

時富金融  
CFSG



AT THE FOREFRONT OF FINTECH

**CASH Financial Services Group Limited**  
(Stock Code: 510)

Interim Results 2016

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

The unaudited consolidated results of CASH Financial Services Group Limited ("Company" or "CFSG") and its subsidiaries ("Group") for the six months ended 30 June 2016 together with the comparative figures for the last corresponding period are as follows:

	Notes	Unaudited Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000 (Restated)
Revenue	(3)	90,202	148,177
Other income		937	2,153
Salaries, commission and related benefits		(59,260)	(157,235)
Depreciation		(5,017)	(6,668)
Finance costs		(2,481)	(6,011)
Other operating and administrative expenses		(44,792)	(63,393)
Change in fair value of investment properties		(14,600)	—
Net (loss) gains on investments held for trading		(11)	102,410
Gain on disposal of subsidiaries		—	11,909
Gain on partial disposal of available-for-sale financial assets		—	14,381
Share of profit of an associate		—	95
<b>(Loss) profit before taxation</b>		<b>(35,022)</b>	<b>45,818</b>
Income tax credit (expense)	(6)	2,409	(3,500)
<b>(Loss) profit for the period</b>		<b>(32,613)</b>	<b>42,318</b>
<b>Other comprehensive (expense) income</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(63)	(4)
Reclassification of translation reserve upon disposal of subsidiaries	(4)	—	(10,941)
<b>Other comprehensive expense for the period</b>		<b>(63)</b>	<b>(10,945)</b>
<b>Total comprehensive (expense) income for the period</b>		<b>(32,676)</b>	<b>31,373</b>

	Note	Unaudited Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000 (Restated)
<b>(Loss) profit for the period attributable to:</b>			
Owners of the Company		(32,613)	42,514
Non-controlling interests		—	(196)
		(32,613)	42,318
<b>Total comprehensive (expense) income for the period attributable to:</b>			
Owners of the Company		(32,676)	31,569
Non-controlling interests		—	(196)
		(32,676)	31,373
<b>(Loss) earnings per share for (loss) profit attributable to the owners of the Company during the period</b>			
— Basic (HK cents)	(7)	(0.79)	1.03

# Consolidated Statement of Financial Position

	Notes	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>Non-current assets</b>			
Property and equipment	(8)	16,807	19,445
Investment properties	(9)	16,131	188,583
Intangible assets		9,752	9,752
Other assets		5,070	5,039
Rental and utility deposits		612	612
Available-for-sale financial assets		8,415	8,415
		<b>56,787</b>	<b>231,846</b>
<b>Current assets</b>			
Accounts receivable	(10)	649,130	696,502
Loans receivable	(11)	2,310	1,831
Other assets		8,187	5,240
Prepayments, deposits and other receivables		35,768	17,930
Tax recoverable		29	29
Investments held for trading		43,605	18,872
Financial asset designated at fair value through profit or loss		12,926	13,161
Properties held for resale		157,852	—
Bank deposits subject to conditions		25,000	—
Bank balances — trust and segregated accounts		866,814	946,810
Bank balances (general accounts) and cash		282,728	370,467
		<b>2,084,349</b>	<b>2,070,842</b>

	Notes	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>Current liabilities</b>			
Accounts payable	(12)	1,283,717	1,429,827
Accrued liabilities and other payables		50,244	53,719
Taxation payable		3,039	3,039
Bank borrowings — amount due within one year		205,548	121,340
Amount due to a fellow subsidiary		60	1,829
Financial liabilities held for trading		1,084	—
Financial liabilities designated at fair value through profit or loss		12,926	13,161
		1,556,618	1,622,915
<b>Net current assets</b>		527,731	447,927
<b>Total assets less current liabilities</b>		584,518	679,773
<b>Non-current liabilities</b>			
Deferred tax liabilities		3,377	5,786
Bank borrowings — amount due after one year		18,242	78,412
		21,619	84,198
<b>Net assets</b>		562,899	595,575
<b>Capital and reserves</b>			
Share capital	(14)	82,687	82,687
Reserves		480,212	512,888
<b>Equity attributable to owners of the Company and total equity</b>		562,899	595,575

# Consolidated Statement of Changes in Equity

Unaudited  
Six months ended 30 June 2016

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Contributed Surplus HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	Retained Earnings (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2016	82,687	390,101	117,788	—	—	4,999	595,575	—	595,575
Loss for the period	—	—	—	—	—	(32,613)	(32,613)	—	(32,613)
Exchange differences arising on translation of foreign operations	—	—	—	—	(63)	—	(63)	—	(63)
Other comprehensive expense for the period (net of tax)	—	—	—	—	(63)	—	(63)	—	(63)
Total comprehensive expense for the period	—	—	—	—	(63)	(32,613)	(32,676)	—	(32,676)
At 30 June 2016	82,687	390,101	117,788	—	(63)	(27,614)	562,899	—	562,899

Unaudited  
Six months ended 30 June 2015 (Restated)

	Attributable to equity holders of the Company								Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed Surplus HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	(Accumulated losses) Retained earnings HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
At 1 January 2015	81,437	382,579	117,788	5,851	14,606	(11,520)	590,741	5,586	596,327
Profit (loss) for the period (Note 4)	—	—	—	—	—	42,514	42,514	(196)	42,318
Exchange differences arising on translation of foreign operations	—	—	—	—	(4)	—	(4)	—	(4)
Reclassification upon disposal of subsidiaries (Note 4)	—	—	—	—	(10,941)	—	(10,941)	—	(10,941)
Other comprehensive expense for the period (net of tax)	—	—	—	—	(10,945)	—	(10,945)	—	(10,945)
Total comprehensive (expense) income for the period	—	—	—	—	(10,945)	42,514	31,569	(196)	31,373
Issue of ordinary shares upon exercise of share options	1,250	10,436	—	(5,851)	—	—	5,835	—	5,835
Acquisition of the remaining interest of non-controlling interest	—	—	—	—	—	—	—	(4,855)	(4,855)
Derecognition upon disposal of a non-wholly-own subsidiary (Note 4)	—	—	—	—	—	—	—	(535)	(535)
At 30 June 2015	82,687	393,015	117,788	—	3,661	30,994	628,145	—	628,145

# Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Net cash used in operating activities	(81,419)	(143,536)
Net cash (used in) generated from investing activities	(30,358)	12,807
Net cash generated from financing activities	24,038	241,613
Net (decrease) increase in cash and cash equivalents	(87,739)	110,884
Cash and cash equivalents at beginning of period	370,467	172,100
Cash and cash equivalents at end of period	282,728	282,984
Bank balances (general accounts) and cash	282,728	282,984



Notes:

(1) **Basis of preparation**

The unaudited consolidated results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the unaudited consolidated accounts include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") and by the Hong Kong Companies Ordinance.

(2) **Significant accounting policies**

Except for the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA, which are mandatory for the accounting periods beginning on or after 1 January 2016, the accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 31 December 2015.

The directors of the Company consider that the adoption of these new and revised HKFRSs has had no material effect on the amounts reported and/or disclosures set out in the Group's unaudited consolidated financial statements.

The Group has not early applied the following new standards, amendments and improvements to existing standards that have been issued but are not yet effective.

HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers <sup>2</sup>
Amendments to HKAS 7	Disclosure initiative <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

(3) **Revenue**

Revenue from the Group's principal activities recognised during the period is as follows:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Fees and commission income	82,169	132,199
Interest income	8,033	15,978
	90,202	148,177

#### (4) Comparative figures restatement

Certain comparative figures of 2015 have been restated to align with the basis of calculation as adopted in the 2015 year end audited financial statements. The major change was elaborated as follows:

	Unaudited Six months ended 30 June 2015 HK\$'000
Profit attributable to the owners of the Company As previously reported	31,573
Exchange reserve recognised as part of the gain on the disposal of subsidiaries	<u>10,941</u>
As restated	<u>42,514</u>

#### (5) Segment information

The Group is principally engaged in the following activities:

- provision of online and traditional brokerage of securities, futures and options as well as mutual funds and insurance-linked investment products;
- principal investments of securities and options;
- provision of margin financing and money lending services; and
- provision of corporate finance services.

##### ***Reportable and operating segment***

The Chief Executive Officer of the Company, who is also the chief executive of the brokerage business, being the chief operating decision maker ("CODM"), regularly reviews the financial performance of the financial services business as a whole to make decisions about resources allocation. Accordingly, the Group has only one operating segment.

##### ***Segment revenue and result***

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) incurred by the segment before gain on disposal of available-for-sale financial assets, gain on disposal of subsidiaries, gain on disposal of an investment property/a commercial property, change in fair value of investment properties, share of result of an associate and unallocated expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of performance.

For the six months ended 30 June 2016

	Financial services HK\$'000	Total HK\$'000
Revenue	90,202	90,202
RESULT		
Segment loss	(13,463)	(13,463)
Change in fair value of investment properties		(14,600)
Unallocated expenses		(6,959)
Loss before taxation		(35,022)

For the six months ended 30 June 2015

	Financial services HK\$'000	Total HK\$'000
Revenue	148,177	148,177
RESULT		
Segment profit	43,426	43,426
Gain on disposal of subsidiaries		11,909
Gain on partial disposal of an available-for-sale financial asset		14,381
Share of profit of an associate		95
Unallocated expenses		(23,797)
Profit before taxation		46,014

#### Entity-wide disclosures

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

(6) Income tax credit (expense)

	Unaudited Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Current tax:		
— Hong Kong Profits Tax	—	(3,500)
Deferred tax	2,409	—
	2,409	(3,500)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit or adjusted losses for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable to the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC income tax has been made as they incurred tax losses in both periods.

(7) (Loss) earnings per share

The calculation of basic and diluted (loss) earnings per share attributable to the ordinary equity holders of the Company for the six months ended 30 June 2016 together with the comparative figures for the prior period are based on the following data:

	Unaudited Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000 (Restated)
(Loss) profit for the purposes of basic and diluted (loss) earnings per share	(32,613)	42,514

	Unaudited Six months ended 30 June	
	2016	2015
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	4,134,360	4,110,534

No calculation of diluted loss per share for the six months ended 30 June 2016 was made because it would be anti-dilutive.

No calculation of diluted earnings per share for the six months ended 30 June 2015 was made because all share options had been exercised during the period and no share option was outstanding as at 30 June 2015.

(8) **Property and equipment**

During the period, the Group spent approximately HK\$2,380,000 (2015: HK\$4,445,000) on the acquisitions of property and equipment.

(9) **Investment properties**

With reference to the paragraph headed “Material Acquisitions and Disposals” in the section “Review and Outlook” below, all the related investment properties which have planned to be disposed of are reclassified to properties held for resale.

(10) **Accounts receivable**

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Accounts receivable arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	56,609	270,173
Cash clients	179,581	55,373
Margin clients	195,007	170,624
Loans to clients for IPO subscription	1,553	—
Accounts receivable arising from the business of dealing in futures and options:		
Clients	152	159
Clearing houses, brokers and dealers	210,496	196,880
Commission receivable from brokerage of mutual funds and insurance-linked investment products	2,752	2,247
Accounts receivable arising from the business of provision of corporate finance services	2,980	1,046
	<b>649,130</b>	<b>696,502</b>

The settlement terms of accounts receivable arising from the business of dealing in securities are two days after trade date or at specific terms agreed with clearing houses, brokers and dealers, and accounts receivable arising from the business of dealing in futures and options are one day after trade date or at specific terms agreed with clearing houses, brokers and dealers.

Accounts receivable from margin and cash clients arising from the business of dealing in securities are repayable on demand subsequent to settlement date. No ageing analysis is disclosed as in the opinion of directors, the ageing analysis does not give additional value in view of the nature of broking business.

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balance and intends either to settle on a net basis, or to realise the balances simultaneously.

In respect of the commission receivable from brokerage of mutual funds and insurance-linked investment products as well as accounts receivable arising from the business of corporate finance services, the Group allows a credit period of 30 days. The ageing analysis (from the completion date of the services) of such receivables is as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
0-30 days	842	1,969
31-60 days	2,968	126
61-90 days	160	274
Over 90 days	1,762	924
	<b>5,732</b>	<b>3,293</b>

Included in accounts receivable from margin clients arising from the business of dealing in securities are amounts due from certain related parties and connected parties, the details of which are as follows:

Name	Balance at 1 January 2016 HK\$'000	Balance at 30 June 2016 HK\$'000	Maximum amount outstanding during the period HK\$'000	Market value of pledged securities at fair value at 30 June 2016 HK\$'000
<b>Directors of the Company</b>				
Mr Kwan Pak Hoo Bankee and associates (Notes (a) and (b))	—	—	231	1,602
Mr Law Ping Wah Bernard and associates (Note (b))	—	—	6,909	—
Ms Cheng Pui Lai Majone and associates	—	—	8,637	527
Mr Ng Kung Chit Raymond and associates	—	—	10,375	—
<b>A shareholder with significant influence over Celestial Asia Securities Holdings Limited ("CASH") (Note (c))</b>				
Cash Guardian Limited	—	—	—	9,444
<b>Wholly-owned subsidiary of CASH</b>				
Libra Capital Management (HK) Limited	—	—	—	9,581
<b>Other connected clients</b>				
Mr Kwan Pak Leung Horace and associates (Note (d))	—	—	6,000	—
Ms Chan Siu Fei Susanna and associates (Note (d))	—	—	5,186	7

Notes:

- (a) Associates are defined in accordance with the Listing Rules.
- (b) Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard are also the executive directors of CASH.
- (c) Cash Guardian Limited is solely owned and controlled by Mr Kwan Pak Hoo Bankee, who is a director of the Company and CASH.
- (d) Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna are associates of Mr Kwan Pak Hoo Bankee.

The above balances are repayable on demand and bear interest at commercial rates which are similar to the rates offered to other margin clients.

(11) Loans receivable

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Loans receivable denominated in Hong Kong dollar	2,310	1,831

(12) Accounts payable

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Accounts payable arising from the business of dealing in securities:		
Clearing houses and brokers	148,792	9,432
Cash clients	657,988	947,082
Margin clients	149,083	160,949
Accounts payable to clients arising from the business of dealing in futures and options	327,854	312,364
	<b>1,283,717</b>	<b>1,429,827</b>

The settlement terms of accounts payable arising from the business of dealing in securities are two days after trade date or at specific terms agreed with clearing houses. Accounts payable to margin clients and cash clients are repayable on demand. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of share margin financing.



Accounts payable to clients arising from the business of dealing in futures and options are margin deposits received from clients for their trading of these contracts. At 30 June 2016, an account payable to a client of HK\$6,147,000 (31 December 2015: HK\$38,578,000) includes an amount of HK\$8,311,000 (2015: HK\$6,147,000) maintained with MF Global Hong Kong Limited ("MFG HK"). The required margin deposits are repayable upon the closure of the corresponding futures and options position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

At 30 June 2016, the accounts payable amounting to HK\$866,814,000 (31 December 2015: HK\$946,810,000) were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

### **(13) Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the bank borrowings, and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves as disclosed in consolidated statement of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share and share options issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the period.

Certain group entities are regulated by the Hong Kong Securities and Futures Commission ("SFC") and are required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group's regulated entities are subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management closely monitors, on a daily basis, the liquid capital level of these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by the SF(FR)R throughout both periods.

#### ***Financial risk management objectives and policies***

The Group's major financial instruments include financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss, available-for-sale financial assets, loans receivable, other receivables, other payables, bank balances and deposits, bank borrowings, accounts receivable, amount due to a fellow subsidiary, and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## **Market risk**

### *Equity price risk*

The Group has a portfolio of held-for-trading investments in equity securities which are carried at fair value and expose the Group to price risk. In both periods, the directors of the Company manage the exposure by closely monitoring the portfolio of equity securities and imposing trading limits on individual trades.

Moreover, the Group is exposed to equity price risk as a result of changes in fair value of its unlisted equity investments classified as available-for-sale financial assets and investments in derivatives. The directors of the Company manage the exposure in derivatives by closing all the open position and imposing trading limits on daily basis. The Group did not hold any derivatives at 30 June 2016 and 31 December 2015. No sensitivity analysis on equity price risk has been presented in relation to unlisted equity investment classified as available-for-sale financial assets because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that fair value cannot be measured reliably.

### *Equity price sensitivity*

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. The analysis is prepared assuming the listed equity investments and unlisted investment fund where applicable, outstanding at the end of the reporting period were outstanding for the whole period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the period end exposure does not reflect the exposure during the period.

### *Interest rate risk*

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, loans receivable, loans to margin clients and bank balances. The Group currently does not have a cash flow interest rate hedging policy. However, management is closely monitoring its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate and HIBOR arising from the Group's variable interest rate instruments.

In the opinion of the management, the sensitivity analysis is unrepresentative of the cash flow interest rate risk as the period end exposure does not reflect the exposure during the period.

### *Foreign currency risk*

The group entities have financial assets and liabilities denominated in currencies other than their respective functional currencies. Consequently, the Group is exposed to risks that the exchange rate of functional currencies relative to other currencies may change in a manner that has an adverse effect on the value of the position of the Group's assets denominated in foreign currencies.

The exposure primarily arises from the receivables from foreign brokers, foreign currency deposits with banks and accounts payable to clients denominated in United States dollars ("USD") and Renminbi ("RMB"). The management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises. The directors do not expect significant foreign exchange risk arising from USD denominated monetary items in view of the Hong Kong dollar pegged system to the USD.

### *Credit risk*

As at 30 June 2016 and 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk on brokerage, financing and corporate finance operations, the Credit and Risk Management Committee is set up to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of loans receivable and accounts receivable on an individual and collective basis at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Bank balances are placed in various authorised institutions and the directors of the Company consider the credit risk of such authorised institutions is low.

### *Liquidity risk*

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from timing difference between settlement with clearing houses or brokers and customers. To address the risk, treasury team works closely with the settlement division on monitoring the liquidity gap. In addition, for contingency purposes, clean loan facilities are put in place.

### *Fair values*

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

## (14) Share capital

	Par value of each ordinary share HK\$	Number of shares '000	Amount HK\$'000
Ordinary shares			
Authorised:			
At 1 January 2016 and 30 June 2016	0.02	15,000,000	300,000
Issued and fully paid:			
At 1 January 2016 and 30 June 2016	0.02	4,134,359	82,687

## (15) Related party transactions

In addition to the transactions and balances detailed in note (10), the Group had the following transactions with related parties and connected parties:

	Notes	Unaudited Six months ended 30 June 2016 HK\$'000	2015 HK\$'000
Commission and interest income received from the following subsidiary of CASH Libra Capital Management (HK) Limited	(a)	—	12
Commission and interest income received from the following shareholder of CASH Cash Guardian Limited	(b)	—	50
Commission and interest income received from the following directors of the Company			
Mr Kwan Pak Hoo Bankee and associates	(b)	17	75
Mr Law Ping Wah Bernard and associates	(c)	6	44
Ms Cheng Pui Lai Majone and associates		12	46
Mr Ng Kung Chit Raymond and associates		10	41
		45	206
Commission and interest income received from the following director of CASH Mr Ng Hin Sing Derek and associates		1	25
Commission and interest income received from other connected clients			
Mr Kwan Pak Leung Horace and associates	(d)	8	25
Ms Chan Siu Fei Susanna and associates	(d)	9	22
		17	47
Interest paid to CASH	(a)&(e)	—	653
Handling fee and commission received from Confident Profits Limited and its subsidiaries ("Confident Profits Group")	(f)	5,408	N/A

Notes:

- (a) CASH is the holding company of the Company.
- (b) Cash Guardian Limited has significant influence over CASH. It is solely owned and controlled by Mr Kwan Pak Hoo Bankee, who is the director of the Company and CASH.
- (c) Mr Law Ping Wah Bernard is also the executive director of CASH.
- (d) Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna are associates of Mr Kwan Pak Hoo Bankee.
- (e) During the six months ended 30 June 2015, the Group paid interest on the balance of amount due to CASH of HK\$653,000. The balance had been fully settled on 30 June 2015.
- (f) Confident Profits Group (wholly-owned subsidiaries of the Company) was disposed of to Celestial Investment Group Limited ("CIGL", a wholly-owned subsidiary of CASH) and the transaction was completed on 30 June 2015. No disclosure for 2015 is made because the Confident Profits Group was still subsidiary of the Company for the period ending 30 June 2015.

#### **(16) Events after the reporting period**

- (i) In May 2016, the Group signed a legally binding memorandum of understanding with an independent third party relating to the proposed disposal of entire equity capital in Cheer Wise Investments Limited ("Cheer Wise, a wholly-owned subsidiary of the Company) and the loans due by Cheer Wise to the Group at an aggregate consideration of HK\$140.5 million. The sole asset of Cheer Wise is holding an investment property and car parks in Kwun Tong. Details of the transaction were disclosed in the joint announcement of the Company and CASH dated 4 May 2016.

Because the transaction was subject to the approval of the shareholders of CASH at the special general meeting held on 6 July 2016 and was completed on 15 July 2016, the transaction was also treated as an event after the reporting period.

- (ii) In July 2016, subsequent to the reporting period, CASH (the holding company of the Company) signed a framework agreement and a supplemental agreement with an independent third party relating to the proposed disposal of approximately 36.28% shareholding interest in the Company at a consideration to be determined and be settled in cash, which would trigger a possible mandatory general offer for shares in the Company (if materializes). Details of the transaction were disclosed in the joint announcements of the Company and CASH dated 21 July 2016 and 19 August 2016.
- (iii) In July 2016, subsequent to the reporting period, the Group signed a formal sale and purchase agreement relating to disposal of a property in Shanghai to an independent third party at a consideration of RMB7.5 million (equivalent to approximately HK\$8.8 million). The transaction has been scheduled to be completed in September 2016.

#### **(17) Interim dividend**

No interim dividend in respect of the six months ended 30 June 2016 and 30 June 2015 was declared by the Board.

# Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 June 2016 (2015: nil).

## Review and Outlook

### Financial Review

For the six months ended 30 June 2016, the Group recorded revenue of HK\$90.2 million, represented a decrease of 39.1% as compared with HK\$148.2 million for the same corresponding period last year.

Trading in the Hong Kong securities market continued to languish in the first half of 2016 in the aftermath of last June's great corrections in both the mainland and local stock markets. The Hang Seng Index posted the worst loss to start the Year of Monkey in February. On the first and second trading days after returning from the long Lunar New Year holiday, the Hang Seng Index plunged sharply to the lowest close since June 2012 at 18,319. Investor sentiment had been fragile since then as there were concerns over subdued global growth and uncertainties associated with the timing of US interest rate hikes. The domestic stock market had been faced with the worries over industrial overcapacity on the Mainland, heightened RMB depreciation risks, high bad debts and rising credit default risks. These all exerted downward pressure on the performance of the Hong Kong stock market. In the months leading up to Britain's referendum whether to leave the European Union, the already weakened investment sentiment had been further hit hard by the potential and economic uncertainties prevailing in both local and global markets. As a result of this combination of factors, the average daily turnover during the first six months of 2016 fell to HK\$67.5 billion, 46.1% lower than the HK\$125.3 billion in the first half of 2015. Our clients who are mostly retail investors had chosen to flee the highly volatile stock markets to avoid suffering huge trading and investment losses during this deteriorating financial environment. Even though, for years, our Group has dedicated its resources in developing its in-house direct market access platform through which its corporate clients place and execute their complex investment strategies and high frequent trading activities, but the growth in this business could not help much recoup the loss in reduced commission income earned from dealing in securities by its individual clients during the first 6 months of the current year. The Group's broking business recorded a drop of 37.7% in revenue for the first half of 2016 as compared with the performance for the same corresponding period last year.

During the period under review, the Group recorded a decrease in fair value on its investment property in Hong Kong amounting to HK\$14.6 million. Pursuant to a memorandum of understanding dated 4 May 2016 and a formal sale and purchase agreement dated 10 June 2016 entered into with a third party, the Group disposed of the entire share capital of a wholly-owned subsidiary which owns the aforesaid investment property for HK\$140.5 million. The disposal of the property was subsequently completed in July 2016. Taking into account the aforesaid decrease in fair value on the investment property and the six-month operating results, the Group recorded a net loss attributable to the owners of the Company of HK\$32.6 million for the six months ended 30 June 2016 as compared to a net profit of HK\$42.5 million in the same corresponding period last year.

## Liquidity and Financial Resources

The Group's total equity amounted to HK\$562.9 million as at 30 June 2016 as compared to HK\$595.6 million as at 31 December 2015. The decrease in the total equity was mainly due to the reported loss for the period under review.

As at 30 June 2016, the Group had total outstanding bank borrowings of approximately HK\$223.8 million, comprising bank loans and overdraft of HK\$165.7 million and mortgage loans of HK\$58.1 million. The aggregate amount of bank loans and overdrafts of HK\$70.0 million was collateralised by its margin clients' securities pledged to the Group and bank loan of HK\$50.0 million was secured by a pledged HK dollars deposit of HK\$25.0 million. Mortgage loans in total of HK\$58.1 million were secured by the Group's investment properties with a total carrying amount of approximately HK\$156.5 million. The remaining bank loans and overdrafts in total of HK\$45.7 million were secured by corporate guarantees from the Company. All of the Group's borrowings are made in Hong Kong dollars. Bank borrowings were variable-rate borrowings which carry interest with reference to HIBOR or Hong Kong Prime Rate.

As at 30 June 2016, our cash and bank balances including the trust and segregated accounts totalled HK\$1,174.5 million which had decreased as compared to HK\$1,317.3 million as at 31 December 2015. The decrease in cash and bank balances was mainly due to timing difference of segregation of client monies movements between the periods. The reduction of balances of our clients' money which were kept in the trust and segregated accounts was due to the weak investor sentiment at this period-end date.

The Group derives its revenue and maintains its house fund mainly in HK dollars. Bank balances in our house accounts amounting to HK\$247.4 million and HK\$60.3 million as at 30 June 2016 were denominated in Hong Kong dollars and other foreign currencies (mainly Renminbi and US dollar) respectively, whereas the bank balances in the trust and segregated accounts are denominated in the same currencies as those of the outstanding balances in the corresponding accounts payable.

The liquidity ratio as at 30 June 2016 remained healthy at 1.34 times as compared with 1.28 times as at 31 December 2015. The gearing ratio as at 30 June 2016, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, increased to 39.8% from 33.5% as at 31 December 2015. The increase in gearing ratio was mainly due to the increase in the borrowings during the period under review. On the other hand, we have no material contingent liabilities at the end of the period.

The Group's treasury policies are to secure healthy liquidity for running its operations smoothly and to maintain a sound financial position at all time throughout the period. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investments needs while making sure all relevant financial regulations have been complied.

## Foreign Exchange Risks

A foreign currency financial asset designated at fair value through profit or loss of approximately RMB11.0 million (equivalent to approximately HK\$12.9 million) was held as at 30 June 2016 which had been hedged by a return swap contract of the same amount issued by the Group to an independent third party during last year.

Save as aforesaid, the Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches at the end of the period.

## Material Acquisitions and Disposals

In May 2016, the Group signed a formal sale and purchase agreement for disposal of a property in Shanghai to an independent third party at a consideration of RMB7.3 million (equivalent to approximately HK\$8.76 million). The transaction has been scheduled to be completed in August 2016.

In May 2016, the Group signed a legally binding memorandum of understanding with an independent third party relating to the proposed disposal of entire equity capital in Cheer Wise (a wholly-owned subsidiary of the Company) and the loans due by Cheer Wise to the Group at an aggregate consideration of HK\$140.5 million. The sole asset of Cheer Wise is holding an investment property and car parks in Kwun Tong. The transaction was completed on 15 July 2016. Details of the transaction were disclosed in the joint announcement of the Company and CASH dated 4 May 2016.

In July 2016, subsequent to the reporting end date, CASH (the holding company of the Company) signed a framework agreement and a supplemental agreement with an independent third party relating to the proposed disposal of approximately 36.28% shareholding interest in the Company at a consideration to be determined and be settled in cash, which would trigger a possible mandatory general offer for shares in the Company (if materializes). Details of the transaction were disclosed in the joint announcements of the Company and CASH dated 21 July 2016 and 19 August 2016.

In July 2016, subsequent to the reporting end date, the Group signed a formal sale and purchase agreement relating to disposal of another property in Shanghai to an independent third party at a consideration of RMB7.5 million (equivalent to approximately HK\$8.8 million). The transaction has been scheduled to be completed in September 2016.

Save as aforesaid, the Group did not make any material acquisitions or disposals during the period.

## Capital Commitments

The Group did not have any material outstanding capital commitments at the end of the period.

## Material Investments

As at 30 June 2016, the market values of a portfolio of investments held for trading amounted to approximately HK\$43.6 million. The net loss derived from investments held for trading of HK\$0.1 million was recorded for the period. We did not have any future plans for material investments, nor addition of capital assets.



## Financial and Operational highlights

### Revenue

(HK\$'m)	Unaudited		
	Six months ended 30 June		
	2016	2015	% change
Broking income	82.2	132.2	(37.8%)
Non broking income	8.0	16.0	(50.0%)
Group total	90.2	148.2	(39.1%)

### Key Financial Metrics

	Unaudited		
	Six months ended 30 June		
	2016	2015	% change
Net (loss) profit attributable to shareholders (HK\$'m)	(32.6)	42.5	(176.7%)
(Loss) earnings per share (HK cents)	(0.79)	1.03	(176.7%)
Total assets (HK\$'m)	2,141.1	2,302.6	(7.0%)
Cash on hand (HK\$'m)	307.7	370.5	(17.0%)
Bank borrowings (HK\$'m)	223.8	199.8	12.0%
Annualised average fee income from broking per active client (HK\$'000)	10.4	19.6	(46.9%)

### Industry Review

2016 got off to an unsettling start globally, with fears of a hard landing in China, the world's second largest economy, and unexpectedly low oil prices. Glimpses of hope emerged as international financial and oil markets stabilised, and the world economic outlook was progressing positively until 23 June, when the UK referendum on European Union membership and "leave" outcome (Brexit) caught the world by surprise.

In the first half of the year, the Hong Kong market saw 40 IPO listings, a 22% decrease compared with the same period last year. Total funds raised reached HK\$43.5 billion, a 66% drop year on year. Despite the decline, the volume of IPOs and funds raised in Hong Kong reconfirmed its leading position in global capital markets. The Hang Seng Index (HSI) closed at 20,794 end of June 2016, 5.11% lower than end of December 2015. During this period, the HSI traded within the narrow range of 18,279 to 21,622. The average daily turnover of the Hong Kong securities market for the first six months of 2016 was HK\$67.5 billion, a sharp 46% fall compared with HK\$125.3 billion for the same period last year.

### Business Review

#### *Broking*

Given this dismal backdrop, CFSG's securities commission income was inevitably affected and decreased by 56%. However, steady commission from our futures and options trading business mitigated some of the adverse impact of the challenging securities broking environment, with total commission income recording an overall drop of 40%. Interest income decreased by 50% due to deleveraging activities in the margin financing business.

#### *Investment Banking*

During the review period, we continued our balanced strategy focused on both IPOs and corporate transactions. CFSG acted as sole sponsor for several proposed listing applications by Hong Kong and Mainland China enterprises across different industries. On the corporate advisory services front, we advised a number of sizeable listed companies on a range of corporate finance transactions, including issuing securities, proposed transfers of listings from the Growth Enterprise Market to the Main Board and proposed connected transactions. We also acted as a compliance adviser to several Hong Kong listed companies.

### *Asset Management*

The portfolios managed by our asset managers outperformed the 5.11% drop in the HSI and 9.81% fall in the H-share index during the first six months of 2016. Assets under Management (AUM) decreased slightly, by 4.37%, compared with the end of 2015. Our focus was sectors that have low correlations with China's economic growth, such as technologies and exports, while old economy stock sectors, such as raw materials and banking, were avoided.

### *Wealth Management*

With the launch of the Investment Linked Assurance Scheme (ILAS) and our continuous business diversification endeavours, the company's wealth management services turned in a steady performance during the review period. We strengthened our co-operation with different business partners on brand building and service promotion in Mainland China and the Asia-Pacific region, moves that are expected to have a positive effect on business development. We also introduced a platform to provide a real-time and consolidated view of holdings for discretionary clients. The innovation offers a better client experience, which will benefit efforts to promote our discretionary management service to existing clients in the second half of the year.

### *Mobile Trading and FinTech Investment Platform*

Market volatility in recent years has been adding to longer-term challenges for the traditional investment industry. CFSG is a strong advocate of financial technology (FinTech) as a way to enhance investment performance and investor experience. The company has worked hard to pioneer technology-based financial services and investment to create value for both retail and institutional clients amid the volatile market of recent years.

In the first half of 2016, we continued to introduce new initiatives through our mobile and online investment platform, including the addition of unique features to our CASH RTQ mobile app, such as A-share trading and a "bond quote" service.

To help clients grasp investment opportunities, we further developed our online trading platform, introducing a "basket trading" service, enabling clients to trade groups of securities in the same sector. We also became the first financial institution in Hong Kong to develop FinTech Investment Platform. The platform is based on real-time big data analysis and acts as an "independent investment advisor" to clients, providing timely trading advice (signals) through its powerful artificial intelligence system. It helps investors avoid impulsive or irrational investment decisions and saves the time previously needed to analyse the huge amount of global and local financial information and economic data.

## *Direct Market Access (DMA)*

In addition to the revolutionary changes introduced to our online trading architecture, CFSG is dedicated to bringing extra value to professional traders, proprietary firms and hedge funds through customised DMA solutions. With our state-of-the-art trading platform, ultra-low latency data, direct client connectivity with global exchanges, and our expertise in IT infrastructure, we successfully helped a number of professional traders to implement DMA initiatives during the results period. Such initiatives demonstrate our excellent capabilities in serving institutional clients, and communicating with other potential traders and investors in the region, and we look forward to expanding our DMA team and businesses in the future.

## Outlook

With Brexit yet to unfold, economic and political uncertainty is once again rising, negatively affecting consumer, business and investment confidence. Low oil prices, continuous RMB depreciation, uncertainty surrounding US rate hikes, and China's subdued economy will continue to significantly impact fund flows worldwide, inexorably placing further pressure on the local investment market.

However, China appears to be less exposed to the downside risks of Brexit. With the near-term outlook improving on the back of the country's recent expansionary fiscal policy, infrastructure spending in China has progressed and credit growth accelerated. As Mainland China rolls out its "One Belt One Road" initiative and closer ties evolve between Mainland and Hong Kong financial markets, Hong Kong's solid financial system and experience should provide the city with fresh opportunities to build on China's robust economic growth.

With the Hong Kong stock market currently trading at around 10 times prospective 2016 P/E, 1.15 times P/B and 3.6% dividend yield for the HSI, the current valuation is undemanding for long-term investors. Given the imminent launch of Shenzhen-Hong Kong Stock Connect and potential inclusion of A-shares in the MSCI index in the second half of the year, we are optimistic that market sentiment and hence our performance for broking and asset management businesses will improve in due course.

By leveraging our fundraising capabilities as well as financial advisory expertise, we will continue to provide fully-fledged investment banking services and maintain our balanced focus on IPOs and corporate transactions to assist clients in capturing different capital markets and corporate finance opportunities.

Over the past decade, FinTech has drastically changed the global financial landscape. In line with our track record of innovation, we will seek to add transformative initiatives to enhance the trading experience of our clients and develop more investment strategies, customisation (i.e. allotment of investment capital for each strategy and setting risk control criteria) and automated trading functions for our trading platform.

Resilient economic growth in China remains the fundamental driver for the country's wealth management market. To capture the opportunity that the Mainland market is still in lack of sophisticated products, limited international experience and insufficient supply of qualified professionals, CFSG will leverage our competitive edge in direct market access (DMA) and also trading strategies to enhance our service capabilities to high-net-worth individuals in China.

Despite mounting global uncertainties, we will keep pursuing our cost-leadership approach and vigilantly manage our business in order to balance growth and external risks. It is also part of the Group's long-term strategy to bring in synergistic value investors to develop our business further in Mainland China and Hong Kong.

## Employee Information

As at 30 June 2016, the Group had 190 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees for the period under review was HK\$30.4 million.

### Benefits

The Company and some of its subsidiaries provide employee benefits including mandatory provident fund scheme, medical insurance scheme, discretionary share options, performance bonus and sales commission for their staff. The Company also provides its employees in the PRC with medical and other subsidies, and contributes to the retirement benefit plans.

### Training

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, team building, communication, languages, presentation, coaching, quality management, listing rules and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staffs, who are licensed persons under the Securities and Futures Ordinance ("SFO"), to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO. The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures, rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

## Directors' Interests in Securities

As at 30 June 2016, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

### A. The Company

#### (a) Long positions in the ordinary shares of HK\$0.02 each

Name	Capacity	Personal <i>(Number of shares)</i>	Corporate Interest <i>(Number of shares)</i>	Shareholding  <i>(%)</i>
Kwan Pak Hoo Bankee	Interest in a controlled corporation	—	1,667,821,069*	40.34
Lo Kwok Hung John	Beneficial owner	1,255,500	—	0.03
		1,255,500	1,667,821,069	40.37

\* The shares were held by Celestial Investment Group Limited ("CIGL"), a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the holding company of the Company)). Pursuant to the SFO, Mr Kwan Pak Hoo Bankee ("Mr Kwan") was interested in a total of 34.41% shareholding interest in CASH, details of which are disclosed in the heading of "substantial shareholders" below. Mr Kwan was deemed to be interested in all these shares held by CIGL as a result of his interests in CASH.

(b) Long positions in the underlying shares — options under share option scheme

Name	Date of grant	Option period	Note	Exercise price per share (HK\$)	Number of options outstanding		Percentage to issued shares
					as at 1 January 2016	as at 30 June 2016	as at 30 June 2016 (%)
Kwan Pak Hoo Bankee	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	40,000,000	40,000,000	0.96
Law Ping Wah Bernard	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	40,000,000	40,000,000	0.96
Cheng Pui Lai Majone	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	40,000,000	40,000,000	0.96
Lam Man Michael	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	28,000,000	28,000,000	0.67
Ng Kung Chit Raymond	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	28,000,000	28,000,000	0.67
					176,000,000	176,000,000	4.22

Notes:

- (1) The options are vested in 4 tranches as to 25% each exercisable from 3 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively, and is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the board of directors of the Company. The options must be exercised within one month from the date on which the board's approval of the vesting of the options.
- (2) No option was granted, exercised, lapsed or cancelled during the period.
- (3) The options were held by the directors of the Company in the capacity of beneficial owners.

B. Associated corporation (within the meaning of SFO)

CASH

(a) Long positions in the ordinary shares of HK\$0.10 each

Name	Capacity	Personal <i>(Number of shares)</i>	Corporate Interest <i>(Number of shares)</i>	Shareholding  <i>(%)</i>
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	4,260,000	281,767,807*	34.41
Law Ping Wah Bernard	Beneficial owner	27,345,312	—	3.29
		31,605,312	281,767,807	37.70

\* The shares were held by Cash Guardian Limited ("Cash Guardian"), which was 100% beneficially owned by Mr Kwan. Mr Kwan was deemed to be interested in all these shares as a result of his interests in Cash Guardian.



(b) Long positions in the underlying shares — options under share option schemes

Name	Date of grant	Option period	Exercise price per share (HK\$)	Notes	Number of options		Percentage to
					outstanding as at 1 January 2016	outstanding as at 30 June 2016	issued shares as at 30 June 2016 (%)
Kwan Pak Hoo Bankee	02/09/2014	02/09/2014–31/08/2018	0.478	(1)&(4)	6,480,000	6,480,000	0.77
	18/12/2015	18/12/2015–31/12/2019	0.460	(1),(3)&(4)	8,000,000	8,000,000	0.96
Law Ping Wah Bernard	02/09/2014	02/09/2014–31/08/2018	0.478	(4)	6,480,000	6,480,000	0.77
	18/12/2015	18/12/2015–31/12/2019	0.460	(3)&(4)	4,800,000	4,800,000	0.57
Cheng Pui Lai Majone	02/09/2014	02/09/2014–31/08/2018	0.478	(2)&(4)	2,982,000	2,982,000	0.35
	18/12/2015	18/12/2015–31/12/2019	0.460	(3)&(4)	4,000,000	4,000,000	0.48
Lam Man Michael	18/12/2015	18/12/2015–31/12/2019	0.460	(3)&(4)	2,800,000	2,800,000	0.33
Ng Kung Chit Raymond	02/09/2014	02/09/2014–31/08/2018	0.478	(2)&(4)	2,982,000	2,982,000	0.35
	18/12/2015	18/12/2015–31/12/2019	0.460	(3)&(4)	2,800,000	2,800,000	0.33
					41,324,000	41,324,000	4.91

Notes:

- (1) Mr Kwan is also the substantial shareholder of CASH.
- (2) The options are vested in 4 tranches as to 25% each exercisable from 2 September 2014 (the date of grant), 1 September 2015, 1 September 2016 and 1 September 2017 respectively and is subject to the vesting conditions as set out in (4) below.
- (3) The options are vested in 4 tranches as to 25% each exercisable from 18 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to the vesting conditions as set out in (4) below.
- (4) The vesting of the options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the board of directors of CASH. The options must be exercised within one month from the date on which the board's approval of the vesting of the options.
- (5) No option was granted, exercised, lapsed or cancelled during the period.
- (6) The options are held by the directors of CASH in the capacity of beneficial owners.

Save as disclosed above, as at 30 June 2016, none of the directors, chief executives or their associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

# Share Option Scheme

Details of share options to subscribe for shares in the Company granted to participants under the share option scheme of the Company during the six months ended 30 June 2016 were as follows:

Date of grant	Option period	Exercise price per share (HK\$)	Notes	Number of options	
				outstanding as at 1 January 2016	outstanding as at 30 June 2016
<b>Directors</b>					
03/12/2015	03/12/2015–31/12/2019	0.315	(1)	176,000,000	176,000,000
<b>Employees and consultants</b>					
03/12/2015	03/12/2015–31/12/2019	0.315	(2)&(3)	132,000,000	132,000,000
03/12/2015	03/12/2015–31/12/2019	0.315	(4)	30,000,000	30,000,000
				162,000,000	162,000,000
				338,000,000	338,000,000

Notes:

- (1) Details of the options granted to the directors are set out in the section headed “directors’ interests in securities” above.
- (2) The options are vested in 4 tranches as to 25% each exercisable from 3 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to vesting conditions as set out in (3) below.
- (3) The vesting of the options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the board and the options must be exercised within one month from the date on which the board’s approval of the vesting of the options.
- (4) The options must be exercised within one month from the date on which the board’s approval of the vesting of the options and upon satisfactory delivery of services.
- (5) No option was granted, exercised, lapsed or cancelled during the period.

## Substantial Shareholders

As at 30 June 2016, so far as is known to the directors and chief executives of the Company, the persons/companies (other than a director or chief executive of the Company) who had, or were deemed or taken to have an interest or short positions in the shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	Capacity	Number of shares	Shareholding (%)
Hobart Assets Limited (Note)	Interest in a controlled corporation	1,667,821,069	40.34
Cash Guardian (Note)	Interest in a controlled corporation	1,667,821,069	40.34
CASH (Note)	Interest in a controlled corporation	1,667,821,069	40.34
Praise Joy Limited (Note)	Interest in a controlled corporation	1,667,821,069	40.34
CIGL (Note)	Beneficial owner	1,667,821,069	40.34

Note: This refers to the same number of 1,667,821,069 shares held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the holding company of the Company)). CASH was owned as to a total of approximately 34.41% by Mr Kwan, being approximately 33.90% by Cash Guardian (a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Mr Kwan) and approximately 0.51% by Mr Kwan in his personal name. Pursuant to the SFO, Mr Kwan, Hobart Assets Limited and Cash Guardian were deemed to be interested in all the shares held by CIGL through CASH. The above interest has already been disclosed as corporate interest of Mr Kwan in the section headed "directors' interests in securities" above.

Save as disclosed above, as at 30 June 2016, the directors and chief executives of the Company were not aware of any other parties or corporation (other than a director or chief executive of the Company) who had, or were deemed or taken to have, any interests and short positions in the shares and underlying shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

## Corporate Governance

During the accounting period from 1 January 2016 to 30 June 2016, the Company had duly complied with the code provisions of the Corporate Governance Code as contained in Appendix 14 of the Listing Rules, except for the deviations that the Company does not have a nomination committee as provided for in code provision A.5.1 as its function has been performed by the board as a whole. The board under the leadership of the Chairman is responsible for reviewing the structure, size and composition of the board and the appointment of new directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the board as a whole is also responsible for reviewing the succession plan for the directors.

## Compliance with the Model Code

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard of dealings set out therein throughout the review period.

## Disclosure of Information of Directors pursuant to Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of directors subsequent to the date of the 2015 Annual Report are set out below:

Mr Ng Kung Chit Raymond resigned as an executive director of the Company on 4 July 2016.

Save as disclosed herein, there are no other changes to the directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Review of Results

The Group's unaudited consolidated results for the six months ended 30 June 2016 have not been reviewed by the auditors of the Company, but have been reviewed by the audit committee of the Company.

# Purchase, Sale or Redemption of the Company's Securities

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

**Bankee P. Kwan**

*Chairman*

Hong Kong, 22 August 2016

As at the date of this report, the directors of the Company comprise:

*Executive directors:*

Mr Kwan Pak Hoo Bankee, JP  
Mr Law Ping Wah Bernard  
Ms Cheng Pui Lai Majone  
Mr Lam Man Michael

*Independent non-executive directors:*

Mr Cheng Shu Shing Raymond  
Mr Lo Kwok Hung John  
Mr Lo Ming Chi Charles