

STOCK CODE: 8088

8088 Investment Holdings Limited
八零八八投資控股有限公司*

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Interim Report 2021

For the six months ended 30 June

* For identification purpose only

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This report, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement in this report misleading.

ABOUT 8088 INVESTMENT HOLDINGS LIMITED

8088 Investment Holdings Limited (formerly known as AID Life Science Holdings Limited) (the “Company” and, together with its subsidiaries, the “Group”) is a strategic investment group listed on GEM (stock code: 8088).

The Group is principally engaged in the business of strategic investment and outbound digital marketing solution business.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months under review, the Group continued to operate its strategic investment business. As part of the strategic investment business, the Group continued to monitor and strive to maximise the value of its strategic investments including, among others, (i) the development, operation and distribution of mobile/online games through its subsidiary, Complete Star Limited and its subsidiary; (ii) in the Greater China area in sharing economy business and online contents through its subsidiary, Honestway Global Group Limited (“HGGL”) and its subsidiaries; (iii) in the movie distribution and artist management through its shareholding in China Creative Digital Entertainment Limited (stock code: 8078) (“China Creative”); (iv) in the People’s Republic of China in the development and operation of electric vehicle charging pile facility; and (v) look for the continuation of development in advanced personal molecular diagnostic services for cancer evaluation and cure through its investment in GeneSort. Where the Board considers that an investment portfolio shows promising growth potential which would present the Group with an opportunity to reap greater return, the Board would consider putting a stronger focus on the business operations of such investment portfolio. Furthermore, the Group has identified outbound digital solution to be its main business focus in the future and in order to devote more resources to this business, the Group will dispose of its non-core investments and retain those investments which have synergy and may compliment the Group’s outbound digital marketing solution business in the future.

The Board has been closely monitoring the market trends and observed that the outbound digital marketing industry in the People’s Republic of China (the “PRC”) has seen incredible growth over the years, with strong support and competitive advantage provided by the Chinese government further pushing the growth in the industry. Due to advancement in technology and the impact of COVID-19, consumers are spending more time on the internet and becoming more and more accustomed to e-commerce, thus digital marketing has become a highly lucrative business.

Taking into account that the management team of HGGL has well-established experience in providing digital marketing solutions and related services such as creative content production and data analysis and management of marketing campaigns, and that there is tremendous growth potential in the outbound digital marketing industry in the PRC, the Board considered that it would be viable and beneficial for HGGL to further expand in the business of outbound digital marketing solution business to overseas web-based or mobile oriented digital channels, such as social media platforms, search engines and video-based media platforms.

The Company therefore intends to leverage on (i) the extensive and solid existing business networks of HGGL; (ii) big data and artificial intelligence capabilities of HGGL for multi-platform data integration and analysis and programmatic monitoring and analysis; (iii) partnership with major content libraries and websites; (iv) the market climate in the outbound digital marketing industry in the PRC; and (v) the highly experienced management team of HGGL, and focus its resources on expanding into outbound digital marketing solutions and customised marketing solutions business in China and overseas through HGGL.



EXISTING INVESTMENT PORTFOLIO

The Group has financial assets at fair value through profit or loss in aggregate amount of approximately HK\$201.1 million and HK\$200.4 million as at 30 June 2021 and 31 December 2020 respectively, representing approximately 80% and 76% of the total assets of the Group as at the respective reporting date. The following table sets out the Group's major investments as at 30 June 2021 and 31 December 2020:

Name of investments	As at 30 June 2021		As at 31 December 2020	
	Fair value at reporting date HK\$'000	Approximate percentage of the total assets of the Group	Fair value at reporting date HK\$'000	Approximate percentage of the total assets of the Group
AID Partners Autonomous, LP (the "Partnership") (Note (i)) — unlisted shares	187,613	75%	187,613	71%
China Creative (Note (ii)) — listed shares	2,231	1%	1,628	1%
Other investments	11,250	4%	11,199	4%
	201,094	80%	200,440	76%

Except for investments in the Partnership, as at 30 June 2021 and 31 December 2020, none of the Group's individual investment amounted to 5% or more of the total assets of the Group.

Notes:

- (i) The Partnership

The principal activities of the Partnership are the holding of equity investments in financial and emerging technologies. On 10 July 2020, the shareholders of the Company passed an ordinary resolution at the extraordinary general meeting to approve the disposal of the entire share capital of AID Partners Autonomous GP Ltd (the "General Partner") to an independent third party. Upon completion on 13 July 2020, the General Partner, the Partnership and its subsidiaries have ceased to be accounted for as subsidiaries of the Group; as a result, the interest in the Partnership is accounted for as a financial asset at fair value through profit or loss.

No fair value gain were recognised for the six months ended 30 June 2021, and fair value loss of HK\$66,975,000 were recognised for the year ended 31 December 2020. The Group's interest were approximately 82.3% of the Partnership as at 30 June 2021 and 31 December 2020.

(ii) China Creative (stock code: 8078)

China Creative is principally engaged in the entertainment business, with a focus in production of television programmes, movie and music production, distribution, distribution licensing in both Hong Kong and the PRC and artist management. For further information of the business and financial performance of China Creative, please refer to the reports, announcements and publications of China Creative from time to time for updates on its prospects and performance.

Fair value gain of HK\$603,000 and fair value loss of HK\$874,000 were recognised for the six months ended 30 June 2021 and year ended 31 December 2020, respectively, in relation to the investment in listed shares of China Creative. The Group's shareholdings were approximately 11.1% of issued share capital of China Creative as at 30 June 2021 and 31 December 2020.

IMPACT OF OUTBREAK OF CORONAVIRUS DISEASE 2019

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, it had resulted in suspension of work in certain regions in the People's Republic of China. The epidemic has continued to spread and impacted global business and economic activities. A series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of unaudited condensed consolidated financial statements were authorised for issue, the Group was not aware of any material adverse effects on the unaudited condensed consolidated financial statements as a result of the COVID-19 outbreak.

FINANCIAL REVIEW

Revenue for the six months under review increased to HK\$16.5 million from HK\$2.7 million for the corresponding period last year, while total operating expenses (being administrative expenses) for the six months under review decreased to HK\$17.2 million from HK\$20.9 million for the corresponding period of last year.

Fair value gains on financial assets at fair value through profit or loss of HK\$0.6 million was recognised for the six months under review, while fair value losses on financial assets at fair value through profit or loss of HK\$8.0 million was recognised for the corresponding period of last year.

Other net income for the six months under review increased to HK\$3.7 million from HK\$3.6 million for the corresponding period of last year.

Finance costs for the six months under review decreased to HK\$6.4 million from HK\$8.3 million for the corresponding period of last year, mainly represent the effective interest expense of the loan from an independent third party (2020: effective interest expense of the convertible bonds).

As a result, the Group reported a loss attributable to owners of the Company for the six months under review of HK\$20.8 million as compared to HK\$34.0 million for the corresponding period of last year.

FINANCIAL POSITION AND RESOURCES

SIGNIFICANT CAPITAL ASSETS AND INVESTMENTS

Apart from the financial assets at fair value through profit or loss as detailed in Note 17 to the unaudited condensed consolidated financial statements, the Group acquired property, plant and equipment totalling HK\$26,000 during the six months under review, which mainly comprised the additions to computer equipment, hardware and software.

LIQUIDITY

As at 30 June 2021, the Group had cash and bank balances of HK\$28.9 million (31 December 2020: HK\$30.3 million). As at 30 June 2021, current assets and current liabilities of the Group were HK\$43 million (31 December 2020: HK\$54.2 million) and HK\$12.4 million (31 December 2020: HK\$224.4 million), respectively. Accordingly, the Group's current ratio was 3.5 (31 December 2020: 0.2).

GEARING

2015 HK\$140 million Convertible Bonds

In July 2015, the Company entered into a subscription agreement with Hong Kong HNA Holding Group Co. Limited ("HNA"), pursuant to which HNA agreed to subscribe the convertible bonds in principal amount of HK\$140,000,000, bearing a compound interest rate of 8% per annum (the "convertible bonds").

In February 2021, the Group completed the restructuring of its major debt, convertible bonds of approximately HK\$215 million, which were replaced by a loan from an independent third party, repayable in August 2022.

CHARGES

There were no significant charges on the Group's investments and assets as at 30 June 2021 and 31 December 2020.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no significant commitments and no significant contingent liabilities.

EQUITY STRUCTURE

An analysis of the movements in equity during the period is set out in the unaudited condensed consolidated statement of changes in equity on page 16 of the unaudited condensed consolidated financial statements.

As at 30 June 2021, the total number of ordinary shares issued was 554,857,005 increased from 549,982,005 as at 31 December 2020 and the increase was due to the issuance of remuneration shares as compensation for consultancy services during the six months under review.

Details of the movements in share capital are set out in Note 20 to the unaudited condensed consolidated financial statements.

Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the six months under review.

EMPLOYEE INFORMATION

As at 30 June 2021, the Group had 28 full-time employees (31 December 2020: 26).

The remuneration packages of the Group's directors and employees are kept at a competitive level to attract, retain and motivate directors and employees of the quality required to run the Group successfully. In general, remuneration consists of a combination of a fixed salary paid in cash and a performance linked bonus paid in cash and options. A portion of the bonus may be deferred subject to the achievement of certain pre-determined targets and conditions. The Group's remuneration policies and practices are reviewed annually and benchmarked against similar sectors.

FOREIGN CURRENCY EXPOSURE

The Group conducts its businesses mainly in Hong Kong Dollars ("HK\$"), United States Dollars ("US\$") and Renminbi ("RMB"), which include income and expenses, assets and liabilities. During the six months under review, the exchange rate of US\$ and RMB to HK\$ basically remained stable. The Group's management believes that the fluctuation of US\$ and RMB will not have a significant impact on the Group's operations. The Group has not issued any financial instruments for hedging purposes.

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 30 June 2021, the Company has complied with the code provisions ("Code Provisions") as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, except for the following deviation:

Code Provision A.2.1

Code Provision A.2.1 provides that the roles of the Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual.

The Company has not appointed CEO and Chairman. Up to the date of this report, the role and function of CEO and Chairman have been performed by the two Executive Directors of the Company collectively.

Code Provision E.1.2

Code Provision E.1.2 provides that the Chairman of the Board should attend the annual general meeting to answer questions at the annual general meeting. The Company has not appointed the Chairman of the Company. Ms. Chan Suet Ngan ("Ms. Chan") and Mr. Hu Kenneth had attended the meeting and Ms. Chan had chaired the annual general meeting and answer any questions from shareholders.

(B) DIRECTORS' SECURITIES TRANSACTIONS

- (i) The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.
- (ii) Having made specific enquiries of all Directors of the Company, the Company is satisfied that the Directors of the Company have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules, and with the Company's code of conduct regarding Directors' securities transactions.

DISCLOSURE OF INTERESTS

(A) DIRECTORS' INTERESTS

As at 30 June 2021, the interests of the Directors or any chief executive of the Company in the ordinary shares of the Company (the "Shares") and underlying Shares or any of its associated corporations as recorded in the register were:

(i) Interests in Shares

Name of Directors	Nature of interest	Number of Shares held	Approximate % of shareholding
Ms. Chan Suet Ngan	Beneficial interest	19,850	0.003%
Mr. Hu Kenneth (Note)	Interest of spouse	630,000	0.11%
Mr. Yuen Kwok On ("Mr. Yuen")	Beneficial interest	99,000	0.01%

Note: Ms. Qian Alexandra Gaochuan ("Ms. Qian"), the spouse of Mr. Hu Kenneth holds 630,000 Shares. Accordingly, Mr. Hu Kenneth is deemed to be interested in 630,000 Shares.

(ii) Interests in the underlying Shares

Outstanding share options

Name of Directors	Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Exercise period (Notes)	Balance as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 30 June 2021
Ms. Chan Suet Ngan	01/04/2016 19/05/2017	4.94 1.56	(1) (2)	200,000	-	-	-	200,000
				600,000	-	-	-	600,000
				800,000	-	-	-	800,000
Mr. Hu Kenneth (Note 3)	01/04/2016 19/05/2017	4.94 1.56	(1) (2)	400,000	-	-	-	400,000
				2,800,000	-	-	-	2,800,000
				3,200,000	-	-	-	3,200,000
Mr. Yuen	01/04/2016 19/05/2017	4.94 1.56	(1) (2)	150,000	-	-	-	150,000
				100,000	-	-	-	100,000
				250,000	-	-	-	250,000

Notes:

1. Divided into two tranches exercisable from 1 October 2016 and 1 April 2017, respectively to 31 March 2026.
2. Exercisable from 19 May 2017 to 18 May 2027.
3. Ms. Qian, the spouse of Mr. Hu Kenneth holds 200,000 share options and 1,400,000 share options at an exercise price of HK\$4.94 per share and HK\$1.56 per share respectively, to subscribe for Shares.

(iii) Short positions

None of the Directors held short positions in the Shares and underlying Shares or any associated corporation.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

(B) SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2021, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the Shares and 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 is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(i) Interests in the Shares and underlying Shares

Name	Aggregate long position in Shares	Aggregate long position in underlying Shares	Approximate percentage of the issued share capital of the Company
Substantial Shareholders			
Mr. Wu King Shiu, Kelvin ("Mr. Wu") (Notes 1 and 2)	114,644,282	5,294,200	21.61%
Ms. Li Mau (Notes 1 and 2)	114,644,282	5,294,200	21.61%
AID Cap II (Note 1)	104,939,882	–	18.91%
AID Partners GP2, Ltd. (Note 1)	104,939,882	–	18.91%
Billion Town Limited (Note 1)	104,939,882	–	18.91%
Leader Fortune International Limited (Note 1)	104,939,882	–	18.91%
Hong Kong HNA Holding Group Co. Limited (Note 3)	66,141,232	–	11.92%
Mr. Wong Kwok Ho ("Mr. Wong") (Notes 4 and 5)	42,308,200	4,500,000	8.43%
Ms. Chau Mui (Notes 4 and 5)	42,308,200	4,500,000	8.43%
Mr. David Tin	45,454,400	–	8.19%
Abundant Star Ventures Limited (Note 1)	45,454,545	–	8.19%
Vantage Edge Limited (Note 1)	34,090,937	–	6.14%

Notes:

1. Mr. Wu owns 1,424,400 Shares. Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited own 25,394,400 Shares, 45,454,545 Shares and 34,090,937 Shares, respectively. Mr. Wu is deemed to have interests in 25,394,400 Shares, 45,454,545 Shares and 34,090,937 Shares of which Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited were deemed to be interested by virtue of the SFO since Mr. Wu indirectly owns 100% through Billion Town Limited, of the issued share capital of AID Partners GP2, Ltd.. AID Partners GP2, Ltd. is the general partner of AID Partners Capital II, L.P. ("AID Cap II"). AID Cap II is interested in the entire issued share capital of Leader Fortune International Limited, which is interested in the entire issued share capital of Hero Sign Limited, Abundant Star Ventures Limited and Vantage Edge Limited. Further, Mr. Wu is interested in 1,344,200 share options, 3,500,000 share options and 450,000 share options at an exercise price of HK\$3.20 per Share, HK\$4.94 per Share and HK\$1.56 per Share, respectively, to subscribe for Shares. Ms. Li Mau, as the spouse of Mr. Wu, is deemed to be interested in these Shares and underlying Shares for the purpose of the SFO.
2. Billion Express Consultants Limited ("Billion Express") owns 8,280,000 Shares. The entire issued share capital of Billion Express is wholly-owned by Ms. Li Mau. Mr. Wu, as the spouse of Ms. Li Mau, is deemed to be interested in these Shares held by Billion Express for the purpose of the SFO.
3. Hong Kong HNA Holding Group Co. Limited is wholly-owned by HNA Holdings International Co., Ltd. ("HNA Holdings"). HNA Holdings is wholly-owned by HNA Logistics Group Co., Ltd. ("HNA Logistics"). HNA Logistics is owned as to 51.38% by HNA Holding Group Co., Ltd. and 21.61% by HNA Group Co., Ltd.. HNA Holding Group Co., Ltd. is owned as to 96.06% by HNA Group Co., Ltd.. HNA Group Co., Ltd. is owned as to approximately 70% by Hainan Traffic Administration Holding Co., Ltd. ("Hainan Traffic"). Hainan Traffic is owned as to approximately 50% by Sheng Tang Development (Yangpu) Co. Limited ("Sheng Tang"). Sheng Tang is owned as to 35% by Tang Dynasty Development Co. Limited ("Tang Dynasty") and 65% by Hainan Province Cihang Foundation. Tang Dynasty is owned as to approximately 98% by Pan-American Aviation Holding Company, which is in turn 100% beneficially owned by Cihang Sino-Western Cultural and Educational Exchange Foundation Limited.
4. Mr. Wong owns 16,839,200 Shares and is interested in 4,500,000 share options at an exercises price of HK\$1.56 per Share to subscribe for Shares. Mr. Wong is deemed to be interested in 24,375,000 Shares as mentioned in Note 5 below. Ms. Chau Mui, as the spouse of Mr. Wong, owns 1,094,000 Shares and is deemed to be interested in all Shares and underlying shares held by Mr. Wong.
5. Sky March Limited ("Sky March") entered into a consulting service agreement with the Company dated 5 May 2017 (the "Consulting Service Agreement"), pursuant to which the Company has issued 97,500,000 Shares (4,875,000 Shares adjusted upon the Share Consolidation), 97,500,000 Shares (4,875,000 Shares adjusted upon the Share Consolidation), 4,875,000 Shares, 4,875,000 Shares and 4,875,000 Shares to Sky March on 25 May 2017, 28 May 2018, 28 May 2019, 28 May 2020 and 28 May 2021, respectively to Sky March in accordance with the terms and conditions of the Consulting Service Agreement. Mr. Wong is interest in these shares and underlying shares through his 100% interest in Sky March.

(ii) Short positions

No person held short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, as at 30 June 2021, the Directors of the Company were not aware of any other person who had an interest or short position in the shares and 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.

Save as disclosed above, as at 30 June 2021, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

(C) COMPETING INTERESTS

So far as the Directors were aware, none of the other Directors or their respective associates were interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Group.

(D) SHARE OPTION SCHEMES

The Company's share option scheme which was adopted on 27 March 2002 (the "2002 Share Option Scheme") was expired and a new share option scheme (the "2014 Share Option Scheme") was adopted by an ordinary resolution passed by the shareholders at the extraordinary general meeting of the Company on 15 April 2014 (the "Adoption Date"). The 2014 Share Option Scheme constitutes a share option scheme governed by Chapter 23 of the GEM Listing Rules and will remain in force for 10 years from the Adoption Date.

Upon the expiry of the 2002 Share Option Scheme, no further option can be offered thereunder but any options granted prior to such expiry but not yet exercised shall continue to be valid and exercisable.

The Company operates both the 2002 Share Option Scheme and the 2014 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Pursuant to the 2014 Share Option Scheme, the Directors of the Company may grant options to eligible participants persons (as defined in the 2014 Share Option Scheme) to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

2002 Share Option Scheme

The remaining share options granted under the 2002 Share Option Scheme are for other eligible participants and are exercisable as follows:

- (a) the first 30% of the options between the first and tenth anniversary of the date of grant;
- (b) the next 30% of the options between the second and tenth anniversary of the date of grant; and
- (c) the remaining options between the third and tenth anniversary of the date of grant.

The following table sets out information relating to the 2002 Share Option Scheme:

Date of grant (dd/mm/yyyy)	Grantees	Exercise period (dd/mm/yyyy)	Exercise price per share (HK\$)	Number of share options				Balance as at 30 June 2021
				Balance as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
16/03/2012	Former directors and former employees	16/03/2013 to 15/03/2022	4.00	267,129	-	-	-	267,129
14/05/2012	Former directors and former employees	14/05/2013 to 13/05/2022	3.80	292,968	-	-	-	292,968
			Total	560,097	-	-	-	560,097

No option was granted or exercised under the 2002 Share Option Scheme during the six months ended 30 June 2021.

The weighted average remaining contractual life of the options outstanding under the 2002 Share Option Scheme as at 30 June 2021 was approximately 0.79 years.

No share-based compensation expense was recognised under 2002 Share Option Scheme during the six months ended 30 June 2021 and 2020.

2014 Share Option Scheme

The following table sets out information relating to the 2014 Share Option Scheme:

Date of grant (dd/mm/yyyy)	Grantees	Exercise period (Notes)	Exercise price per share (HK\$)	Number of share options				Balance as at 30 June 2021
				Balance as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
15/05/2014	Former directors	(1)	3.20	2,734,200	-	-	-	2,734,200
20/06/2014	Former directors	(2)	3.20	1,623,262	-	-	-	1,623,262
01/04/2016	Directors and former directors	(3)	4.94	8,450,000	-	-	-	8,450,000
19/05/2017	Directors and former directors	(5)	1.56	5,300,000	-	-	-	5,300,000
				<u>18,107,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,107,462</u>
20/06/2014	Other eligible participants	(4)	3.20	888,888	-	-	-	888,888
01/04/2016	Other eligible participants	(3)	4.94	1,820,800	-	-	-	1,820,800
19/05/2017	Other eligible participants	(5)	1.56	11,809,600	-	-	-	11,809,600
				<u>14,519,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,519,288</u>
			Total	<u>32,626,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,626,750</u>

Notes:

- (1) Exercisable from 15 May 2014 to 14 May 2024.
- (2) Exercisable from 20 June 2014 to 19 June 2024.
- (3) Divided into two tranches exercisable from 1 October 2016 and 1 April 2017, respectively to 31 March 2026.
- (4) Divided into two tranches exercisable from 20 June 2014 and 20 June 2015, respectively to 19 June 2024.
- (5) Exercisable from 19 May 2017 to 18 May 2027.

No option was granted or exercised under the 2014 Share Option Scheme during the six months ended 30 June 2021.

During the six months ended 30 June 2021, no option was lapsed upon resignation of other eligible participants.

The weighted average remaining contractual life of the options outstanding under the 2014 Share Option Scheme as at 30 June 2021 was approximately 5.05 years.

No share-based compensation expense was recognised under the 2014 Share Option Scheme in the consolidated statement of profit or loss for the six months ended 30 June 2021 and 2020.

RESULTS

The board (the "Board") of directors (the "Director(s)") of the Company announces the unaudited condensed consolidated results of the Group for the six months and three months ended 30 June 2021, together with the comparative unaudited figures of the corresponding periods in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months and three months ended 30 June 2021

	Notes	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	5	16,504	2,706	16,204	1,312
Cost of sales		(14,987)	(2,000)	(14,802)	(1,008)
Gross profit		1,517	706	1,402	304
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	17	603	(8,045)	-	(6,236)
Impairment losses of interest in an associate	14	-	(622)	-	(622)
Impairment losses of loans to an associate	14	(1,079)	-	(1,079)	-
Impairment losses of other receivables		(2,054)	-	(2,054)	-
Other net income	6	3,735	3,614	2,266	1,815
Administrative expenses		(17,195)	(20,940)	(11,000)	(10,695)
Operating loss		(14,473)	(25,287)	(10,465)	(15,434)
Finance costs	7	(6,433)	(8,327)	(2,827)	(4,157)
Share of results of an associate accounted for using equity method	14	-	(850)	-	-
Loss before income tax	8	(20,906)	(34,464)	(13,292)	(19,591)
Income tax credit	9	-	390	-	-
Loss for the period		(20,906)	(34,074)	(13,292)	(19,591)
Attributable to:					
Owners of the Company		(20,832)	(34,002)	(13,220)	(19,550)
Non-controlling interests		(74)	(72)	(72)	(41)
Loss for the period		(20,906)	(34,074)	(13,292)	(19,591)
Loss per share attributable to owners of the Company					
Basic (HK cents)	10	(3.78)	(6.23)	(2.4)	(3.57)
Diluted (HK cents)	10	(3.78)	(6.23)	(2.4)	(3.57)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2021

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Loss for the period	(20,906)	(34,074)	(13,292)	(19,591)
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations	56	(450)	65	(2,157)
Share of other comprehensive income of an associate	–	14	–	–
Other comprehensive income/(loss) for the period, net of tax	56	(436)	65	(2,157)
Total comprehensive loss for the period	(20,850)	(34,510)	(13,227)	(21,748)
Total comprehensive loss for the period				
Attributable to:				
Owners of the Company	(20,780)	(34,440)	(13,155)	(21,702)
Non-controlling interests	(70)	(70)	(72)	(46)
	(20,850)	(34,510)	(13,227)	(21,748)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	536	1,078
Right-of-use assets	12(A)	4,610	5,541
Intangible assets	13	3,341	3,400
Financial assets at fair value through profit or loss	17	198,863	198,812
		207,350	208,831
Current assets			
Trade and other receivables	15	11,790	22,269
Financial assets at fair value through profit or loss	17	2,231	1,628
Tax recoverable		50	50
Cash and cash equivalents		28,918	30,292
		42,989	54,239
Non-current liabilities			
Lease liabilities	12(B)	1,980	3,672
Borrowings	18	221,170	–
		223,150	3,672
Current liabilities			
Trade and other payables	16	7,998	5,370
Lease liabilities	12(B)	3,982	3,580
Convertible bonds	19	–	214,995
Tax payable		415	415
		12,395	224,360

	Notes	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Net current assets/(liabilities)		30,594	(170,121)
Total assets less current liabilities		237,944	38,710
Net assets		14,794	35,038
EQUITY			
Share capital	20	8,656	8,580
Reserves	21	5,476	25,726
Equity attributable to owners of the Company		14,132	34,306
Non-controlling interests		662	732
Total equity		14,794	35,038

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Total equity attributable to owners of the Company												Non-controlling interests	Total equity	
	Share capital	Share premium	Capital reduction reserve	Convertible bonds equity reserve	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Remuneration share reserve	Foreign exchange reserve	Other reserve	Statutory surplus reserve	Accumulated losses			Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2021 (audited)	8,580	774,001	702,955	1,921	2,112	401	54,578	5,341	(5,100)	(21,619)	5,163	(1,494,197)	34,306	732	35,038
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(20,832)	(20,832)	(74)	(20,906)
Other comprehensive income/(loss): Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	52	-	-	-	52	4	56
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	52	-	-	(20,832)	(20,780)	(70)	(20,850)
Remuneration shares issued for consultancy service	76	5,871	-	-	-	-	-	(5,341)	-	-	-	-	606	-	606
At 30 June 2021 (unaudited)	8,656	779,872	702,955	1,921	2,112	401	54,578	-	(5,078)	(21,619)	5,163	(1,515,029)	14,132	662	14,794
At 1 January 2020 (audited)	8,504	748,129	702,955	1,921	2,112	401	57,159	9,028	(5,347)	(21,619)	5,163	(1,291,185)	237,421	55,441	202,862
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(34,002)	(34,002)	(70)	(34,074)
Other comprehensive income/(loss): Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(453)	-	-	-	(452)	2	(450)
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	14	-	-	-	14	-	14
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(439)	-	-	(34,002)	(34,440)	(70)	(34,510)
Remuneration shares issued for consultancy service	76	5,872	-	-	-	-	-	(4,416)	-	-	-	-	1,532	-	1,532
Transfer to statutory surplus reserve	-	-	-	-	-	-	-	-	-	-	2	(2)	-	-	-
At 30 June 2020 (unaudited)	8,580	774,001	702,955	1,921	2,112	401	57,159	4,612	(5,785)	(21,619)	5,165	(1,325,189)	204,513	55,371	259,884

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	Unaudited Six months ended 30 June 2021 HK\$'000	Unaudited Six months ended 30 June 2020 HK\$'000
Cash flows from operating activities			
Loss before income tax		(20,906)	(34,464)
Adjustments for:			
Amortisation of intangible assets	13	61	1,920
Fair value (gains)/losses on financial assets at fair value through profit or loss, net	17	(603)	8,045
Finance costs		6,433	8,327
Consultancy service settled by remuneration share		606	1,532
Share of results of an associate, net of tax	14	–	850
Other cash flows generated from/(used in) operating activities		15,256	(467)
Net cash generated from/(used in) operating activities		847	(14,257)
Cash flows from investing activities			
Other cash flows generated from investing activities		(25)	146
Net cash (used in)/generated from investing activities		(25)	146
Cash flows from financing activities			
Principal elements of lease payment		(1,819)	(1,459)
Interest elements of lease payment		(258)	(372)
Net cash used in financing activities		(2,077)	(1,831)
Net decrease in cash and cash equivalents		(1,255)	(15,942)
Cash and cash equivalents at 1 January		30,292	30,917
Effect of exchange rate changes on cash and cash equivalents		(119)	457
Cash and cash equivalents at 30 June		28,918	15,432

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 February 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 the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is 22/F, New World Tower II, 18 Queen's Road Central, Central, Hong Kong. The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 April 2000. The Company and its subsidiaries are together referred to as the "Group" hereinafter.

The Company acts as the holding company of the Group. The Group is principally engaged in the business of strategic investment and outbound digital marketing solution business.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules") and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

The unaudited condensed consolidated financial statements have been prepared on a historical cost convention except for certain financial assets which are measured at fair value.

These unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are unaudited but have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended 31 December 2020 ("2020 Annual Report"), which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The principal accounting policies adopted to prepare the unaudited condensed consolidated financial statements are consistent with those adopted to prepare the Company's 2020 Annual Report.

The IASB has issued a number of new standards and amendments to IFRSs which are first effective for accounting period beginning on 1 January 2021, the adoption of these new standards and amendments has no material impact on how the Group's financial results and financial position for the current and prior periods have been prepared and presented.

The Group has not early adopted the new or revised IFRSs which have been issued but are not yet effective.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited condensed consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated financial statements, are consistent with those set out in the Company's 2020 Annual Report.

4. SEGMENT INFORMATION

No separate analysis of segment information is presented by the Group as the Group has one reportable segment which is the strategic investment business.

Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and loan to an independent third party ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	Unaudited Six months ended 30 June 2021 HK\$'000	Unaudited Six months ended 30 June 2020 HK\$'000	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Hong Kong (place of domicile)	187	1,166	7,840	9,462
The People's Republic of China ("PRC")	16,317	1,540	553	180
Other Asian countries	–	–	94	377
	16,504	2,706	8,487	10,019

5. REVENUE

	Unaudited Six months ended 30 June 2021 HK\$'000		Unaudited Three months ended 30 June 2021 HK\$'000	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Sales of in-app purchase items	169	1,087	110	515
Advertising income	17	79	7	23
Real-time video streaming income	514	696	302	372
Shared use facilities income	45	844	26	402
Outbound digital marketing income	15,759	–	15,759	–
	16,504	2,706	16,204	1,312

6. OTHER NET INCOME

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Bank interest income	1	239	–	120
Net foreign exchange gain/(loss)	5	119	(24)	–
Interest income on loan to an independent third party	235	236	235	236
Interest income on loaned securities to an investee	2,054	1,337	1,428	705
Interest income on loans to an associate	611	611	305	611
Leasing income from related companies	–	234	–	117
Others	829	838	322	26
	3,735	3,614	2,266	1,815

7. FINANCE COSTS

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Effective interest expense on convertible bonds — wholly repayable within five years (Note 19)	1,897	7,955	–	3,978
Interest expenses on borrowings	4,278	–	2,704	–
Interest expenses on lease liabilities	258	372	123	179
	6,433	8,327	2,827	4,157

8. LOSS BEFORE INCOME TAX

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Loss before income tax is arrived at after charging:				
Staff costs including directors' remuneration				
— salaries and allowances	8,954	9,098	6,916	6,052
— retirement fund contributions	138	605	70	496
Auditor's remuneration:				
— audit services	351	318	192	176
— non-audit services	64	380	64	348
Amortisation of intangible assets (Note 13)	61	1,920	19	24
Depreciation of property, plant and equipment	569	720	282	386
Depreciation of right-of-use assets	1,461	1,385	768	692

9. INCOME TAX CREDIT

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
Hong Kong:				
— Credit for the period	-	58	-	-
Deferred tax credit	-	332	-	-
Income tax credit	-	390	-	-

Under the two-tier profits tax regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions during the six months and three months ended 30 June 2021 and 2020.

Deferred tax credit relating to the amortisation of intangible assets was recognised in profit or loss for the six months ended 30 June 2020. No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred tax assets is uncertain.

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

Basic loss per share is calculated by dividing loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months and three months ended 30 June 2021 and 2020.

	Unaudited Six months ended 30 June 2021	2020	Unaudited Three months ended 30 June 2021	2020
(HK\$'000)				
Loss attributable to owners of the Company	(20,832)	(34,002)	(13,220)	(19,550)
(Number of shares)				
Weighted average number of ordinary shares	550,897,751	546,017,719	551,823,672	546,928,434
(HK cents)				
Basic loss per share attributable to owners of the Company	(3.78)	(6.23)	(2.4)	(3.57)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all potentially dilutive ordinary shares. The Company has one category (2020: three categories) of potentially dilutive ordinary shares: share options (2020: remuneration shares, share options and convertible bonds). For the remuneration shares and share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding remuneration shares and share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The conversion period for the convertible bonds had expired in July 2020.

For the six months ended 30 June 2021 and 2020, diluted loss per share is the same as the basic loss per share as the conversion/exercise of potential ordinary shares in relation to the outstanding remuneration shares, share options and convertible bonds were not assumed to be converted/exercised as they would have anti-dilutive effects to the basic loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment totalling HK\$26,000 which mainly comprised the additions to computer equipment, hardware and software (six months ended 30 June 2020: addition of HK\$14,000).

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(A) *Right-of-use assets*

The carrying amount of right-of-use assets by class of underlying asset at the reporting dates are as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Properties leased for own use	4,610	5,541

(B) *Lease liabilities*

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting periods are as follows:

	Unaudited 30 June 2021		Audited 31 December 2020	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	3,982	4,292	3,580	4,015
After 1 year but within 2 years	1,980	2,021	3,672	3,820
After 2 years but within 5 years	-	-	-	-
	5,962	6,313	7,252	7,835
Less: total future interest expenses		(351)		(583)
Present value of lease liabilities		5,962		7,252
Categorised as:				
Current portion		3,982		3,580
Non-current portion		1,980		3,672
		5,962		7,252

13. INTANGIBLE ASSETS

	Non- compete agreements of mobile game business HK\$'000 (Note (a))	Others HK\$'000 (Note (b))	Total HK\$'000
Net book amount as at 1 January 2020 (Audited)	1,330	3,866	5,196
Additions	–	207	207
Amortisation	(1,330)	(667)	(1,997)
Exchange alignment	–	(6)	(6)
Net book amount as at 31 December 2020 (Audited) and 1 January 2021	–	3,400	3,400
Amortisation	–	(61)	(61)
Exchange alignment	–	2	2
Net book amount as at 30 June 2021 (Unaudited)	–	3,341	3,341

Notes:

- (a) Non-compete agreements of mobile game business refer to the restrictive covenants included in employment contracts of certain key management personnel of VSOYOU who agreed not to enter into or start a similar profession or trade in competition against VSOYOU's business.
- (b) Others represented movie rights with net carrying amount of HK\$41,000 (31 December 2020: HK\$100,000) and a club membership with net carrying amount of HK\$3,300,000 (31 December 2020: HK\$3,300,000).

14. INTEREST IN AN ASSOCIATE AND LOANS TO AN ASSOCIATE

	Notes	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Unlisted shares	(a)	–	–
Loans to an associate	(b)	–	–

Notes:

- (a) Particulars of the associate as at 30 June 2021 and 31 December 2020 are as follows:

Name	Place of incorporation	Registered capital	Percentage of interest held At		Principal activities
			At 30 June 2021	31 December 2020	
GeneSort International Inc.	British Virgin Islands	USD50,000	23.89%	23.89%	Investment holding

Movements in interest in an associate during the period/year are as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
At 1 January	–	1,458
Share of losses, net of tax	–	(619)
Impairment of interest in an associate	–	(839)
	<hr/>	<hr/>
At 30 June/31 December	–	–

(b) Loans to an associate

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Loans to an associate	61,172	60,093
Less: provision for impairment of loans to an associate	(61,172)	(60,093)
	<hr/>	<hr/>
Loans to an associate, net	–	–

The loans to an associate are unsecured, interest bearing at 5% to 10% per annum, denominated in USD and repayable in April 2022.

15. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
	Notes	
Trade receivables	5,979	5,980
Less: Provision for impairment of trade receivables	(4,030)	(3,981)
	<hr/>	<hr/>
Trade receivables, net	(a) 1,949	1,999
	<hr/>	<hr/>
Other receivables	13,216	21,715
Less: Provision for impairment of other receivables	(12,103)	(10,317)
	<hr/>	<hr/>
Other receivables, net	(b) 1,113	11,398
	<hr/>	<hr/>
Loan to an independent third party	(c) 7,060	6,824
Deposits and prepayments	1,668	2,048
	<hr/>	<hr/>
Total	11,790	22,269

Notes:

- (a) Ageing analysis of trade receivables based on invoice date and net of impairment losses is as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Current	236	237
0–30 days	40	14
31–60 days	13	14
61–90 days	1	7
Over 90 days	1,659	1,727
Total	1,949	1,999

- (b) As at 31 December 2020, other receivables mainly represented amount due from a former subsidiary, Captain Win Limited of HK\$10,515,000. The amount is fully settled during the six months ended 30 June 2021.
- (c) As at 30 June 2021, loan to an independent third party represented a loan with principal amount of HK\$5,883,000 (31 December 2020: HK\$5,883,000) and interest receivable of HK\$1,177,000 (31 December 2020: HK\$941,000) to a former subsidiary, Prestige Creation Limited, which was secured, interest bearing at 8% per annum and repayable in December 2021. The loan was not past due nor impaired as at 30 June 2021 and 31 December 2020.

16. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
	Note	
Trade payables	2,506	2,490
Other payables	4,124	1,568
Accrued charges	1,368	1,312
Total	7,998	5,370

Note:

- (a) Ageing analysis of the trade payables based on invoice date is as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
0–30 days	37	105
31–60 days	4	165
61–90 days	15	21
Over 90 days	2,450	2,199
Total	2,506	2,490

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
<i>Bond investments (Note(i))</i>		
As at 1 January	–	8,355
Disposals	–	(7,664)
Fair value losses for the period/year	–	(691)
As at 30 June/31 December	–	–
<i>Convertible bonds of China Creative Digital Entertainment Limited (“China Creative”) (Note (ii))</i>		
As at 1 January	–	41,775
Fair value losses for the period/year	–	(41,775)
As at 30 June/31 December	–	–
<i>Other financial assets (Note (iii))</i>		
As at 1 January	200,440	354,495
Additions (Note (iv))	–	254,588
Deemed disposal of AID Partners Autonomous, LP (the “Partnership”) (Note (iv))	–	(309,333)
Fair value gains/(losses) for the period/year	603	(99,566)
Exchange alignment	51	256
As at 30 June/31 December	201,094	200,440
Total	201,094	200,440
Categorised as:		
Current portion	2,231	1,628
Non-current portion	198,863	198,812
	201,094	200,440
Total net gains/(losses) recognised in profit or loss relating to financial assets at FVTPL held by the Group at 30 June/31 December	603	(142,032)

Notes:

- (i) Bond investments represented publicly traded bonds at market value, which were measured by the Group as financial assets at FVTPL.
- (ii) The management has reviewed the Annual Report 2019–2020 and Interim Report 2020–2021 of China Creative, and believed that the full impairment of convertible bonds of China Creative during the year ended 31 December 2020 is appropriate as the price that would be received from sell of convertible bonds of China Creative in an orderly transaction between market participants would be insignificant.
- (iii) At 30 June 2021, other financial assets mainly represented interest in listed equities of China Creative of HK\$2,231,000 and financial interest of the Partnership of HK\$187,613,000.
- (iv) On 13 July 2020, the Group disposed of equity interest in AID Partners Autonomous GP Ltd (the “General Partner”). As a result, the Group would ceased to have management and investment control over the Partnership through the General Partner, the Partnership is deemed disposed but the Group retained the same level of financial interest in the Partnership. Therefore, the interest in the Partnership is accounted for as a financial assets at FVTPL at HK\$254,588,000, and the financial assets at FVTPL held by the Partnership of HK\$390,333,000 is deemed disposed.
- (v) On 22 March 2018, the Group entered into a Stock Borrowing Agreement (“Agreement”) with China Creative as the borrower, whereas the Group has agreed to make available to the borrower a loan of the loaned securities up to 300,000,000 shares in China Creative (6,000,000 share adjusted upon the Capital Reorganization of China Creative), that were held by a subsidiary of the Group, in favour of an investor as a security for performance of certain obligations by China Creative, in relation to its issuance of convertible bonds and notes to the investor. Under the Agreement, China Creative has agreed to pay a borrowing fee on the value of the loaned securities at a rate of 3.5% per annum. During the six months ended 30 June 2021, interest income amounted to HK\$2,054,000 was recognised as other net income in profit or loss.

The loan is guaranteed and indemnified by an executive director of China Creative against all costs, losses, damages, demands and expenses in which the Group may sustain or incur as a result of the whole or any of the obligations being defaulted or becoming irrecoverable from the borrower. As at 30 June 2021, the fair value of the loaned securities was HK\$444,000 by reference to market value.

18. BORROWINGS

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Borrowings	221,170	–

In February 2021, the Group completed the restructuring of its major debt, convertible bonds of approximately HK\$217 million (Note 19) were converted into a loan from an independent third party. The loan is unsecured, bear interest at 5% per annum and is repayable in August 2022.

19. CONVERTIBLE BONDS

2015 HK\$140 million Convertible Bonds

In July 2015, the Company entered into a subscription agreement (the "Subscription Agreement") with Hong Kong HNA Holding Group Co. Limited ("HNA") pursuant to which HNA agreed to subscribe the convertible bonds in principal amount of HK\$140,000,000, bearing a compound interest rate of 8% per annum (the "2015 HK\$140 million Convertible Bonds"). On 20 July 2015, all the conditions precedent set out in the Subscription Agreement have been fulfilled and that the issue of the 2015 HK\$140 million Convertible Bonds was completed.

The 2015 HK\$140 million Convertible Bonds is convertible at the option of the bondholder at any business day during the period commencing from the date falling on the first anniversary of the issue date up to and including the date falling seven days prior to the fifth anniversary of the date of issue of the 2015 HK\$140 million Convertible Bonds (the "Maturity Date") at a price of HK\$0.325 per share initially. The 2015 HK\$140 million Convertible Bonds is only transferable with prior notification to the Company and may be transferred in integral multiples of HK\$1,000,000. The Company may, having given not less than thirty days' notice to the bondholder, redeem the 2015 HK\$140 million Convertible Bonds then outstanding, at a premium of 10% above the outstanding principal amount of the 2015 HK\$140 million Convertible Bonds, in integral multiples of HK\$1,000,000 at any time prior to the Maturity Date and subject to the bondholder's agreement.

The conversion option embedded in the 2015 HK\$140 million Convertible Bonds meets the definition of equity instrument of the Company, and is classified as equity and presented separately from the liability component of the 2015 HK\$140 million Convertible Bonds.

The carrying values of the liability component of the convertible bonds recognised in the condensed consolidated statement of financial position at the end of the reporting period are as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Net carrying amounts at 1 January	214,995	197,095
Effective interest expense for the period/year (Note 7)	1,897	17,900
Restructured as a loan from an independent third party (Note 18)	(216,892)	–
Net carrying amounts at 30 June/31 December	–	214,995

The interest expense of the 2015 HK\$140 million Convertible Bonds for the six months ended 30 June 2021 is calculated using effective interest method by applying an effective interest rate of 8.3% (31 December 2020: 8.3% per annum to the liability component).

20. SHARE CAPITAL

	Number of ordinary shares	Number of redeemable convertible preference shares	Nominal value US\$'000	Equivalent nominal value HK\$'000
Authorised (par value of US\$0.002 each)				
At 30 June 2021 and 31 December 2020	95,000,000,000	5,000,000,000	200,000	1,560,000
Issued and fully paid (par value of US\$0.002 each)				
At 31 December 2020 (Audited) and 1 January 2021	549,982,005	-	1,100	8,580
Remuneration shares issued for the consulting service (Note (a))	4,875,000	-	10	76
At 30 June 2021 (Unaudited)	554,857,005	-	1,110	8,656

Note:

- (a) On 28 May 2021, the Company has issued 4,875,000 remuneration shares at an issue price of HK\$1.60 per share as compensation for the consultancy service (Note 21(g)).

21. RESERVES

	Notes	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Share premium	(a)	779,872	774,001
Capital reduction reserve	(b)	702,955	702,955
Convertible bonds equity reserve	(c)	1,921	1,921
Capital reserve	(d)	2,112	2,112
Capital redemption reserve	(e)	601	601
Share-based compensation reserve	(f)	54,578	54,578
Remuneration share reserve	(g)	-	5,341
Foreign exchange reserve	(h)	(5,078)	(5,130)
Other reserve	(i)	(21,619)	(21,619)
Statutory surplus reserve	(j)	5,163	5,163
Accumulated losses		(1,515,029)	(1,494,197)
Total		5,476	25,726

Notes:

- (a) Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.
- (b) This represents the credit arising from the Capital Reduction by reducing the par value of each of the issued ordinary shares from US\$0.01 to US\$0.0001 by cancelling the paid up share capital to the extend of US\$0.0099 per issued ordinary share. At the effective date of the Capital Reduction, the credit arising as a result was applied towards offsetting the accumulated loss of the Company as at the date, thereby reducing the accumulated loss of the Company. The balance of credit was transferred to the capital reduction reserve account of the Company which may be utilised by the Directors as a capital reduction reserve.
- (c) This represents the amount allocated to the unexercised equity component of convertible bonds issued by the Company.
- (d) This represents a capital reserve arose from the acquisition of a subsidiary in 2000.
- (e) This represents the repurchase of shares of the Company listed on the Stock Exchange. These repurchased shares were cancelled upon repurchase and, accordingly, the nominal value of the cancelled shares was credited to capital redemption reserve and the aggregate consideration paid was debited to the accumulated losses and share premium accounts.
- (f) This relates to share options granted to employees, consultants and directors under the Company's Share Option Scheme.
- (g) On 5 May 2017, the Group entered into a consulting service agreement with an independent third party (the "Consultant"), pursuant to which, the Group engaged the Consultant to provide consultancy services (the "Consultancy Services") for a term of 5 years commencing from 5 May 2017. As consideration for the Consultancy Services, the Group will pay the Consultant a total sum of HK\$39,000,000 by way of the issue and allotment (or procure the issue and allotment of) 487,500,000 new ordinary shares of the Company at an issue price of HK\$0.08 per share (24,375,000 new ordinary shares of the Company at an issue price of HK\$1.6 per share upon Share Consolidation became effective on 14 December 2018) in five tranches, of which the 97,500,000 (4,875,000 adjusted upon the Share Consolidation), 97,500,000 (4,875,000 adjusted upon the Share Consolidation), 4,875,000, 4,875,000 and 4,875,000 new ordinary shares were issued on 25 May 2017, 28 May 2018, 28 May 2019, 28 May 2020 and 28 May 2021 respectively.
- (h) Exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in the foreign exchange reserve.
- (i) Other reserve represented the difference between the consideration received and the carrying amount of net assets attributable to the reduction of equity interest in HMV Brave Co., Ltd. disposed of to non-controlling shareholders; difference between the consideration paid and carrying amount of net assets attributable to the acquisition of the remaining 30% of the issued share capital of HGGL.
- (j) In accordance with the PRC Companies Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after tax, as determined in accordance with accounting standards and regulations of the PRC, to statutory surplus reserve. Such reserve may be used to reduce any loss incurred by the subsidiary or be capitalised as paid-up capital of the subsidiary. The statutory surplus reserve is non-distributable.

22. MATERIAL RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following material related party transactions:

- (a) Remuneration for key management personnel of the Group, including amounts paid to the Directors of the Company is as follows:

	Unaudited Six months ended 30 June 2021 HK\$'000	Unaudited Six months ended 30 June 2020 HK\$'000
Fees	5,900	244
Salaries and allowances	657	5,526
Retirement fund contributions	27	30
	6,584	5,800

- (b) During the period, the material related party transactions were:

	Note	Unaudited Six months ended 30 June 2021 HK\$'000	Unaudited Six months ended 30 June 2020 HK\$'000
Interest income on loaned securities to an investee	(i)	2,054	1,337
Interest income on loans to an associate	(i)	611	611
Leasing income from related companies	(i)	–	234

Note:

- (i) The amounts were charged based on terms mutually agreed between the relevant parties.

23. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2021, the Group had the following major non-cash transaction:

On 28 May 2021, 4,875,000 new ordinary shares were issued at an issue price of HK\$1.60 per share as the compensation for the consultancy service as detailed in Note 21(g). As fair value of the Company's ordinary shares at the date of grant was HK\$1.22, share capital of the Company was increased by approximately HK\$76,000 and share premium accounts of the Company was increased by approximately HK\$5,872,000.

During the six months ended 30 June 2020, the Group had the following major non-cash transaction:

On 28 May 2020, 4,875,000 new ordinary shares were issued at an issue price of HK\$1.60 per share as the compensation for the consultancy service as detailed in Note 21(g). As fair value of the Company's ordinary shares at the date of grant was HK\$1.22, share capital of the Company was increased by approximately HK\$76,000 and share premium accounts of the Company was increased by approximately HK\$5,872,000.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks, which are the same as those detailed in the Company's 2020 Annual Report, which are managed by the two Executive Directors of the Company collectively in close cooperation with the Board of Directors.

25. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following table presents financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial assets and liabilities is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the condensed consolidated statement of financial position as at 30 June 2021 and 31 December 2020 are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2021 (Unaudited)				
Financial assets:				
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	2,231	–	198,863	201,094
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000

At 31 December 2020 (Audited)

Financial assets:
Recurring fair value measurements:
Financial assets at fair value through
profit or loss

1,628	–	198,812	200,440
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There have been no significant transfers among levels 1, 2 and 3 in the reporting period.

No sensitivity analysis for unlisted equity investment is presented as a reasonably possible change in key assumptions used in the sensitivity analysis would not result in any significant potential financial impact.

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) is as follows:

Financial assets at fair value through profit or loss

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
As at 1 January	198,812	393,768
Additions (Note 17(iv))	–	254,588
Deemed disposal of a subsidiary (Note 17(iv))	–	(309,333)
Fair value loss for the period/year, net	–	(140,467)
Exchange alignment	51	256
	198,863	198,812
As at 30 June/31 December	198,863	198,812

26. SUBSEQUENT EVENTS

(a) Disposal of 13.77% equity interest in Brave Entertainment Co., Ltd.

On 2 July 2021, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the sales and purchase agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase (the "Disposal") 55,010 common stock (the "Target Shares") of Brave Entertainment Co., Ltd. (the "Target"), a company incorporated in Korea with limited liability and owned as to approximately 13.77% by the Group prior to the Disposal, for a cash consideration of HK\$4,198,500.

The Purchaser, Mr. Dong-Cheol Kang, is a director and a shareholder of the Target, he is also a shareholder of HMV Brave Co., Ltd., an insignificant subsidiary of the Company (as defined under Rule 20.08 of the of the GEM Listing Rules) and save and except for the Purchaser's directorship and shareholding in the Target and shareholding in HMV Brave Co., Ltd., the Purchaser is an independent third party.

The Disposal is expected to accrue a gain before tax of approximately HK\$4,100,000, which is calculated based on the cash consideration of HK\$4,198,500 less the zero carrying amount of the Target Shares as at 31 March 2021 and other related costs and expenses. Subject to audit, the actual amount of the gain on the Disposal to be recognised by the Group will depend on the carrying amount of the Brave Entertainment Co., Ltd. as at completion of the Disposal and therefore may be different from the amount mentioned above.

The Disposal was completed on 30 July 2021.

(b) Application of a review by the Listing Review Committee and suspension of trading

On 12 March 2021, the Company received a letter from the Stock Exchange notifying the Company of its decision that the Company has failed to carry out a business with a sufficient level of operations and assets of sufficient value to support its operations under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of its shares and that trading in the Company's shares will be suspended on 24 March 2021 under Rule 9.04(3) of the GEM Listing Rules (the "Decision").

Under Rule 9.14A(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of the Company's shares if trading of the Company's shares is suspended for a continuous period of 12 months.

On 19 March 2021, the Company has made a written submission to the GEM Listing Committee of the Stock Exchange (the "GEM Listing Committee") to request for a hearing for review of the Decision (the "Review Hearing"). As the Decision is subject to review by the GEM Listing Committee, trading in Company's shares was not suspended on 24 March 2021 pending the outcome of the Review Hearing. The Review Hearing was held on 22 June 2021. On 6 July 2021, the Company received a letter from the Stock Exchange notifying the Company that the GEM Listing Committee, having considered all the submissions (both written and oral) made by the Company and the Listing Division of the Stock Exchange, decided to uphold the Decision to suspend trading in the shares of the Company (the "GLC Decision").

Under Chapter 4 of the GEM Listing Rules, the Company has the right to have the GLC Decision referred to the GEM Listing Review Committee of the Stock Exchange (the "GEM Listing Review Committee") for review within seven business days from the date of the GLC Decision. Trading in the Company's shares will be suspended after the expiry of seven business days from the date of the GLC Decision (i.e. 16 July 2021), unless the Company applies for a review of the GLC Decision.

On 15 July 2021, after careful consideration of the relevant factors pertaining to the prospect of success for a review of the GLC Decision, the Board has decided not to apply for a further review of the GLC Decision by the GEM Listing Review Committee. Therefore, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 16 July 2021. On 19 July 2021, the Company had been notified by the Stock Exchange the guidance for resumption of trading in shares of the Company.

For details, please refer to announcements of the Company dated 12 March 2021, 19 March 2021, 3 May 2021, 6 July 2021, 15 July 2021 and 19 July 2021.

Further announcement(s) will be made by the Company as and when appropriate and in compliance with the requirements under the GEM Listing Rules.

27. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with current year's presentation and disclosure.

INTERIM DIVIDEND

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

AUDIT COMMITTEE

The Company established an Audit Committee on 31 March 2000 with the written terms of reference. The terms of reference are available on the Company's website (www.8088inc.com). The Audit Committee comprises three Independent Non-Executive Directors, Mr. Yuen Kwok On (Chairman), Mr. Yau Chung Hang and Mr. Ip Wing Wai. The duties of the Audit Committee include: managing the relationship with the Group's external auditor, reviewing the financial information of the Company, and overseeing the Company's financial reporting process, risk management and internal control systems. The Audit Committee reports its work, findings and recommendations to the Board after each meeting.

The Audit Committee meets at least quarterly with the most recent meeting held on 6 August 2021. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2021 have been reviewed by the Audit Committee.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2021 and 2020. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the six months ended 30 June 2021 and 2020.

By Order of the Board
8088 INVESTMENT HOLDINGS LIMITED
Chan Suet Ngan
Executive Director

Hong Kong, 6 August 2021

As at the date of this report, the Directors are:

Executive Directors: Chan Suet Ngan and Hu Kenneth

Independent Non-Executive Directors: Yuen Kwok On, Yau Chung Hang and Ip Wing Wai

This report will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of 8088 Investment Holdings Limited at www.8088inc.com.

The English text of this report shall prevail over the Chinese text for the purpose of interpretation.

* *For identification purpose only*