

# 2021

Interim Report



梧桐國際發展有限公司  
Planetree International Development Limited

*(Incorporated in Bermuda with limited liability)*  
Stock code: 00613

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive directors

Dr. Leung Wing Cheung, William  
(*Executive Chairman*)  
Mr. Lam Hiu Lo  
Ms. Cheung Ka Yee  
Mr. Man Wai Chuen

#### Independent non-executive directors

Mr. Chan Sze Hung  
Mr. Zhang Shuang  
Mr. Chung Kwok Pan  
Ms. Liu Yan

### COMMITTEES

#### Audit Committee

Ms. Liu Yan (*Chairman*)  
Mr. Chan Sze Hung  
Mr. Chung Kwok Pan

#### Nomination Committee

Ms. Cheung Ka Yee (*Chairman*)  
Mr. Chung Kwok Pan  
Ms. Liu Yan

#### Remuneration Committee

Ms. Liu Yan (*Chairman*)  
Ms. Cheung Ka Yee  
Mr. Chung Kwok Pan

### AUTHORISED REPRESENTATIVES

Ms. Cheung Ka Yee  
Mr. Man Wai Chuen

### COMPANY SECRETARY

Mr. Man Wai Chuen

### EXTERNAL AUDITORS

Mazars CPA Limited

### PRINCIPAL BANKERS

Morgan Stanley Bank Asia Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Standard Chartered Bank (Hong Kong) Limited

### LEGAL ADVISERS

Conyers Dill & Pearman

### REGISTERED OFFICE

Clarendon House, 2 Church Street,  
Hamilton HM 11, Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Fax: 2520 6103  
Email: [investors@planetreeintl.com](mailto:investors@planetreeintl.com)

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 54, Hopewell Centre,  
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Hong Kong

### WEBSITE

<http://www.planetreeintl.com>

### HKEX STOCK CODE

00613

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS

During the first six months ended 30 June 2021 (the “**Period**”), the total revenue and other income of the Group increased by HK\$43.9 million or 76% to HK\$101.7 million, as compared to the corresponding period for the six months ended 30 June 2020 (the “**Previous Period**”). The increase in total revenue and other income of the Group was mainly attributable to the increased segment revenue contributed by the Group’s businesses in financial services with operations requiring licences granted under the Securities and Futures Ordinance (“**SFO**”, Chapter 571 of the laws of Hong Kong), credit & lending services with operations requiring licences granted under the Money Lenders Ordinance (“**MLO**”, Chapter 163 of the laws of Hong Kong) and other financial services.

The increase in total revenue and other income as mentioned above turned around the Group’s profitability. The Group recorded an unaudited consolidated profit before tax for HK\$21.2 million during the Period versus a loss before tax of HK\$73.0 million in the Previous Period. The net profit for the Period attributable to owners of the Company was HK\$11.9 million (2020: a loss of HK\$74.3 million). The turn-around in the Group’s profitability year-on-year was mainly attributable to: (1) the significant increase in revenue as mentioned above due to the successful development of the Group’s financial and other businesses; and (2) the reduction in fair value losses on financial assets (including the share of loss from an associate principally engaged in investment holding) by HK\$37.9 million during the Period when compared to the Previous Period. Excluding the share of loss from the associate for HK\$27.9 million, the Group’s profit before tax during the Period was HK\$49.1 million.

## INTERIM DIVIDEND

No final dividend in respect of the year ended 31 December 2020 was paid during the six months ended 30 June 2021 (2020: Nil).

Apart from the aforesaid, the Board has resolved not to declare any interim dividend for the Period (2020: Nil).

## BUSINESS REVIEW

The first half of 2021 was a period with the prospect of economic recovery when compared to the first half of 2020. During most of the Period, the investment atmosphere was largely positive as the vaccination program was launched by the government to more effectively control the spread of COVID-19 in Hong Kong. The momentum of successful development of the Group’s financial services businesses thus smoothly carried forward from the second half last year into the first half of this year. The principal activities of the Group are classified into the following business segments:

### (1) Financial services — operations under SFO licences

Businesses under this segment cover the provision of dealing in securities, dealing in futures contracts, advising on corporate finance, provision of margin loans and asset management services with Type 1, Type 2, Type 6, Type 8 and Type 9 licences granted under the SFO to carry on such kind of regulated business activities.

Business of this segment has become more mature after the Group’s dedicated development in this segment for more than one year. Moreover, the relatively more positive investment atmosphere during the Period gave rise to more investment market activities resulting in increase in revenue generated by the Group’s financial services with operations under SFO licences. This segment recorded segment revenue of HK\$61.6 million (2020: HK\$21.4 million) and posted a segment profit of HK\$46.5 million during the Period (2020: HK\$12.4 million). This segment is the most profitable core business of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (2) Credit and lending services — operations under MLO licences

The Group conducts its money lending business with two money lender licences held by the Group under the MLO. During the Period, segment revenue increased from HK\$7.9 million in the Previous Period to HK\$26.5 million with more loans granted by the Group to a broader base of clients in this segment, as reflected by the increase in the gross balance of loan and interest receivables from HK\$319.1 million as at 31 December 2020 to HK\$529.8 million as at the end of the Period. The segment profit increased to HK\$19.2 million during the Period when compared to the segment profit of HK\$10.7 million during the Previous Period. The business expansion in this segment was propelled by the additional funds amounted to HK\$100 million raised by the Group's issuance of new shares in a money lender subsidiary (namely, Maxlord Enterprises Limited) to an independent third party subscriber in March 2021.

### (3) Other financial services

To open up a new business line in financial services, the Group acquired the entire equity interest in Briscoe Wong Advisory Limited in October 2020. Briscoe Wong Advisory Limited has carried on the business of providing corporate advisory related services in Hong Kong. By utilising the Group's integrated platform in financial services and the goodwill of being a member of a listed group, this segment recorded segment revenue of HK\$7.4 million (2020: Nil) and achieved a segment profit of HK\$1.0 million during the Period (2020: Nil).

### (4) Property investment and leasing

The performance of this segment was stable during the Period with segment revenue of HK\$4.8 million (2020: HK\$11.9 million) and segment profit of HK\$2.6 million (2020: HK\$2.1 million). As at 30 June 2021, the Group held 3 commercial properties in Hong Kong for leasing to independent third party tenants for rental income with a total fair value at HK\$358.2 million.

### (5) Tactical and strategic investment

Since implementing the strategy of scaling down the portfolio of equity and debt investments held by the Group last year, the amount of resources allocated by the Group to this segment (in the form of financial assets at fair value through profit or loss) remained at a relatively low level around HK\$23.8 million at the end of the Period (30 June 2020: HK\$27.9 million). Hence, the segment recorded a small segment revenue of HK\$1.0 million (2020: HK\$15.8 million) and a segment loss of HK\$31.0 million during the Period (2020: HK\$52.7 million) mainly due to share of loss of an associate of HK\$27.9 million (2020: Nil).

## PROSPECT

While the Group's core businesses fared well during the Period, some negative factors have cropped out since June 2021 to weaken the local economy. The world-wide persistent spread of COVID-19 has dampened the general public's initial expectation of economic recovery. Moreover, the recent measures introduced by the central government to regulate certain business activities in the Mainland have aroused investors' concerns and affected local investment atmosphere, as reflected by the Hang Seng Index having dropped from the high record above 29,000 points in June 2021 to the recent low record around 25,000 points in August 2021.

The weakening economic outlook mentioned above inevitably has exerted challenges on the Group's financial services as well as credit and lending services in the second half of this year. Under these circumstances, the Group will keep on developing diversified financial services on an integrated platform aiming at creating synergy effect and competitive advantages among competitors. To this end, the Group is in the process of applying for: (1) a licence to carry on Type 7 (providing automated trading services) regulated activity under the SFO; and (2) approving the licensed corporation within the Group carrying on Type 6 (advising on corporate activity) regulated activity to act as a sponsor to conduct initial public offering sponsorship business under the SFO. The Group's application for the aforesaid Type 7 licence has lasted for more than one year. The lengthy process is due to the complex nature of the trading platform being reviewed by the Securities and Futures Commission meticulously.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group's business in property investment and leasing is expected to remain stable in the second half of this year. In view of the recent trend in the stock market and bonds market, the Group intends to keep the existing scale of its tactical and strategic investments, though the Group is open to consider attractive and solid investment opportunities in the coming future in order to enhance return for shareholders of the Company.

## FINANCIAL REVIEW

### Revenue

The overall revenue of the Group for the Period was HK\$100.5 million, representing an increase of HK\$64.9 million from the Previous Period. Financial services income including those from other financial services aggregated to HK\$68.9 million (2020: HK\$21.2 million). Interest income from the Group's money lending business increased to HK\$26.5 million (2020: HK\$7.9 million). Rental income of the Period remained stable at HK\$4.8 million (2020: HK\$4.7 million). Revenue from tactical and strategic business decreased to HK\$0.3 million (2020: HK\$1.8 million).

### Other comprehensive income

The Group did not have other comprehensive gain or loss for the Period (2020: Nil).

### Net asset value

The unaudited consolidated net asset value of the Group as at 30 June 2021 was HK\$1,959.6 million, representing an increase of HK\$115.9 million (as a result of an increase in non-controlling interest and profit recorded during the Period) from the end of last financial year. The unaudited consolidated net asset value per share as at 30 June 2021 was HK\$2.08.

### Capital structure

On 14 May 2021, the Company completed the issue of 3,000,000 awarded shares to an employee granted to him on 14 May 2020 under the Company's share award scheme. Since then, the Company has 942,527,675 shares in issue.

The Group's capital expenditure and investments were mainly funded from cash on hand, internally-generated funds and bank borrowings.

The Group persistently adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in Hong Kong dollars. The Group does not use any financial instruments for hedging purpose.

### Liquidity and financial resources

The Group's cash and cash equivalents (excluding trust and segregated accounts), being mainly denominated in Hong Kong dollars, was HK\$131.8 million as at 30 June 2021 (31 December 2020: HK\$250.6 million). The cash and cash equivalents and the financial assets at FVPL in aggregate were HK\$155.6 million as at 30 June 2021 (31 December 2020: HK\$278.5 million). The liquidity of the Group was very strong with a current ratio of 4.8 as at 30 June 2021 (31 December 2020: 3.3). The Group had bank borrowings in the sum of HK\$271.8 million as at 30 June 2021 (31 December 2020: HK\$275.7 million). The Group did not have any available short-term revolving banking facilities as at 30 June 2021 (31 December 2020: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Exposure to fluctuation in exchange rates and related hedges

As the Group's major source of income, expenses, major assets and bank deposits were denominated in Hong Kong dollars and U.S. dollars, the Group's exposure to fluctuation in foreign exchange rates was minimal due to the pegged exchange rate to the U.S. Dollars. The Group did not have any related hedging instruments.

## Gearing ratio

As at 30 June 2021, the gearing ratio of the Group, as measured by dividing the net debt to shareholders' equity, was 8% (31 December 2020: 1%). The increase in gearing ratio was mainly attributable to the reduced cash and cash equivalents as a result of more efficient utilization of the Group's financial resources to finance the expansion in businesses. Net debt was calculated as bank borrowings plus other payables and accruals, net of cash and cash equivalents.

## Contingent liabilities

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

## Charge on Group assets

As at 30 June 2021, the Group pledged its investment properties and right-of-use assets — land and buildings with carrying value of HK\$303.2 million (31 December 2020: HK\$303.2 million) and HK\$164.9 million (31 December 2020: HK\$167.0 million) respectively as security for general banking facilities granted to the Group.

## Significant investments

The Group holds 40% equity interest in Green River Associates Limited (“**Green River Marshall**”) incorporated in Marshall Islands as a long-term investment. As at 30 June 2021, the carrying amount of investment in 40% equity interest in Green River Marshall amounted to HK\$153.5 million (31 December 2020: HK\$181.4 million), which represented approximately 6.7% to the Group's total assets. During the reporting period, the Group's share of loss of Green River Marshall was HK\$27.9 million (2020: Nil), which was mainly a result of Green River Marshall's fair value loss on its investments. Given the recent downward trend in the local securities market, Green River Marshall's business of securities investment may still face challenges in the second half of this year.

Save as disclosed above and elsewhere in this report, there was no other significant investment held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the reporting period under review (2020: Nil). There was no present plan authorised by the Board for material investments or acquisition of material capital assets as at the date of this report.

## Significant events since the end of the reporting period

There were no significant events affecting the Group since the end of the reporting period.

## Review of accounts

The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Company's auditor, Mazars CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated financial statements of the Group for the Period have also been reviewed by the audit committee of the Company. In addition, the audit committee of the Company has also reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATION REVIEW

### Human resources practices

The Group's remuneration policy is to ensure fair and competitive packages based on business needs and industry practice. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest level as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will all be considered.

There were 50 work forces (inclusive of all the Directors) working for the Group as at 30 June 2021. The Group also provides other staff benefits including MPF, medical insurance and discretionary training subsidy. The Company also operates a discretionary share option scheme and a discretionary share award scheme to motivate employees' performance and loyalty.

## ADDITIONAL INFORMATION

### Compliance with Corporate Governance Code

The Company is committed to achieving and maintaining high standards of corporate governance practice. Throughout the Period, the Company complied with all code provisions of Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for a deviation from code provision A.5.1. It provides that the nomination committee is to be chaired by the chairman of the board or an independent non-executive director. During the Period, the nomination committee of the Company was chaired by Mr. Kwong Kai Sing, Benny (a non-executive director of the Company by that time) from 1 January 2021 to 17 February 2021 and subsequently chaired by Ms. Cheung Ka Yee (an executive director of the Company) from 17 February 2021 onwards. The Board considered that the good business network of Mr. Kwong and Ms. Cheung and their in-depth knowledge of the Group's operations would make them suitable to respectively chair the nomination committee of the Company.

The Board will continually review the Company's corporate governance framework to ensure best corporate governance practices. Save as disclosed above, there were no significant changes in the Company's corporate governance practice or from the information disclosed in the Corporate Governance Report in the latest published annual report.

### Compliance with Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors and relevant employees. Following specific enquiry by the Company, each director confirmed that throughout the Period, they have complied with the required standards set out in the Model Code.

### Purchase, sale or redemption of listed securities of the Company

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



## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2021, none of the Directors or chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares of the Company (the “**Shares**”), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTION SCHEME

The Company adopted a share option scheme on 21 May 2015 (the “**Share Option Scheme**”) which has a term of 10 years and will be expired on 20 May 2025. The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the directors and employees and to serve such other purposes as the Board may approve from time to time. During the period under review, no share options were granted under the Share Option Scheme and there were no share options with respect to the Share Option Scheme and any other schemes of the Company outstanding at the beginning and at the end of the period under review.

### SHARE AWARD SCHEME

The Company adopted a share award scheme on 8 May 2020 (the “**Share Award Scheme**”) which has a term of 10 years and will expire on 8 May 2030. The purpose of the Share Award Scheme is to reward those selected grantees who have made or will make contributions to the Group, and to enhance the Group's competitiveness in attracting talented human resources for the growth and development of the Group, particularly the financial services business. During the period under review, no share award was granted under the Share Award Scheme to any directors of the Company or other grantees.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “Directors' and Chief Executive's Interests”, “Share Option Scheme” and “Share Award Scheme” above, at no time during the period under review was, the Company or any of its subsidiaries or its holding company, a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of Directors, or any of their associates, had any interests in or was granted any rights to subscribe for Shares, or had exercised any such rights.

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, the following persons (other than a Director and the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange:

## OTHER INFORMATION

Long positions in the Shares of the Company:

Name	Note	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of total number of issued share capital (Note 1)
Ms. Lo Ki Yan Karen	2	Interest of controlled corporation Beneficial Owner	628,263,640	66.66%
			5,271,800	0.56%
			<u>633,535,440</u>	<u>67.22%</u>
Future Capital Group Limited	2	Beneficial Owner	<u>628,263,640</u>	<u>66.66%</u>

Notes:

- (1) Based on 942,527,675 Shares of the Company issued as at 30 June 2021.
- (2) Future Capital Group Limited is 100% beneficially owned by Ms. Lo Ki Yan Karen.

Save as disclosed above, as at 30 June 2021, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares that were recorded in the register required to be kept by the Company under section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange.

### CHANGES IN INFORMATION OF DIRECTORS

During the period under review and up to the date of this report, there were changes in the composition of the Board as follows:

- Mr. Kwong Kai Sing, Benny resigned as a non-executive director of the Company and ceased to be the chairman of the nomination committee of the Company with effect from 17 February 2021. Mr. Kwong has been employed as a senior advisor to the Board for a term of two years without receiving any remuneration for this employment.
- Ms. Cheung Ka Yee has been appointed as the chairman of the nomination committee of the Company with effect from 17 February 2021.
- Ms. Wong Sheun Fun, Estella resigned as an executive director of the Company with effect from 1 March 2021.
- Mr. Liang Kang retired as an executive director of the Company with effect from 25 May 2021 at the conclusion of the annual general meeting held on that date.

Save for the above, there is no other change in Directors' information since publication of the annual report of the Company for the year ended 31 December 2020, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## OTHER INFORMATION

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank Mr. Kwong Kai Sing, Benny, Ms. Wong Sheun Fun, Estella and Mr. Liang Kang for their contributions to the Board during their tenure of office as directors of the Company. I would also like to extend our gratitude and sincere appreciation to management and all staff for their diligence and dedication to the Company throughout the period.

By order of the Board  
**Planetree International Development Limited**  
**Dr. Leung Wing Cheung, William**  
*Executive Chairman*

Hong Kong, 26 August 2021

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

# mazars

**MAZARS CPA LIMITED**

中審眾環(香港)會計師事務所有限公司

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To the board of directors of  
**Planetree International Development Limited**  
*(incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 12 to 32, which comprises the condensed consolidated statement of financial position of Planetree International Development Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

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

## SCOPE OF REVIEW

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

## CONCLUSION

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

**Mazars CPA Limited**  
*Certified Public Accountants*  
 Hong Kong, 26 August 2021

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>			
Fee and commission income		1,287	451
Asset management service income		12,176	—
Corporate advisory service income		7,368	—
Financial advisory service income		3,162	—
Interest income from margin clients, loan receivables and debt investments at amortised cost		71,702	30,020
Dividend income from financial assets at fair value through profit or loss ("FVPL")		—	439
Gross rental income		4,774	4,673
<b>Total Revenue</b>	4	<b>100,469</b>	<b>35,583</b>
Other income and gains	4	1,215	22,171
Net gain on disposal of debt investments at amortised cost (Impairment losses) Reversal of impairment losses on loan and interest receivables		—	99
Reversal of impairment losses on promissory note receivable		(4,937)	2,916
Impairment losses on trade receivables		—	2,310
Administrative expenses		(500)	—
Other losses	5	(40,350)	(53,415)
Finance costs	6	(4,517)	(77,960)
Share of result of an associate		(2,292)	(4,740)
<b>Profit (Loss) before taxation</b>	7	<b>21,226</b>	<b>(73,036)</b>
Income tax expense	8	(7,663)	(19)
<b>Profit (Loss) and total comprehensive income (loss) for the period</b>		<b>13,563</b>	<b>(73,055)</b>
<b>Profit (Loss) for the period attributable to:</b>			
Owners of the Company		11,893	(74,284)
Non-controlling interests		1,670	1,229
		<b>13,563</b>	<b>(73,055)</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the Company		11,893	(74,284)
Non-controlling interests		1,670	1,229
		<b>13,563</b>	<b>(73,055)</b>
		<b>HK cents</b>	<b>HK cents</b>
			<b>(Adjusted)</b>
<b>Earnings (Loss) per share</b>	10		
Basic		1.26	(7.98)
Diluted		1.26	(7.98)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property and equipment	11	215,561	217,128
Investment properties		358,200	358,200
Intangible assets		12,792	12,817
Goodwill		6,115	6,115
Investment in an associate		153,504	181,366
Debt investments at amortised cost		8,034	8,030
Other receivables	12	2,090	1,503
Other assets		3,205	3,205
		<u>759,501</u>	<u>788,364</u>
<b>Current assets</b>			
Trade, loan and other receivables	12	1,364,112	1,062,642
Financial assets at FVPL	13	23,803	27,922
Bank balances — trust and segregated accounts		3,046	179,617
Bank balances and cash		131,772	250,579
		<u>1,522,733</u>	<u>1,520,760</u>
<b>Current liabilities</b>			
Trade and other payables	14	19,748	169,822
Lease liabilities — current portion		3,810	1,886
Interest-bearing borrowings	15	271,807	275,664
Income tax payable		18,662	11,262
		<u>314,027</u>	<u>458,634</u>
<b>Net current assets</b>		<u>1,208,706</u>	<u>1,062,126</u>
<b>Total assets less current liabilities</b>		<u>1,968,207</u>	<u>1,850,490</u>
<b>Non-current liabilities</b>			
Other payables	14	1,562	1,690
Lease liabilities — non-current portion		5,858	3,886
Deferred taxation		1,185	1,185
		<u>8,605</u>	<u>6,761</u>
<b>NET ASSETS</b>		<u>1,959,602</u>	<u>1,843,729</u>
<b>Capital and reserves</b>			
Share capital	16	94,253	93,953
Reserves		1,685,370	1,671,467
Equity attributable to owners of the Company		<u>1,779,623</u>	<u>1,765,420</u>
Non-controlling interests		179,979	78,309
<b>TOTAL EQUITY</b>		<u>1,959,602</u>	<u>1,843,729</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company										
	Reserves							Total reserves	Total	Non-controlling interests	Total
	Share capital	Share premium	Contribution surplus	Asset revaluation reserve	Share option reserve	Share award reserve	Retained earnings				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2021 (Audited)	93,953	914,930	44,641	—	—	—	711,896	1,671,467	1,765,420	78,309	1,843,729
Profit and total comprehensive income for the period	—	—	—	—	—	—	11,893	11,893	11,893	1,670	13,563
<b>Transactions with owners:</b>											
<i>Contribution and distribution</i>											
Recognition of equity-settled share-based payments	—	—	—	—	—	2,310	—	2,310	2,310	—	2,310
Shares vested under the share award scheme	300	2,010	—	—	—	(2,310)	—	(300)	—	—	—
	300	2,010	—	—	—	—	—	2,010	2,310	—	2,310
<i>Change in ownership interests</i>											
Changes in ownership interests in subsidiaries that do not result in a loss of control (Note 18)	—	—	—	—	—	—	—	—	—	100,000	100,000
	—	—	—	—	—	—	—	—	—	100,000	100,000
At 30 June 2021 (Unaudited)	94,253	916,940	44,641	—	—	—	723,789	1,685,370	1,779,623	179,979	1,959,602

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company										
	Reserves								Total	Non-controlling interests	Total
	Share capital	Share premium	Contribution surplus	Asset revaluation reserve	Share option reserve	Share award reserve	Retained earnings	Total reserves			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (Audited)	93,053	907,280	44,641	49,211	—	—	569,027	1,570,159	1,663,212	113,476	1,776,688
Loss and total comprehensive (loss) income for the period	—	—	—	—	—	—	(74,284)	(74,284)	(74,284)	1,229	(73,055)
<b>Transactions with owners:</b>											
<i>Contribution and distribution</i>											
Recognition of equity-settled share-based payments	—	—	—	—	21,586	2,310	—	23,896	23,896	—	23,896
Shares vested under the share award scheme	300	2,010	—	—	—	(2,310)	—	(300)	—	—	—
	300	2,010	—	—	21,586	—	—	23,596	23,896	—	23,896
<i>Change in ownership interests</i>											
Transfer of reserve upon disposal of subsidiaries	—	—	—	(49,211)	—	—	49,211	—	—	—	—
Changes in ownership interests in subsidiaries that do not result in a loss of control	—	—	—	—	—	—	2,371	2,371	2,371	(2,371)	—
	—	—	—	(49,211)	—	—	51,582	2,371	2,371	(2,371)	—
At 30 June 2020 (Unaudited)	93,353	909,290	44,641	—	21,586	—	546,325	1,521,842	1,615,195	112,334	1,727,529



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
Note		<b>HK\$'000</b> <b>(Unaudited)</b>	<b>HK\$'000</b> <b>(Unaudited)</b>
	<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(261,488)</b>	<b>(197,153)</b>
	<b>INVESTING ACTIVITIES</b>		
	Proceeds from disposal of debt investments at amortised cost	—	7,956
	Purchase of intangible assets	—	(5,000)
	Purchases of property and equipment	(117)	(42,585)
	Net cash outflow arising from disposal of subsidiaries	—	75,684
18	Net cash inflow arising from partial disposal of a subsidiary	100,000	—
	Net cash outflow arising from acquisition of a subsidiary	—	(423)
	Other cash flows arising from investing activities	50,824	42,060
	<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>150,707</b>	<b>77,692</b>
	<b>FINANCING ACTIVITIES</b>		
	New interest-bearing borrowings raised	—	216,800
	Repayment of interest-bearing borrowings	(3,857)	(2,750)
	Principal portion of lease payments	(1,877)	(761)
	Interest paid	(2,292)	(4,376)
	<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(8,026)</b>	<b>208,913</b>
	<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(118,807)</b>	<b>89,452</b>
	<b>Cash and cash equivalents at beginning of the reporting period</b>	<b>250,579</b>	<b>232,254</b>
	<b>Cash and cash equivalents at end of the reporting period, represented by cash and bank balances</b>	<b>131,772</b>	<b>321,706</b>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 1. CORPORATE AND GROUP INFORMATION

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

The Company and its subsidiaries (together the “**Group**”) principally engage in (i) financial services with operations under the Securities and Futures Ordinance (“**SFO**”) licences, (ii) credit and lending services with operations under Money Lenders Ordinance (the “**MLO**”) licences, (iii) other financial services, (iv) property investment and leasing and (v) tactical and strategic investment.

## 2. PRINCIPAL ACCOUNTING POLICIES

### Basis of preparation

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

### Adoption of new/revised HKFRSs

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

Interest Rate Benchmark Reform — Phase 2

Amendments to HKFRS 16

COVID-19-Related Rent Concessions beyond 30 June 2021

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

## 3. SEGMENT INFORMATION

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

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

- (a) Financial services — operations under SFO licences segment, which engages in the provision of dealing in securities, dealing in futures contracts, advising on corporate finance, margin financing services and asset management services with Type 1, Type 2, Type 6, Type 8 and Type 9 licences granted under the SFO;
- (b) Credit and lending services — operations under MLO licences segment, which generates interest income from money lending activities with licences granted under the MLO;

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 3. SEGMENT INFORMATION (continued)

- (c) Other financial services segment, which engages in the provision of corporate advisory related services;
- (d) Property investment and leasing segment, which consists of the leasing of properties directly owned by the Group for rental income and/or capital appreciation potential; and
- (e) Tactical and strategic investment segment, which trades and holds debt and equity securities, earns interest and dividend income from the relevant securities investments.

### Segment revenue and results

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

For the six months ended 30 June 2021 (Unaudited)

	Financial services – operations under SFO licences HK\$'000	Credit and lending services – operations under MLO licences HK\$'000	Other financial services HK\$'000	Property investment and leasing HK\$'000	Tactical and strategic investment HK\$'000	Consolidated HK\$'000
Revenue	61,521	26,484	7,368	4,774	322	100,469
Other income and gains	45	—	4	—	644	693
Segment revenue	<u>61,566</u>	<u>26,484</u>	<u>7,372</u>	<u>4,774</u>	<u>966</u>	<u>101,162</u>
Segment profit (loss)	<u>46,529</u>	<u>19,167</u>	<u>1,002</u>	<u>2,624</u>	<u>(31,017)</u>	<u>38,305</u>
Unallocated other income and gains						522
Corporate and unallocated expenses, net						(25,264)
Profit for the period						<u>13,563</u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 3. SEGMENT INFORMATION *(continued)*

### Segment revenue and results *(continued)*

For the six months ended 30 June 2020 (Unaudited)

	Financial services – operations under SFO licences <i>HK\$'000</i>	Credit and lending services – operations under MLO licences <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Tactical and strategic investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	21,248	7,860	4,673	1,802	35,583
Other income and gains	170	—	7,203	14,026	21,399
Segment revenue	<u>21,418</u>	<u>7,860</u>	<u>11,876</u>	<u>15,828</u>	<u>56,982</u>
Segment profit (loss)	<u>12,431</u>	<u>10,739</u>	<u>2,051</u>	<u>(52,718)</u>	(27,497)
Unallocated other income and gains					772
Corporate and unallocated expenses, net					<u>(46,330)</u>
Loss for the period					<u>(73,055)</u>

Segment revenue includes revenue from tactical and strategic investment, property investment and leasing, other financial services, credit and lending services — operations under MLO licences and financial services — operations under SFO licences.

Segment result represents the profit earned or loss incurred by each segment without allocation of the central corporate expenses. On the other hand, the chief operating decision makers consider share of result of an associate as segment result under tactical and strategic investment segment.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 3. SEGMENT INFORMATION (continued)

### Segment assets and liabilities

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

#### At 30 June 2021 (Unaudited)

	Financial services – operations under SFO licences HK\$'000	Credit and lending services – operations under MLO licences HK\$'000	Other financial services HK\$'000	Property investment and leasing HK\$'000	Tactical and strategic investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Assets	944,854	519,778	24,032	361,828	175,946	255,796	2,282,234
Liabilities	(17,896)	(6,087)	(10,754)	(147,560)	(34,937)	(105,398)	(322,632)

#### At 31 December 2020 (Audited)

	Financial services – operations under SFO licences HK\$'000	Credit and lending services – operations under MLO licences HK\$'000	Other financial services HK\$'000	Property investment and leasing HK\$'000	Tactical and strategic investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Assets	943,319	431,036	21,450	360,497	229,294	323,528	2,309,124
Liabilities	(168,316)	(4,322)	(3,736)	(149,236)	(36,661)	(103,124)	(465,395)

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

- all assets are allocated to operating and reportable segments other than certain property and equipment, certain intangible assets, certain other receivables and bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables, lease liabilities, interest-bearing borrowings, certain income tax payable and certain deferred taxation.

The Group's operations are located in Hong Kong. Accordingly, the Group's revenue from external customers and all non-current assets (excluding certain financial assets) are located in Hong Kong.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 4. REVENUE, OTHER INCOME AND GAINS

		Six months ended 30 June	
Notes		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>			
		1,287	451
	(a)	1,287	451
		12,176	—
	(b)	12,176	—
		7,368	—
	(b)	7,368	—
		3,162	—
	(a)	3,162	—
Interest income from:			
		44,896	20,797
		26,484	7,860
		322	1,363
		71,702	30,020
		—	439
		—	439
		4,774	4,673
		100,469	35,583
<b>Other income and gains</b>			
Interest income on:			
		15	278
		—	48
	(c)	—	4,379
		15	4,705
		—	10,393
		—	4,751
	(c)	—	4,751
	(d)	—	312
		—	843
		1,200	1,167
		1,200	17,466
		1,215	22,171
		101,684	57,754
		101,684	57,754
<b>Total revenue, other income and gains</b>		<b>101,684</b>	<b>57,754</b>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 4. REVENUE, OTHER INCOME AND GAINS (continued)

Notes:

- (a) All fee and commission income and financial advisory service income are recognised at a point in time.
- (b) Asset management service income and corporate advisory service income are recognised over time.
- (c) During the six months ended 30 June 2020, the Group recognised interest income and gain on partial settlement of approximately HK\$4,379,000 and HK\$4,751,000 respectively for the promissory notes receivables.
- (d) During the six months ended 30 June 2020, the Group recognised government subsidies of HK\$312,000 in respect of Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government due to the COVID-19 pandemic.

## 5. OTHER LOSSES

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net exchange loss	397	—
Net fair value losses on financial assets at FVPL	4,120	69,860
Net fair value losses on investment properties	—	8,100
	4,517	77,960
	4,517	77,960

## 6. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on interest-bearing borrowings	2,189	4,691
Imputed interest on lease liabilities	103	49
	2,292	4,740
	2,292	4,740

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 7. PROFIT (LOSS) BEFORE TAXATION

This is stated after charging:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation of property and equipment	3,459	2,373
Depreciation of right-of-use assets	3,998	3,063
Amortisation of intangible assets	25	—
Share-based compensation expenses	2,310	23,896
	<u>          </u>	<u>          </u>

## 8. INCOME TAX EXPENSE

The two-tiered profits tax rates regime has been implemented from 1 April 2018, under which, the profit tax rate for the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will continue be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Current tax</b>		
Hong Kong Profits Tax	7,663	19
	<u>          </u>	<u>          </u>

## 9. DIVIDEND

The board of directors (the "Board") has resolved not to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).



# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 10. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit (Loss) for the period attributable to owners of the Company, for the purpose of basic and diluted earnings (loss) per share	<u>11,893</u>	<u>(74,284)</u>

	Six months ended 30 June	
	2021 No. of shares (Unaudited)	2020 No. of shares (Unaudited)
Issued ordinary shares at 1 January	939,527,675	9,305,276,756
Effect of share consolidation	—	(8,374,749,080)
Shares vested under the share award scheme	<u>795,581</u>	<u>779,005</u>
Weighted average number of ordinary shares in issue during the period, for the purpose of basic earnings (loss) per share	940,323,256	931,306,681
Effect of dilutive potential shares from share award scheme (Note 17)	<u>485,342</u>	—
Weighted average number of ordinary shares in issue during the period, for the purpose of diluted earnings (loss) per share	<u>940,808,598</u>	<u>931,306,681</u>

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

The outstanding share options (if any) and share awards of the Company have been included in the computation of diluted earnings per share as they are dilutive for the six months ended 30 June 2021 and 2020.

## 11. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2021, the Group had acquired property and equipment of approximately HK\$117,000 (six months ended 30 June 2020: HK\$42,585,000).

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 12. TRADE, LOAN AND OTHER RECEIVABLES

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
<b>Trade receivables</b>			
Trade receivables arising from the business of securities brokerage			
— cash clients		4	36
— margin clients	(b)	746,452	673,832
— Hong Kong Securities Clearing Company Limited (“HKSCC”)	(c)	84,373	478
Trade receivables from futures clearing house arising from the business of dealing in futures contracts			
		—	4,665
Trade receivables from provision of corporate advisory service			
	(d)	8,439	11,404
Trade receivables from provision of financial advisory service			
	(d)	833	3,222
Trade receivables from provision of assets management service			
— from independent third parties	(d)	1,378	36,782
— from an associate		—	14,820
Trade receivables from provision of underwriting service			
		—	126
		<b>841,479</b>	<b>745,365</b>
<i>Less: Loss allowance</i>			
		<b>(1,113)</b>	<b>(613)</b>
	(a)	<b>840,366</b>	<b>744,752</b>
<b>Rental receivables</b>			
		<b>690</b>	<b>—</b>
<b>Loan and interest receivables</b>			
Loan and interest receivables from independent third parties			
		<b>529,810</b>	<b>319,114</b>
<i>Less: Loss allowance</i>			
		<b>(12,237)</b>	<b>(7,300)</b>
	(e)	<b>517,573</b>	<b>311,814</b>
<b>Other receivables</b>			
Deposits with securities brokers			
	(f)	77	77
Prepayments			
		1,653	2,607
Deposits			
		1,936	2,246
Other receivables			
		3,893	2,637
Due form an associate			
	(g)	14	12
		<b>7,573</b>	<b>7,579</b>
		<b>1,366,202</b>	<b>1,064,145</b>
<i>Less: Non-current portion</i>			
Other receivables			
		<b>(2,090)</b>	<b>(1,503)</b>
Current portion			
		<b>1,364,112</b>	<b>1,062,642</b>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 12. TRADE, LOAN AND OTHER RECEIVABLES (continued)

Notes:

- (a) No ageing analysis by invoice date is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of financial services business.
- (b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 10% to 24% (31 December 2020: 15% to 24%) per annum as at the end of the reporting period. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$3,996,123,000 (31 December 2020: HK\$4,009,170,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group.

As at 30 June 2021, the Group has concentration of credit risk as 27% and 75% (31 December 2020: 20% and 79%) of total loans to margin clients which due from the Group's largest margin client and the five largest margin clients respectively, within the financial services business.

- (c) The settlement terms of trade receivables arising from the financial services business with HKSCC are usually two days after trade date.
- (d) Trade receivables from provision of corporate advisory service, financial advisory service and assets management service are unsecured, interest-free and repayable within 30 days upon presentation of invoices.
- (e) Loan receivables represent receivables arising from the Group's credit and lending business and are stated at amortised cost.

At the end of the reporting period, the loan receivables are related to twenty-one (31 December 2020: fourteen) customers. Loan receivables include fixed rate loan advances to independent third parties of approximately HK\$42,310,000 (31 December 2020: HK\$46,662,000) which are secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 12% to 15% (31 December 2020: ranging from 12% to 15%) per annum and have contractual loan period between 3 months and 2 years (31 December 2020: 3 months and 2 years). The remaining balance includes both fixed and variable rate loan advances to independent third parties of approximately HK\$475,263,000 (31 December 2020: HK\$265,152,000) which are unsecured, bearing interest ranging from 7% to 36% (31 December 2020: ranging from 5% to 36%) per annum and not overdue as at the end of reporting period. The contractual loan period for majority of the remaining balance is between 1 month and 2 years (31 December 2020: between 1 month and 2 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current working position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. As at 30 June 2021, allowance for impairment loss of approximately HK\$12,237,000 (31 December 2020: HK\$7,300,000) is recognised for the loan receivables.

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

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Not yet past due	440,221	311,814
1 to 3 months past due	77,352	—
At the end of the reporting period	<b>517,573</b>	<b>311,814</b>

As at 30 June 2021, the Group has concentration of credit risk as 9% and 36% (31 December 2020: 13% and 61%) of total loan receivables was due from the Group's largest borrower and the five largest borrowers respectively.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 12. TRADE, LOAN AND OTHER RECEIVABLES (continued)

Notes: (continued)

(f) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.

(g) The amount due is unsecured, interest-free and has no fixed repayment term.

## 13. FINANCIAL ASSETS AT FVPL

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Equity securities — listed in Hong Kong	<u>23,803</u>	<u>27,922</u>

## 14. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	Notes	
<b>Trade payables</b>	(a)	
Trade payables arising from the business of securities brokerage		
— cash clients	1,328	1,456
— margin clients	4,346	154,106
— HKSCC	—	4,409
Trade payables arising from the business of options broking	209	209
Trade payables arising from the business of dealing in futures contracts	(b) <u>1,535</u>	<u>3,018</u>
	(c)	<u>163,198</u>
<b>Other payables</b>		
Other payables and accrued charges	12,330	6,624
Rental deposits received	<u>1,562</u>	<u>1,690</u>
	<u>13,892</u>	<u>8,314</u>
	<u>21,310</u>	<u>171,512</u>
Less: Non-current portion		
Other payables	<u>(1,562)</u>	<u>(1,690)</u>
Current portion	<u>19,748</u>	<u>169,822</u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 14. TRADE AND OTHER PAYABLES (continued)

Notes:

- (a) Trade payables to cash, margin and option clients are repayable on demand. The settlement terms of trade payables arising from the provision of financial services business with HKSCC are usually two days after trade date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of financial services business.
- (b) Trade payables to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited (the "HKFE"). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand.
- (c) Included in trade payables were amounts in aggregate of approximately HK\$3,046,000 (31 December 2020: HK\$154,702,000) in respect of the trust and segregated bank balances received and held for clients in the course of dealing in regulated activities.

## 15. INTEREST-BEARING BORROWINGS

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Secured bank loans repayable on demand	<b>271,807</b>	275,664

The ranges of interest rates on the Group's interest-bearing borrowings are as follows:

	<b>30 June 2021</b>	31 December 2020
Interest rates 1 month HIBOR*	<b>Plus 1.5% to 1.7% per annum</b>	Plus 1.5% to 1.7% per annum

\* Hong Kong Interbank Offer Rate

At the end of the reporting period, bank loans with a clause in their terms that gives the banks an overriding right to demand for repayment are classified as current liabilities even though the directors do not expect that the banks would exercise their right to demand repayment. The bank loans are denominated in Hong Kong dollars and secured by the Group's investment properties and right-of-use assets — land and buildings with carrying value of approximately HK\$303,200,000 and HK\$164,900,000 (31 December 2020: HK\$303,200,000 and HK\$166,976,000) respectively and corporate guarantee of HK\$282,300,000 (31 December 2020: HK\$244,800,000) provided by the Company.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 15. INTEREST-BEARING BORROWINGS (continued)

The maturity terms of the bank loans based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause) are as follows:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Within one year	12,050	11,218
In the second year	12,050	12,405
In the third to fifth years inclusive	247,707	252,041
	<b>271,807</b>	<b>275,664</b>

## 16. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2020	50,000,000,000	500,000
Share consolidation	(45,000,000,000)	—
<b>At 31 December 2020 and 30 June 2021</b>	<b>5,000,000,000</b>	<b>500,000</b>
	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Issued and fully paid:		
At 1 January 2020	9,305,276,756	93,053
Share consolidation (Note)	(8,374,749,081)	—
Shares vested under the share award scheme	3,000,000	300
Issue of consideration shares for acquisition of a subsidiary	6,000,000	600
<b>At 31 December 2020</b>	<b>939,527,675</b>	<b>93,953</b>
Shares vested under the share award scheme	3,000,000	300
<b>At 30 June 2021</b>	<b>942,527,675</b>	<b>94,253</b>

Note:

Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 8 May 2020, every ten issued and unissued ordinary shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.1 each with effect from 12 May 2020.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 17. SHARE AWARD SCHEME

On 8 May 2020, the Board approved the adoption of a share award scheme (the “**Share Award Scheme**”) under which shares of the Company (the “**Awarded Shares**”) may be awarded to selected employees in accordance with the provisions of the Share Award Scheme and the nominal value of the shares awarded under the Share Award Scheme shall not exceed 10% of the issued share capital of the Company from time to time, with an annual limit equal to 3% of the Company’s issued share capital as at the date of passing of a shareholders’ resolution of the Company for approving the annual limit, as the maximum number of Awarded Shares which can be issued under the Share Award Scheme from the date of passing such shareholders’ resolution up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by its bye-laws or any applicable law to be held; and (iii) the revocation or variation of the approval by members of the Company in general meeting subject to refreshment annually.

Unless terminated earlier by the Board in accordance with the rules of the Share Award Scheme, the Share Award Scheme will be valid and effective for a term of 10 years starting from 8 May 2020.

When a selected grantee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the Company shall transfer the relevant Awarded Shares to that employee at no cost. The selected grantee however is not entitled to receive any income or distribution, such as dividend derived from the unvested Awarded Shares allocated to him/her.

On 14 May 2020, the Company granted 9,000,000 Awarded Shares to an employee of the Group who is not a director, chief executive or substantial shareholder of the Company or any of their respective associates. Among the aforesaid 9,000,000 Awarded Shares and 3,000,000 Awarded Shares were vested on 14 May 2020 and 14 May 2021 respectively and the remaining 3,000,000 Awarded Shares will be vested on 14 May 2022. Details of movements of the Awarded Shares during the six months ended 30 June 2021 are set out below:

Category of grantee	Date of grant	Average fair value per Awarded Share (HK\$)	Number of Awarded Shares					Vesting dates
			Outstanding as at 1 January 2021	Granted during the period	Vested during the period	Lapsed/ Cancelled during the period	Unvested and exercisable at 30 June 2021	
<b>Employee</b>								
(Total no.: 1)	14 May 2020	0.77	6,000,000	—	(3,000,000)	—	3,000,000	14 May 2022
			<u>6,000,000</u>	<u>—</u>	<u>(3,000,000)</u>	<u>—</u>	<u>3,000,000</u>	

The average fair value per Awarded Share on the grant date is determined by reference to the closing market price of the Company’s shares at HK\$0.77 on the grant date.

The Group recognised share award expenses of HK\$2,310,000 (based on the fair value of 3,000,000 Awarded Shares) during the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$2,310,000) in respect of 3,000,000 shares vested during the six months ended 30 June 2021 (six months ended 30 June 2020: 3,000,000).

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 18. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL

On 9 March 2021, Maxlord Enterprises Limited (“**Maxlord**”), a wholly-owned subsidiary of the Company, entered into a subscription agreement (the “**Subscription Agreement**”) with an independent third party (the “**Subscriber**”). Pursuant to the Subscription Agreement, Maxlord agreed to allot and issue and the Subscriber agreed to subscribe 10,000 shares of Maxlord (the “**Subscription Shares**”), representing one-third (approximately 33.3%) of the enlarged share capital of Maxlord, at a consideration of HK\$100,000,000 (the “**Subscription**”). The Subscription was completed in March 2021.

Upon completion, the Subscriber was granted an option to subscribe a further 10,000 shares of Maxlord (the “**Option Shares**”) at a subscription price of HK\$100,000,000 (the “**Option**”), and the Option Shares are exercisable up to 31 December 2021. The Option Shares, if exercised, together with the Subscription Shares, would represent 50% of the enlarged issued share capital of Maxlord as enlarged by the issuance of the Subscription Shares and the Option Shares. In such event when the Group’s equity interest in Maxlord decreasing to 50%, Maxlord will then be changed from a subsidiary to a joint venture of the Group.

As at 30 June 2021, the Option has not been exercised. Maxlord continued to be a subsidiary of the Company at the date of this report.

Accordingly, the carrying amount of the non-controlling interests in Maxlord of HK\$100,000,000 was recognised directly in the equity of the Group.

## 19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances set out elsewhere in the Interim Financial Statements, during the period, the Group had the following transactions with related parties:

Related party relationship	Nature of transaction	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Associate	Asset management income	1,244	—

The key management personnel of the Company are the directors of the Company. During the six months ended 30 June 2021, the emoluments of key management personnel were HK\$4,436,000 (six months ended 30 June 2020: HK\$3,577,000).



# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 20. FAIR VALUE MEASUREMENTS

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

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

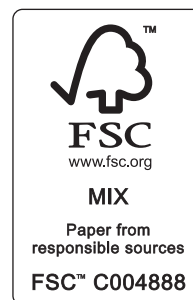
### (a) Fair value of the Group's financial assets that are measured at fair value

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2021 (Unaudited)	31 December 2020 (Audited)		
Investments in listed equity securities classified as financial assets at FVPL	<b>Listed equity securities in: — Hong Kong HK\$23,802,000</b>	Listed equity securities in: — Hong Kong HK\$27,922,000	Level 1	Quoted bid prices in an active market
Contingent consideration receivable	HK\$Nil	HK\$Nil	Level 3	<b>Valuation technique</b> Income approach  <b>Key inputs</b> Projected net profits for the period ending 31 December 2021 probability for scenarios

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements in current period. The details of the financial assets at FVPL are set out in note 13 to the condensed consolidated financial statements.

### (b) Fair value of the Group's financial assets and financial liabilities carried at other than fair value

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



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