

INTERIM REPORT

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GOLDSTREAM INVESTMENT LIMITED

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



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HIGHLIGHTS

- Services income from the Group's investment management business for the six months ended 30 June 2022 was approximately HK\$14,802,000, representing a drop of approximately HK\$19,400,000 as compared to that for the six months ended 30 June 2021.
- Loss attributable to owners of the Company for the six months ended 30 June 2022 was approximately HK\$12,817,000, as compared to a profit attributable to owners of the Company of approximately HK\$4,313,000 for the six months ended 30 June 2021. The loss attributable to owners of the Company for the six months ended 30 June 2022 was mainly due to the fair value loss in the Company's SDI business under a multitude of unfavorable factors including high inflations, the rise in interest rates, conflict in Europe and the COVID-19 pandemic. Such fair value loss was partially set off against the gain on disposal of approximately HK\$50,157,000 from the disposal of the CRMS business in March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The board of directors (the “Board”) of Goldstream Investment Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 (the “Relevant Period”) together with the unaudited comparative figures for the corresponding period of 2021 (the “Last Corresponding Period”).

As reported in the annual report of the Company for the year ended 31 December 2021, the Group’s customer relationship management (“CRM”) services (“CRMS”) business was continuously facing rapidly declining profit and had limited growth prospects. A strategic decision was taken to dispose of the CRMS business. On 22 December 2021, the Company and Ms. Li Yin (“Ms. Li”), a former executive Director, entered into a share purchase agreement to dispose of the CRMS business (“Share Purchase Agreement”), pursuant to which the Company conditionally agreed to sell, and Ms. Li conditionally agreed to purchase the entire equity interest in Honor Crest Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company and the holding company of subsidiaries of the CRMS business (together with its subsidiaries, the “Disposal Group”), at the consideration of HK\$219,464,000 (the “Disposal”). The consideration were satisfied by (i) the set-off against borrowing with Ms. Li of HK\$215,000,000; and (ii) cash consideration of HK\$4,464,000. The Disposal was completed on 22 March 2022 and the Group recorded a gain on disposal of approximately HK\$50,157,000. For details of the Disposal, please refer to the announcements of the Company dated 22 December 2021, 15 March 2022 and 22 March 2022, and the circular of the Company dated 22 February 2022.

For the six months ended 30 June 2022, the Company and its subsidiaries (excluding the Disposal Group) were engaged in investment management (“IM”) business and strategic direct investment (“SDI”) business (the “Continuing Operations”).

The Board believes that the completion of the Disposal will enable the Group to focus its effort to manage the remaining two adjacent and related businesses, and release internal resources of the Group to develop the Continuing Operations to seize potential investment opportunities. The growing IM business is expected to generate a steady revenue stream and sustainable cash flow for the Group.

The Board believes that the Group’s business will continue to expand and generate greater value to its investors. The principal businesses of the Group during the six months ended 30 June 2022 are classified into the following segments:

MANAGEMENT DISCUSSION AND ANALYSIS

IM Business

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

SDI Business

SDI business of the Group includes proprietary investments in the financial markets.

Discontinued Operation

Before the Disposal, the Group was a CRM outsourcing service provider with business focus in the People's Republic of China (the "PRC") markets (and in particular, Hong Kong and Macau). CRM is a process of providing services to customers with the use of communication and computer networks. During the Relevant Period and prior to the completion of the Disposal, the Group provided services to established telecommunications service providers.

FINANCIAL REVIEW

The Group's operating results from the Continuing Operations for the six months ended 30 June 2022 were primarily contributed by the Group's IM business and SDI business. The financial results of the Disposal Group are presented in the condensed consolidated interim income statement and condensed consolidated interim statement of cash flows as "Discontinued Operation" in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations". Comparative figures for 2021 have also been restated.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the key financial highlights of the Continuing Operations for the periods or as at the dates indicated (as the case may be):

	For the six months ended 30 June		
	2022 HK\$'000	2021 HK\$'000	% Change
IM services income	14,802	34,202	-56.7%
Dividend income from investments	2,016	1,591	26.7%
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(35,349)	7,410	-577.0%
Other income	1,881	2,015	-6.7%
Total operating expenses	28,423	45,597	-37.7%
(Loss)/profit before income tax from continuing operations	(60,459)	9,837	-714.6%

	As at		
	30 June 2022 US\$ million	31 December 2021 US\$ million	% Change
Assets under management ("AUM")	533	985	-45.89%

As at 30 June 2022, the Group's AUM stood at approximately US\$533 million, compared to approximately US\$985 million as 31 December 2021, representing a drop of approximately US\$452 million during the Relevant Period due to the declining performance of the funds under management and redemptions.

IM Services Income

The drop in total services income was caused by the decrease in both management fees and performance fees. Management fee dropped by approximately 34% from approximately HK\$22,397,000 to approximately HK\$14,797,000 resulting from the decline in the Group's average AUM. Performance fees are recorded when eligible funds appreciate above their respective high watermarks at agreed performance fee crystallization date. Driven by the unfavourable and volatile market conditions, most of the funds under management were below their high watermarks as at 30 June 2022.

SDI (losses)/gains

Income from the Group's SDI business mainly comprised (i) net fair value gains/losses on financial assets at fair value through profit or loss; and (ii) share of net profits/losses of associates accounted for using the equity method. Such gains/losses included fair value changes and realized gains or losses on the Company's capital invested in funds managed by the Group and external investments. Due to a multitude of unfavorable factors including high inflations, the rise in interest rates, conflict in Europe and the COVID-19 pandemic, the Group recorded a change from the profit for the Last Corresponding Period to the loss for the Relevant Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

The Group's other income during the Relevant Period mainly comprised interest income from term deposit with banks and other financial institutions. Other income decreased by approximately 6.7% from approximately HK\$2,015,000 for the Last Corresponding Period to approximately HK\$1,881,000 for the Relevant Period, which was mainly due to the decrease in interest income as less cash was deposited in bank as fixed term bank deposits or invested in money market funds for treasury management during the Relevant Period.

Expense management

Total expenses of the Group decreased by approximately 37.7% from approximately HK\$45,597,000 for the Last Corresponding Period to approximately HK\$28,423,000 for the Relevant Period, which was primarily attributable to the decrease in employee benefit expenses.

Employee benefit expenses represent core expenditure of the Group. It decreased by approximately HK\$11,960,000 to approximately HK\$13,049,000 for the six months ended 30 June 2022 because less discretionary bonus was accrued as a result of the drop in performance fees accruals and the operating loss in 2022. Other non-staff related operating expenses include legal and professional fee, audit fee, market data and information system fee, rent and other administrative and office expenses. The Group continued to exercise stringent cost control to improve profitability. The Group recorded amortisation expense of approximately HK\$3,353,000 for the six months ended 30 June 2022. These expense items had no impact on cash flows.

(Loss)/profit before income tax from continuing operations

The Group recorded loss attributable to owners of the Company of approximately HK\$60,459,000 for the six months ended 30 June 2022, compared to profit attributable to owners of the Company of approximately HK\$9,837,000 for the Last Corresponding Period. The loss was mainly attributable to the net fair value losses on financial assets at fair value through profit or loss and share of net losses of associates accounted for using the equity method recorded under the SDI segment which amounted to approximately HK\$35,349,000 and HK\$12,810,000 respectively in the Relevant Period, compared to a gain of approximately HK\$7,410,000 and HK\$12,281,000 for the Last Corresponding Period respectively. The loss was mainly caused by the unfavorable and volatile market condition in 2022.

The Group also faced a decrease in services income during the Relevant Period driven by the declining performance and the net outflow of AUM. The Group implemented cost management measures proactively. The operating loss of the Group's IM business remained under control during the Relevant Period.

The table below sets forth the key financial highlights of the Discontinued Operation for the periods indicated:

	For the period from 1 January 2022 to 22 March 2022 HK\$'000	For the six months ended 30 June 2021 HK\$'000	% Change
Loss for the period from discontinued operation	(2,515)	(5,524)	54.5%
Gain on disposal of discontinued operation, net of tax	50,157	–	N/A

For the CRMS business which is labour intensive, the Group had recorded increasing loss in the past due to the rising labour costs. Rapid economic growth in the PRC in the past decade has resulted in substantial increase in cost of human capital and eroded the profit margins of the CRMS business. During the Relevant Period, the Group recorded a gain on disposal of approximately HK\$50,157,000 as a result of the Disposal which was completed in March 2022.

Statement of Financial Position

The Group's financial position as at 30 June 2022 remained strong, and the borrowing from a former director of HK\$215 million had been set-off against the consideration of the Disposal in 2022.

Goodwill and Intangible Assets

Goodwill and intangible assets arising from the acquisition of the entire issued share capital of Goldstream Capital Management Limited and Goldstream Securities Limited (collectively, the "Goldstream Companies") in 2018 accounted for a significant portion of the Group's total assets. As at 30 June 2022, under IFRS, the Group had goodwill of approximately HK\$197,965,000 and intangible assets of approximately HK\$13,314,000 (HK\$10,520,000 of which are intangible assets with indefinite lives). Goodwill and intangible assets with indefinite lives are tested at the cash generating unit level ("CGU") or group of CGUs level. A CGU comprises the smallest group of assets that are capable of generating largely independent cash flows and is either a business segment or a level below.

Out of the balance of goodwill, nearly 100% or approximately HK\$197,833,000 relating to those acquisitions carried out in 2018 were reconfirmed by a professional independent qualified valuer that no impairment was required as at 31 December 2021. Although the economic condition had been challenging and unfavorable during the first half of 2022, and the performance of the Group's managed funds and the IM business's profitability dragged, the Company's management implemented measures and strategies to realign resource allocation, cost management and long term business development plan. Therefore, the Company's management concluded that no impairment loss on goodwill and intangible asset would be made as at 30 June 2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The first six months of 2022 were full of surprises and continued to be challenging for both the Group's IM and SDI businesses. A multitude of factors caused the global stock market, including Asia and China to record one of the worst first-half performance in the past decades. Stocks slumped as economic uncertainty surged with the Russia-Ukraine war, continuing tension between China and the U.S., high inflation, and several major central banks pursuing the most aggressive series of policy on rate increases in decades. Chinese stocks were extremely volatile on concerns about the regulation on internet giants, data usage, capital market reform, property market default risk and impact on supply chains due to COVID lockdown in Shanghai and Beijing. The Greater China markets which the Group operates in experienced one of the most uncertain market conditions in recent years.

Early in the first quarter, expensive technology shares were sold off, particularly in the U.S., as these stocks are more vulnerable to rising interest rates, created a negative sentiment and rippled through the global stock market. During the first half of 2022, the Heng Seng index dropped by 6.57% and the MSCI China Index (USD) was down 12.27%. These factors had adversely impacted the performances of the funds under the Group's management, causing a decline in both management fee income and performance fee income for the Relevant Period. Investors were also worried that the tightening monetary policy could jeopardize the world's recovery from the COVID-19 pandemic. All these factors caused a net outflow of AUM of the Group.

Despite the challenging first six months, the Group remains positive on the medium and long term outlook of its IM business. China remains a vast market with extensive growth potential and an environment of innovative thinkers and producers. The Chinese government continues to stimulate the economy with new policies, including cutting rates in order to boost growth, and the Company believes that the impact of these recent policy support measures will gradually feed through to the economy to speed up recovery.

Prospects

In March 2022, the Group completed the disposal of its CRMS business due to the declining profit in the past few years. After the Disposal, the Group has allocated all its resources to continue to develop the two remaining highly synergized IM and SDI businesses with a focus on becoming a leading provider of products, solutions, platform and infrastructure in Greater China. The Group will continue to seek investment opportunities to enhance the return on its financial resources as a whole.

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

For the remainder of 2022, while the Russia-Ukraine war has created many uncertainties, the impact of persistent inflation will likely to continue to influence stock market. The Group recognizes market instability and volatility, and will continue to strike a balance between risks and return, especially at a time of great uncertainty.

EVENTS AFTER THE REPORTING PERIOD

In July 2022, pursuant to the share award scheme adopted by the Company on 21 September 2020 (the "Share Award Scheme"), an aggregate of 74,511,000 new ordinary shares of the Company, which had been issued during the reporting period to the trustee appointed for the purposes of the Share Award Scheme, were distributed to Dr. Lin Tun, a former director of the Company, and Mr. Lam Tsan Fai Fergus, the chief financial officer and the chief operating officer of the Company, in accordance with the relevant terms of their share awards.

With effect from 13 September 2022, Mr. Geng Tao was appointed as an executive director and chief executive officer of the Company (the "Chief Executive Officer"), and Mr. Zhao John Huan resigned as the Chief Executive Officer. Upon the change of the Chief Executive Officer, the Company will comply with code provision C.2.1 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, which requires the roles of the chairman of the board and the chief executive officer of the Company to be separated and should not be performed by the same individual. Except for above mentioned, there were no significant events after the Relevant Period and up to the date of approval of this report.

CAPITAL STRUCTURE

As at 30 June 2022, the Company's shareholders' equity was approximately HK\$747,327,000 and the total number of shares in issue was 11,495,494,321. As at 30 June 2022, the Company recorded net cash to total equity, the gearing ratio was therefore not applicable.

LIQUIDITY AND FINANCIAL POSITION

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Cash at banks and in hand	105,420	99,535
Fixed-term bank deposits	–	46,795
Money market funds	13,201	13,079
Total cash and deposits	118,621	159,409

The Group adopts a sound financial policy, and the surplus cash is deposited at banks and invested in money market funds to facilitate extra operation expenditure or investment. Management makes financial forecast on a regular basis. As at 30 June 2022, the Group's balance of cash and deposits was approximately HK\$118,621,000, which was attributable to the cashflow from operations.

The Group normally finances its operations with internally generated cash flows. Cash and cash equivalents decreased by approximately HK\$40,788,000 during the six months ended 30 June 2022.

As at 30 June 2022, the current ratio and quick ratio was 5.90 (31 December 2021: 2.34).

OTHER INFORMATION

FOREIGN EXCHANGE RISK

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

ASSET MORTGAGE

The Group had no outstanding asset mortgage or charge on assets as at 30 June 2022 (31 December 2021: nil).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2022 (31 December 2021: nil).

MATERIAL ACQUISITIONS AND DISPOSALS

On 22 December 2021, the Group announced the disposal of its CRMS business at a consideration of HK\$219,464,000. The Disposal was completed on 22 March 2022. For details of the Disposal, please refer to the announcements of the Company dated 22 December 2021, 15 March 2022 and 22 March 2022 and the circular of the Company dated 22 February 2022.

Save for the above, the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures during the Relevant Period.

SIGNIFICANT INVESTMENTS

The Group provides investment management services to its clients and also make strategic direct investment on behalf of the Group. As at 30 June 2022, the Group recorded strategic direct investments of approximately HK\$248,628,000. Given that the Group is engaged in making strategic direct investments in various listed and unlisted financial instruments through investment funds, the Board considers investments with a carrying amount that accounted for more than 5% of the Group's total assets as at 30 June 2022 as significant investments.

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

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

CHARGE ON ASSETS

As at 30 June 2022, there was no charge over assets of the Group (31 December 2021: nil).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Relevant Period (31 December 2021: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2022, the Group did not have any definite plan for material investments or capital assets.

CAPITAL COMMITMENTS

There was no material capital commitment contracted for but not yet incurred as at 30 June 2022 (31 December 2021: Nil).

SEGMENT REPORTING

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

The Group has identified two reportable segments which are the IM business and the SDI business. Details of the segment information are set out in note 6 to the condensed consolidated interim financial information.

OTHER INFORMATION

STAFF AND REMUNERATION POLICY

As at 30 June 2022, the Group had 34 employees (31 December 2021: 1,979 employees). Among them, 12 employees worked in the PRC and 22 employees worked in Hong Kong.

Breakdown of the Group's staff by function as at 30 June 2022 is as follows:

Function	Continuing operations	Continuing operations	Discontinued operation	Group
	As at 30 June 2022	As at 31 December 2021		
Management	7	9	3	12
Operation	20	28	1,834	1,862
Financial, administration, and human resources	2	2	57	59
Sales and marketing	2	4	–	4
Research and development	3	3	23	26
Repairs and maintenance	–	–	16	16
Total	34	46	1,933	1,979

The total staff remuneration from continuing operations including Directors' remuneration paid by the Group for the six months ended 30 June 2022 was approximately HK\$13,049,000 (Last Corresponding Period restated: approximately HK\$25,009,000).

The remuneration paid to the staff, including the Directors, is based on their qualification, experience, performance, and market rates, so as to maintain a competitive remuneration level. The Group also offers various staff welfare, including housing fund, social insurance and medical insurance. The Group believes that employees are its most valuable asset. To incentivize employees and promote the long-term growth of the Company, the Company had adopted a share option scheme and the Share Award Scheme, further details of which are set out in the sections headed "Share Option Scheme" and "Share Award Scheme" in this report.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The Directors confirmed that they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the Relevant Period.

DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

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

As at 30 June 2022, so far as known to the Directors, the Directors and the chief executive of the Company had the following interests and short positions in the shares, underlying shares or the debentures of Company or any of its associated corporation within the meaning of part XV of the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong) (the "SFO"), which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests, and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules:

Interests in Shares and Underlying Shares of the Company – Long Position

Name of Director	Total interest in shares or underlying shares	Capacity	Approximate percentage of the Company's share capital
Mr. Zhao John Huan	7,802,539,321	Interest in controlled corporation (Note)	67.87%

Note: Hony Gold Holdings, L.P. is managed by Hony Gold GP Limited (as general partner). Hony Gold GP Limited is a wholly-owned subsidiary of Hony Group Management Limited, which is owned as to 80% by Hony Managing Partners Limited. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, which is owned by Mr. Zhao John Huan as to 49%. As such, Mr. Zhao John Huan, Exponential Fortune Group Limited, Hony Managing Partners Limited, Hony Group Management Limited and Hony Gold GP Limited are deemed to be interested in the shares in which Hony Gold Holdings, L.P. is interested under the SFO.

Save as disclosed above, as at 30 June 2022, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, so far as known to the Directors, the persons (other than the Directors or chief executive of the Company) with interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Interests in Ordinary Shares of the Company – Long Position

Name	Capacity	Number of Shares	Approx. percentage of interests
Hony Gold Holdings, L.P.	Beneficial owner	7,802,539,321 (Note 1)	67.87%
Hony Gold GP Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	67.87%
Hony Group Management Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	67.87%
Hony Managing Partners Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	67.87%
Exponential Fortune Group Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	67.87%
Glory Moment Investments Ltd.	Beneficial owner	840,000,000 (Note 2)	7.31%
Mr. Fang Shin	Interest in controlled corporation	840,000,000 (Note 2)	7.31%
Ms. Kwok King Wa	Beneficial owner	684,900,000 (Note 3)	5.96%
Mr. Li Kin Shing	Interest of spouse	684,900,000 (Note 3)	5.96%

Notes:

1. Honoy Gold Holdings, L.P. is managed by Honoy Gold GP Limited (as general partner). Honoy Gold GP Limited is a wholly-owned subsidiary of Honoy Group Management Limited, which is owned as to 80% by Honoy Managing Partners Limited. Honoy Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, which is owned by Mr. Zhao John Huan as to 49%. As such, Mr. Zhao John Huan, Exponential Fortune Group Limited, Honoy Managing Partners Limited, Honoy Group Management Limited and Honoy Gold GP Limited are deemed to be interested in the shares in which Honoy Gold Holdings, L.P. is interested under the SFO.
2. The 840,000,000 Shares are held by Glory Moment Investments Ltd., which is wholly owned by Mr. Fang Shin.
3. The 684,900,000 Shares are held by Ms. Kwok King Wa in person. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa and therefore is deemed to be interested in the 684,900,000 Shares held by Ms. Kwok King Wa under the SFO.

Save as disclosed above, as at 30 June 2022, so far as known to the Directors, there was no other person (other than the Directors or chief executive of the Company) with interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") at the annual general meeting held on 4 June 2020, for the purposes of providing incentives or rewards to eligible participants (including employees, executives or officers, directors including non-executive directors and independent non-executive directors, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries) for their contribution or potential contribution to the Group. The Share Option Scheme will remain in force for 10 years from 4 June 2020. As at the date of this report, the remaining life of the Share Option Scheme is approximately 7 years and 9 months.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 1,134,647,232 shares, representing 10% and approximately 9.87% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme and as at the date of this report, respectively. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including exercised, cancelled and outstanding options) within any 12-month period up to and including the date of grant is limited to 1% of the shares of the Company in issue as at the date of grant. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, are subject to shareholders' approval in advance in a general meeting.

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

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

OTHER INFORMATION

MOVEMENT OF THE SHARE OPTIONS GRANTED

Details of movement of the share options granted under the Share Option Scheme during the period ended 30 June 2022 were as follows:

Grantees	Date of grant	Exercise price per option (HK\$)	Exercise period	Outstanding at 1 January 2022 '000	Granted during the period '000	Exercise during the period '000	Lapsed during the period '000	Cancelled during the period '000	Outstanding at 30 June 2022 '000	Closing price of the Company's shares immediately before grant of the options (HK\$)
Dr. Lin Tun (resigned as executive Director on 31 May 2022)	21 September 2020	0.07	21/9/2020 – 20/9/2030	113,460	-	-	-	-	113,460	0.067
Mr. Lam Tson Fai Fergus (being a senior management)	21 September 2020	0.07	21/9/2020 – 20/9/2030	113,460	-	-	-	-	113,460	0.067
				226,920	-	-	-	-	226,920	

Note:

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

Details of the share options granted are set out in the Company's announcement dated 21 September 2020.

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the six months ended 30 June 2022.

SHARE AWARD SCHEME

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

Details of shares awarded under the Share Award Scheme as at 30 June 2022 were as follows:

Date of grant	As at 1 January 2022 '000	Number of shares issued and vested during the period '000	As at 30 June 2022 (Note c) '000	Vesting period	Grant price	
21 September 2020	277,988	(55,600)	222,388	21/9/2020 – 31/12/2024	HK\$0.0345 per awarded share	(a)
21 September 2020	56,732	(18,911)	37,821	21/9/2020 – 31/12/2022	Nil	(b)
	334,720	(74,511)	260,209			

Notes:

- (a) The awarded shares will be vested in 5 tranches within the vesting period. On 28 January 2022 and 12 April 2022, the Board approved a new issuance of 55,600,000 and 55,600,000 ordinary shares respectively to Bank of Communications Trustee Limited, the Company's consolidated structured entity ("Share Scheme Trust"). The new shares were issued at the par value of HK\$0.01 for each ordinary share and their aggregate nominal value was HK\$1,112,000. 55,600,000 awarded shares were distributed to the grantees, namely Dr. Lin Tun, a former executive Director of the Company, and Mr. Lam Tsan Fai Fergus, the chief financial officer and the chief operating officer of the Company, and a director of certain subsidiaries of the Company (collectively, the "Grantees"), during the six months ended 30 June 2022. The grant price of each awarded share was HK\$0.0345. The aggregate grant price received by the Company was HK\$1,918,000 during the Relevant Period. The Company utilized all of the proceeds as the Group's general working capital, in accordance with the intentions previously disclosed in the circular of the Company dated 5 August 2021. The remaining 55,600,000 awarded shares were distributed to the Grantees in July 2022 subsequently at the grant price of HK\$0.0345 per share.
- (b) The awarded shares will be vested in 3 tranches within the vesting period. On 28 January 2022 and 12 April 2022, the Board approved a new issuance of 18,911,000 and 18,911,000 ordinary shares respectively to Share Scheme Trust. 18,911,000 awarded shares were distributed to the Grantees during the six months ended 30 June 2022. The remaining 18,911,000 awarded shares were distributed to the Grantees in July 2022 subsequently.
- (c) Mr. Lin Tun ceased to be an employee of the Group with effect from 30 June 2022. As a result, all of the 117,622,000 awarded shares that have not been vested on Mr. Lin have automatically lapsed and become returned shares for the purpose of the Share Award Scheme. As such, the number of shares awarded under the Share Award Scheme as at the date of approval of this report was 142,587,000 shares, as compared to 260,209,000 shares as at 30 June 2022.

Since the adoption date, a total of 334,720,000 shares had been awarded under the Share Award Scheme, representing approximately 2.91% of the total number of issued shares of the Company as at 30 June 2022.

OTHER INFORMATION

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct which is not more lenient than the Model Code contained in Appendix 10 of the Listing Rules. Specific enquiry to all Directors has been made and the Directors confirmed that they have complied with the required standard set out in the code of conduct during the six months ended 30 June 2022.

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has redeemed, purchased, sold or cancelled any listed securities or redeemable securities of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2022 and up to the date of this report, none of the Directors nor their respective associates was considered to have interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors have been appointed or were appointed as directors to represent the interests of the Company and/or the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix 14 of the Listing Rules during the six months ended 30 June 2022, except for the following deviation from code provision C.2.1 of the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman of the board and the chief executive officer should be separate and should not be performed by the same individual. Since Mr. Zhao John Huan, the chairman of the Company, has been appointed as the chief executive officer of the Company on 31 May 2022, there had been no separation between the roles of the chairman and the chief executive officer during the Reporting Period. Although the responsibilities of the chairman and the chief executive officer are vested in one person, all major decisions are made in consultation with the members of the Board and the senior management of the Company. Due to Mr. Zhao John Huan's background and experiences in the Company, he was considered to be the suitable candidate for both roles. The Board believed that the combination of the roles has the benefit of having consistent leadership within the Company and enables efficient overall strategic planning and implementation.

With effect from 13 September 2022, the chief executive officer of the Company has changed from Mr. Zhao John Huan to Mr. Geng Tao. Upon the above change, the Company is in compliance with code provision C.2.1 of the CG Code.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") with written terms of reference in accordance with the requirements of the Listing Rules ("Terms of Reference"). The Terms of Reference were revised and adopted by the Board on 31 December 2018. The primary duties of the Audit Committee are among others, to review and supervise the financial reporting processes and internal control procedures of the Group, and to provide advice and comments to the Board accordingly. The Audit Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems, and the management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems for the six months ended 30 June 2022. The Company has also conducted review of its risk management and internal control systems periodically and has convened meeting periodically to discuss the financial, operational and risk management control. The Audit Committee is of the view that the risk management and internal control systems implemented by the Group during the period under review had been valid and adequate. The Audit Committee consists of the three independent non-executive Directors of the Company, namely, Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence. Mr. Shu Wa Tung Laurence is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's unaudited consolidated interim financial information and the Company's interim report for the six months ended 30 June 2022 and is of the opinion that the unaudited consolidated interim financial information complied with applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

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

Mr. Tam Terry Sze Ying has been appointed as a non-executive Director of the Company and a member of the remuneration committee of the Company with effect from 22 April 2022. For details, please refer to the announcement of the Company dated 22 April 2022.

Mr. Zhao John Huan was appointed as the chief executive officer of the Company with effect from 31 May 2022 after the resignation of Dr. Lin Tun as an executive Director of the Company. Furthermore, Mr. Tam Terry Sze Ying has been appointed as the authorized representative and the process agent in replacement of Dr. Lin Tun with effect from 31 May 2022. For details, please refer to the announcement of the Company dated 31 May 2022.

Save as disclosed above, there was no change in the information of the Directors or chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 30 June 2022.

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

Hong Kong, 29 August 2022

As at the date of this report, the board comprises one executive Director, namely Mr. Zhao John Huan (Chairman and Chief Executive Officer); one non-executive Director, namely Mr. Tam Terry Sze Ying; and three independent non-executive Directors, namely Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Continuing operations			
Income			
Investment management ("IM") services income		14,802	34,202
Dividend income from investments		2,016	1,591
Net fair value (losses)/gains on financial assets at fair value through profit or loss	17	(35,349)	7,410
Share of net (losses)/profits of associates accounted for using the equity method	18	(12,810)	12,281
	6	(31,341)	55,484
Other income		1,881	2,015
Expenses			
Employee benefits expenses	8	(13,049)	(25,009)
Depreciation of right-of-use assets		(1,406)	(1,406)
Depreciation of property, plant and equipment		(149)	(1,546)
Amortisation of intangible assets	13	(3,353)	(5,079)
Legal and professional fees		(2,074)	(1,969)
Other expenses	7	(8,392)	(10,588)
Total expenses		(28,423)	(45,597)
Operating (loss)/profit from continuing operations		(57,883)	11,902
Finance costs		(1,642)	(3,067)
(Loss)/profit before income tax from continuing operations		(59,525)	8,835
Income tax (expense)/credit	9	(934)	1,002
(Loss)/profit for the period from continuing operations		(60,459)	9,837
Profit/(loss) for the period from discontinued operation	19	47,642	(5,524)
(Loss)/profit for the period attributable to:		(12,817)	4,313
Owners of the Company			
(Loss)/earnings per share from continuing operations attributable to owners of the Company during the period (expressed in HK cent per share):			
Basic	11	(0.53)	0.09
Diluted	11	(0.53)	0.09
(Loss)/earnings per share attributable to owners of the Company during the period (expressed in HK cent per share):			
Basic	11	(0.11)	0.04
Diluted	11	(0.11)	0.04

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
(Loss)/profit for the period		(12,817)	4,313
Other comprehensive (loss)/income			
<i>Item that may be reclassified to profit or loss:</i>			
Continuing operations:			
– Currency translation differences		(505)	(319)
Discontinued operation:			
– Currency translation differences		1,233	2,073
– Exchange reserves released upon disposal of business	19	(15,757)	–
Other comprehensive (loss)/income for the period, net of tax		(15,029)	1,754
Total comprehensive (loss)/income for the period attributable to owners of the Company, net of tax		(27,846)	6,067
Total comprehensive (loss)/income for the period attributable to owners of the Company arises from:			
– Continuing operations		(60,964)	9,518
– Discontinued operation	19	33,118	(3,451)
		(27,846)	6,067

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	12	321	456
Right-of-use assets		234	1,641
Goodwill	14	197,965	197,965
Intangible assets	13	13,314	16,667
Deferred tax assets		1,006	2,678
Interests in associates	18	62,503	74,456
Financial assets at fair value through profit or loss	17	36,088	52,150
		311,431	346,013
Current assets			
Trade receivables	15	8,294	28,162
Amounts due from brokers	15	165,150	68,763
Prepayments, deposits and other receivables	15	19,884	20,623
Financial assets at fair value through profit or loss	17	212,540	249,177
Income tax recoverable		1,764	–
Cash and cash equivalents	16	118,621	159,409
		526,253	526,134
Assets classified as held for sale	19	–	227,769
		526,253	753,903
Total assets		837,684	1,099,916
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	20	114,955	113,465
Reserves		632,372	661,744
Total equity		747,327	775,209
Liabilities			
Non-current liabilities			
Deferred tax liabilities		2,108	2,660
		2,108	2,660
Current liabilities			
Borrowing from a former director	22	–	212,562
Trade and other payables	21	23,381	36,855
Amounts due to brokers	21	58,310	17,381
Lease liabilities		239	1,656
Financial liabilities at fair value through profit or loss	17	281	3,051
Income tax payable		6,038	489
		88,249	271,994
Liabilities directly associated with assets classified as held for sale	19	–	50,053
		88,249	322,047
Total liabilities		90,357	324,707
Total equity and liabilities		837,684	1,099,916

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	(Unaudited) Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Shares held for employee share scheme HK\$'000	Other reserves HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2021	113,465	1,709,869	(379)	1,467,001	5,811	9,043	(2,475,028)	829,782
Comprehensive income								
Profit for the period	-	-	-	-	-	-	4,313	4,313
Other comprehensive income								
Currency translation differences	-	-	-	-	-	1,754	-	1,754
Total other comprehensive income, net of tax	-	-	-	-	-	1,754	4,313	6,067
Total comprehensive income	-	-	-	-	-	1,754	4,313	6,067
Transaction with owners in their capacity as owners								
Transfer to statutory reserve	-	-	-	-	1,345	-	(1,345)	-
Acquisition of shares under a share award scheme	-	-	(35)	-	-	-	-	(35)
Share Award Scheme and a share option scheme's (Share Option Scheme) value of employee services	-	-	-	2,922	-	-	-	2,922
Total transaction with owners in their capacity as owners	-	-	(35)	2,922	1,345	-	(1,345)	2,887
As at 30 June 2021	113,465	1,709,869	(414)	1,469,923	7,156	10,797	(2,472,060)	838,736
As at 1 January 2022	113,465	1,709,869	(414)	1,474,594	7,156	14,641	(2,544,102)	775,209
Comprehensive loss								
Loss for the period	-	-	-	-	-	-	(12,817)	(12,817)
Other comprehensive income/(loss)								
Currency translation differences	-	-	-	-	-	728	-	728
Exchange reserve released upon disposal of business	-	-	-	-	-	(15,757)	-	(15,757)
Total other comprehensive loss, net of tax	-	-	-	-	-	(15,029)	-	(15,029)
Total comprehensive loss	-	-	-	-	-	(15,029)	(12,817)	(27,846)
Transaction with owners in their capacity as owners								
Issuance of shares	1,490	4,475	(745)	(3,302)	-	-	-	1,918
Reserves released upon disposal of business	-	-	-	(6,913)	(7,156)	-	14,069	-
Reversal of excess deferred tax of Share Award Scheme and Share Option Scheme	-	-	-	(185)	-	-	-	(185)
Share Award Scheme and Share Option Scheme value of employee services	-	-	-	(1,769)	-	-	-	(1,769)
Total transaction with owners in their capacity as owners	1,490	4,475	(745)	(12,169)	(7,156)	-	14,069	(36)
As at 30 June 2022	114,955	1,714,344	(1,159)	1,462,425	-	(388)	(2,542,850)	747,327

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash (used in)/generated from operations		(56,208)	55,989
Income tax paid		(2,215)	–
Net cash used in operating activities from discontinued operation		(23,605)	(15,299)
Net cash (used in)/generated from operating activities		(82,028)	40,690
Cash flows from investing activities			
Payment for property, plant and equipment	12	(21)	–
Dividend income received from financial assets at fair value through profit or loss		2,016	1,591
(Payment)/redemption for investments in associates		(857)	15,600
Net receipt/(payment) for financial assets at fair value through profit or loss, net		14,580	(47,851)
Interest received		1,743	2,012
Interest paid		(301)	(195)
Cash outflow on disposal of CRM business, net of cash disposed	19	(55,034)	–
Net cash used in investing activities from discontinued operation		(184)	(913)
Net cash used in investing activities		(38,058)	(29,756)
Cash flows from financing activities			
Proceeds received from share award		1,918	–
Acquisition of shares for employee share scheme		–	(35)
Interest element of lease payments		(22)	(24)
Principal elements of lease payments		(1,417)	(1,417)
Net cash used in financing activities from discontinued operation		(790)	(1,747)
Net cash used in financing activities		(311)	(3,223)
Net (decrease)/increase in cash and cash equivalents		(120,397)	7,711
Cash and cash equivalents at 1 January		159,409	120,664
Cash and cash equivalents of asset classified as held for sales at 1 January		84,565	112,141
Exchange loss on cash and cash equivalents		(4,956)	(351)
Cash and cash equivalents at 30 June	16	118,621	240,165

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Goldstream Investment Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is principally engaged in provision of IM services business and SDI business.

The Company was incorporated in the Cayman Islands on 18 September 2000 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is the PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company has been listed on the Main Board of the Hong Kong Stock Exchange since 25 May 2009.

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

The condensed consolidated interim financial information was approved for issue by the Board on 29 August 2022.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34 (“IAS 34”), “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

On 22 December 2021, the Company entered into a sale and purchase agreement (the “Share Purchase Agreement”) with Ms. Li Yin (“Ms. Li”) to dispose of the Group’s 100% equity interest in Honor Crest Holdings Limited (together with its subsidiaries, the “Disposal Group”) to Ms. Li at a consideration of HK\$219,464,000. The transaction was completed on 22 March 2022. Accordingly, the financial result of the Disposal Group are presented in the condensed consolidated interim income statement and condensed consolidated interim statement of cash flows as “Discontinued Operation” in accordance with IFRS 5 “Non-current Assets Held for Sales and Discontinued Operations”. Comparative figures for 2021 have also been restated.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the adoption of new and amended standards effective for the reporting period beginning on or after 1 January 2022 and the accounting policies stated in note 3. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

New and amended standards and interpretations, which are mandatory for the first time for the financial period beginning 1 January 2022 to the Group, are as follows:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to AG5	Merger Accounting for Common Control Combinations
Annual Improvements to IFRSs 2018–2020 (amendments)	

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 Basis of preparation (Continued)

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

The adoption of amended standards are mandatory for financial years commencing on or after 1 January 2022. The impact of the amended standards on the Group's condensed consolidated interim financial information is not significant.

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

A number of new standards, amendments to standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2022 and have not been early adopted by the Group in preparing the condensed consolidated interim financial information. None of these is expected to have a significant effect of the condensed consolidated interim financial information of the Group based on the preliminary assessment made by management.

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements. Except for Note 2(a) set out above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting the amended standards.

4 Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

5 Financial risk management

5.1 Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

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

5 Financial risk management (Continued)

5.2 Liquidity risk

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

5.3 Fair value estimation

(i) Fair value hierarchy

The carrying amounts of the Group's financial assets, including cash and cash equivalents, and trade and other receivables and amounts due from brokers and financial liabilities including trade and other payables and amounts due to brokers approximate to their fair values due to their short maturities. The fair value of non-current borrowing from a former director is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments for the year ended 31 December 2021. There is no such borrowing from a former director for the current period.

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

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

<i>Recurring fair value measurements</i>	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2022				
Financial assets at FVPL				
Current assets				
Investment funds				
– Cayman Islands	–	53,689	–	53,689
– People's Republic of China ("PRC")	–	38,294	–	38,294
Contracts for differences				
– PRC	–	195	–	195
Listed equity securities				
– The United States (The "US")	12,114	–	–	12,114
– The United Kingdom (The "UK")	1,447	–	–	1,447
– PRC	70,763	–	–	70,763
– Hong Kong	16,171	–	–	16,171
Exchange traded funds				
– The US	9,211	–	–	9,211
Collateralised mortgage obligation				
– The US	–	–	10,656	10,656
	109,706	92,178	10,656	212,540
Non-current assets				
Investment funds				
– The US	–	36,088	–	36,088
Total financial assets	109,706	128,266	10,656	248,628
At 30 June 2022				
Financial liabilities at FVPL				
Current Liabilities				
Contracts for differences				
– PRC	–	(1)	–	(1)
Index futures				
– Hong Kong	(280)	–	–	(280)
Total financial liabilities	(280)	(1)	–	(281)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

<i>Recurring fair value measurements</i>	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2021				
Financial assets at FVPL				
Current assets				
Investment funds				
– British Virgin Islands (“BVI”)	–	24,915	–	24,915
– Cayman Islands	–	71,756	–	71,756
– PRC	–	5,565	–	5,565
Contracts for differences				
– PRC	–	975	–	975
Listed equity securities				
– PRC	65,964	–	–	65,964
– Hong Kong	25,708	–	–	25,708
– The US	637	–	–	637
– The UK	2,008	–	–	2,008
Exchange traded funds				
– Hong Kong	1,976	–	–	1,976
– The US	31,055	–	–	31,055
– PRC	180	–	–	180
Collateralised mortgage obligation				
– The US	–	–	11,543	11,543
Corporate bonds				
– PRC	–	6,357	–	6,357
Listed option				
– The US	31	–	–	31
Futures	109	–	–	109
Forward foreign exchange contract	–	398	–	398
	127,668	109,966	11,543	249,177
Non-current assets				
Investment funds				
– The US	–	52,150	–	52,150
Total financial assets	127,668	162,116	11,543	301,327
At 31 December 2021				
Financial liabilities at FVPL				
Current Liabilities				
Contracts for differences				
– PRC	–	(1,086)	–	(1,086)
Index futures				
– Hong Kong	(394)	–	–	(394)
Listed options				
– The US	(19)	–	–	(19)
Forward foreign exchange contracts	–	(1,552)	–	(1,552)
Total financial liabilities	(413)	(2,638)	–	(3,051)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include

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

(iii) Valuation of investments in other funds

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

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

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

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

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

Reconciliation of level 3 fair value measurements of financial assets

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
At the beginning	11,543	21,226
Net fair value losses on financial assets at fair value through profit or loss	(954)	(9,683)
Exchange differences	67	-
At the closing	10,656	11,543
Change in unrealised losses for the period/year included in profit or loss for asset held at the end of the reporting period/year	(954)	(9,683)

6 Segment information

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

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

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

- (i) IM business: this segment includes (a) advisory services on securities and asset management; (b) securities trading; and (c) provision of infrastructure of the investment management system.
- (ii) SDI business: this segment includes provision of making proprietary investments in the financial markets.
- (iii) CRM service ("CRMS") business: this segment includes (a) inbound services which include customer hotline services and built-in secretarial services, a personalised message taking service; and (b) outbound services which include telesales services and market research services. This segment was classified under the discontinued operation during the year ended 31 December 2021.

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

(a) Segment results and assets

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

Income and expenses are allocated to the reportable segments with reference to income generated by those segments and the expenses incurred by those segments including depreciation and amortisation of assets attributable to those segments.

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

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

The following tables present income/(loss), reportable segment (loss)/profit and certain assets, and expenditure information for the Group's business segments for the six months ended 30 June 2022 and 2021, and as at 30 June 2022 and 31 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(a) Segment results and assets (Continued)

	(Unaudited)			Discontinued operation CRMS business HK\$'000	Group HK\$'000
	Continuing operations		Total		
	IM business HK\$'000	SDI business HK\$'000	HK\$'000		
For the six months ended 30 June 2022					
CRM services income	-	-	-	47,271	47,271
IM services income	15,584	-	15,584	-	15,584
Inter-IM segment services income	(782)	-	(782)	-	(782)
Dividend income from investments	-	2,016	2,016	-	2,016
Net fair value losses on financial assets at FVPL	-	(35,349)	(35,349)	-	(35,349)
Share of net losses of associates accounted for using the equity method	-	(12,810)	(12,810)	-	(12,810)
Total segment income/(loss)	14,802	(46,143)	(31,341)	47,271	15,930
Reportable segment loss	(3,608)	(50,922)	(54,530)	(2,440)	(56,970)
Depreciation and amortisation	3,485	1,423	4,908	-	4,908
As at 30 June 2022					
Reportable segment assets	239,842	478,215	718,057	-	718,057
Additions to non-current segment assets during the period	21	858	879	1,255	2,134
For the six months ended 30 June 2021					
CRM services income	-	-	-	123,295	123,295
IM services income	35,134	-	35,134	-	35,134
Inter-IM segment services income	(932)	-	(932)	-	(932)
Dividend income from investments	-	1,591	1,591	-	1,591
Net fair value gains on financial assets at FVPL	-	7,410	7,410	-	7,410
Share of net profits of associates accounted for using the equity method	-	12,281	12,281	-	12,281
Total segment income	34,202	21,282	55,484	123,295	178,779
Reportable segment profit/(loss)	7,409	9,572	16,981	(5,933)	11,048
Depreciation and amortisation	5,217	2,814	8,031	3,031	11,062
As at 31 December 2021					
Reportable segment assets	262,070	447,990	710,060	143,204	853,264
Additions to non-current segment assets during the year	163	2,812	2,975	3,249	6,224

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

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

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Continuing operations		
Income		
Reportable segment (loss)/income	(31,341)	55,484
Consolidated (loss)/income	(31,341)	55,484
(Loss)/profit		
Reportable segment (loss)/profit	(54,530)	16,981
Finance costs	(1,642)	(3,067)
Amortisation of intangible assets	(3,353)	(5,079)
Consolidated (loss)/profit before income tax	(59,525)	8,835
	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Assets		
Reportable segment assets	718,057	710,060
Cash and cash equivalents	118,621	159,409
Deferred tax assets	1,006	2,678
Asset classified as held for sale	–	227,769
Consolidated total assets	837,684	1,099,916

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

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

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Discontinued operation		
Income		
Reportable segment income	47,271	123,295
Consolidated income	47,271	123,295
Loss		
Reportable segment loss	(2,440)	(5,933)
Finance costs	(75)	(202)
Loss before income tax	(2,515)	(6,135)
	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Assets		
Reportable segment assets	–	143,204
Cash and cash equivalents	–	84,565
Total assets of discontinued operation	–	227,769

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(c) Geographic information

The following tables set out the information about the geographical location of (i) the Group's CRM services income and IM services income ("Services income") and (ii) the Group's property, plant and equipment, intangible assets, right-of-use assets, long term deposits and non-current financial assets at FVPL ("specified non-current assets"). The geographical location of customers is based on the location of services were provided. The geographical location of the specified non-current assets is based on the location of the operations to which they are allocated.

	Continuing operations (Unaudited)					Discontinued operation (Unaudited)				Group
	Hong Kong	The PRC	The US	Cayman Island and others	Total	Hong Kong	The PRC	Macao and others	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 June 2022										
Services income	12,481	2,321	-	-	14,802	28,243	18,007	1,021	47,271	62,073
As at 30 June 2022										
Specified non-current assets	211,045	789	36,088	62,503	310,425	-	-	-	-	310,425
For the six months ended 30 June 2021										
Services income	17,221	16,981	-	-	34,202	66,075	54,738	2,482	123,295	157,497
As at 31 December 2021										
Specified non-current assets	215,898	830	52,150	74,457	343,335	326	49,887	66	50,279	393,614

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

(d) Disaggregation of revenue from contracts with customers

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

	Continuing operations IM business HK\$'000	(Unaudited) Discontinued operation CRMS business HK\$'000	Total HK\$'000
For the six months ended 30 June 2022			
At point in time	5	31,215	31,220
Over-time	14,797	16,056	30,853
	14,802	47,271	62,073
For the six months ended 30 June 2021			
At point in time	11,805	96,122	107,927
Over-time	22,397	27,173	49,570
	34,202	123,295	157,497

The Group has one customer whose transactions accounted for 10% or more of the Group's aggregate revenue for 2022's continuing operations (for the six months ended 30 June 2021: two customers). The amounts of revenue from the customers are as follows:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Customer 1	8,459	10,519
Customer 2	N/A	9,439

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 Other expenses

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Continuing operations		
Auditors' remuneration	1,653	1,586
Travelling and entertainment expense	38	402
Other staff welfare benefit expense	329	414
Telecommunication expense	179	138
Insurance	339	752
Fund operation expenses	976	1,857
Information system expenses	2,141	2,777
Exchanges differences, net	2,144	1,475
Other expenses	593	1,187
	8,392	10,588

8 Employee benefits expenses, including directors' emoluments

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Continuing operations		
Salaries, wages and other benefits	13,694	21,177
Contribution to retirement benefit schemes	1,124	910
Share based compensation (reversal)/expense (note)	(1,769)	2,922
Total employee benefits expenses	13,049	25,009

Note: Approximately of HK\$2,336,000 of accrued share based compensation was reversed due to resignation of Dr. Lin Tun during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 Income tax expense/(credit)

	Note	For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current income tax			
– Hong Kong		–	511
– PRC	19	6,000	–
Over-provision in prior period		–	(288)
Total current tax expense/(credit)		6,000	223
Deferred tax		934	(1,836)
Income tax expense/(credit)		6,934	(1,613)
Income tax expense/(credit) is attributable to:			
(Loss)/profit from continuing operations		934	(1,002)
Profit/(loss) from discontinued operation		6,000	(611)
		6,934	(1,613)

(i) Hong Kong corporate income tax

The Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HK\$2 million of assessable profits at 8.25% and assessable profits above the threshold will be subject to a rate of 16.5%. Hong Kong profits tax of other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% (for the six months ended 30 June 2021: 16.5%) on the estimated assessable profits for the six months ended 30 June 2022 and 2021.

(ii) PRC corporate income tax

China Elite Info. Co. Ltd. ("China Elite") is eligible for a preferential income tax rate of 15% as a High and New Technology Enterprise from 2020 to 2023.

Other than the above, remaining subsidiaries located in the PRC are subject to the PRC Corporate Income tax rate of 25% (for the six months ended 30 June 2021: 25%) on their assessable profits.

(iii) Macao complementary tax

Since 1 January 2021, the Group is subject to Macao Complementary Tax due to termination of Article 12 of Decree-Law No. 58/99/M. However, the Group is exempted from Macao Complementary Tax since its taxable profits was below MOP 32,000 during the period.

(iv) Cayman Islands tax

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

11 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

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

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
(Loss)/profit attributable to owners of the Company (HK\$'000)		
– Continuing operations	(60,459)	9,837
– Discontinued operation	47,642	(5,524)
	(12,817)	4,313
Weighted average number of ordinary shares outstanding (thousand)	11,381,658	11,342,464
Basic (loss)/earnings per share (HK cents)		
– Continuing operations	(0.53)	0.09
– Discontinued operation	0.42	(0.05)
Total basic (loss)/earnings per share attributable to the ordinary equity holders of the Company (HK cents)	(0.11)	0.04

(b) Diluted loss per share

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

For the six months ended 30 June 2022, the diluted loss per share equals the basic loss per share since the vesting of the share options and share awards under the Company's Scheme (the "2020 Share Option Scheme and the Share Award Scheme") would not have a dilutive effect on the loss per share.

For the six months ended 30 June 2021, the diluted earnings per share was calculated by considering the impact of the 2020 Share Option Scheme and the Share Award Scheme, in which certain portion of the Company's share options was vested and is in the money and has dilutive impact on the earnings per share calculation. For the Company's share awards, they have dilutive impact on the earnings per share calculation. The diluted earnings per share would not consider those portion of the Company's share options which are expected to be vested and has anti-dilutive impact on the earnings per share calculation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 (Loss)/earnings per share (Continued)

(b) Diluted loss per share (Continued)

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
(Loss)/profit attributable to owners of the Company (HK\$'000)		
– Continuing operations	(60,459)	9,837
– Discontinued operation	47,642	(5,524)
	(12,817)	4,313
Weighted average number of ordinary shares outstanding (thousand)	11,381,658	11,507,110
Diluted (loss)/earning per share (HK cents)		
– Continuing operations	(0.53)	0.09
– Discontinued operation	0.42	(0.05)
Total diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company (HK cents)	(0.11)	0.04

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

	For the six months ended 30 June	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)
Weighted average number of ordinary shares used as the denominator in calculating basic (loss)/earnings per share	11,381,658	11,342,464
Adjustments for calculation of diluted (loss)/earnings per share:		
– Share option	–	33,910
– Share awards	–	130,736
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted (loss)/earnings per share	11,381,658	11,507,110

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate cost of approximately HK\$21,000 (as at 31 December 2021: approximately HK\$2,033,000). There is no disposal of property, plant and equipment during the six months ended 30 June 2022 (as at 31 December 2021: HK\$Nil).

13 Intangible assets

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

	Customer contracts HK\$'000	Licenses HK\$'000	Total HK\$'000
At 31 December 2021			
Cost	72,095	10,520	82,615
Accumulated amortisation	(42,697)	–	(42,697)
Accumulated impairment	(23,251)	–	(23,251)
Net book amount	6,147	10,520	16,667
At 30 June 2022			
Opening net book amount	6,147	10,520	16,667
Amortisation charge	(3,353)	–	(3,353)
Closing net book amount	2,794	10,520	13,314
Cost	72,095	10,520	82,615
Accumulated amortisation	(46,050)	–	(46,050)
Accumulated impairment	(23,251)	–	(23,251)
Net book amount	2,794	10,520	13,314

Impairment charges on intangible assets

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Intangible assets (Continued)

Impairment charges on customer contracts

The recoverable amount of customer contracts are determined based on fair value less cost of disposal. There is no impairment charged to the condensed consolidated interim income statement for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

14 Goodwill

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
At the beginning and at the closing	197,965	197,965

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

The recoverable amount of goodwill is determined based on fair value less cost of disposal. There is no impairment charged to the condensed consolidated interim income statement for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Trade receivables		
– related parties	1,121	10,634
– third parties	11,125	21,480
	12,246	32,114
Loss allowances	(3,952)	(3,952)
Trade receivables, net	8,294	28,162
Other financial assets at amortised costs		
Amounts due from brokers	165,150	68,763
Deposits and other receivables		
– related parties	16,311	17,228
– third parties	1,505	1,061
Prepayments	2,068	2,334
	19,884	20,623
	193,328	117,548

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

At 30 June 2022, the Group had a concentration of credit risk as 48% (as at 31 December 2021: 60%) of the total trade receivables were due from the Group's five largest customers and 32% (as at 31 December 2021: 36%) of the total trade receivables was due from the Group's largest customer.

(a) Ageing analysis

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Aged within 1 month	1,440	4,327
Aged between 1 to 3 months	3,331	9,355
Aged between 3 to 6 months	286	1,091
Aged between 6 months to 1 year	311	10,187
Aged over 1 year	2,926	3,202
	8,294	28,162

16 Cash and cash equivalents

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Cash at banks and on hand	105,420	99,535
Short-term bank deposits	–	46,795
Money market funds (Note a)	13,201	13,079
Cash and cash equivalents	118,621	159,409

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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

The Group classifies the following financial assets at FVPL:

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

Financial assets/(liabilities) measured at FVPL include the following:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Non-current assets		
Investment funds		
– US investment funds	36,088	52,150
Current assets		
Investment funds		
– Cayman Islands investment funds	53,689	71,756
– BVI investments funds	–	24,915
– PRC funds	38,294	5,565
Contracts for difference		
– PRC contracts for difference	195	975
Listed equity securities		
– US listed equity securities	12,114	637
– UK listed equity securities	1,447	2,008
– PRC listed equity securities	70,763	65,964
– Hong Kong listed equity securities	16,171	25,708
Listed options		
– US options	–	31
Listed futures		
– PRC futures	–	109
Exchange traded funds		
– US exchange traded funds	9,211	31,055
– Hong Kong exchange traded funds	–	1,976
– PRC exchange traded funds	–	180
Collateralised mortgage obligation		
– US collateralised mortgage obligation	10,656	11,543
Corporate bonds		
– PRC corporate bonds	–	6,357
Forward foreign exchange contracts	–	398
	212,540	249,177
	248,628	301,327

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Current liabilities		
Forward foreign exchange contracts	–	(1,552)
Contracts for difference		
– PRC contracts for difference	(1)	(1,086)
Index futures		
– Hong Kong Index futures	(280)	(394)
Listed options		
– US listed options	–	(19)
	(281)	(3,051)

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

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

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net fair value (losses)/gains on financial assets at FVPL	(35,349)	7,410
Dividend income from investments	2,016	1,591

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 Interests in associates

The Group invested in Goldstream Healthcare Focus Fund SP and Goldstream Macro Fund SP. As at 30 June 2022, the Group held 26.8% and 15.2% (31 December 2021: 8.0% and 4.4%) equity interest in these funds and has the power to participate in the financial and operating policy decision. Accordingly, the Group has significant influence over these two funds.

		Interest held		Measurement method	Carrying amount	
		As at 30 June 2022 %	As at 31 December 2021 %		As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Goldstream Healthcare Focus Fund SP	Cayman Islands	26.8%	8.0	Equity method	36,581	46,254
Goldstream Macro Fund SP	Cayman Islands	15.2%	4.4	Equity method	25,922	28,202
					62,503	74,456
					As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
At the beginning					74,456	98,426
Additions/(redemption)					857	(15,600)
Share of loss for the period/year					(12,810)	(8,370)
At the closing					62,503	74,456

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 Discontinued Operation

On 22 December 2021, the Company and Ms. Li entered into the Share Purchase Agreement, pursuant to which the Company conditionally agreed to sell, and Ms. Li conditionally agreed to purchase the entire issued share capital of Honor Crest Holdings Limited, at the Consideration of HK\$219,464,000. Pursuant to the Share Purchase Agreement, the consideration is satisfied in the following manner:

- (i) The amount of HK\$215,000,000 will be satisfied by setting off against the equivalent amount of the outstanding loan amount owing by the Company to a former director with principal amount of HK\$215,000,000. Fair value of the borrowing from a former director on 22 March 2022 was approximately HK\$213,879,000;
- (ii) Ms. Li shall pay the sum of HK\$4,464,000 in cash to the Company.

In connection with the disposal of the Disposal Group, on 22 December 2021, the Group and Honor Crest Holdings Limited executed the deed of waiver (the "Deed of Wavier"), pursuant to which, the Company agreed to waive amount due from a subsidiary of the Disposal Group amounting to approximately HK\$4,139,000 on the date of disposal.

The disposal transaction was completed on 22 March 2022 and the Disposal Group is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period is set out below.

Details of the profit/(loss) from discontinued operation is as follows:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss after tax from discontinued operation	(2,515)	(5,524)
Gain on disposal	50,157	–
	47,642	(5,524)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 Discontinued Operation (Continued)

(i) Financial performance and cash flow information

The financial performance presented are for the period from 1 January 2022 to 22 March 2022 and from 1 January 2021 to 30 June 2021.

	For the period from 1 January 2022 to 22 March 2022 HK\$'000 (Unaudited)	For the six months ended 30 June 2021 HK\$'000 (Unaudited)
Revenue	47,271	123,295
Other income	4,528	1,838
Expenses		
– Employee benefit expenses	(46,707)	(100,603)
– Depreciation of right-of-use-assets	–	(1,636)
– Depreciation of property, plant and equipment	–	(1,395)
– Operating lease charges	(1,464)	(3,506)
– Utilities	(844)	(2,184)
– Sub-contracting charges	(1,622)	(9,722)
– Advertising expenses for customers' projects	(23)	(4,974)
– Other expenses	(3,579)	(7,046)
Operating loss from discontinued operation	(2,440)	(5,933)
Finance cost		
– Interest expense	(75)	(202)
Loss before income tax	(2,515)	(6,135)
Income tax credit	–	611
Loss after income tax of discontinued operation	(2,515)	(5,524)
Gain on disposal of equity interest in discontinued operation	50,157	–
Profit/(loss) from discontinued operation	47,642	(5,524)
Exchange difference on transaction of discontinued operation	1,233	2,073
Reclassification of foreign currency translation reserve	(15,757)	–
Other comprehensive income/(loss) from discontinued operation	(14,524)	2,073
Total comprehensive income/(loss) from discontinued operation	33,118	(3,451)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 Discontinued Operation (Continued)

(i) Financial performance and cash flow information (Continued)

Cash outflow of the discontinued operation presented are for the period from 1 January 2022 to 22 March 2022 and from 1 January 2021 to 30 June 2021:

	For the period from 1 January 2022 to 22 March 2022 HK\$'000 (Unaudited)	For the six months ended 30 June 2021 HK\$'000 (Unaudited)
Net cash outflow from operating activities	(23,605)	(15,299)
Net cash outflow from investing activities	(184)	(913)
Net cash outflow from financing activities	(790)	(1,747)
Net cash used in Disposal Group	(24,579)	(17,959)

(ii) Assets and liabilities of disposal group classified as held for sales

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2021.

	As at 31 December 2021 HK\$'000
Assets classified as held for sales	
Property, plant and equipment	42,135
Right-of-use assets	7,152
Trade receivables and contract assets	68,239
Prepayment, deposits and other receivables	25,677
Deferred tax assets	1
Cash and cash equivalents	84,565
Total assets of Disposal Group held for sales	227,769
Liabilities directly associated with assets classified as held for sale	
Trade payables	6,782
Other payables and accruals	35,343
Contract liabilities	334
Lease liabilities	7,594
Total liabilities of Disposal Group held for sales	50,053

19 Discontinued Operation (Continued)

(iii) An analysis of gain on the disposal is as follow

	As at 22 March 2022 HK\$'000
Consideration	
– Cash consideration	4,464
– Set off borrowing to a former director at fair value	213,879
Waiver of respective payable owing by the Disposal Group	(4,139)
Less: direct expense	(1,509)
Less: net assets disposed of:	
– Property, plant and equipment	(42,645)
– Right-of-use assets	(7,745)
– Trade receivables and contract assets	(85,790)
– Prepayment, deposits and other receivables	(27,067)
– Cash and cash equivalents	(57,989)
– Other payables and accruals and contract liabilities	41,467
– Lease liabilities	7,474
Net assets disposed	(172,295)
Reclassification of foreign currency translation reserve on discontinued operations upon disposal	15,757
Less: tax expense	(6,000)
Gain on disposal	50,157

(iv) Net cash outflow on the disposal:

	HK\$'000
Cash consideration received	4,464
Less: Cash and cash equivalent balances disposed	(57,989)
Less: Cost of disposal of CRM business	(1,509)
Net cash outflow	(55,034)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 Share capital and share premium

(i) Share capital

	(Unaudited) As at 30 June 2022		(Audited) As at 31 December 2021	
	Number of shares '000	Nominal value HK'000	Number of shares '000	Nominal value HK'000
Ordinary shares of HK\$0.01 each				
Authorised:				
At beginning and end of the period/year	20,000,000	200,000	20,000,000	200,000
Issued and fully paid:				
At beginning of the period/year	11,346,472	113,465	11,346,472	113,465
Issuance of shares (Note a)	149,022	1,490	–	–
End of the period/year	11,495,494	114,955	11,346,472	113,465

(ii) Share premium

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
At beginning of the period/year	1,709,869	1,709,869
Issuance of shares (Note a)	4,475	–
End of the period/year	1,714,344	1,709,869

Note:

- (a) On 21 September 2020, the Share Award Scheme was approved and adopted by the Board of Directors of the Company. The Company has appointed Bank of Communications Trustee Limited as the trustee (the "Trustee") and a consolidated structured entity ("Share Scheme Trust") was set up for the benefits of eligible persons of the scheme and to administer and hold the Company's shares acquired or issued for the Share Award Scheme. On 28 January 2022 and 12 April 2022, the Board of the Company approved a new issuance of 74,511,000 and 74,511,000 ordinary shares to the Share Scheme Trust respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 Trade and other payables and amounts due to brokers

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Other payables		
– related parties	3,233	1,910
– third parties	10,552	18,493
Accruals		
– Accrued salaries	4,980	9,335
– Accrued audit fee	2,350	3,303
– Others	2,266	3,814
	23,381	36,855
Amounts due to brokers	58,310	17,381

22 Borrowing from a former director

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Borrowing from a former director	–	212,562

The amount due represented balance with a former director, Ms. Li and denominated in HK\$. She was a director of the Company until she resigned on 31 March 2022. The amount was unsecured, non-interest bearing and was repayable in its full principal amount of HK\$214,999,000 upon its maturity on 29 May 2022. Such borrowing facility was terminated during the period since the borrowing was offset against the consideration of the disposal of the Disposal Group which was completed on 22 March 2022.

The imputed interest expense was recognized and incurred a finance cost of HK\$1,318,000 for the six months ended 30 June 2022 (for the six months ended 30 June 2021: HK\$2,850,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 Commitments

Capital commitments

There were no significant capital expenditure contracted for but not yet incurred as at 30 June 2022 and 31 December 2021.

24 Related party transactions

(a) Relationship between the Group and related parties

(i) Ultimate shareholders of the Group

Zhao John Huan

(ii) Ultimate parent

Name	Place of incorporation	Principal place of business	Ownership interest	
			As at 30 June 2022	As at 31 December 2021
Hony Capital Group, L.P.	Cayman Islands	Cayman Islands	67.87%	68.76%

(iii) Subject to common control of ultimate shareholders

Exponential Fortune Group Limited
 Goldstream Segregated Portfolio Company
 Hony Capital Limited
 Hony Capital Management (Cayman) Limited
 Hony Group Management Limited
 Hony Gold Holdings, L.P.
 Hony Gold GP Limited
 Hony Gold Management Limited
 Hony Managing Partners Limited
 弘毅金涌金廣私募證券投資基金
 金涌多策略1號私募證券投資基金
 金涌全球醫療健康1號私募證券投資基金
 金涌穩固精選1號私募證券投資基金
 金涌消費醫藥基金1號私募證券投資基金
 金涌大中華量化穩健收益1號私募證券投資基金
 金涌港股通1號私募證券投資基金
 金涌循道1號私募證券投資基金
 金涌絕對價值投資私募證券投資基金

(iv) Associates

Goldstream Healthcare Focus Fund SP
 Goldstream Macro Fund SP

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 Related party transactions (Continued)

(b) Transactions with related parties

The following transactions were carried out with related parties:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Services income		
– Associate	2,075	3,016
– Other related parties	1,170	3,619
	(i)	3,245
Rental expenses of properties		6,635
– Other related parties	(ii)	1,440

Notes:

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

(c) Balances with related parties

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
	Trade receivables	
– Associates	658	1,852
– Other related parties	463	8,782
	1,121	10,634
Deposits and other receivables		
– Ultimate holding company	15,000	16,000
– Other related parties	1,311	1,228
	16,311	17,228
Other payables		
– Other related parties	3,233	1,910

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 Related party transactions (Continued)

(d) Key management compensation

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

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Wages, salaries and other benefits	2,066	11,971
Contribution to retirement benefit schemes	260	343
	2,326	12,314

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

25 Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2022 and 31 December 2021.

26 Events after the reporting period

In July 2022, pursuant to the share award scheme adopted by the Company on 21 September 2020 (the "Share Award Scheme"), an aggregate of 74,511,000 new ordinary shares of the Company, which had been issued during the reporting period to the trustee appointed for the purposes of the Share Award Scheme, were distributed to Dr. Lin Tun, a former director of the Company, and Mr. Lam Tsan Fai Fergus, the chief financial officer and the chief operating officer of the Company, in accordance with the relevant terms of their share awards.

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