HK\$ 2,491,312,000, representing an increase of approximately 4.07% as compared with HK\$2,393,777,000 as at 31 December 2020.

PLEDGE OF ASSETS

As at 30 June 2021, the Group's finance lease receivables with carrying amount of approximately HK\$ 199,377,000 (31 December 2020: approximately HK\$67,940,000), loans receivables with carrying amount of approximately HK\$1,630,063,000 (31 December 2020: nil), financial assets at fair value through other comprehensive income with carrying amount of approximately HK\$ 1,344,783,000 (31 December 2020: approximately HK\$152,109,000) and financial asset at fair value through profit or loss with carrying amount of approximately HK\$155,256,000 (31 December 2020: nil) have been pledged to secure for borrowings of the Group.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group did not have any significant contingent liabilities and capital commitment during the Reporting Period.

CURRENCY RISK MANAGEMENT

The Group's monetary assets, liabilities and transactions are mainly denominated in RMB, HK\$ and US\$. The Group is mainly exposed to foreign exchange risk with respect to RMB which may affect the Group's performance. The Group will pay attention to the possible exchange rate exposure due to the continuing fluctuation of RMB, closely monitor its impact on the performance of the Group and consider adopting appropriate hedging measures when necessary. In addition, the Group also pays attention to the impact of the U.S. interest rate fluctuations on its U.S. dollar-denominated assets from time to time, and takes appropriate response measures.

During the Reporting Period, the Group's foreign exchange exposure was manageable and therefore the Group has neither held any financial instruments for hedging purposes, nor any currency borrowings or other hedging instruments to hedge against its net foreign currency investments.

SIGNIFICANT INVESTMENTS

As at 30 June 2021, the Group did not have any individual investment with a fair value of 5% or more of the total assets of the Group. Save as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss disclosed in notes 13 and 14 to the condensed consolidated financial statements, the Group did not have any other significant investments during the Reporting Period.

Save as disclosed in the section headed "FUTURE PROSPECTS" on pages 40 to 44 in this announcement, the Group did not have any specific plans for significant investment or capital assets acquisition during the Reporting Period.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group conducted the following material acquisitions and disposals during the Reporting Period:

DISPOSAL OF THE ENTIRE INTERESTS OF COASTAL SILK LIMITED

Reference is made to the announcement of the Company dated 7 April 2021. On 7 April 2021, the Group entered into a share purchase agreement with an independent third party to sell the entire interests of Coastal Silk Limited at the total consideration of RMB3,000,000 in cash. Coastal Silk Limited was at that time the legal and beneficial owner of 60% issued shares of Kun Peng International Limited (鯤鵬國際有限公司) (“Kun Peng”), which was principally engaged in investment holding. Kun Peng through its subsidiary mainly had been providing private equity investment fund management services, internet lending information intermediary services and online advertising agency business in Mainland China. The relevant transaction was completed on 7 April 2021 and a gain on disposal of subsidiaries of HK\$171,135,000 was recognized in the condensed consolidated income statement for the Reporting Period. Upon completion of the transaction, Coastal Silk Limited ceased to be a subsidiary of the Company and the Group ceased to have any interest in Coastal Silk Limited or its subsidiaries.

Save as disclosed above, the Group did not have any other material acquisitions or disposals of subsidiaries or associates during the Reporting Period.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group’s headquarters and subsidiaries had 174 employees, including the Directors and consultants, of which 79, 86 and 9 were based in Mainland China, Hong Kong and Singapore, respectively. Staff costs of the Group for the Reporting Period, including Directors’ remuneration, were approximately HK\$118,677,000 (six months ended 30 June 2020: HK\$92,507,000).

The Group acknowledges the importance of high-quality human resources to maintain its leading position in the market. The Group's salary and benefits are both maintained at a competitive level, and within the general framework of the Group's salary, bonus and reward system, the individual performance of employees is evaluated and rewarded every year. The Group emphasizes the importance of employee development and continues to provide relevant training programs. Meanwhile, it also encourages employees to actively participate in community and charity activities.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws or regulations by the Group that had a material adverse impact on the business and operations of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Group believes that thorough communication with stakeholders is important to address various issues on environmental, social and corporate governance. We therefore strive to improve communication channels, maintain contacts with stakeholders such as employees, customers, investors, suppliers, regulators and community groups through various channels, which allow the Group to keep up closely and timely serve the needs of relevant stakeholders so as to continuously improve the management of the Group. For the purpose of ensuring transparency of corporate information, the Group continues to keep abreast of information released by the Stock Exchange of Hong Kong and the Securities and Futures Commission and other regulatory bodies, and discloses operational data, material transactions and insider information of the Group through corporate announcements, financial reports and press releases, as well as daily communications to keep the public informed of the Group's operations.

The Group believes that the people-oriented talent management model is crucial to the long-term development of the Group. The Group attaches great importance to team building and talent introduction, and has always adhered to the principles of "openness, equality, competition and selection" to hire excellent staff. The Group's employee management focuses on recruiting and developing talent. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group's corporate strategy.

The Group also understands that maintaining a good long-term relationship with business partners is one of its primary objectives. Accordingly, the Group has used its best endeavours to maintain good communications, promptly exchange ideas and share business updates with its business partners when appropriate.

During the Reporting Period, there was no material or significant dispute between the Group and its business partners.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Share Option Scheme”) adopted by way of an ordinary resolution passed on 18 August 2014 at the annual general meeting of the Company, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

Details of the share option movements during the six months ended 30 June 2021 under the Share Option Scheme are as follows:

Category/ Name of participants	Date of grant	Number of share options					Outstanding as at 30.06.2021	Vesting period	Validity period	Exercise price of share options per share (HK\$)
		Outstanding as at 01.01.2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Employee Mr. Yau Wai Lung	05.12.2014	169,400,000	-	-	-	-	169,400,000	-	05.12.2014 to 04.12.2024	0.42
Total		<u>169,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,400,000</u>			

No share option has been granted under the Share Option Scheme during the six months ended 30 June 2021.

CORPORATE GOVERNANCE

Save as disclosed below, during the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules, other than those set out below:

Pursuant to Code Provision A.2.1, the roles of the chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Wang Xiaodong is the Chairman of the Board. Since Mr. Mei Weiyi’s resignation as CEO, the Company has been identifying suitable candidate to fill the vacancy of CEO. Meanwhile, the day-to-day operations of the Group have been delegated to other executive Directors and the senior management responsible for different businesses. Decisions of the Company have been made collectively by the executive Directors who execute strategies set by the Board, and senior management of the Company have been responsible for the day-to-day operations of the Group under the supervision of the Board of the Company and the executive committee of the Company.

The Company’s deviation from Code Provision A.2.1 of the CG Code will be temporary and will cease when a suitable candidate is appointed as our CEO. The Board will review this structure from time to time and will make announcement in accordance with the applicable Listing Rules when a new CEO is appointed by the Group.

Code Provision F.1.3 of the CG Code states that the Joint Company Secretaries should report to the Board Chairman and/or the CEO. The Joint Company Secretaries of the Company are responsible to report to the Board of Directors on Board matters and to the Head of Legal and Compliance on company secretarial and administrative matters. All Directors have access to the advice and services of the Joint Company Secretaries on Board procedures and corporate governance matters as and when required. The Board is of the view that the current arrangement shall be maintained for effective performance of the roles and responsibilities of the Joint Company Secretaries.

AUDIT COMMITTEE

While the unaudited condensed consolidated interim financial statements of the Group for the Reporting Period have not been reviewed by the Company’s auditor, Crowe (HK) CPA Limited, the audit committee of the Company (the “Audit Committee”) has reviewed and discussed with the management of the Company on the unaudited condensed consolidated interim results of the Group for the Reporting Period including the report of the Company and the accounting principles and practices adopted by the Group and is of the view that the financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made. During the Reporting Period, the Audit Committee is comprised of non-executive Directors, namely, Mr. Chen Di and Mr. Gao Guicheng and independent non-executive Directors, namely, Mr. Chan Wai Hei (chairman), Mr. Tan Yuexin and Mr. Jonathan Jun Yan.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct (“Code of Conduct”) regarding directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all the Directors, all the Directors have confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange’s website (www.hkex.com.hk) and the Company’s website (www.csfg.com.hk). The interim report for the six months ended 30 June 2021 will be published on the Stock Exchange’s website (www.hkex.com.hk) and the Company’s website (www.csfg.com.hk) and also be dispatched to the shareholders of the Company in due course.

By Order of the Board
China Shandong Hi-Speed Financial Group Limited
Wang Xiaodong
Chairman

Hong Kong, 27 August 2021

As at the date of this announcement, the Company has three executive directors, namely Mr. Wang Xiaodong, Mr. Liu Zhijie and Mr. Liu Yao; four non-executive directors, namely Mr. Zhu Jianbiao, Mr. Liang Zhanhai, Mr. Chen Di, Mr. Wang Wenbo; and four independent non-executive directors, namely Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Tan Yuexin and Mr. Jonathan Jun Yan.

* *For identification purposes only*