AT THE FOREFRONT OF FINTECH

時富金融
CFSG

INTERIM RESULTS

2017

CASH Financial Services Group Limited
(Stock Code: 510)

Condensed 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 2017 together with the comparative figures for the last corresponding period are as follows:

	Notes	Unaudited Six months ended 30 June 2017 HK$'000	 2016 HK$'000 (Restated)
Revenue	(3)	62,863	90,202
Other income		582	937
Salaries, commission and related benefits		(54,491)	(59,260)
Depreciation		(3,275)	(5,017)
Finance costs		(2,626)	(2,481)
Other operating and administrative expenses		(29,612)	(44,792)
Provision for bad debts		(15,372)	—
Change in fair value of investment properties		—	(14,600)
Net gains (losses) on investments held for trading		3,284	(11)
Loss before taxation		(38,647)	(35,022)
Income tax credit	(5)	—	2,409
Loss for the period		(38,647)	(32,613)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(170)	(63)
Other comprehensive expense for the period		(170)	(63)
Total comprehensive expense for the period		(38,817)	(32,676)

	Note	Unaudited Six months ended 30 June 2017 HK$'000	 2016 HK$'000 (Restated)
Loss for the period attributable to:			
Owners of the Company		**(38,647)**	(32,613)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(38,817)**	(32,676)
Loss per share for loss attributable to the owners of the Company during the period	(6)		
– Basic (HK cents)		**(0.92)**	(0.79)
– Diluted (HK cents)		**(0.92)**	(0.79)

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
Non-current assets			
Property and equipment	(7)	11,304	13,577
Investment properties		16,508	16,508
Intangible assets		9,752	9,752
Other assets		5,039	5,039
Rental and utility deposits		5,514	5,514
Available-for-sale financial assets		8,415	8,415
		56,532	58,805
Current assets			
Accounts receivable	(8)	460,945	432,300
Loans receivable	(9)	1,850	1,863
Other assets		4,125	3,528
Prepayments, deposits and other receivables		9,625	11,957
Tax recoverable		1,286	1,286
Investments held for trading		14,922	21,725
Bank deposits subject to conditions		25,050	25,025
Bank balances – trust and segregated accounts		832,057	819,803
Bank balances (general accounts) and cash		551,222	334,631
		1,901,082	1,652,118

	Notes	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
Current liabilities			
Accounts payable	(10)	997,306	968,466
Accrued liabilities and other payables		26,310	30,100
Taxation payable		3,000	3,000
Bank borrowings – amount due within one year		183,981	153,687
Amount due to fellow subsidiaries		2,364	1,807
		1,212,961	1,157,060
Net current assets		688,121	495,058
Total assets less current liabilities		744,653	553,863
Non-current liabilities			
Deferred tax liabilities		40	40
Bank borrowings – amount due after one year		8,972	10,645
		9,012	10,685
Net assets		735,641	543,178
Capital and reserves			
Share capital	(12)	99,207	82,687
Reserves		636,434	460,491
Equity attributable to owners of the Company and total equity		735,641	543,178

Condensed Consolidated Statement of Changes in Equity

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
	Unaudited Six months ended 30 June 2017					
	Attributable to equity holders of the Company					
At 1 January 2017	**82,687**	**390,101**	**117,788**	**(1,199)**	**(46,199)**	**543,178**
Loss for the period	—	—	—	—	(38,647)	(38,647)
Exchange differences arising on translation of foreign operations	—	—	—	(170)	—	(170)
Other comprehensive expense for the period (net of tax)	—	—	—	(170)	—	(170)
Total comprehensive expense for the period	—	—	—	(170)	(38,647)	(38,817)
Issue of ordinary shares upon share subscription	16,520	214,760	—	—	—	231,280
At 30 June 2017	**99,207**	**604,861**	**117,788**	**(1,369)**	**(84,846)**	**735,641**

	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$'000	Translation reserve HK$'000	Retained Earnings (Accumulated losses) HK$'000	Total HK$'000
At 1 January 2016	82,687	390,101	117,788	—	4,999	595,575
Loss for the period	—	—	—	—	(32,613)	(32,613)
Exchange differences arising on translation of foreign operations	—	—	—	(63)	—	(63)
Other comprehensive expense for the period (net of tax)	—	—	—	(63)	—	(63)
Total comprehensive expense for the period	—	—	—	(63)	(32,613)	(32,676)
At 30 June 2016	82,687	390,101	117,788	(63)	(27,614)	562,899

Condensed Consolidated Statement of Cash Flows

	Unaudited Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Net cash used in operating activities	**(42,840)**	(81,419)
Net cash used in investing activities	**(1,027)**	(30,358)
Net cash generated from financing activities	**260,458**	24,038
Net increase (decrease) in cash and cash equivalents	**216,591**	(87,739)
Cash and cash equivalents at beginning of period	**334,631**	370,467
Cash and cash equivalents at end of period	**551,222**	282,728
Bank balances (general accounts) and cash	**551,222**	282,728

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 ("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 2017, 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 2016.

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses

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 and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration[1]
HK(IFRIC) – Int 23	Uncertainty over income tax treatments[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transaction[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014–2016 cycle except for amendments to HKFRS 12[1]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] 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 2017 HK$'000	 2016 HK$'000
Fees and commission income	51,078	82,169
Interest income	11,785	8,033
	62,863	90,202

(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 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 (loss) profit represents the (loss) profit 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 properties, 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 2017

	Financial services HK$'000	Total HK$'000
Revenue	62,863	62,863
RESULT		
Segment loss	(28,850)	(28,850)
Unallocated expenses		(9,797)
Loss before taxation		(38,647)

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)

Entity-wide disclosures

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

(5) **Income tax credit**

	Unaudited Six months ended 30 June 2017 HK$'000	2016 HK$'000
Current tax:		
— Hong Kong Profits Tax	—	—
Deferred tax	—	2,409
	—	2,409

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.

(6) **Loss per share**

The calculation of basic and diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2017 together with the comparative figures for the prior period are based on the following data:

	Unaudited Six months ended 30 June 2017 HK$'000	2016 HK$'000
Loss for the purposes of basic and diluted loss per share	(38,647)	(32,613)

	Unaudited Six months ended 30 June 2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	4,184,558	4,134,360

For the periods ended 30 June 2017 and 30 June 2016, the computation of diluted loss per share has not taken into account the effects of share options as it would be anti-dilutive.

(7) Property and equipment

During the period, the Group spent approximately HK$1,027,000 (2016: HK$2,380,000) on the acquisitions of property and equipment.

(8) Accounts receivable

	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
Accounts receivable arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	**82,214**	42,107
Cash clients	**60,573**	42,336
Margin clients	**216,396**	233,271
Accounts receivable arising from the business of dealing in futures and options:		
Clients	**230**	150
Clearing houses, brokers and dealers	**101,432**	112,375
Commission receivable from brokerage of mutual funds and insurance-linked investment products	**100**	1,521
Accounts receivable arising from the business of provision of corporate finance services	**—**	540
	460,945	432,300

The normal settlement terms of accounts receivable arising from the business of dealing in securities are two days after trade date and accounts receivable arising from the business of dealing in futures and options are one day after trade date.

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.

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

	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
0–30 days	—	415
31–60 days	—	125
61–90 days	—	—
Over 90 days	**100**	1,521
	100	2,061

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 2017 HK$'000	Balance at 30 June 2017 HK$'000	Maximum amount outstanding during the period HK$'000	Market value of pledged securities at fair value at 30 June 2017 HK$'000
Directors of the Company				
Mr Law Ping Wah Bernard and associates	—	—	1,082	—
Mr Ho Tsz Cheung Jack and associates (Note (b))	—	—	44	—
Ms Cheng Pui Lai Majone and associates	—	—	17,353	—
Mr Ng Kung Chit Raymond and associates (Note (c))	—	—	14,699	—
Other connected clients				
Mr Kwan Pak Leung Horace and associates (Note (d))	—	—	5,019	—
Ms Chan Siu Fei Susanna and associates (Note (d))	—	—	7,964	—

Notes:

(a) Associates are defined in accordance with the Listing Rules.

(b) Mr Ho Tsz Cheung Jack was appointed as executive director of the Company during the period.

(c) Mr Ng Kung Chit Raymond resigned as executive director of the Company during the year 2016.

(d) Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna are associates of Mr Kwan Pak Hoo Bankee, who is a director of the Company.

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

(9) Loans receivable

	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
Loans receivable denominated in Hong Kong dollar	1,850	1,863

(10) Accounts payable

	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
Accounts payable arising from the business of dealing in securities:		
Clearing houses and brokers	—	7,370
Cash clients	641,012	582,997
Margin clients	141,471	117,853
Accounts payable to clients arising from the business of dealing in futures and options	214,823	260,246
	997,306	968,466

The settlement terms of accounts payable, except for margin clients, arising from the business of dealing in securities are two days after trade date and accounts payable arising from the business of dealing in futures contracts are one day after trade date. Accounts payable to cash clients are repayable on demand subsequent to settlement date. Amounts payable to margin 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 this business.

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. 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.

At 30 June 2017, the accounts payable amounting to HK$832,057,000 (31 December 2016: HK$819,803,000) 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.

(11) 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 earning 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 2017 and 31 December 2016. 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 2017 and 31 December 2016, 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.

(12) Share capital

	Par value of each ordinary share HK$	Number of shares '000	Amount HK$'000
Ordinary shares			
Authorised:			
At 1 January 2017 and 30 June 2017	0.02	15,000,000	300,000
Issued and fully paid:			
At 1 January 2017		4,134,359	82,687
Issue of subscription shares (Note)		826,000	16,520
At 30 June 2017	0.02	4,960,359	99,207

Note: On 20 June 2017, a total of 826,000,000 new shares of HK$0.02 each were allotted and issued to a subscriber at a total consideration (before expenses) of HK$231,280,000. These shares rank pari passu in all respects with other shares in issue.

(13) Related party transactions

In addition to the transactions and balances detailed in note (8), the Group had the following transactions with related parties and connected parties:

	Notes	Unaudited Six months ended 30 June 2017 HK$'000	2016 HK$'000
Commission and interest income received from the following subsidiary of Celestial Asia Securities Holdings Limited ("CASH")	(a)		
Libra Capital Management (HK) Limited		6	—
Commission and interest income received from the following directors of the Company			
Mr Kwan Pak Hoo Bankee and associates	(b)	2	17
Mr Law Ping Wah Bernard and associates	(b)	6	6
Mr Kwan Teng Hin Jeffrey and associates	(c) & (e)	4	—
Ms Cheng Pui Lai Majone and associates		18	12
Mr Ng Kung Chit Raymond and associates	(d)	14	10
		44	45
Commission and interest income received from the following director of CASH			
Mr Ng Hin Sing Derek and associates		—	1
Commission and interest income received from other connected clients			
Mr Kwan Pak Leung Horace and associates	(e)	6	8
Ms Chan Siu Fei Susanna and associates	(e)	15	9
		21	17
Handling fee and commission received from Confident Profits Limited and its subsidiaries ("Confident Profits Group")	(f)	1,600	5,408

Notes:

(a) The Company was a non-wholly-owned subsidiary of CASH during the period, and ceased to be a subsidiary and became an associate of CASH with effect from 20 June 2017. CASH is the substantial shareholder of the Company.

(b) Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard are also the executive directors of CASH.

(c) Mr Kwan Teng Hin Jeffrey was appointed as executive director of the Company during the period.

(d) Mr Ng Kung Chit Raymond resigned as executive director of the Company during the year 2016.

(e) Mr Kwan Teng Hin Jeffrey, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna are associates of Mr Kwan Pak Hoo Bankee.

(f) Confident Profits Group is an indirect wholly-owned subsidiary of CASH.

(14) Events after the reporting period

In July 2017, subsequent to the reporting period, the convertible bonds with an aggregate principal amount of HK$620 million were fully placed to placees and the certificates in respect of the convertible bonds were duly issued to the placees. Details are more particularly described in the paragraph headed "Fund Raising Activities" in the section "Review and Outlook" below.

(15) Interim dividend

No interim dividend in respect of the six months ended 30 June 2017 and 30 June 2016 was declared by the Board.

Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 June 2017 (2016: nil).

Review and Outlook

Financial Review

For the six months ended 30 June 2017, the Group recorded revenue of HK$62.9 million, represented a decrease of 30.3% as compared with HK$90.2 million for the same corresponding period last year.

The local brokerage industry has come across tremendous landscape changes and been faced with challenging environments in recent years. More and more compliance requirements have been introduced and enforced by the relevant regulatory authorities to wipe out all sorts of improper practices in dealing and trading in securities and futures, including but not limited to insider dealings, to ensure all public investors are well protected when making their investments and daily trading activities in this highly regulated securities market. As such, most securities firms need to incur large amounts of compliance and legal costs to meet these requirements and their operating results have inevitably been adversely affected. The stringent compliance requirements such as financial resources rules have made the Group, being a Hong Kong based securities house with limited capital, more difficult to achieve impressive growth for its margin financing-driven broking business even though the investment sentiment in the local stock market had been gradually improving since last year. Having exercised restraint in making excessive margin loans to our clients for their trading and investment activities due to our limited working capital had caused a drop of approximately 9% in securities brokerage incomes for the first half of the year. Some of our clients who are mostly retail investors had incurred huge losses these days when making their investment strategies and trading activities in complex securities, especially commodity futures and options which had exhibited extremely high volatility over the first half of the year. As more and more leading financial institutions, corporate investors and hedge-fund managers have been using the most advanced technologies to formulate their sophisticated strategies and models to execute their trading activities, our client investors find it more difficult to take profit from trading commodity futures and options and therefore had adopted more risk-averse attitude in these securities dealings and reduced the trading volume drastically during the six months ended 30 June 2017. The Group's commodity broking business recorded a drop of 58% in revenue for the first half of 2017 as compared with the same corresponding period last year.

During the period under review, the Group made a provision for bad debts of HK$15.4 million in respect of the over losses incurred by a few margin clients in late June during which several small-cap stocks in Hong Kong suffered a price crash. In order to avoid incurring the similar losses for these doubtful and bad debts, a thorough review on the existing credit risk management had been undertaken immediately after the crisis and much more stringent control measures had been put in place since then. Taking into account the aforesaid provision for bad debts and the six-month operating results, the Group recorded a net loss attributable to the owners of the Company of HK$38.6 million for the six months ended 30 June 2017 as compared to a net loss of HK$32.6 million in the same corresponding period last year.

To strengthen its financial services business by providing more funding for its margin financing and underwriting businesses, the Group had completed two fund raising activities. In June, 826 million new shares at a subscription price of HK$0.28 per share were issued and allotted to an investor, raising approximately HK$231.3 million. In July, convertible bonds with an aggregate principal amount of HK$620 million at the initial conversion price of HK$0.31 per share were issued and placed to several investors, raising HK$620 million.

Liquidity and Financial Resources

The Group's total equity amounted to HK$735.6 million as at 30 June 2017 as compared to HK$543.2 million as at 31 December 2016. The increase in the total equity was mainly due to the new capital raised from the issue of 826 million new shares mentioned hereinbefore less the reported loss for the period under review.

As at 30 June 2017, the Group had total outstanding bank borrowings of approximately HK$193.0 million, comprising bank loans of HK$192.3 million and overdraft of HK$0.7 million respectively. Bank borrowings of HK$100.0 million were collateralised by its margin clients' securities pledged to the Group and a bank loan of HK$50.0 million was secured by a pledged Hong Kong dollar deposit of HK$25.0 million. The remaining bank loans and overdrafts in a total of HK$43.0 million were secured by corporate guarantees from the Company. All of the Group's borrowings were denominated in Hong Kong dollars. They were variable-rate borrowings and carried interest with reference to HIBOR or Hong Kong Prime Rate.

As at 30 June 2017, our cash and bank balances including the trust and segregated accounts had increased to HK$1,408.3 million from HK$1,179.5 million as at 31 December 2016. The increase in cash and bank balances was mainly due to the new funding raised from the issue of new shares in June.

The Group derives its revenue and maintains bank balances in its house accounts mainly in Hong Kong dollars. Bank balances in its house accounts amounting to HK$502.5 million and HK$73.8 million as at 30 June 2017 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 were denominated in the same currencies as those of the outstanding balances in the corresponding accounts payable.

The liquidity ratio as at 30 June 2017 slightly improved to 1.57 times from 1.43 times as at 31 December 2016. The gearing ratio as at 30 June 2017, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, decreased to 26.2% from 30.3% as at 31 December 2016. The decrease in gearing ratio was mainly due to the increase in the share capital by the issue of new shares 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

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 September 2016, Celestial Investment Group Limited ("CIGL, a wholly-owned subsidiary of CASH) (as seller), Ever Billion Group Limited (as purchaser) and CASH (the then holding company of the Company) (as guarantor) entered into the sale and purchase agreement whereby CIGL conditionally agreed to sell, and Ever Billion conditionally agreed to purchase from CIGL, approximately 36.28% shareholding interest in the Company at the consideration of HK$765 million (representing a purchase price of HK$0.51 per share). The transaction triggered a possible mandatory general offer for the shares of the Company. The long stop date of the sale and purchase agreement had been extended to 31 March 2017. The condition relating to approval of the SFC for substantial shareholder of the Company and its licensed corporation and the conditions which were to be satisfied on the completion date had not been fulfilled, and the transaction had been terminated on 29 March 2017. Details of the transaction were disclosed in the various announcements of the Company and CASH relating to the transaction from September 2016 to March 2017.

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

Save as disclosed in this report, there is no important event affecting the Group which has occurred since the end of the financial period.

Fund Raising Activities

In March 2017, the Company (as issuer) signed a share subscription agreement with Ever Billion Group Limited (as subscriber) relating to the subscription of 826 million new shares of the Company at a subscription price of HK$0.28 per share. The subscription was approved by the shareholders at a special general meeting of the Company held on 16 June 2017 and the new shares were duly issued to the subscriber on 20 June 2017 under a specific mandate. The gross and net proceeds raised from the share subscription were HK$231,280,000 and approximately HK$229,980,000 respectively. Details of the transaction were disclosed in the Company's announcement dated 6 April 2017, circular dated 16 May 2017 and supplemental circular dated 29 May 2017.

The Company was an indirect non-wholly-owned subsidiary of CASH during the period. Upon completion of the aforesaid share subscription on 20 June 2017, the Company ceased to be a subsidiary and became an associate of CASH.

In May 2017, the Company (as issuer) signed a placing agreement with China Everbright Securities (HK) Limited (as placing agent) relating to the placing of convertible bonds with an aggregate principal amount of up to HK$620 million to placees at initial conversion price of HK$0.31 per share. The placing was approved by the shareholders at a special general meeting of the Company held on 10 July 2017 and the convertible bonds were fully placed on 27 July 2017 (subsequent to the period-end date). The gross and net proceeds raised from the placing were HK$620 million and approximately HK$614.6 million respectively. Details of the transaction were disclosed in the Company's announcement dated 26 May 2017 and circular dated 21 June 2017.

Save as disclosed herein, the Company did not have any other fund raising activity during the period under review.

Capital Commitments

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

Material Investments

The market values of a portfolio of investments held for trading decreased from HK$21.7 million as at 31 December 2016 to approximately HK$14.9 million as at 30 June 2017 mainly due to disposal of trading investments. A net gain derived from investments held for trading of HK$3.3 million was recorded for the period. Such securities investments were not material which represented around 0.8% of the total assets of the Group as at 30 June 2017.

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 2017	2016	% change
Broking income	**51.1**	82.2	(37.8%)
Non broking income	**11.8**	8.0	47.5%
Group total	**62.9**	90.2	(30.3%)

Key Financial Metrics

	Unaudited Six months ended 30 June 2017	2016	% change
Net loss attributable to shareholders (HK$'m)	**(38.6)**	(32.6)	18.4%
Loss per share (HK cents)	**(0.92)**	(0.79)	16.5%
Total assets (HK$'m)	**1,957.6**	2,141.1	(8.6%)
Cash on hand (HK$'m)	**576.3**	307.7	87.3%
Bank borrowings (HK$'m)	**193.0**	223.8	(13.8%)
Annualised average fee income from broking per active client (HK$'000)	**7.0**	10.4	(32.7%)

Industry Review

The Hong Kong economy has improved since the end of 2016, with the HSI gaining 17.11% to close at 25,764 for the six months ended 30 June 2017. Nonetheless, the Hong Kong financial market has reached a stalemate. Hong Kong, which in past years topped the world IPO league table, accounted for less than 9% of global IPOs and funds raised during the period. Despite record high prices for blue chip stocks and a 13% increase in average market daily turnover, prices and turnover for second-tier stocks and beyond remained subdued, making retail investors wary about the sustainability and prospects of the market frenzy.

Business Review

Broking

In the first half of 2017, fee and commission income decreased by 37.8% to HK$51.1 million, mainly due to a slowdown in commodities trading. Macro political and economic events, such as BREXIT, the US presidential election, the Italian referendum and a downturn in oil and gold prices collectively resulted in market uncertainties and led to cautious investment sentiment. With the enlarged margin loan size, interest income recorded a 47.5% gain from HK$8.0 million to HK$11.8 million. We are preparing to roll out new business strategies in anticipation of more margin financing business as well as improved commission income in the second half of 2017.

Investment Banking

During the review period, we advised a number of listed companies on a range of corporate finance transactions, including issuance of securities, acquisitions and disposals, general offers and proposed connected transactions. We also acted as sole bookrunner for our IPO clients.

By leveraging our fund-raising 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 finance transactions to assist clients in capturing different capital markets and corporate finance opportunities. We also plan to further widen the scope of our services to enhance our market position and better fulfill clients' needs.

Asset Management

The weaker-than-expected inflation rate and slower-than-expected economic growth in the US reduced investor concerns about an interest rate hike. On the other hand, a weaker US dollar encouraged investors to park their capital in emerging markets, including the Hong Kong stock market. The subsequent capital inflow into Hong Kong gave support to the Hong Kong stock market, pushing the benchmark index to a 52-week high.

Assets under Management (AUM) rose around 21% by the end of June 2017 compared with the end of December 2016, outperforming the benchmark index. Our focus was sectors with fast corporate earnings growth, for example, technology shares, and industries that have bottomed out, such as Macau gaming.

With the better-than-expected Q2 GDP in China, investors may re-evaluate Mainland-related shares. Together with the strengthening of the Renminbi, this should add positive sentiment to local stocks, especially shares related to the Mainland. Currently, the HSI is trading at around 14.6 times price/earnings ratio, 1.35 times price-to-book ratio and 3.2% dividend yield. This valuation is not demanding compared with other global stock markets. The inclusion of A-shares in the MSCI index in 2018 and southbound capital from the Mainland should improve market sentiment in the second half of 2017. In the absence of unexpected circumstances, we anticipate continuous growth in our revenue over the rest of 2017.

Wealth Management

With the global market rebound during the period, we focused more on fund-related business and achieved satisfactory results. We will continue to strengthen our discretionary portfolio management service to assist clients in capturing market opportunities and accumulate AUM by referring existing clients to join this service.

We maintained good relationships with Mainland business partners and clients and expanded brand exposure to more industries to assist business development. We also saw an increase in offshore asset allocations from high-net-worth individuals, offering a great business opportunity. With our new overall strategic direction, we will strengthen business connections with professional affiliated bodies in Mainland China to enhance development.

Financial Technology (FinTech)

CFSG's mission is to deliver best-in-class advisory services powered by the latest technology. In recent years, we have reinforced our role as a technology leader in the financial services industry and continued to upgrade our web and mobile trading services together with our FinTech platform. To facilitate a seamless trading experience, we are now developing an all-in-one trading solution with proprietary technology. This will provide multifaceted investment solutions, including an intelligent stock screening tool and automated investment strategies. Cyber-security remains our top priority and we relentlessly seek to perfect security measures of our FinTech platforms to ensure trading safety and security for clients.

Outlook and Corporate Strategy

Despite global uncertainties caused by geopolitical tensions, the implementation of US President Donald Trump's economic stimulus policy, Brexit negotiations, and rising trading protectionism, among others, the economic outlook for Hong Kong remained positive. With the new HKSAR administration's commitment to increase government expenditure to support the economy and a focus on diversifying the Hong Kong economy into high value-added industries, such as innovation and technology, we are cautiously optimistic about our strategy of developing a technology-driven financial services business.

Given the improving US and Euro economies and stabilising Mainland economic development, we believe that Hong Kong will further leverage growth momentum. The implementation of the Belt-and-Road initiative, development of the Guangdong-Hong Kong-Macau Bay Area, and close ties between the Mainland and Hong Kong markets all present tremendous opportunities for Hong Kong financial markets.

With our solid business foundation and stronger financial strength, CFSG is dedicated to developing technology-based financial services in Hong Kong and Mainland China. To leverage Hong Kong's vision to become the largest offshore RMB centre and a premier asset management centre, CFSG will be transformed into a leading Hong Kong-based investment advisory group in China, balanced between our four pillar investment and wealth management businesses: brokerage, investment banking, asset management and FinTech.

Employee Information

As at 30 June 2017, the Group had 171 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$34.5 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 staff, 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 2017, 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:

The Company

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

Name	Capacity	Personal *(Number of shares)*	Corporate Interest *(Number of shares)*	Shareholding (%)
Kwan Pak Hoo Bankee	Interest in a controlled corporation	–	1,667,821,069*	33.62
Lo Kwok Hung John	Beneficial owner	1,255,500	–	0.02
		1,255,500	1,667,821,069	33.64

* 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 substantial shareholder 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 as at 1 January 2017	reallocated upon change of directorate (Note (2))	lapsed during the period (Note (4))	outstanding as at 30 June 2017	Percentage to issued shares as at 30 June 2017 (%)
Kwan Pak Hoo Bankee	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	40,000,000	–	–	40,000,000	0.80
Law Ping Wah Bernard	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	40,000,000	–	–	40,000,000	0.80
Kwan Teng Hin Jeffrey (Note (2))	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	N/A	40,000,000	–	40,000,000	0.80
Ho Tsz Cheung Jack (Note (2))	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	N/A	2,000,000	–	2,000,000	0.04
Cheng Pui Lai Majone	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	40,000,000	–	–	40,000,000	0.80
Lam Man Michael (Note (3))	03/12/2015	03/12/2015–31/12/2019	(1)	0.315	28,000,000	–	(28,000,000)	N/A	N/A
					148,000,000	42,000,000	(28,000,000)	162,000,000	3.24

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) Mr Kwan Teng Hin Jeffrey and Mr Ho Tsz Cheung Jack were appointed as directors of the Company during the period.

(3) Mr Lam Man Michael resigned as director of the Company during the period.

(4) The lapsed options were due to resignation of director with the Company.

(5) No option was granted, exercised or cancelled during the period.

(6) The options were held by the directors of the Company in the capacity of beneficial owners.

Save as disclosed above, as at 30 June 2017, 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 2017 were as follows:

				Number of options			
Date of grant	Option period	Exercise price per share (HK$)	Notes	outstanding as at 1 January 2017	reallocated upon change of directorate	lapsed during the period (Note (5))	outstanding as at 30 June 2017
Directors							
03/12/2015	03/12/2015–31/12/2019	0.315	(1)	148,000,000	42,000,000	(28,000,000)	162,000,000
Employees and consultants							
03/12/2015	03/12/2015–31/12/2019	0.315	(2)&(3)	160,000,000	(42,000,000)	(8,500,000)	109,500,000
03/12/2015	03/12/2015–31/12/2019	0.315	(4)	30,000,000	–	–	30,000,000
				190,000,000	–	(8,500,000)	139,500,000
				338,000,000	–	(36,500,000)	301,500,000

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) The lapsed options were due to cessation of employment of participants with members of the Group.

(6) No option was granted, exercised or cancelled during the period.

Substantial Shareholders

As at 30 June 2017, 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	1,667,821,069	33.62
Cash Guardian Limited (Note (1))	Interest in a controlled corporation	1,667,821,069	33.62
CASH (Note (1))	Interest in a controlled corporation	1,667,821,069	33.62
Praise Joy Limited (Note (1))	Interest in a controlled corporation	1,667,821,069	33.62
CIGL (Note (1))	Beneficial owner	1,667,821,069	33.62
Ever Billion Group Limited ("Ever Billion") (Note (2))	Beneficial owner	826,000,000	16.65

Notes:

(1) 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 substantial shareholder of the Company)). CASH was owned as to a total of approximately 34.41% by Mr Kwan, being approximately 33.90% by Cash Guardian Limited (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 Limited 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.

(2) Ever Billion is a wholly-owned subsidiary of Sunbase International (Holdings) Limited, which is in turn owned as to 66.67% by Mr Gao Gunter and 33.33% by Ms Yang Linda. Pursuant to the SFO, Mr Gao Gunter, Ms Yang Linda and Sunbase International (Holdings) Limited were deemed to be interested in all these shares held by Ever Billion.

Save as disclosed above, as at 30 June 2017, 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 2017 to 30 June 2017, 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 summarised as follows:

1. 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; and

2. the Company does not have an internal audit function as provided for in code provision C.2.5 but the board, and the Credit and Risk Management Committee (comprises members from the board and the senior management of the Group) are responsible to review the adequacy and effectiveness of the Group's risk management and internal control systems and to provide recommendations for improvement. In addition, there is regular dialogue with the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work. The Company is in the progress of setting up its internal audit function.

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

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 2017 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 2017, 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, 25 August 2017

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

Executive directors:

Mr Kwan Pak Hoo Bankee, JP
Mr Chan Chi Ming Benson
Mr Law Ping Wah Bernard
Mr Kwan Teng Hin Jeffrey
Mr Ho Tsz Cheung Jack

Independent non-executive directors:

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