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**KIRIN GROUP HOLDINGS LIMITED**  
**麒麟集團控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 8109)**

**2021 INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of Kirin Group Holdings Limited (the “Company”, together with its subsidiaries as the “Group”) 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 (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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

*For the six months ended 30 June 2021*

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	3,108	9,933	13,507	20,472
Cost of sales and services		(3,636)	(3,847)	(7,571)	(8,693)
Other income		39	981	223	1,119
Distribution costs		(52)	(50)	(100)	(305)
Impairment loss on loan receivables		–	(14,436)	–	(14,436)
Impairment loss on trade and other receivables		–	(763)	–	(763)
Reversal of impairment loss on loan receivables	11	10,242	–	10,242	–
Administrative and other expenses		(14,887)	(5,197)	(20,537)	(10,541)
Finance costs	4	(7,463)	(13,841)	(11,671)	(19,676)
Loss before taxation		(12,649)	(27,220)	(15,907)	(32,823)
Taxation	5	613	675	613	625
Loss for the period	6	<u>(12,036)</u>	<u>(26,545)</u>	<u>(15,294)</u>	<u>(32,198)</u>
<b>Other comprehensive expense for the period</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising from translation of financial statements of foreign operations		–	–	–	(77)
Total comprehensive expense for the period		<u>(12,036)</u>	<u>(26,545)</u>	<u>(15,294)</u>	<u>(32,275)</u>

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to				
– Equity shareholders of the Company	<b>(14,115)</b>	(26,602)	<b>(16,386)</b>	(31,359)
– Non-controlling interests	<b>2,079</b>	57	<b>1,092</b>	(839)
	<u><b>(12,036)</b></u>	<u>(26,545)</u>	<u><b>(15,294)</b></u>	<u>(32,198)</u>
Total comprehensive income (expense) for the period attributable to:				
Equity shareholders of the Company	<b>(14,115)</b>	(26,602)	<b>(16,386)</b>	(31,436)
Non-controlling interests	<b>2,079</b>	57	<b>1,092</b>	(839)
	<u><b>(12,036)</b></u>	<u>(26,545)</u>	<u><b>(15,294)</b></u>	<u>(32,275)</u>
	<b>HK Cents</b>	<b>HK Cents</b>	<b>HK Cents</b>	<b>HK Cents</b>
Loss per share				
Basic and diluted	8 <b>(3.06)</b>	(11.46)	<b>(4.19)</b>	(13.51)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021	31 December 2020
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
<b>NON-CURRENT ASSETS</b>			
Right-of-use assets		2,936	1,543
Intangible assets	10	<u>66,105</u>	<u>69,615</u>
		<u>69,041</u>	<u>71,158</u>
<b>CURRENT ASSETS</b>			
Loan receivables	11	128,831	186,866
Trade and other receivables	12	125,601	72,755
Cash and bank balances	13	<u>7,423</u>	<u>7,405</u>
		<u>261,855</u>	<u>267,026</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	63,383	65,624
Contract liabilities	15	2,269	2,612
Corporate bonds	16	178,821	231,509
Convertible notes	17	8,853	–
Lease liabilities		1,131	1,147
Current tax payable		<u>1,950</u>	<u>2,563</u>
		<u>256,407</u>	<u>303,455</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>		<u>5,448</u>	<u>(36,429)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>74,489</u></u>	<u><u>34,729</u></u>

	<i>Notes</i>	<b>30 June 2021</b> <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities	15	2,597	3,514
Corporate bonds	16	16,885	16,398
Lease liabilities		2,028	590
		<u>21,510</u>	<u>20,502</u>
<b>NET ASSETS</b>		<b><u>52,979</u></b>	<b><u>14,227</u></b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity shareholders of the Company</b>			
Share capital	18	2,443	1,398
Reserves		66,241	29,626
		<u>68,684</u>	<u>31,024</u>
Non-controlling interests		<u>(15,705)</u>	<u>(16,797)</u>
<b>TOTAL EQUITY</b>		<b><u>52,979</u></b>	<b><u>14,227</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to equity shareholders of the Company									
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Convertible notes- equity component <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2020 (Unaudited)	1,108	–	534,152	77	30	–	(462,292)	73,075	(15,222)	57,853
Issue of ordinary shares										
– upon fully conversion of convertible bonds (Note 18(a))	76	5,484	–	–	–	–	–	5,560	–	5,560
– upon completion of placing (Note 18(b))	134	7,666	–	–	–	–	–	7,800	–	7,800
– upon completion of subscriptions (Note 18(c))	80	4,257	–	–	–	–	–	4,337	–	4,337
Loss for the period	–	–	–	–	–	–	(31,359)	(31,359)	(839)	(32,198)
Exchange difference arising from translation of financial statements of foreign operations	–	–	–	(77)	–	–	–	(77)	–	(77)
Total comprehensive expenses for the period	–	–	–	(77)	–	–	(31,359)	(31,436)	(839)	(32,275)
At 30 June 2020 (Unaudited)	<u>1,398</u>	<u>17,407</u>	<u>534,152</u>	<u>–</u>	<u>30</u>	<u>–</u>	<u>(493,651)</u>	<u>59,336</u>	<u>(16,061)</u>	<u>43,275</u>
At 31 December 2020 (Audited) and 1 January 2021 (Unaudited)	1,398	17,407	534,152	–	30	–	(521,963)	31,024	(16,797)	14,227
Issue of convertible notes (Note 17)	–	–	–	–	–	3,465	–	3,465	–	3,465
Issue of ordinary shares										
– upon completion of subscriptions (Note 18(d))	835	39,286	–	–	–	–	–	40,121	–	40,121
– upon fully conversion of convertible notes (Note 18(e))	50	3,066	–	–	–	(756)	–	2,360	–	2,360
– upon completion of placing (Note 18(f))	160	7,940	–	–	–	–	–	8,100	–	8,100
Loss and total comprehensive (expenses) income for the period	–	–	–	–	–	–	(16,386)	(16,386)	1,092	(15,294)
At 30 June 2021 (Unaudited)	<u>2,443</u>	<u>67,699</u>	<u>534,152</u>	<u>–</u>	<u>30</u>	<u>2,709</u>	<u>(538,349)</u>	<u>68,684</u>	<u>(15,705)</u>	<u>52,979</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	<u>4,387</u>	<u>7,513</u>
Financing activities		
Proceeds from issuance of corporate bonds	9,555	6,856
Expenses on issuance of corporate bonds	(361)	(2,872)
Proceeds from issue of new shares	8,320	18,467
Shares issue expenses	(220)	(770)
Interest paid	(6,963)	(11,598)
Repayment of finance leases	–	(4)
Repayment of corporate bonds	(14,146)	(17,013)
Repayment of lease liabilities	<u>(554)</u>	<u>(1,492)</u>
Net cash used in financing activities	<u>(4,369)</u>	<u>(8,426)</u>
Net increase (decrease) in cash and cash equivalents	18	(913)
Effect of change in foreign exchange rate	–	(77)
Cash and cash equivalents at 1 January	<u>7,405</u>	<u>7,453</u>
Cash and cash equivalents at 30 June, represented by bank balances and cash	<u><u>7,423</u></u>	<u><u>6,463</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Kirin Group Holdings Limited (the “Company”) is a company incorporated in Bermuda with limited liability and its shares are listed on GEM of the Stock Exchange.

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Unit 3801, 38/F, 118 Connaught Road West, West District, Hong Kong. The Company acts as an investment holding company and the Group is principally engaged in the provision of insurance brokerage and related services, assets management and securities brokerage services and money lending services in Hong Kong and multi-channel network (“MCN”) entertainment services.

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

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 (“Interim Financial Statements”) have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The accounting policies and methods of computation applied in preparation of the Interim Financial Statements are consistent with those applied in preparing the Group’s annual consolidated financial statements for the year ended 31 December 2020.

The Group has not applied any new standards, amendment or interpretation that has been issued but not yet effective for the current accounting period.

The Interim Financial Statements have been reviewed by the Company’s audit committee.

### 3. REVENUE AND SEGMENT INFORMATION

Information are reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reporting segments of the Group. The Group is principally engaged in provision of insurance brokerage and related services, assets management and securities brokerage services, and money lending services in Hong Kong and MCN entertainment services. Specifically, the Group’s reportable segments same as the operating segments are as follows:

- (a) Insurance brokerage and related services;
- (b) Assets management and securities brokerage services;
- (c) Money lending services; and
- (d) MCN entertainment services.



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

*For the six months ended 30 June (Unaudited)*

	2021					2020				
	Insurance brokerage and related services HK\$'000	Assets management and securities brokerage services HK\$'000	Money lending services HK\$'000	MCN entertainment services HK\$'000	Total HK\$'000	Insurance brokerage and related services HK\$'000	Assets management and securities brokerage services HK\$'000	Money lending services HK\$'000	Total HK\$'000	
Revenue	4,890	6,318	1,382	917	<u>13,507</u>	10,977	831	8,664	<u>20,472</u>	
Segment (loss) profit	<u>(4,684)</u>	<u>4,855</u>	<u>1,374</u>	<u>(2,918)</u>	<u>(1,373)</u>	<u>(3,218)</u>	<u>98</u>	<u>(7,279)</u>	<u>(10,399)</u>	
Unallocated corporate expenses					(2,863)				(2,748)	
Finance costs					<u>(11,671)</u>				<u>(19,676)</u>	
Loss before taxation					<u>(15,907)</u>				<u>(32,823)</u>	

*For the three months ended 30 June (Unaudited)*

	2021					2020				
	Insurance brokerage and related services HK\$'000	Assets management and securities brokerage services HK\$'000	Money lending services HK\$'000	MCN entertainment services HK\$'000	Total HK\$'000	Insurance brokerage and related services HK\$'000	Assets management and securities brokerage services HK\$'000	Money lending services HK\$'000	Total HK\$'000	
Revenue	2,316	315	18	459	<u>3,108</u>	5,206	824	3,903	<u>9,933</u>	
Segment (loss) profit	<u>(915)</u>	<u>(1,087)</u>	<u>18</u>	<u>(1,435)</u>	<u>(3,419)</u>	<u>368</u>	<u>16</u>	<u>(12,342)</u>	<u>(11,958)</u>	
Unallocated corporate expenses					(1,767)				(1,421)	
Finance costs					<u>(7,463)</u>				<u>(13,841)</u>	
Loss before taxation					<u>(12,649)</u>				<u>(27,220)</u>	

Segment (loss)/profit represents the loss incurred for or profit earned by each segment without allocation of central administration costs, directors' salaries, finance costs, income tax expenses and other income. This is the measure reported to the Board, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance.

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

	30 June 2021 (Unaudited)					31 December 2020 (Audited)				
	Assets		Assets			Assets		Assets		
	Insurance brokerage and related services	management and securities brokerage services	Money lending services	MCN entertainment services	Total	Insurance brokerage and related services	management and securities brokerage services	Money lending services	MCN entertainment services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>										
Segment assets	3,036	102	245,156	67,105	315,399	4,744	1,527	244,104	75,115	325,490
Unallocated corporate assets					15,497					12,694
Consolidated total assets					<u>330,896</u>					<u>338,184</u>
<b>LIABILITIES</b>										
Segment liabilities	25,803	899	1,157	4,430	32,289	32,240	728	1,190	5,347	39,505
Unallocated corporate liabilities					245,628					284,452
Consolidated total liabilities					<u>277,917</u>					<u>323,957</u>

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

- All assets are allocated to operating segments other than certain plant and equipment, interest in an associate, certain other receivables, consideration receivable and bank balances and cash as these assets are managed on a group basis.
- All liabilities are allocated to operating segments other than certain other payables and corporate bonds as these liabilities are managed on a group basis.

#### 4. FINANCE COSTS

	Three months ended		Six months ended	
	30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)
Interest on corporate bonds	6,142	8,333	9,278	11,598
Interest on lease liabilities	71	236	132	295
Imputed interest on corporate bonds (Note 16)	862	5,272	1,873	7,783
Imputed interest on convertible notes (Note 17)	388	—	388	—
	<u>7,463</u>	<u>13,841</u>	<u>11,671</u>	<u>19,676</u>

## 5. TAXATION

	Three months ended		Six months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong profits tax				
Over-provision in previous period	<u>613</u>	<u>675</u>	<u>613</u>	<u>625</u>

### (i) Hong Kong income tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates 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%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No provision for Hong Kong income tax has been made for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil) as there was no assessable profit arising from the Group’s operations in Hong Kong.

### (ii) Overseas income tax

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda. The Company’s subsidiaries established in the British Virgin Islands (“BVI”) are incorporated under the International Business Companies Acts of the BVI and, accordingly, are exempted from the BVI income taxes. The Company’s subsidiary established in the Republic of Seychelles is exempted from payment of the Republic of Seychelles income tax.

## 6. LOSS FOR THE PERIOD

	Three months ended		Six months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period have been arrived at after charging:				
Staff costs (including directors’ remuneration):				
– Salaries, wages and other benefits	2,165	2,410	4,149	6,174
– Retirement benefits scheme contribution	74	75	134	141
Depreciation of plant and equipment	–	–	–	1
Depreciation of right-of-use assets	<u>201</u>	<u>838</u>	<u>552</u>	<u>1,764</u>

## 7. INTERIM DIVIDEND

No dividend was paid, declared or proposed during the interim period. The Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 8. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share attributable to the owners of the Company is based on the following data:

	Three months ended		Six months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to the owners of the Company	<u>(14,115)</u>	<u>(26,602)</u>	<u>(16,386)</u>	<u>(31,359)</u>
	'000	'000	'000	'000
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>461,757</u>	<u>232,076</u>	<u>391,519</u>	<u>232,076</u>

### (b) Diluted loss per share

The computation of diluted loss per share does not assume the subscription of the Company's outstanding potential dilutive ordinary shares in the calculation of diluted loss per share as they are antidilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the period ended 30 June 2021 and 2020.

## 9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021 and 2020, the Group did not acquire certain property, plant and equipment, and depreciation of approximately HK\$Nil and HK\$1,000 were recognised for the six months ended 30 June 2021 and 2020 respectively.

## 10. INTANGIBLE ASSETS

	HK\$'000
<b>Cost</b>	
At 1 January 2021 (Unaudited)	70,200
<b>Accumulated amortisation</b>	
At 1 January 2021 (Unaudited)	(585)
Charge for the period	<u>(3,510)</u>
At 30 June 2021 (Unaudited)	<u>66,105</u>

## 11. LOAN RECEIVABLES

	<b>30 June 2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31 December 2020 <i>HK\$'000</i> <b>(Audited)</b>
Unsecured, fixed rate loan receivables	<b>152,588</b>	220,865
Allowance for impairment		
– Individually assessed	<b>(23,757)</b>	(33,999)
	<b>128,831</b>	186,866

The following table shows the movement in allowances for credit losses that has been recognised for loan receivables.

	<b>12m ECL</b> <i>HK\$'000</i>	<b>Lifetime ECL (not credit-impaired)</b> <i>HK\$'000</i>	<b>Lifetime ECL (credit-impaired)</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 July 2019 (Unaudited)	28	9,990	8,500	18,518
– Transfer to Lifetime ECL	(28)	28	–	–
– Transfer to credit-impaired (Note (1))	–	(9,990)	9,990	–
– Impairment losses recognised	–	–	22,711	22,711
– Written-off (Note (2))	–	–	(8,500)	(8,500)
New financial assets originated or purchased	1,270	–	–	1,270
At 31 December 2020 (Audited) and 1 January 2021 (Unaudited)	<b>1,270</b>	<b>28</b>	<b>32,701</b>	<b>33,999</b>
– Transfer to Lifetime ECL	(1,270)	1,270	–	–
– Reversal of impairment loss	–	–	(10,242)	(10,242)
At 30 June 2021 (Unaudited)	<b>–</b>	<b>1,298</b>	<b>22,459</b>	<b>23,757</b>

The majority of loan receivables carried at 2%–6% (31 December 2020: 2%–6%) interest rate per annum.

A maturity profile of the loans receivables as at the end of the reporting period, based on the remaining contractual maturity date is as follows:

	<b>30 June 2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31 December 2020 <i>HK\$'000</i> <b>(Audited)</b>
Due within 3 months	<b>2,089</b>	123,644
Due after 3 months but within 6 months	–	1,526
Due after 6 months but within 12 months	–	2,330
Overdue	<b>126,742</b>	59,366
Total	<b>128,831</b>	186,866

Included in the carrying amount of loans receivables as at 30 June 2021 is accumulated impairment losses of approximately HK\$23,757,000 (31 December 2020: HK\$33,999,000).

Notes:

- (1) Certain loan receivables with gross carrying amount of HK\$9,990,000 are default and transferred to credit impaired during the eighteen months ended 31 December 2020.
- (2) The Group writes off a loan receivable when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery.

## 12. TRADE AND OTHER RECEIVABLES

	<b>30 June 2021</b> <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables	2,934	8,151
Allowance for impairment	(956)	(956)
	<u>1,978</u>	<u>7,195</u>
Interest receivables	28,442	27,385
Allowance for impairment	(3,407)	(3,407)
	<u>25,035</u>	<u>23,978</u>
Other receivables	98,351	41,311
Allowance for impairment	(896)	(896)
	<u>97,455</u>	<u>40,415</u>
Prepayments, rental and other deposits	1,133	1,167
	<u><b>125,601</b></u>	<u><b>72,755</b></u>

The Group allows an average credit period normally 90 days (31 December 2020: 90 days) to its trade customers. The following is an ageing analysis of trade and interest receivables (net of allowance for doubtful debt) presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date.

### Trade Receivables:

	<b>30 June 2021</b> <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
0 to 3 months	1,406	6,491
4 to 6 months	–	13
7 to 12 months	–	261
Over 1 year	572	430
	<u><b>1,978</b></u>	<u><b>7,195</b></u>

**Interest Receivables:**

	<b>30 June 2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31 December 2020 <i>HK\$'000</i> (Audited)
0 to 3 months	137	10,715
4 to 6 months	7,048	1,256
7 to 12 months	5,911	8,523
Over 1 year	<u>11,939</u>	<u>3,484</u>
	<u><b>25,035</b></u>	<u><b>23,978</b></u>

The following table shows the movement in allowances for credit losses that has been recognised for trade receivables under simplified approach.

	Trade receivables Lifetime ECL (credit-impaired) <i>HK\$'000</i>	Other receivables Lifetime ECL (credit-impaired) <i>HK\$'000</i>
At 1 July 2019	959	–
– Impairment losses recognised	–	896
– Written off	<u>(3)</u>	<u>–</u>
<b>At 31 December 2020 (Audited) and 30 June 2021 (Unaudited)</b>	<u><b>956</b></u>	<u><b>896</b></u>

As at 30 June 2021, the Group's trade receivables are determined individually whether they are impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. At 30 June 2021, trade receivables of approximately HK\$956,000 (31 December 2020: HK\$956,000) were impaired.

The following table shows the movement in allowances for credit losses that has been recognised for interest receivables under simplified approach.

	12m ECL <i>HK\$'000</i>	Lifetime ECL (not credit-impaired) <i>HK\$'000</i>	Lifetime ECL (credit-impaired) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2019 (Unaudited)	1	1,121	163	1,285
– Transfer to Lifetime ECL	(1)	1	–	–
– Transfer to credit-impaired	–	(1,121)	1,121	–
– Impairment losses recognised	–	–	2,209	2,209
– Written off	–	–	(163)	(163)
New financial assets originated or purchased	76	–	–	76
At 31 December 2020 (Audited) and 1 January 2021 (Unaudited)	<b>76</b>	<b>1</b>	<b>3,330</b>	<b>3,407</b>
– Transfer to Lifetime ECL	<b>(76)</b>	<b>76</b>	–	–
At 30 June 2021 (Unaudited)	<b>–</b>	<b>77</b>	<b>3,330</b>	<b>3,407</b>

As at 30 June 2021, included in the Group's trade receivables and interest receivables are balances with aggregate carrying amount of approximately HK\$25,607,000 (31 December 2020: HK\$13,967,000) which are past due as at the reporting date. Out of the past due balances approximately HK\$25,465,000 (31 December 2020: HK\$12,698,000) has been past due 90 days or more and is not considered as in default based on historical experience.

### 13. CASH AND CASH EQUIVALENTS

	<b>30 June 2021</b> <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Cash and bank balances and cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<b>7,423</b>	7,405

Included in the cash and bank balances is an amount of approximately HK\$899,000 (31 December 2020: HK\$640,000) which arose from segregated bank balances representing money deposited by clients in the course of its insurance brokerage and securities brokerage businesses. The Group has recognised the corresponding accounts payable to respective clients.



#### 14. TRADE AND OTHER PAYABLES

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Trade payables	6,684	6,175
Other payables and accruals	35,515	39,225
Interest payables	21,184	20,224
	<u>63,383</u>	<u>65,624</u>

The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follow:

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Within 1 year	4,419	4,966
Over 1 year	2,265	1,209
	<u>6,684</u>	<u>6,175</u>

The average credit period on purchases of goods is normally 90 days (31 December 2020: 90 days). The Group has financial risk management policies in place to ensure that all trade payables are settled within the credit timeframe.

#### 15. CONTRACT LIABILITIES

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Advisory income	436	779
Royalties income	4,430	5,347
	<u>4,866</u>	<u>6,126</u>
Current	2,269	2,612
Non-current	2,597	3,514
	<u>4,866</u>	<u>6,126</u>

The contract liabilities primarily related to advance consideration received from the customers for the provision of asset management and securities brokerage services and MCN entertainment services, for which revenue is recognised when the services have been rendered.

## 16. CORPORATE BONDS

During the six months ended 30 June 2021, the Company issued 3 months to 12 months (the eighteen months ended 31 December 2020: 2 months to 18 months) corporate bonds with aggregate principal amounts of approximately HK\$9,555,000 (the eighteen months ended 31 December 2020: HK\$97,454,000) to certain independent third parties, net of direct expenses of approximately HK\$361,000 (the eighteen months ended 31 December 2020: HK\$13,566,000). These corporate bonds carried interest at fixed rates of 2% to 24.5% (the eighteen months ended 31 December 2020: 2% to 24.5%) per annum with interest payable monthly or semi-annually in arrears. These corporate bonds are unsecured. The effective interest rates of these corporate bonds are ranging from 2.4% to 36% (the eighteen months ended 31 December 2020: 2.4% to 36%) per annum.

	<b>30 June 2021</b>	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Beginning of the period	<b>247,907</b>	217,983
Proceeds from issuance of corporate bonds	<b>9,555</b>	97,454
Transaction costs for corporate bonds issuance	<b>(361)</b>	(13,566)
Imputed interest ( <i>Note 4</i> )	<b>1,873</b>	20,988
Principal repaid	<b>(63,268)</b>	(74,952)
	<b>195,706</b>	247,907
Carrying amount repayable:		
Overdue	<b>146,917</b>	169,603
Within one year	<b>31,904</b>	61,906
After one year but within five years	<b>16,885</b>	16,398
	<b>195,706</b>	247,907
Amount shown under current liabilities	<b>(178,821)</b>	(231,509)
Amount shown under non-current liabilities	<b>16,885</b>	16,398

## 17. CONVERTIBLE NOTES

On 26 April 2021, the Company has entered into subscription agreements with five subscribers, pursuant to which the five subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the convertible notes in an aggregate principal amount of HK\$14,290,173.66 which may be converted into 46,097,332 shares based on the initial conversion price of HK\$0.31 per new share (subject to adjustment) upon full conversion. The aggregated subscription prices in sum of HK\$14,290,173.66 shall be set off against the equivalent amount of overdue debts due to the five subscribers on dollar-for-dollar basis at completion. The convertible notes will be matured on the first anniversary of the issue date and carry coupon interest at the rate of 2% per annum. The conversion shares will be allotted and issued under the general mandate granted by the shareholders of the Company at a special general meeting on 26 August 2020. Subsequently, the subscription was completed on 6 May 2021. As at 30 June 2021, 10,051,774 conversion shares have been allotted and issued.

On the issue date of the convertible notes, the fair values of the entire convertible notes and the liability component of the convertible notes were individually measured with reference to professional valuations by the external valuer. The fair value of the liability component of the convertible notes was measured by using an equivalent market interest rate for similar bonds without a conversion option.

Subsequently, the liability component is carried at amortised cost using the effective interest rate at 29.77% per annum.

The convertible notes issued during the period have been split into the liability component and equity component as follows:

#### **Convertible notes**

Issuance date	<b>6 May 2021</b>
Maturity date	<b>6 May 2022</b>
Original principal amount ( <i>HK\$'000</i> )	<b>14,290</b>
Outstanding principal amount as at 30 June 2021 ( <i>HK\$'000</i> )	<b>11,174</b>
Coupon rate	<b>2%</b>
Conversion price per ordinary share of the Company ( <i>HK\$</i> )	<b>0.31</b>
	<b>Total</b>
	<b><i>HK\$'000</i></b>

#### **Principal amount outstanding**

Issuance of convertible notes during the period	<b>14,290</b>
Conversion of 10,051,774 ordinary shares of the Company	<b>(3,116)</b>
	<hr/>
At 30 June 2021 (Unaudited)	<b>11,174</b>
	<hr/>

#### **Liability component**

Issuance of convertible notes during the period	<b>10,825</b>
Conversion of 10,051,774 ordinary shares of the Company	<b>(2,360)</b>
Imputed interest expense ( <i>Note 4</i> )	<b>388</b>
	<hr/>
At 30 June 2021 (Unaudited)	<b>8,853</b>
	<hr/>

#### **Equity components**

Issuance of convertible notes during the period	<b>3,465</b>
Conversion of 10,051,774 ordinary shares of the Company	<b>(756)</b>
	<hr/>
At 30 June 2021 (Unaudited)	<b>2,709</b>
	<hr/> <hr/>

## 18. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 30 June 2019, 31 December 2020 (Audited) and 30 June 2021 (Unaudited) (ordinary shares of HK\$0.005)	100,000,000	500,000
Issued and fully paid:		
At 30 June 2019 (Audited) (ordinary shares of HK\$0.005)	221,684	1,108
Issue of ordinary shares		
– upon conversion of convertible bonds ( <i>Note (a)</i> )	15,150	76
– upon completion of placing ( <i>Note (b)</i> )	26,900	134
– upon completion of subscriptions ( <i>Note (c)</i> )	15,960	80
At 31 December 2020 (Audited) (ordinary shares of HK\$0.005)	279,694	1,398
Issue of ordinary shares		
– upon completion of subscriptions ( <i>Note (d)</i> )	166,935	835
– upon conversion of convertible notes ( <i>Note (e)</i> )	10,052	50
– upon completion of placing ( <i>Note (f)</i> )	32,000	160
At 30 June 2021 (Unaudited) (ordinary shares of HK\$0.005)	488,681	2,443

### (a) Issue of ordinary shares upon conversion of convertible bonds

Pursuant to an ordinary resolution passed on the special general meeting of the Company dated 10 December 2019, the shareholders of the Company approved the placing of a 2% coupon convertible bonds up to the principal amount of HK\$171,000,000 due on the third anniversary of the first issue date, entitling the holders thereof the rights to convert 427,500,000 conversion shares of HK\$0.005 each in the share capital of the Company at an initial conversion price of HK\$0.4 (subject to adjustment). The placing of the convertible bonds was completed on 20 January 2020 and the principal amount of HK\$6,060,000 has been issued. During the eighteen months ended 31 December 2020, all the convertible bonds have been fully converted into 15,150,000 ordinary shares of the Company of HK\$0.005 each. The conversion gave rise to the conversion of the convertible bonds with carrying amount of HK\$75,750 was credited to share capital and the remaining balance of HK\$5,484,250 was credited to the share premium account after netting off with the related expenses of HK\$500,000.

### (b) Issue of ordinary shares upon completion of placing

Pursuant to a placing agreement dated 11 May 2020 entered into between the Company and the placing agent, 26,900,000 new shares of the Company were allotted and issued at the placing price of HK\$0.3 per placing share. The placing gave rise to an aggregate proceeds of HK\$8,070,000, of which HK\$134,500 was credited to share capital and the remaining balance of HK\$7,665,500 was credited to the share premium account after netting off with the related expenses of HK\$270,000.

**(c) Issue of ordinary shares upon completion of subscriptions under general mandate**

Pursuant to the subscription agreements dated 4 June 2020 entered into between the Company and the subscribers, 7,755,000 subscription shares at the subscription price of HK\$0.2718 each, 4,050,000 subscription shares at the subscription price of HK\$0.2723 each and 4,155,000 subscription shares at the subscription price of HK\$0.2711 each, were allotted and issued to the subscribers respectively. The subscriptions gave rise to an aggregated proceeds of HK\$4,336,888, of which HK\$79,800 was credited to share capital and the remaining balance of HK\$4,257,088 was credited to the share premium account.

**(d) Issue of ordinary shares upon completion of subscriptions under specific mandate**

On 4 March 2021, a special general meeting was held to approve, among other things, the resolutions in relation to the subscription agreements dated 27 November 2020 entered into between the Company and the subscribers, pursuant to which an aggregate of 166,935,000 subscription shares to be allotted and issued under a specific mandate. All the resolutions were duly passed by way of poll at the special general meeting. Subsequently, the subscriptions were completed on 10 March 2021 and 166,935,000 subscription shares, representing approximately 37.38% of the issued share capital of the Company as enlarged by the issue of the subscription shares immediately after the completion, were allotted and issued to the subscribers in accordance with the terms and conditions of the subscription agreements. The subscription shares were issued at the subscription price of approximately HK\$0.24 per subscription share and the aggregate subscription price in the amount of approximately HK\$40,121,137.73 should be set off against the debts due to the subscribers by the Company as at 8 February 2021 on dollar-for-dollar basis.

**(e) Issue of ordinary shares upon conversion of convertible notes under general mandate**

On 26 April 2021, the Company has entered into subscription agreements with five subscribers, pursuant to which the five subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the convertible notes in an aggregate principal amount of HK\$14,290,173.66 which may be converted into 46,097,332 shares based on the initial conversion price of HK\$0.31 per new share (subject to adjustment) upon full conversion. The aggregate subscription prices in sum of HK\$14,290,173.66 were set off against the equivalent amount of overdue debts due to the five subscribers on dollar-for-dollar basis at completion. The convertible notes will be matured on the first anniversary of the issue date and carry coupon interest at the rate of 2% per annum. The conversion shares will be allotted and issued under the general mandate granted by the shareholders of the Company at a special general meeting on 26 August 2020. Subsequently, the subscriptions were completed on 6 May 2021. As at 30 June 2021, 10,051,774 conversion shares were allotted and issued, of which HK\$50,259 was credited to share capital and the remaining balance of HK\$3,065,791 was credited to the share premium account.

**(f) Issue of ordinary shares upon completion of placing under general mandate**

Pursuant to a placing agreement dated 18 May 2021 entered into between the Company and the placing agent, 32,000,000 new shares of the Company were allotted and issued at the placing price of HK\$0.26 per placing share. The placing gave rise to an aggregate proceeds of HK\$8,320,000, of which HK\$160,000 was credited to share capital and the remaining balance of HK\$7,940,000 was credited to the share premium account after netting off with the related expenses of HK\$220,000.

## 19. RELATED PARTIES TRANSACTIONS

### Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the six months ended 30 June 2021 and 2020 is as follows:

	Six months ended	
	30 June 2021	30 June 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Salaries and other benefits in kind	580	819
Retirement benefits scheme contributions	—	9
	<u>580</u>	<u>828</u>

The remuneration of directors and key executives of the Company is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company is an investment holding company and the Group is principally engaged in the provision of (a) insurance brokerage and related services; (b) assets management and securities brokerage services; (c) money lending services in Hong Kong; and (d) MCN entertainment services during the six months ended 30 June 2021.

### **Business Review**

#### *Insurance brokerage and related services*

The turnover of insurance brokerage and related services decreased by 55.5% to approximately HK\$4,890,000 for the period under review (30 June 2020: approximately HK\$10,977,000). The decrease in turnover was mainly due to (i) keen competition from the competitors in the industry; (ii) the worsened local economy as a result of the impacts arising from the outbreak of novel coronavirus (“COVID-19”), which resulted in a decrease in the number of customers in purchasing insurance and financial products.

#### *Assets management and securities brokerage services*

In view of the limited financial resources of the Group and the recent unfavourable economical and political environment in Hong Kong, the Company will not allocate any resources into the asset management business. This segment did not generate any revenue for the six months ended 30 June 2021.

The Group continued to focus on placing activities within the period under review. The securities brokerage business recorded a revenue of approximately HK\$6,318,000 (30 June 2020: approximately HK\$831,000) and segment profit of approximately HK\$4,855,000 (30 June 2020: approximately HK\$98,000) for the period under review.

#### *Money lending services*

The money lending services of the Company recorded a revenue of approximately HK\$1,382,000 during the period under review (30 June 2020: approximately HK\$8,664,000) which represents a decrease of approximately 84.0% from the corresponding period in 2020. The decrease in revenue was mainly attributable to: (i) the loan receivables as at 30 June 2021 decreased by approximately 45.5% as compared to that of 30 June 2020; and (ii) the absence of renewal of loan agreements due to the expiry of money lender license of the Group in April 2020. Interest income was then calculated upto April 2021 according to the term of the loan agreements.

A new money lender license was obtained subsequently in July 2021 by WL Trading Limited, being a wholly owned subsidiary of the Company.

### ***MCN entertainment services***

The Group started to conduct its MCN entertainment services business since the end of 2020 after it entered into cooperation agreements with two distributors which were authorized to broadcast those episodes and films that the Company obtained the licenses on the distributors' overseas platforms and multi-channel networks. The revenue generated from the MCN entertainment services segment was approximately HK\$917,000 for the six months ended 30 June 2021 (30 June 2020: HK\$Nil). The Group will continue to look for new distributors to broadcast those TV episodes and films licenses on hand to different platforms and networks.

### **Financial Review**

For the six months ended 30 June 2021, the Group's turnover was approximately HK\$13,507,000, representing a decrease of approximately HK\$6,965,000 or 34.0% as compared with the corresponding period in the previous year (30 June 2020: approximately HK\$20,472,000). The decrease was mainly due to the decrease in turnover of the segments of insurance brokerage and related services, and money lending services which were affected by the unfavourable market environment and the impacts arising from the outbreak of the COVID-19. The decrease was narrowed by the increase in turnover from the securities brokerage business.

Distribution costs for the six months ended 30 June 2021 was approximately HK\$100,000, representing a decrease of approximately HK\$205,000 as compared with the corresponding period in the previous year (30 June 2020: approximately HK\$305,000). The decrease was mainly due to the decrease in selling, distribution and marketing promotion expenses incurred for the business of insurance brokerage and related services.

Administrative and other expenses for the six months ended 30 June 2021 was approximately HK\$20,537,000, representing an increase of approximately HK\$9,996,000 as compared with the corresponding period in the previous year (30 June 2020: approximately HK\$10,541,000). The increase was mainly due to the increase in management fee for the collection of debts.

The finance costs represented imputed interest on convertible notes, interest on corporate bonds and interest on lease liabilities. The finance costs for the six months ended 30 June 2021 were approximately HK\$11,671,000 (30 June 2020: approximately HK\$19,676,000), representing a decrease of approximately HK\$8,005,000 or 40.7% as compared with the corresponding period in the previous year. The reduction in finance costs was mainly attributable to the reduction in interest expenses and imputed interests on corporate bonds of the Company during the period under review.

During the six months ended 30 June 2021, the Group engaged external debts collectors, for the purpose of recovering the outstanding loan receivables, who have successfully collected an aggregate amount of approximately HK\$68,300,000, of which approximately HK\$10,242,000 was included in the allowance for expected credit losses as at 31 December 2020. The Group therefore reversed the amount of approximately HK\$10,242,000 out of the allowance for expected credit losses for the six months ended 30 June 2021.



The Group recorded a loss before taxation of approximately HK\$15,907,000 for the six months ended 30 June 2021, representing a decrease of approximately 51.5% as compared with the same period in the previous year (30 June 2020: loss approximately HK\$32,823,000).

### **Prospects**

The Company has taken various measures to control the operating costs of the Group in order to maintain its competitiveness. In addition, the Company also negotiated with the bond holders of the Company to capitalise the overdue bonds into shares of the Company. This arrangement had not only minimised the cash requirements to repay the bonds but also reduced the interest expenses to the Company.

In light of the implementation of the vaccination program in Hong Kong and the COVID-19 pandemic is currently observed to be relatively moderate in Hong Kong, the economy of Hong Kong was gradually reopened and certain restriction policies were relaxed. Following the implementation of the new “vaccine bubbles” policies and the consumption voucher scheme, it is expected that the economy of Hong Kong will gradually recover.

The Company will continue to work on the development on its business segments. Moreover, the Company will strive to improve its competitiveness by strengthening its financial position and exploring new business opportunities.

### **Liquidity and Financial Resources**

Cash and bank balances as at 30 June 2021 was approximately HK\$7,423,000 (31 December 2020: approximately HK\$7,405,000). At 30 June 2021, the Group’s current ratio was 1.02 (31 December 2020: 0.88), based on the current assets of approximately HK\$261,855,000 (31 December 2020: approximately HK\$267,026,000) and current liabilities of approximately HK\$256,407,000 (31 December 2020: approximately HK\$303,455,000). The gearing ratio was approximately 5.2 as at 30 June 2021. (31 December 2020: approximately 22.8). The gearing ratio is calculated as total liabilities divided by total equity.

### **Capital Structure**

Details of the capital structure of the Company are set out in note 18 to the condensed consolidated interim financial statements.

### **Capital Commitments**

As at 30 June 2021, the Group did not have any capital commitments (31 December 2020: Nil).

### **Contingent Liabilities**

As at 30 June 2021, the Directors are not aware of any material contingent liabilities.

## **Employees and Remuneration Policies**

At 30 June 2021, the Group had 23 (30 June 2020: 33) full-time employees. Staff costs amounted to approximately HK\$4,149,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$6,174,000). The Group's remuneration policy remained the same as set out in the Company's 2020 annual report.

## **DIVIDEND**

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "Audit Committee") with written terms of reference, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The Audit Committee currently comprises of the independent non-executive Directors, namely, Mr. Ng Chi Ho Dennis (as chairman), Mr. Li Chun Sing and Mr. Lee Cheung Yuet Horace.

The unaudited financial results for the six months ended 30 June 2021 have been reviewed by the Audit Committee, who was of the opinion that the preparation of such financial results complied with the applicable accounting standards and requirements and adequate disclosure was made.

## **PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY**

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## DISCLOSURE OF INTERESTS

### A. Directors' and chief executives' interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations

As at 30 June 2021, save as disclosed below, none of the directors or chief executives of the Company had any interests and short positions in the shares (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, Chapter 571 under the Laws of Hong Kong (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

#### *Long position in the ordinary Shares*

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Mr. Wang Hongtao	Beneficial owner	1,305,000 (Long position)	0.27%
Mr. Zhou Wenjun ("Mr. Zhou") (Note 1)	Interest of spouse	9,320,000 (Long position)	1.91%

*Note 1:* These 9,320,000 Shares are beneficially owned by Ms. Wang Guo Feng ("Ms. Wang"), being the spouse of Mr. Zhou. Mr. Zhou is therefore deemed to be interested in 9,320,000 Shares held by Ms. Wang under the SFO.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of 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 and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

**B. Substantial shareholders' interests and short positions in the Shares, debentures and underlying shares of the Company**

As at 30 June 2021, the Directors and the chief executives of the Company were not aware of any person (other than the Directors or chief executives of the Company the interests of which were disclosed above) who had an interest or short position in the securities of the Company that were required to be entered in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO.

**Directors' and chief executives' rights to acquire shares or debt securities**

Save as disclosed above and the "Share Option Scheme" mentioned below, as at 30 June 2021, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

**SHARE OPTION SCHEME**

The Company adopted a new share option scheme (the "Scheme") pursuant to a resolution passed by the shareholders at a special general meeting held on 26 August 2020. Under the Scheme, the board (the "Board") of Directors may grant share options to the eligible persons to subscribe for such number of shares during such period of time as the Board may determine.

As at 30 June 2021, none of the Directors, employees and other eligible persons of the Company or its subsidiaries were granted options to subscribe for the shares of the Company.

## MAJOR EVENTS DURING THE REPORTING PERIOD

On 4 March 2021, a special general meeting was held to approve, among other things, the resolutions in relation to the subscription agreements dated 27 November 2020 entered into between the Company and the subscribers, pursuant to which an aggregate of 166,935,000 subscription shares would be allotted and issued under a specific mandate. All the resolutions were duly passed by way of poll at the special general meeting. Subsequently, the subscription was completed on 10 March 2021 and 166,935,000 subscription shares, representing approximately 37.38% of the issued share capital of the Company as enlarged by the issue of the subscription shares immediately after the completion, were allotted and issued to the subscribers in accordance with the terms and conditions of the subscription agreements. The net proceeds from the subscription on HK\$40,121,137.73 were fully utilised to set off against the equivalent amount of overdue debts due to the subscribers on dollar-for-dollar basis. Details of the above transactions are set out in the announcements and circular of the Company dated 27 November 2020, 11 February 2021, 4 March 2021 and 10 March 2021.

On 22 March 2021, Ample Gaint Investment Limited (“Ample Gaint”), a wholly owned subsidiary of the Company, as subscriber, M-Shine Movie (Asia) Limited (“M-Shine”), as issuer, and the guarantors to M-Shine, entered into a subscription agreement, pursuant to which Ample Gaint has conditionally agreed to subscribe for, and M-Shine has conditionally agreed to allot and issue, the subscription shares, representing 60% of the issued share capital of M-Shine as enlarged by the allotment and issue of the subscription shares, at the aggregate subscription price of HK\$3,000,000. Details of the above transactions are set out in the announcements of the Company dated 22 March 2021 and 30 June 2021.

On 26 April 2021, the Company has entered into subscription agreements with five subscribers, pursuant to which the five subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the convertible notes in an aggregate principal amount of HK\$14,290,173.66 which may be converted into 46,097,332 shares based on the initial conversion price of HK\$0.31 per new share (subject to adjustment) upon full conversion. The aggregated subscription prices in sum of HK\$14,290,173.66 shall be set off against the equivalent amount of overdue debts due to the five subscribers on dollar-for-dollar basis at completion. The convertible notes will be matured on the first anniversary of the issue date and carry coupon interest at the rate of 2% per annum. The conversion shares would be allotted and issued under the general mandate granted by the shareholders of the Company at a special general meeting on 26 August 2020. Subsequently, the subscription was completed on 6 May 2021. The net proceeds from the subscription of HK\$14,290,173.66 were fully utilised. Details of the above transactions are set out in the announcements of the Company dated 26 April 2021 and 6 May 2021.

Pursuant to a placing agreement dated 18 May 2021 entered into between the Company and the placing agent, 32,000,000 new shares of the Company were allotted and issued at the placing price of HK\$0.26 per placing share. The placing was subsequently completed on 4 June 2021 and an aggregated 32,000,000 new shares were allotted and issued. The net proceeds from the placing of approximately HK\$8,100,000 were fully utilised as planned: as to (i) approximately HK\$6,000,000 for the repayment of outstanding indebtedness of the Group; and (ii) approximately HK\$2,100,000 as general working capital of the Group. Details of the above transaction are set out in the Company’s announcements dated 18 May 2021 and 4 June 2021.

On 17 June 2021, the Company has entered into the subscription agreements with nine subscribers, pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the convertible notes in an aggregate principal amount of HK\$16,924,800 which may be converted into 52,890,000 conversion shares based on the initial conversion price of HK\$0.32 per new share (subject to adjustment) upon full conversion (the “Subscriptions”). The aggregate subscription prices in the sum of HK\$16,924,800 shall be set off against the debts due to the subscribers by the Company on dollar-for-dollar basis at completion. The convertible notes will be matured on the first anniversary of the issue date and carry coupon interest at the rate of 2% per annum. The conversion shares will be allotted and issued under the general mandate granted by the shareholders of the Company at the annual general meeting on 7 May 2021. Details of the above transactions are set out in the announcements of the Company dated 17 June 2021 and 18 June 2021.

## **EVENTS AFTER THE REPORTING PERIOD**

The Subscriptions were subsequently completed on 13 July 2021 and the Company has issued the convertible notes in the aggregate amount of HK\$16,924,800 to the subscribers. The aggregate subscription principal amount of HK\$16,924,800 were fully utilised to set off against the debts due to the subscribers by the Company on dollar-for-dollar basis at completion. Details of the above transactions are set out in the announcements of the Company dated 17 June 2021, 18 June 2021 and 13 July 2021.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

As at 30 June 2021, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the period.

## **SIGNIFICANT LEGAL PROCEEDINGS**

For the six months ended 30 June 2021, save as disclosed below, the Group did not involve in any significant legal proceedings or arbitration. To the best of the Directors’ knowledge, information and belief, there are no significant legal proceedings or claims pending or threatened against the Group.

As disclosed in the Company’s announcement dated 24 June 2021, a winding-up petition (the “Petition”) was filed by a holder of the corporate bonds (the “Corporate Bonds”) to the High Court of Hong Kong for the winding-up of the Company in relation to, pursuant to the Corporate Bonds, an alleged unpaid amount in the sum of HK\$1,417,000 which comprised of the principal amount of the Corporate Bonds and interest accrued. The hearing for the Petition was scheduled on 25 August 2021.

As disclosed in the announcement of the Company dated 30 June 2021, a civil action brought by a plaintiff (the “Plaintiff”) against the Company for an overdue corporate bond together with interest accrued thereon (the “Civil Action”). A judgment was received by the Company, pursuant to which the Court of First Instance of the High Court ordered that the Company shall pay to the Plaintiff the judgment sum of HK\$9,500,000 together with interest accrued thereon and legal cost. The Company is in the progress of seeking further legal advice on the Civil Action.

## **COMPLIANCE WITH CODE OF BEST PRACTICE**

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders’ value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules.

Code provision A.4.1 provides that non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from the provision as the non-executive Directors and all independent non-executive Directors are not appointed for specific term. They are, however, subject to retirement by rotation and re-election. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that the Directors ought to be committed to representing the long time interest of the Shareholders. The Company believes that the retirement and the re-election requirements of non-executive Directors and independent non-executive Directors have given the Shareholders the right to approve continuation of the independent non-executive Directors’ offices.

Save as disclosed above, the Company has met all applicable code provisions as set out in the CG Code during the six months ended 30 June 2021.

## **ADOPTED CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings (the “Standard Dealings”) as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and all the Directors confirmed that they have complied with the Standard Dealings during the six months ended 30 June 2021.

By order of the Board  
**Kirin Group Holdings Limited**  
**Wang Jinhan**  
*Chairman*

Hong Kong, 13 August 2021

*As at the date of this announcement, the Board comprises Mr. Wang Jinhan, Mr. Wang Hongtao, Mr. Zhou Wenjun, Mr. Wang Jiankun and Mr. Hung Tat Chi Alan as the executive Directors; Mr. Ng Chi Ho Dennis, Mr. Li Chun Sing and Mr. Lee Cheung Yuet Horace as the independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Listed Company information” page for at least 7 days after its posting and on the website of the Company at <http://www.tricor.com.hk/webservice/08109>.*