



Driving the Transformation

CASH Financial Services Group Limited
(Stock Code: 510)

Interim Results 2014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The unaudited condensed consolidated results of CASH Financial Services Group Limited (“Company” or “CFSG”) and its subsidiaries (“Group”) for the six months ended 30 June 2014 together with the comparative figures for the last corresponding period are as follows:

| | Notes | Unaudited Six months ended 30 June | |
|--|-------|---------------------------------------|------------------|
| | | 2014 HK\$'000 | 2013 HK\$'000 |
| Continuing operations | | | |
| Revenue | (3) | 86,535 | 105,504 |
| Other income | | 3,566 | 3,859 |
| Salaries, commission and related benefits | | (72,540) | (85,067) |
| Depreciation | | (5,600) | (12,852) |
| Finance costs | | (8,761) | (3,966) |
| Other operating and administrative expenses | | (54,567) | (71,890) |
| Net gains on investments held for trading | | 29,470 | 40,176 |
| Gain on disposal of property | | 18,002 | – |
| Change in fair value of investment properties | | 34,974 | – |
| Share of profit (loss) of an associate | | 60,463 | (1,700) |
| Profit (loss) before taxation | | 91,542 | (25,936) |
| Income tax expense | (5) | (10,004) | (383) |
| Profit (loss) for the period from continuing operations | | 81,538 | (26,319) |
| Discontinued operations | (6) | | |
| Profit for the period from discontinued operations | | – | 3,270 |
| Profit (loss) for the period | | 81,538 | (23,049) |

Unaudited
Six months ended 30 June
2014
HK\$'000

| | 2014 HK\$'000 | 2013 HK\$'000 |
|---|------------------|------------------|
| Other comprehensive (expense) income for the period, net of income tax | | |
| Exchange differences on translation of foreign operations | (2,428) | 2,100 |
| Total comprehensive (expense) income for the period | (2,428) | 2,100 |
| Total comprehensive income (expense) for the period | 79,110 | (20,949) |
| Profit (loss) for the period attributable to: | | |
| Owners of the Company | | |
| – from continuing operations | 59,885 | (25,724) |
| – from discontinued operations | – | 3,270 |
| | 59,885 | (22,454) |
| Non-controlling interests | | |
| – from continuing operations | 21,653 | (595) |
| | 81,538 | (23,049) |
| Total comprehensive income (expense) for the period attributable to: | | |
| Owners of the Company | 58,324 | (21,214) |
| Non-controlling interests | 20,786 | 265 |
| | 79,110 | (20,949) |

| | Note | Unaudited | |
|--|------|--------------------------|----------|
| | | Six months ended 30 June | |
| | | 2014 | 2013 |
| | | HK\$'000 | HK\$'000 |
| Profit (loss) per share for profit (loss) attributable to the owners of the Company during the period | (7) | | |
| From continuing and discontinued operations: | | | |
| – Basic and diluted (HK cents) | | 1.54 | (0.58) |
| From continuing operations: | | | |
| – Basic and diluted (HK cents) | | 1.54 | (0.66) |
| From discontinued operations: | | | |
| – Basic and diluted (HK cents) | | – | 0.08 |

Condensed Consolidated Statement of Financial Position

| | | 30 June 2014 (Unaudited) HK\$'000 | 31 December 2013 (Audited) HK\$'000 |
|---|-------|--|--|
| | Notes | | |
| Non-current assets | | | |
| Property and equipment | (8) | 34,412 | 33,860 |
| Investment properties | (9) | 211,552 | 57,112 |
| Goodwill | | 2,661 | 2,661 |
| Intangible assets | | 9,752 | 9,752 |
| Other assets | | 10,315 | 34,052 |
| Rental and utility deposits | | 8,035 | 4,267 |
| Available-for-sale financial assets | | 21,031 | 21,031 |
| Interest in an associate | | 1,434 | 158,154 |
| Loans receivable | | – | 1,480 |
| Deferred tax assets | | – | 1,000 |
| | | 299,192 | 323,369 |
| Current assets | | | |
| Accounts receivable | (10) | 742,184 | 608,324 |
| Loans receivable | (11) | 40,820 | 23,951 |
| Loan to an associate | | – | 10,296 |
| Other assets | | 1,500 | 29,084 |
| Prepayments, deposits and other receivables | | 10,927 | 47,089 |
| Tax recoverable | | 685 | 3,582 |
| Investments held for trading | | 87,020 | 54,735 |
| Bank deposits subject to conditions | | 17,155 | 17,155 |
| Bank balances – trust and segregated accounts | | 790,129 | 784,704 |
| Bank balances (general accounts) and cash | | 186,745 | 167,505 |
| | | 1,877,165 | 1,746,425 |

| | | 30 June 2014 (Unaudited) HK\$'000 | 31 December 2013 (Audited) HK\$'000 |
|---|-------|--|--|
| | Notes | | |
| Current liabilities | | | |
| Accounts payable | (12) | 1,009,092 | 1,032,388 |
| Financial liabilities at fair value through profit or loss | | 23,701 | 19,701 |
| Accrued liabilities and other payables | | 60,930 | 115,285 |
| Taxation payable | | 10,442 | 7,395 |
| Bank borrowings – amount due within one year | | 370,958 | 233,625 |
| Amount due to a fellow subsidiary | | 26,350 | 47,621 |
| Loan from a non-controlling shareholder | | – | 27,437 |
| | | 1,501,473 | 1,483,452 |
| Net current assets | | 375,692 | 262,973 |
| Total assets less current liabilities | | 674,884 | 586,342 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 7,502 | 1,569 |
| Bank borrowings – amount due after one year | | 77,388 | 22,575 |
| | | 84,890 | 24,144 |
| Net assets | | 589,994 | 562,198 |
| Capital and reserves | | | |
| Share capital | (14) | 77,558 | 77,558 |
| Reserves | | 506,850 | 448,526 |
| Equity attributable to owners of the Company | | 584,408 | 526,084 |
| Non-controlling interests | | 5,586 | 36,114 |
| Total equity | | 589,994 | 562,198 |

Condensed Consolidated Statement of Changes in Equity

Unaudited
Six months ended 30 June 2014

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---------------------------|---------------------------------|---------------------------------|--|-------------------|---------------------------------------|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Contributed surplus HK\$'000 | Translation reserve HK\$'000 | Retained earnings (accumulated loss) HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | Total HK\$'000 |
| At 1 January 2014 | 77,558 | 359,940 | 117,788 | 16,511 | (45,713) | 526,084 | 36,114 | 562,198 |
| Profit for the period | - | - | - | - | 59,885 | 59,885 | 21,653 | 81,538 |
| Exchange differences arising on translation of foreign operations | - | - | - | (1,561) | - | (1,561) | (867) | (2,428) |
| Other comprehensive income for the period (net of tax) | - | - | - | (1,561) | - | (1,561) | (867) | (2,428) |
| Total comprehensive income (expense) for the period | - | - | - | (1,561) | 59,885 | 58,324 | 20,786 | 79,110 |
| Realised upon distributions from an associate | - | - | - | (12,147) | 12,147 | - | - | - |
| Distribution to non-controlling interest | - | - | - | - | - | - | (51,314) | (51,314) |
| At 30 June 2014 | 77,558 | 359,940 | 117,788 | 2,803 | 26,319 | 584,408 | 5,586 | 589,994 |

Unaudited
Six months ended 30 June 2013

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 loss) HK\$'000 | Total HK\$'000 | Non- controlling interests HK\$'000 | Total HK\$'000 |
|---|------------------------------|------------------------------|------------------------------------|---|------------------------------------|---|-------------------|--|-------------------|
| At 1 January 2013 | 77,558 | 459,940 | 176,788 | 7,814 | 13,399 | 151,626 | 887,125 | 34,288 | 921,413 |
| Loss for the period | - | - | - | - | - | (22,454) | (22,454) | (595) | (23,049) |
| Exchange differences arising on translation of foreign operations | - | - | - | - | 1,240 | - | 1,240 | 860 | 2,100 |
| Other comprehensive income for the period (net of tax) | - | - | - | - | 1,240 | - | 1,240 | 860 | 2,100 |
| Total comprehensive income (expense) for the period | - | - | - | - | 1,240 | (22,454) | (21,214) | 265 | (20,949) |
| Amount transferred to retained earnings as a result of expiration of share options | - | - | - | (6,877) | - | 6,877 | - | - | - |
| Amount transferred from share premium to contributed surplus | - | (100,000) | 100,000 | - | - | - | - | - | - |
| Amount transferred from contributed surplus to retained earnings | - | - | (159,000) | - | - | 159,000 | - | - | - |
| Dividend in specie | - | - | - | - | - | (305,842) | (305,842) | - | (305,842) |
| At 30 June 2013 | 77,558 | 359,940 | 117,788 | 937 | 14,639 | (10,793) | 560,069 | 34,553 | 594,622 |

Condensed Consolidated Statement of Cash Flows

| | Unaudited | |
|--|--------------------------|-----------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Net cash used in operating activities | (177,086) | (83,794) |
| Net cash generated from (used in) investing activities | 27,909 | (49,586) |
| Net cash generated from (used in) financing activities | 168,417 | (7,990) |
| Net increase (decrease) in cash and cash equivalents | 19,240 | (141,370) |
| Cash and cash equivalents at beginning of period | 167,505 | 291,250 |
| Cash and cash equivalents at end of period | 186,745 | 149,880 |
| Bank balances (general accounts) and cash | 186,745 | 149,880 |

Notes:

(1) **Basis of preparation**

The unaudited condensed 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 condensed 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 2014, 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 2013.

| | |
|---|--|
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 | Investment Entities |
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKAS 39 | Novation of Derivatives and Continuation of Hedge Accounting |
| HK(IFRIC) – Int 21 | Levies |

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 condensed consolidated financial statements.

(3) **Revenue**

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

| | Unaudited Six months ended 30 June | |
|------------------------------|---------------------------------------|------------------|
| | 2014 HK\$'000 | 2013 HK\$'000 |
| Continuing operations | | |
| Fees and commission income | 72,649 | 92,149 |
| Interest income | 13,886 | 13,355 |
| | 86,535 | 105,504 |

(4) 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 segments

Information reported to the Executive Directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of products or services provided, with each operating segment representing a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments.

Upon the completion of the distribution in specie of the issued shares of CASH Retail Management (HK) Limited ("CRMG", the holding company of the Group's retailing business) on 28 June 2013, CRMG ceased to be the subsidiary of the Group with effect from 28 June 2013. Then, the Group has only one reportable and operating segment, which is financial services business. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and result

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss earned by each segment before gain on disposal of properties, change in fair value of investment properties, share of profit of 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 2014

Continuing operations

| | Financial services HK\$'000 | Total HK\$'000 |
|--|-----------------------------------|-------------------|
| Revenue | 86,535 | 86,535 |
| RESULT | | |
| Segment loss | (13,290) | (13,290) |
| Gain on disposal of property | | 18,002 |
| Change in fair value of investment properties | | 34,974 |
| Share of profit of an associate | | 60,463 |
| Unallocated expenses | | (8,607) |
| Profit before taxation (continuing operations) | | 91,542 |

For the six months ended 30 June 2013

Continuing operations

| | Financial services HK\$'000 | Total HK\$'000 |
|--|-----------------------------------|-------------------|
| Revenue | 105,504 | 105,504 |
| RESULT | | |
| Segment loss | (10,506) | (10,506) |
| Share of loss of an associate | | (1,700) |
| Unallocated expenses | | (13,730) |
| Loss before taxation (continuing operations) | | (25,936) |

Entity-wide disclosures

The Group's continuing operations are principally located in Hong Kong and therefore no geographical segmental information is presented.

(5) **Income tax expense**

| | Unaudited | |
|------------------------------|--------------------------|------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Continuing operations | | |
| Current tax: | | |
| – Hong Kong Profits Tax | 3,000 | 383 |
| – PRC Enterprise Income Tax | 72 | – |
| Deferred tax expense | 6,932 | – |
| | 10,004 | 383 |

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction..

(6) **Discontinued operations**

Retailing business of the Group was discontinued upon the completion of the distribution in specie of all the issued shares of CRMG on 28 June 2013. Accordingly, the operating results of the retailing business for the period from 1 January 2013 to 27 June 2013 were disclosed as discontinued operations.

The results of the retailing business for the period from 1 January 2013 to 27 June 2013, which have been included in the current condensed consolidated statement of profit or loss and other comprehensive income were as follows:

| | Six months ended 30.6.2014 HK\$'000 | Period from 1.1.2013 to 27.6.2013 HK\$'000 |
|---|--|---|
| Revenue | – | 546,315 |
| Other income | – | 2,221 |
| Cost of sales for retailing business | – | (323,337) |
| Salaries, commission and related benefits | – | (61,726) |
| Depreciation | – | (9,531) |
| Finance costs | – | (2,689) |
| Other operating and administrative expenses | – | (146,983) |
| Profit before taxation | – | 4,270 |
| Income tax expense | – | (1,000) |
| Profit for the period from discontinued operations | – | 3,270 |
| Profit for the period from discontinued operations attributable to owners of the Company | – | 3,270 |

(7) **Profit (loss) per share**

From continuing and discontinued operations

The calculation of basic and diluted profit (loss) per share attributable to the ordinary equity holders of the Company for the six months ended 30 June 2014 together with the comparative figures for the prior period are based on the following data:

| | Unaudited | |
|--|---------------------------------|----------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Profit (loss) for the purposes of basic and diluted profit (loss) per share | 59,885 | (22,454) |

| | Unaudited | |
|--|--------------------------|-----------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | '000 | '000 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic profit (loss) per share | 3,877,859 | 3,877,859 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | 7,145 | – |
| Weighted average number of ordinary shares for the purpose of diluted profit (loss) per share | 3,885,004 | 3,877,859 |

For the six months ended 30 June 2013, the computation of diluted loss per share has not taken into account the effects of share options as it would result in decrease in loss per share.

From continuing operations

The calculation of basic and diluted profit (loss) per share attributable to the ordinary equity holders of the Company for the six months ended 30 June 2014 together with the comparative figures for the prior period are based on the following data:

| | Unaudited | |
|--|--------------------------|----------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Profit (loss) for the purposes of basic and diluted profit (loss) per share | 59,885 | (25,724) |

From discontinued operations

The denominators used are the same as those detailed above for both basic and diluted profit (loss) per share from continuing and discontinued operations.

(8) **Property and equipment**

During the period, the Group spent approximately HK\$6,162,000 (2013: HK\$10,453,000) on the acquisitions of property and equipment.

(9) **Investment properties**

During the period, the Group capitalised approximately HK\$119,931,000 (2013: nil) on the completion of the acquisitions of investment properties.

The total fair value of the Group's investment properties as at 30 June 2014 and 31 December 2013 has been arrived at on the basis of valuations carried out on the respective dates by CS Surveyors Limited and Peak Vision Appraisals Limited (2013: Peak Vision Appraisals Limited) respectively, both are independent qualified professional valuers not connected to the Group who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

(10) **Accounts receivable**

| | 30 June 2014 (Unaudited) HK\$'000 | 31 December 2013 (Audited) HK\$'000 |
|---|---|---|
| Accounts receivable arising from the business of dealing in securities: | | |
| Clearing houses, brokers and dealers | 75,698 | 74,475 |
| Cash clients | 45,304 | 67,236 |
| Margin clients | 271,604 | 284,616 |
| Clients who subscription to IPO | 126,959 | – |
| Accounts receivable arising from the business of dealing in futures and options: | | |
| Clients | 86 | 139 |
| Clearing houses, brokers and dealers | 220,316 | 180,041 |
| Commission receivable from brokerage of mutual funds and insurance-linked investment products | 825 | 1,777 |
| Accounts receivable arising from the business of provision of corporate finance services | 1,392 | 40 |
| | 742,184 | 608,324 |

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 balances; and intends either to settle on a net basis, or to realise the balances simultaneously.

In respect of the commission receivables 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) is as follows:

| | 30 June 2014 (Unaudited) HK\$'000 | 31 December 2013 (Audited) HK\$'000 |
|--------------|---|---|
| 0 – 30 days | 803 | 1,440 |
| 31 – 60 days | 1,000 | – |
| 61 – 90 days | – | – |
| Over 90 days | 413 | 377 |
| | 2,216 | 1,817 |

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

| Name | Balance at 1 January 2014 HK\$'000 | Balance at 30 June 2014 HK\$'000 | Maximum amount outstanding during the period HK\$'000 | Market value of pledged securities at fair value at 30 June 2014 HK\$'000 |
|---|--|--|--|--|
| Directors of the Company | | | | |
| Mr Law Ping Wah Bernard and associates (Note (b)) | – | – | 4,091 | – |
| Ms Cheng Pui Lai Majone and associates | – | – | 16,773 | 228 |
| Mr Ng Kung Chit Raymond and associates (Note (d)) | – | – | 6,110 | – |
| Mr Cheng Man Pan Ben and associates (Note (e)) | 441 | 217 | 2,340 | 750 |
| Directors of Celestial Asia Securities Holdings Limited ("CASH") | | | | |
| Mr Ng Hin Sing Derek and associates (Note (f)) | – | – | 955 | – |
| Dr Chan Yau Ching Bob and associates (Note (g)) | – | – | 5,850 | 8,149 |
| Wholly-owned subsidiary of CASH | | | | |
| Libra Capital Management (HK) Limited | 214 | – | 218 | – |
| Shareholders with significant influence over CASH (Note (c)) | | | | |
| Cash Guardian Limited | – | 347 | 758 | 10,447 |
| Mr Kwan Pak Hoo Bankee and associates | – | 241 | 2,101 | 1,770 |

Notes:

- (a) Associates are defined in accordance with the Listing Rules.
- (b) Mr Law Ping Wah Bernard is also the executive director of CASH.
- (c) Cash Guardian Limited is solely owned and controlled by Mr Kwan Pak Hoo Bankee, who is the director of the Company and CASH (the holding company of the Company).
- (d) Mr Ng Kung Chit Raymond resigned as director of CASH on 7 October 2013, and was appointed as director of the Company on 1 May 2014.
- (e) Mr Cheng Man Pan Ben resigned as director of the Company on 31 December 2013.
- (f) Mr Ng Hin Sing Derek was appointed as director of CASH on 5 August 2013.
- (g) Dr Chan Yau Ching Bob resigned as director of CASH on 5 August 2013.

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 2014 (Unaudited) HK\$'000 | 31 December 2013 (Audited) HK\$'000 |
|--|---|---|
| Loans receivable denominated in Hong Kong dollar | 83,817 | 68,428 |
| Less: Allowance for bad and doubtful debts | (42,997) | (42,997) |
| | 40,820 | 25,431 |
| Carrying amount analysed for reporting purposes: | | |
| Current assets | 40,820 | 23,951 |
| Non-current assets | – | 1,480 |
| | 40,820 | 25,431 |

(12) Accounts payable

| | 30 June 2014 (Unaudited) HK\$'000 | 31 December 2013 (Audited) HK\$'000 |
|---|---|---|
| Accounts payable arising from the business of dealing in securities: | | |
| Clearing houses | 8,682 | 1,430 |
| Cash clients | 530,489 | 592,920 |
| Margin clients | 151,047 | 147,660 |
| Accounts payable to clients arising from the business of dealing in futures and options | 318,874 | 290,378 |
| | 1,009,092 | 1,032,388 |

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 2014, including in account payable to a client of HK\$8,709,000 (31 December 2013: HK\$71,586,000) was related to a client, of which HK\$8,709,000 (31 December 2013: HK\$15,368,000) was maintained in 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 2014, the accounts payable amounting to HK\$790,129,000 (31 December 2013: HK\$784,704,000) 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 loan from a non-controlling shareholder, 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 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 equity and debt securities, investment fund, loans receivable, other receivables, other payables, bank balances and deposits, bank borrowings, accounts receivable, loan to an associate, loan from a non-controlling shareholder 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

Price risk

The Group has a portfolio of held-for-trading investments in equity and debt securities and investment fund, which are carried at fair value and is exposed the Group to price risk. The Group's exposures to price risk for debt securities include changes in the credit spreads and market interest rates. The directors of the Company manage the exposure by closely monitoring the portfolio of equity and debt and investment fund, 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 investments in derivatives. The directors of the Company manage the exposure by closing all the open position of derivatives and/or imposing trading limits on daily basis.

Interest rate risk

Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank balances, fixed rate loans receivable and fixed rate debt securities. The price of the investments in debt securities which are classified as financial assets held for trading is affected by the change in market interest rate. The Group currently does not have a fair value hedging policy.

Cash flow 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.

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, loan to an associate, debt securities listed outside Hong Kong 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 arise. The directors of the Company do not expect significant foreign exchange risk to the Group in view of the Hong Kong dollar pegged system to the USD.

Credit risk

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.

Credit risk arising on debt securities is mitigated by investing primarily in rated instruments or instruments issued by counterparties of credit ratings of at least BB+ or equivalent as determined by Standard & Poor's, Moody's or Fitch, any exception to which shall be approved by the management of the Group.

In respect to the accounts receivable from MFG HK, the Group closely monitors the development and the directors of the Company closely contact with the liquidators for the recoverable amount to address the credit risk.

The Group does not have any significant concentration of credit risk as the exposure spread over a number of counterparties and customers, except for the loans receivable.

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 fair values of financial assets and financial liabilities are determined as follows:

- the fair values of listed equity and debt securities listed outside Hong Kong with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair value of debt securities listed in Hong Kong and unlisted investment fund are determined based on brokers' quotes due to absence of an active market; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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 2014 and 30 June 2014 | 0.02 | 15,000,000 | 300,000 |
| Issued and fully paid: | | | |
| At 1 January 2014 and 30 June 2014 | 0.02 | 3,877,859 | 77,558 |

(15) Related party transactions

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

| | | Unaudited | |
|---|---------|--------------------------|----------|
| | | Six months ended 30 June | |
| | Notes | 2014 | 2013 |
| | | HK\$'000 | HK\$'000 |
| Commission and interest income received from the following subsidiary of CASH | (a) | | |
| Libra Capital Management (HK) Limited | | 5 | 49 |
| Commission and interest income received from the following shareholders of CASH | (a) | | |
| Cash Guardian Limited | (b) | 10 | 12 |
| Mr Kwan Pak Hoo Bankee and associates | (b) | 16 | 10 |
| | | 26 | 22 |
| Commission and interest income received from the following directors of the Company | | | |
| Mr Law Ping Wah Bernard and associates | (c) | 4 | 27 |
| Ms Cheng Pui Lai Majone and associates | | 12 | 4 |
| Mr Ng Kung Chit Raymond and associates | (d) | 6 | 8 |
| Mr Chan Chi Ming Benson and associates | (e) | 3 | – |
| Mr Cheng Man Pan Ben and associates | (f) | 74 | 26 |
| | | 99 | 65 |
| Commission and interest income received from the following directors of CASH | (a) | | |
| Mr Ng Hin sing Derek and associates | (g) | 6 | – |
| Dr Chan Yau Ching Bob and associates | (h) | 12 | 12 |
| | | 18 | 12 |
| Loan interest income received from the following director of the Company | | | |
| Mr Cheng Man Pan Ben | (f) | – | 37 |
| Rental and building management expense paid to CASH | (a) | – | 2,029 |
| Underwriting commission income received from CASH | (a) | – | 902 |
| Financial advisory income received from CASH | (a) | – | 200 |
| Interest paid to CASH | (a) | 801 | – |
| Amount due to CASH | (a)&(i) | 26,350 | 47,621 |

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 Ng Kung Chit Raymond resigned as director of CASH on 7 October 2013, and was appointed as director of the Company on 1 May 2014.
- (e) Mr Chan Chi Ming Benson resigned as director of the Company on 1 May 2014.
- (f) Mr Cheng Man Pan Ben resigned as director of the Company on 31 December 2013.
- (g) Mr Ng Hin Sing Derek was appointed as director of CASH on 5 August 2013.
- (h) Dr Chan Yau Ching Bob resigned as director of CASH on 5 August 2013.
- (i) The loan was unsecured and repayable on demand.

(16) Capital Commitments

| | 30 June 2014 | 31 December 2013 |
|---|---------------------|------------------|
| | (Unaudited) | (Audited) |
| | HK\$'000 | HK\$'000 |
| Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: | | |
| Acquisition of property and equipment | – | 184,069 |

(17) Interim dividend

No interim dividend in respect of the six months ended 30 June 2014 and 30 June 2013 was declared by the Board.

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2014 (2013: nil).

REVIEW AND OUTLOOK

Financial Review

For the six months ended 30 June 2014, the Group recorded revenue of HK\$86.5 million, represented a decrease of 18.0% as compared with HK\$105.5 million for the same corresponding period last year.

During the period under review, the Hong Kong stock market experienced a fluctuation in market sentiment. Worries about the global economic effects on the tapering of quantitative easing by the US Federal Reserve, a slump in property prices and disorderly deleveraging in local government debts leading to unexpected decelerations in industrial-output and economic growth in China and the political tension in Ukraine were prevailing and affected the overall investment sentiment. For the six months ended 30 June 2014, the average daily turnover was approximately HK\$62.9 billion, representing a decrease of 7.8% when compared with HK\$68.3 billion for the same period last year. With the Hong Kong-Mainland Stock Connect Scheme scheduled to be launched later this year together with the recent upbeat economic conditions in China upon the Central Government's efforts to counter the economic slowdown, the Group remained cautiously optimistic about the economic outlook in the medium to longer term. In spite of a mild improvement in the local investment sentiment, the Group is still facing a very tough business environment in the financial services industry. We will continue to maintain stringent cost controls over its operations. At the same time, the Group has dedicated its resources in building the most advanced information and communication technology infrastructure and low-latency trading platform and recruited professionals to research and develop trading strategies for our algorithmic trading business for our institutional, corporate and individual investors for their versatile investment and wealth management needs.

During the period under review, the Group recorded a gain on disposal of an investment property in Hong Kong of approximately HK\$18.0 million. In addition, there was an increase in fair value on its investment properties amounting to HK\$35.0 million. Besides, during the period, its associate company recorded a gain on the disposal of its entire registered shares of its subsidiary which owned and managed an investment property in the PRC. Accordingly, during the period, the Group reported a share of profit of an associate of HK\$60.5 million as compared to share of loss of an associate of HK\$1.7 million for the same period last year.

As a result of the above, the Group recorded a net profit attributable to the owners of the Company of HK\$59.9 million for the six months ended 30 June 2014 as compared to a net loss of HK\$22.5 million in the same corresponding period last year.

Liquidity and Financial Resources

The Group's total equity amounted to HK\$590.0 million as at 30 June 2014 as compared to HK\$562.2 million as at 31 December 2013. The increase was mainly due to the reported profit for the period under review less dividend distributed to non-controlling interest.

As at 30 June 2014, the Group had total outstanding bank borrowings of approximately HK\$448.3 million, comprising of bank loans of HK\$355.2 million, mortgage loans of HK\$79.6 million and bank overdrafts of HK\$13.5 million. Bank loans and overdrafts in aggregate of HK\$156.0 million were collateralised by its margin clients' securities pledged to the Group. Mortgage loans in aggregate of HK\$79.6 million were secured by the Group's investment properties with a total carrying amount of approximately HK\$211.6 million. The remaining bank loans and overdrafts in aggregate of HK\$212.7 million were secured by corporate guarantees from the Company.

Pursuant to a letter of undertaking provided by the Group to a bank, the Group undertakes to maintain deposits of not less than HK\$15.0 million with the bank as a pre-condition for an overdraft facility of HK\$15.0 million granted by this bank. Accordingly, bank deposits in aggregate of approximately HK\$17.2 million were held for this purpose and presented as bank deposits subject to conditions as at 30 June 2014.

As at 30 June 2014, our cash and bank balances including the trust and segregated accounts totalled HK\$994.0 million which was roughly at similar level as compared to HK\$969.4 million as at 31 December 2013. The Group derives its revenue and maintains its house fund mainly in HK dollars. The liquidity ratio as at 30 June 2014 remained healthy at 1.25 times, signifying a mild improvement as compared with 1.18 times as at 31 December 2013.

The gearing ratio as at 30 June 2014, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, increased to 76.0% from 45.6% as at 31 December 2013. The rise in gearing ratio was due to the new mortgage loan of HK\$56.5 million taken out for the acquisition of new investment properties and the increase in short term bank loans for financing our clients' IPO subscriptions in late June 2014. These back-to-back IPO loans had been fully settled subsequent to the balance sheet date. On the other hand, we have no material contingent liabilities at the period-end.

Foreign Exchange Risks

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

Material Acquisitions and Disposals

On 24 January 2014, an associate company of the Group entered into an agreement for disposal of its entire interest in a subsidiary which owned and managed a property in the PRC. The transaction was completed in March 2014. Details of the transaction are disclosed in the joint announcement of the Company and CASH dated 24 January 2014.

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 2014, the Group was holding a portfolio of investments held for trading with market values of approximately HK\$87.0 million. The net gain derived from investments held for trading of HK\$29.5 million was recorded for the period.

We did not have any future plans for material investments, nor addition of capital assets.

Industry and Business Review

Industry Review

In the first half of 2014, Hong Kong's economy continues to slow down. Real GDP for the first quarter grew by only 2.6% while the second quarter further slowed down to a 1.8% growth. In China, GDP expanded by 7.4% YoY in the second quarter of this year, reflecting a slowdown in economic growth compared to last year due to a decline in the growth of credit and investment. Driven by upturns in exports and private inventory investment, real GDP in the US increased by 4% in the second quarter of 2014.

Due to both overseas and Mainland China market conditions, the Hong Kong stock market underperformed some major markets such as that in the US, which featured a rise in Dow Jones Industrial Index and Standard & Poor's 500 Index to record highs in the first half of 2014. In light of lingering worries about an economic hard landing in China, the Shanghai Composite Index has fallen 3.2% in the period following a decline last year.

During the period, the Hang Seng Index (HSI) had a slight drop of 0.5% with average daily market turnover reached HK\$62.9 billion, representing a decrease of 7.8% when compared with HK\$68.3 billion for the the same period last year.

In the first six months of 2014, Hong Kong has raised HK\$81.1 billion from 52 IPOs, representing 104% and 118% increases respectively as compared against HK\$39.7 billion raised out of 22 IPOs over the same period last year. This encouraging rally pushes Hong Kong to the fourth position in the global IPO race.

Business Review & Outlook

Investment Banking

In the first half of 2014, there was a significant growth in the capital markets in Hong Kong. The total fund raised for both primary and secondary markets reached approximately HK\$215.8 billion, representing an increase of about 57.5% as compared to the corresponding period last year. In particular, fund raised through new listings on The Hong Kong Stock Exchange increased by approximately 1.04 times to HK\$81.1 billion. The total number of newly listed companies on both Main Board and GEM Board also increased by approximately 1.26 times to 52.

During the period, we continued our strategy to provide full-fledged investment banking services to our clients. We acted as financial adviser, or independent financial adviser to a number of sizeable listed companies and advised on various corporate finance transactions, including proposed spin-off, issue of convertible bonds, whitewash applications, and other notifiable and/or connected transactions. Besides, in order to capture more opportunities of mergers and acquisitions, we became one of the founding members of the Global Merger & Acquisition Association. While we will continue to focus on financial advisory projects, we will also actively seek opportunities to conduct fund raising exercises for pre-IPO clients as well as listed issuers.

Broking

The first half of 2014 has been a tough period for the stock market. HSI traded at a narrow range between 21,182 and 23,340 with an overall decrease of trading volumes in both the stock and commodities markets by 7.1% and 4.2% respectively. The investment sentiment was subdued amidst the unstable economic environment caused by the Occupy Central, potential credit crunch due to the stagnant property market and the weakening GDP growth in Mainland China. During the period, we managed to record a slight increase of 4% in our interest income.

Looking forward, the announcement of the Shanghai Hong Kong Stock Connect Scheme to be launched in October this year is regarded as a breakthrough of the Mainland financial policy which enables market connectivity and capital internationalisation between Mainland China and Hong Kong. The policy is expected to bring a robust growth on the stock market which attracts international investors to utilize Hong Kong as a hub to get access to the Mainland stock markets. Meanwhile, Mainland investors can diversify their portfolios by entering the Hong Kong stock market with ease. Currently, we are in the process of applying for a direct membership of the Singapore Exchange ("SGX") which provides another active market to meet with investors' demand.

The outlook of both the Mainland and Hong Kong stock markets are optimistic as the China economy further solidifies accompanied by a series of social enhancement measures. Together, we are cautiously optimistic about our business growth to be driven mainly by Mainland investors in the second half of 2014, and China market will continue to be our key development area for the coming years.

Asset Management

Hong Kong and Mainland stock markets underperformed the Asian stock markets in the first half of 2014. Slower economic growth in China and the mirror bank loans problem raised investors' concern on economic hard landing in China. In response to the improving political environment in the Asian countries, investors reallocated their portfolio by lowering the weighting of Hong Kong and China stocks and increasing the weighting on other Asian stocks. Overall, the HSI fell 0.49% and the H-share index fell 4.45% in the first half year of 2014.

Our amount of Asset Under Management (AUM) rose around 7.85% compared with the end of the year in 2013. We outperformed the market during the period as we put more efforts to acquire new high-net-worth clients. As the market concerned the slow down of the economic growth in China, we focus on those sectors with lower co-relationship with the China's economic growth such as technology, medical and Macau gaming industries and avoid the liquidity sensitive sectors such as raw material, Mainland China property and finance.

Looking forward, we expect China's economic growth rate to rebound in the second half of 2014 and China's economy to reach approximately 7.3% growth in 2014. The Hong Kong stock market is trading at around 11 times prospective 2014 P/E and around 3.24% dividend yield and the current valuation is undemanding for the long-term investors. The Shanghai-Hong Kong Stock Connect Scheme is expected to commence in October 2014. We expect both Shanghai A-share and Hong Kong stock markets to resume the upside momentum and to chase back the laggard in the second half of 2014. We believe that our AUM and revenue such as performance fee may keep a reasonable growth in 2014.

Wealth Management

As a fully-fledged and long standing wealth management service provider, our goal is to help our clients achieve their life-long investment objectives with our personalized and comprehensive investment solutions on a risk-adjusted basis. During the period under review, although the global investment environment remained volatile, we maintained a moderate growth in term of turnover in the first half year of 2014.

We continue to develop in-house wealth management product and strengthen discretionary portfolio management service to align with the direction to broaden income stream. We also strengthen the co-operation with different business units and create synergy to the group. In addition, we work closely with business partners for corporate brand building and business development.

Mobile Trading and Platform Development

In the first half of the year, we continued to enhance our trading platform. We upgraded our electronic trading platform by integrating the PPS payment function in March, to enable clients to transfer fund to the electronic trading platform even after office hours. For the trading App “CASH Securities Traders”, the chart function and IPO subscription will be included in the next version and we are currently in the testing phase. We made use of the mobile social media channels, i.e., Sina Weibo, Tencent Weibo, WeChat and Facebook to promote our enhanced services to investors and investing public.

Algorithmic Trading

Envisaging the change in the future financial market, we expanded our horizon to the quantitative finance and algorithmic trading arena. The Quant-Finance Lab will be opened in the Hong Kong Science Park to serve as a pioneer and leader in the research and development (R&D) of IT-Finance, Algorithmic Trading, Risk Management, Compliance and Innovation. Talents from Hong Kong and overseas are recruited to join the newly established Algo Finance Group with over 90% of them PhDs and Master Degree holders.

The Algo Finance Group will also extend the R&D capabilities with other strategic partners in the Finance, Information and Innovation Technology industries and the academia. Services will include the incubation and development for traditional traders converting their strategies into computer algorithms, research scientists transforming the financial data into various quantitative models and trading strategies, PhD and MSc graduates from top universities exploring their career paths, and overseas Algo traders adapting their models to the Hong Kong and overseas markets.

Outlook

In the first half of the year, worries about the tapering of quantitative easing by the US Federal Reserve and uncertain outlook for the euro zone economies posed risks for global economy. Although these uncertainties may weigh on the Hong Kong financial market in the second half of 2014, it is believed that effective economic and market policies in the Mainland would bring about optimism to Hong Kong stock market.

While China was affected by scant global demand and internal problems in the first half of 2014, it is expected that the fine-tuning measures approved by the State Council will bring about smooth restructuring effect and lead to steady growth in the coming months. The introduction of preferential tax rates to SMEs, acceleration of railway construction in Central and Western China and the targeted reduction in banks' reserve requirement ratio (RRR) are likely to gradually lift the economy. The Mainland China economy is expected to stay stable and on the rise in the rest of 2014. Economic outlook of Hong Kong could ride on and gain benefit from the improving market sentiments in China.

The pilot programme for the establishment of a mutual stock market access between Mainland China and Hong Kong is announced by the Chinese regulators during the first half of the year. Under the programme, Mainland investors will be able to trade Hong Kong stocks, thus attracting more Mainland companies to list in Hong Kong. We expect that the Shanghai-Hong Kong Stock Connect Scheme, which will be launched in the fourth quarter of 2014, will provide a boost for the market. This should help onshore-offshore interest rates convergence and make RMB carry trade more attractive.

Given the stable growth in China's economy with improving fundamentals, it is also expected to see more IPO activities in the second half of 2014. Hong Kong is likely to remain as one of the top destinations for fund raising globally. The Group will continue to position itself as a professional financial adviser for medium-sized enterprises seeking to raise funds in the international capital market. In the meantime, we will continue to develop more sophisticated and user-friendly trading platforms and tools to facilitate investment from investors.

EMPLOYEE INFORMATION

As at 30 June 2014, the Group had 243 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\$48.0 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 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 2014, 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 | Number of shares | | Shareholding (%) |
|----------------------|---|------------------|--------------------|------------------|
| | | Personal | Corporate interest | |
| Kwan Pak Hoo Bankee | Beneficial owner and interest in a controlled corporation | - | 1,792,272,589* | 46.21 |
| Law Ping Wah Bernard | Beneficial owner | 27,506,160 | - | 0.70 |
| Lo Kwok Hung John | Beneficial owner | 2,095,500 | - | 0.05 |
| | | 29,601,660 | 1,792,272,589 | 46.96 |

* The shares were held as to 1,657,801,069 shares 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)), and as to 134,471,520 shares by Cash Guardian Limited ("Cash Guardian") (which was 100% beneficially owned by Mr Kwan Pak Hoo Bankee). Pursuant to the SFO, Mr Kwan was deemed to be interested in a total of 32.42% 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 in the Company held by CIGL and Cash Guardian as a result of his interests in CASH and Cash Guardian pursuant to the SFO.

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

| Name | Date of grant | Option period | Notes | Exercise price per share (HK\$) | Number of options | | | | Percentage to issued shares | |
|------------------------------------|--------------------------|--|------------------|---------------------------------|----------------------|---------------------------|----------------------------|--------------------------|-----------------------------|--------------|
| | | | | | outstanding | reallocated | outstanding | issued shares | as at | as at |
| | | | | | as at 1 January 2014 | granted during the period | upon change of directorate | lapsed during the period | 30 June 2014 | 30 June 2014 |
| | | | | | (Notes 4)(8)(5)) | (Note (3)) | (Note (6)) | | (%) | |
| Kwan Pak Hoo Bankee | 11/10/2012 11/04/2014 | 11/10/2012 – 31/10/2014 11/04/2014 – 31/12/2017 | (1)(8)(2) (2) | 0.0930 0.0970 | 39,000,000 - | - 30,000,000 | - - | - - | 39,000,000 30,000,000 | 1.01 0.77 |
| Law Ping Wah Bernard | 11/10/2012 11/04/2014 | 11/10/2012 – 31/10/2014 11/04/2014 – 31/12/2017 | (2) (2) | 0.0930 0.0970 | 39,000,000 - | - 30,000,000 | - - | - - | 39,000,000 30,000,000 | 1.01 0.77 |
| Cheng Pui Lai Majone | 11/10/2012 11/04/2014 | 11/10/2012 – 31/10/2014 11/04/2014 – 31/12/2017 | (2) (2) | 0.0930 0.0970 | 39,000,000 - | - 30,000,000 | - - | - - | 39,000,000 30,000,000 | 1.01 0.77 |
| Ng Kung Chit Raymond (Note (3)) | 11/10/2012 11/04/2014 | 11/10/2012 – 31/10/2014 11/04/2014 – 31/12/2017 | (2) (2) | 0.0930 0.0970 | N/A N/A | - N/A | 20,000,000 30,000,000 | - - | 20,000,000 30,000,000 | 0.52 0.77 |
| Chan Chi Ming Benson (Note (3)) | 11/10/2012 | 11/10/2012 – 31/10/2014 | (2) | 0.0930 | 39,000,000 | - | - | (39,000,000) | - | - |
| | | | | | 156,000,000 | 90,000,000 | 50,000,000 | (39,000,000) | 257,000,000 | 6.63 |

Notes:

- (1) Mr Kwan Pak Hoo Bankee is also the substantial shareholder of the Company.
- (2) The vesting of certain options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.
- (3) Mr Ng Kung Chit Raymond was appointed and Mr Chan Chi Ming Benson resigned as directors of the Company during the period.
- (4) The closing price of the share immediately before the date of grant of options on 11 April 2014 was HK\$0.100.
- (5) The value of the options granted during the period ended 30 June 2014 was zero as the performance targets set for the options had not been achieved by the end of the period under review.
- (6) The lapsed options were due to resignation of director with the Company.
- (7) No option was exercised or cancelled during the period.
- (8) The options are held by the directors of the Company in the capacity of beneficial owners.

B. Associated corporations (within the meaning of SFO)

(i) CASH

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

| Name | Capacity | Number of shares | | Shareholding (%) |
|----------------------|---|------------------|--------------------|------------------|
| | | Personal | Corporate interest | |
| Kwan Pak Hoo Bankee | Beneficial owner and interest in a controlled corporation | 2,840,000 | 176,805,205* | 32.42 |
| Law Ping Wah Bernard | Beneficial owner | 18,230,208 | - | 3.29 |
| | | 21,070,208 | 176,805,205 | 35.71 |

* The shares were held by Cash Guardian. 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 issued shares | |
|---------------------------------|---------------|-------------------------|---------------------------------|--------|----------------------------------|---|-------------------------------------|--------------------------------|------------------------|
| | | | | | outstanding as at 1 January 2014 | reallocated upon change of directorate (Note (3)) | lapsed during the period (Note (4)) | outstanding as at 30 June 2014 | as at 30 June 2014 (%) |
| Kwan Pak Hoo Bankee | 11/10/2012 | 11/10/2012 – 31/10/2014 | 0.624 | (1)(2) | 4,050,000 | - | - | 4,050,000 | 0.73 |
| Law Ping Wah Bernard | 11/10/2012 | 11/10/2012 – 31/10/2014 | 0.624 | (2) | 4,050,000 | - | - | 4,050,000 | 0.73 |
| Ng Kung Chit Raymond (Note (3)) | 11/10/2012 | 11/10/2012 – 31/10/2014 | 0.624 | (2) | N/A | 2,250,000 | - | 2,250,000 | 0.41 |
| Chan Chi Ming Benson (Note (3)) | 11/10/2012 | 11/10/2012 – 31/10/2014 | 0.624 | (2) | 2,250,000 | - | (2,250,000) | - | - |
| | | | | | 10,350,000 | 2,250,000 | (2,250,000) | 10,350,000 | 1.87 |

Notes:

- (1) Mr Kwan is also the substantial shareholder of CASH.
- (2) The vesting of certain 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.
- (3) Mr Ng Kung Chit Raymond was appointed and Mr Chan Chi Ming Benson resigned as directors of the Company during the period.
- (4) The lapsed options were due to resignation of grantees with members of the Group.
- (5) No option was granted, exercised or cancelled during the period.
- (6) The options are held by the directors of CASH in the capacity of beneficial owners.

(ii) **CASH Retail Management (HK) Limited (a subsidiary of CASH)**

Long positions in the ordinary shares of HK\$0.001 each

| Name | Capacity | Number of shares | Shareholding (%) |
|---------------------|---|------------------|---------------------|
| Kwan Pak Hoo Bankee | Beneficial owner and interest in a controlled corporation | 3,528,047,334* | 90.98 |

* The shares were held by CIGL. Mr Kwan was deemed to be interested in all these shares as a result of his interests in CIGL through CASH.

Save as disclosed above, as at 30 June 2014, 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 2014 were as follows:

| Date of grant | Option period | Exercise price per share (HK\$) | Notes | Number of options | | | | outstanding as at 30 June 2014 |
|----------------------------------|-------------------------|---------------------------------------|---------|---|---|--|---|---|
| | | | | outstanding as at 1 January 2014 | granted during the period (Notes (4)&(5)) | reallocated upon change of directorate | lapsed during the period (Note (6)) | |
| Directors | | | | | | | | |
| 11/10/2012 | 11/10/2012 – 31/10/2014 | 0.0930 | (1)&(2) | 156,000,000 | - | 20,000,000 | (39,000,000) | 137,000,000 |
| 11/04/2014 | 11/04/2014 – 31/12/2017 | 0.0970 | (1)&(2) | - | 90,000,000 | 30,000,000 | - | 120,000,000 |
| | | | | 156,000,000 | 90,000,000 | 50,000,000 | (39,000,000) | 257,000,000 |
| Employees and consultants | | | | | | | | |
| 11/10/2012 | 11/10/2012 – 31/10/2014 | 0.0930 | (2) | 119,000,000 | - | (20,000,000) | (39,000,000) | 60,000,000 |
| 11/04/2014 | 11/04/2014 – 31/12/2017 | 0.0970 | (2) | - | 150,000,000 | (30,000,000) | (30,000,000) | 90,000,000 |
| 11/04/2014 | 11/04/2014 – 31/12/2017 | 0.0970 | (2) | - | 21,000,000 | - | - | 21,000,000 |
| 02/05/2014 | 02/05/2014 – 31/10/2014 | 0.0900 | (3) | - | 38,000,000 | - | - | 38,000,000 |
| 22/05/2014 | 22/05/2014 – 31/12/2017 | 0.0910 | (2) | - | 46,000,000 | - | - | 46,000,000 |
| | | | | 119,000,000 | 255,000,000 | (50,000,000) | (69,000,000) | 255,000,000 |
| | | | | 275,000,000 | 345,000,000 | - | (108,000,000) | 512,000,000 |

Notes:

- (1) Details of the options granted to the directors of the Company are set out in the section headed "Directors' interests in securities" above.
- (2) The vesting of certain options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.
- (3) The options must be exercised within 8 months from the date of grant of the options and upon satisfactory delivery of services.

- (4) The closing prices of the share immediately before the date of grant of options on 11 April 2014, 2 May 2014 and 22 May 2014 were HK\$0.100, HK\$0.089 and HK\$0.091 respectively.
- (5) The value of the options granted during the period ended 30 June 2014 was zero as the performance targets set for the options had not been achieved by the end of the period under review.
- (6) The lapsed options were due to resignation of grantees with members of the Group.
- (7) No option was exercised or cancelled during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, 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 (1)) | Interest in a controlled corporation | 1,792,272,589 | 46.21 |
| Cash Guardian (Note (1)) | Interest in a controlled corporation | 1,792,272,589 | 46.21 |
| CASH (Note (1)) | Interest in a controlled corporation | 1,657,801,069 | 42.75 |
| Praise Joy Limited (Note (1)) | Interest in a controlled corporation | 1,657,801,069 | 42.75 |
| CIGL (Note (1)) | Beneficial owner | 1,657,801,069 | 42.75 |
| Mr Al-Rashid, Abdulrahman Saad ("Mr Al-Rashid") (Note (2)) | Interest in a controlled corporation | 315,131,640 | 8.12 |
| Abdulrahman Saad Al-Rashid & Sons Company Limited ("ARTAR") (Note (2)) | Beneficial owner | 315,131,640 | 8.12 |

Notes:

- (1) This refers to the same number of 1,792,272,589 shares which were held as to 1,657,801,069 shares by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the holding company of the Company)) and as to 134,471,520 shares by Cash Guardian. CASH was owned as to a total of approximately 32.42% by Mr Kwan, being approximately 31.91% 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 and Hobart Assets Limited were deemed to be interested in all the shares held by CIGL through CASH and Cash Guardian. The above interest has already been disclosed as corporate interest of Mr Kwan in the section headed "Directors' interests in securities" above.
- (2) This refers to the same number of 315,131,640 Shares held by ARTAR. ARTAR was a 52% owned controlled corporation of Mr Al-Rashid. Pursuant to the SFO, Mr Al-Rashid was deemed to be interested in the shares held by ARTAR.

Save as disclosed above, as at 30 June 2014, 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 2014 to 30 June 2014, the Company had duly complied with the code provisions of the Corporate Governance Code ("CG Code") as contained in Appendix 14 of the Listing Rules, except for the deviations summarised as follows:

- (i) 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.

Save for the above, the Company has been in compliance with the CG Code throughout the six months ended 30 June 2014.

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.

REVIEW OF RESULTS

The Group's unaudited consolidated results for the six months ended 30 June 2014 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 2014, 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, 29 August 2014

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

Executive directors:

Mr Kwan Pak Hoo Bankee
Mr Law Ping Wah Bernard
Ms Cheng Pui Lai Majone
Mr Ng Kung Chit Raymond

Independent non-executive directors:

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