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CASH FINANCIAL SERVICES GROUP LIMITED

時富金融服務集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 510)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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 2023 together with the comparative figures for the last corresponding period are as follows:

	Notes	Unaudited Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000 (Restated)
Revenue	(3)		
Fee and commission income		22,757	30,952
Interest income		14,682	8,092
Total revenue		37,439	39,044
Other income		7,818	1,937
Other gain		5,593	19,168
Salaries and related benefits		(26,884)	(31,698)
Commission expenses		(5,880)	(13,049)
Depreciation		(7,441)	(8,424)
Finance costs		(5,133)	(3,016)
Other operating expenses	(5)	(27,096)	(25,313)
Loss before taxation		(21,584)	(21,351)
Income tax expense	(6)	-	-
Loss for the period		(21,584)	(21,351)

	Note	Unaudited	
		2023	2022
		HK\$'000	HK\$'000 (Restated)
Other comprehensive income for the period		<u>44</u>	<u>684</u>
Total comprehensive expense for the period		<u>(21,540)</u>	<u>(20,667)</u>
Loss attributable to:			
Owners of the Company		<u>(25,946)</u>	<u>(28,041)</u>
Non-controlling interests		<u>4,362</u>	<u>6,690</u>
		<u>(21,584)</u>	<u>(21,351)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		<u>(25,902)</u>	<u>(27,357)</u>
Non-controlling interests		<u>4,362</u>	<u>6,690</u>
		<u>(21,540)</u>	<u>(20,667)</u>
Loss per share attributable to owners of the Company	(7)		
- Basic (HK cents)		<u>(9.19)</u>	<u>(10.74)</u>
- Diluted (HK cents)		<u>(9.19)</u>	<u>(10.74)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Restated)
Non-current assets			
Property and equipment		25,476	32,298
Intangible assets		9,092	9,092
Club debentures		660	660
Other assets		6,579	5,353
Rental and utility deposits		386	1,621
Financial assets at fair value through other comprehensive income		26,258	24,328
Loans receivables	(9)	-	859
Financial assets at fair value through profit or loss		18,925	4,812
		87,376	79,023
Current assets			
Accounts receivables	(8)	197,408	188,418
Contract assets		2,755	2,755
Loans receivables	(9)	8,062	10,135
Prepayments, deposits and other receivables		74,967	175,424
Financial assets at fair value through profit or loss		76,544	33,422
Bank balances - trust and segregated accounts		398,671	482,196
Bank balances (general accounts) and cash		168,953	247,991
		927,360	1,140,341
Current liabilities			
Accounts payables	(10)	419,033	510,925
Accrued liabilities and other payables		46,441	47,633
Taxation payable		3,000	3,000
Lease liabilities		13,913	13,621
Amounts due to the ultimate holding company		56,181	139,180
Bank borrowings		80,064	80,064
Loan from a related party		66,861	66,861
		685,493	861,284
Net current assets		241,867	279,057
Total assets less current liabilities		329,243	358,080

	Note	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Restated)
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Non-current liabilities			
Deferred tax liabilities		8,793	8,793
Lease liabilities		9,914	15,977
Provision for restoration		807	1,842
		<hr/>	<hr/>
		19,514	26,612
		<hr/>	<hr/>
Net assets		309,729	331,468
		<hr/>	<hr/>
Capital and reserves			
Share capital	(11)	15,247	10,447
Reserves		285,203	316,104
		<hr/>	<hr/>
Equity attributable to owners of the Company		300,450	326,551
Non-controlling interests		9,279	4,917
		<hr/>	<hr/>
Total equity		309,729	331,468
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to owners of the Company</u>										
	Share capital	Share premium	Other reserve	Contributed surplus	Share-based payment reserve	Investments revaluation reserve	Translation reserve	Retained earnings/ (Accumulated losses)	Total	Non- controlling interests	Total
					HK\$'000	HK\$'000	HK\$'000	HK\$'000			
At 31 December 2021 (audited and originally stated)	104,470	609,325	29,209	117,788	990	(11,937)	379	(446,394)	403,830	8,538	412,368
Merger accounting restatement	-	-	-	-	-	-	2,327	(98,589)	(96,262)	(92,487)	(188,749)
At 1 January 2022 (restated)	104,470	609,325	29,209	117,788	990	(11,937)	2,706	(544,983)	307,568	(83,949)	223,619
Profit / (Loss) for the period	-	-	-	-	-	-	-	(28,041)	(28,041)	6,690	(21,351)
Exchanges difference arising on translation of foreign operations	-	-	-	-	-	-	684	-	684	-	684
At 30 June 2022 and 1 July 2022 (restated)	104,470	609,325	29,209	117,788	990	(11,937)	3,390	(573,024)	280,211	(77,259)	202,952
Profit / (Loss) for the period	-	-	-	-	-	-	-	(32,409)	(32,409)	2,292	(30,117)
Other comprehensive expense	-	-	-	-	-	(3,351)	(2,050)	-	(5,401)	(966)	(6,367)
Capital reorganisation	(94,023)	(600,000)	-	-	-	-	-	694,023	-	-	-
Share options lapsed	-	-	-	-	(990)	-	-	990	-	-	-
Capital injection	-	84,150	-	-	-	-	-	-	84,150	80,850	165,000
At 31 December 2022 (restated)	10,447	93,475	29,209	117,788	-	(15,288)	1,340	89,580	326,551	4,917	331,468
Issue new shares	4,800	46,200	-	-	-	-	-	-	51,000	-	51,000
Acquisition of subsidiary under common control	-	(84,150)	(53,215)	-	-	-	(1,322)	87,488	(51,199)	-	(51,199)
Profit / (Loss) for the period	-	-	-	-	-	-	-	(25,946)	(25,946)	4,362	(21,584)
Other comprehensive expense	-	-	-	-	-	-	44	-	44	-	44
At 30 June 2023	15,247	55,525	(24,006)	117,788	-	(15,288)	62	151,122	300,450	9,279	309,729

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
		(Restated)
Net cash from / (used in) operating activities	(44,193)	117,270
Net cash from / (used in) investing activities	(74,941)	3,006
Net cash generated from / (used in) financing activities	40,096	(22,331)
Net increase / (decrease) in cash and cash equivalents	(79,038)	97,945
Cash and cash equivalents at beginning of period	247,991	211,164
Cash and cash equivalents at end of period	168,953	309,109
Bank balances (general accounts) and cash	168,953	309,109

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 (“Listing Rules”) and by the Hong Kong Companies Ordinance.

Apart from (2) below, the accounting policies and judgements applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2022.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL

On 19 December 2022, Confident Profits Limited (“CPL”, an indirect wholly-owned subsidiary of Celestial Asia Securities Holdings Limited (“CASH”)) as vendor (“Vendor”) and the Company as purchaser entered into an agreement, pursuant to which CPL conditionally agreed to sell, and the Company conditionally agreed to acquire, the 51% of the issued shares of CASH Algo Finance Group International Limited (the “Target Company”, a then indirect wholly-owned subsidiary of CASH) at the consideration of HK\$61 million, which would be satisfied as to (i) HK\$10 million in cash and (ii) HK\$51 million by the issue of 120,000,000 new shares in the Company (“Consideration Shares”) to Celestial Investment Group Limited (“CIGL”, an indirect wholly-owned subsidiary of CASH) at completion (“Acquisition”).

The Vendor is ultimately and beneficially owned by CASH as to 100% of its effective interest. CASH is the controlling shareholder of the Company. As such the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition constituted a connected transaction under the Listing Rules. The completion of the transaction took place on 30 May 2023. The Target Company became a subsidiary of the Company and the financial results of the Target Company and its subsidiaries (the “Target Group”) were consolidated in the consolidated financial results of the Company. Details of the Acquisition were disclosed in the joint announcement of the Company and CASH dated 19 December 2022, the announcement of the Company dated on 12 January 2023, 25 April 2023, 24 May 2023 and the circular of the Company dated 9 May 2023.

The Acquisition was considered as a business combination under common control as the Company and its subsidiaries and the Target Company are both ultimately controlled by CASH. The acquisition of the Target Company was accounted for using merger accounting in accordance with Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG 5”) issued by the HKICPA. The Group and the Target Company are regarded as continuing entities.

Under merger accounting, based on the guideline set out in AG 5, the interim financial information incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest. The adjustments to eliminate share/registered capital of the combining entities or businesses against the related investment costs have been made to other reserve in the consolidated statement of changes in equity.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the prior periods have been restated to include the results of the Target Group as if these acquisitions had been completed since the date the respective business first came under the common control of the Company. The consolidated statement of financial position as at 31 December 2022 have been restated to adjust the carrying amounts of the assets and liabilities of the Target Company which had been in existence as at 31 December 2022 as if those entities or businesses were combined from the date when they first came under the common control of the Company (see below for the financial impacts).

Basis of preparation (CONTINUED)

MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL

(i) **Effect on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2022:**

	The Group (business combination under common control) HK\$'000 (Originally stated)	Business combination of entities under common control HK\$'000	Consolidated HK\$'000 (Unaudited and restated)
Revenue			
Fee and commission income	27,614	3,338	30,952
Interest income	8,092	-	8,092
Total revenue	35,706	3,338	39,044
Other income	1,937	-	1,937
Other gain / (losses)	(3,390)	21,825	18,435
Salaries and related benefits	(25,683)	(6,015)	(31,698)
Commission expenses	(10,662)	(2,387)	(13,049)
Depreciation	(8,123)	(301)	(8,424)
Finance costs	(3,016)	-	(3,016)
Other operating expenses	(21,773)	(2,807)	(24,580)
Loss before taxation	(35,004)	13,653	(21,351)
Income tax expense	-	-	-
Loss for the period	(35,004)	13,653	(21,351)
Loss attributable to:			
Owners of the Company	(35,004)	6,963	(28,041)
Non-controlling interests	-	6,690	6,690
	(35,004)	13,653	(21,351)

Basis of preparation (CONTINUED)**MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)****(ii) Effect on the condensed consolidated statement of financial position as at 31 December 2022:**

	The Group (before business combination under common control) HK\$'000 (Originally stated)	Business combination of entities under common control HK\$'000	Adjustments HK\$'000	Consolidated HK\$'000 (Unaudited and restated)
Non-current assets				
Property and equipment	27,875	4,423	-	32,298
Intangible assets	9,092	-	-	9,092
Club debentures	660	-	-	660
Other assets	5,353	-	-	5,353
Rental and utility deposits	1,219	402	-	1,621
Financial assets at fair value through other comprehensive income	24,328	-	-	24,328
Loans receivables	859	-	-	859
Financial assets at fair value through profit or loss	4,812	-	-	4,812
	<u>74,198</u>	<u>4,825</u>	<u>-</u>	<u>79,023</u>
Current assets				
Accounts receivables	188,418	146,331	-	334,749
Contract assets	2,755	-	-	2,755
Loans receivables	10,135	-	-	10,135
Prepayments, deposits and other receivables	29,093	-	-	29,093
Financial assets at fair value through profit or loss	22,767	10,655	-	33,422
Bank balances - trust and segregated accounts	482,196	-	-	482,196
Bank balances (general accounts) and cash	243,571	4,420	-	247,991
	<u>978,935</u>	<u>161,406</u>	<u>-</u>	<u>1,140,341</u>

Basis of preparation (CONTINUED)**MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)****(ii) Effect on the condensed consolidated statement of financial position as at 31 December 2022:**

	The Group (before business combination under common control) HK\$'000 (Originally stated)	Business combination of entities under common control HK\$'000	Adjustments HK\$'000 (Note)	Consolidated HK\$'000 (Unaudited and restated)
Current liabilities				
Accounts payables	510,925	-	-	510,925
Accrued liabilities and other payables	26,714	20,919	-	47,633
Taxation payable	3,000	-	-	3,000
Lease liabilities	10,493	3,128	-	13,621
Amounts due to the ultimate holding company	-	139,180	-	139,180
Bank borrowings	80,064	-	-	80,064
Loan from a related party	66,861	-	-	66,861
	<u>698,057</u>	<u>163,227</u>	<u>-</u>	<u>861,284</u>
Net current assets	<u>280,878</u>	<u>(1,821)</u>	<u>-</u>	<u>279,057</u>
Total assets less current liabilities	<u>355,076</u>	<u>3,004</u>	<u>-</u>	<u>358,080</u>
Non-current liabilities				
Deferred tax liabilities	-	8,793	-	8,793
Lease liabilities	14,376	1,601	-	15,977
Provision for restoration	1,842	-	-	1,842
	<u>16,218</u>	<u>10,394</u>	<u>-</u>	<u>26,612</u>
Net assets	<u>338,858</u>	<u>(7,390)</u>	<u>-</u>	<u>331,468</u>
Capital and reserves				
Share capital	10,447	-	-	10,447
Reserves	319,873	(7,390)	3,621	316,104
Total equity attributable to equity shareholders of the Company	<u>330,320</u>	<u>(7,390)</u>	<u>3,621</u>	<u>326,551</u>
Non-controlling interests	<u>8,538</u>	<u>-</u>	<u>(3,621)</u>	<u>4,917</u>
Total equity	<u>338,858</u>	<u>(7,390)</u>	<u>-</u>	<u>331,468</u>

Basis of preparation (CONTINUED)

MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)

(iii) The effect of the restatement on the Group's equity on 31 December 2021 is summarised as follows:

	The Group (before business combination under common control) HK\$'000 (Originally stated)	Business combination of entities under common control HK\$'000	Adjustments HK\$'000 (Note)	Consolidated HK\$'000 (Unaudited and restated)
Share capital	104,470	-	-	104,470
Share premium	609,325	-	-	609,325
Other reserve	29,209	-	-	29,209
Contributed surplus	117,788	-	-	117,788
Share-based payment reserve	990	-	-	990
Investment revaluation reserve	(11,937)	-	-	(11,937)
Translation reserve	379	4,563	(2,236)	2,706
Accumulated losses	(446,394)	(193,312)	94,723	(544,983)
Total	403,830	(188,749)	92,487	307,568
Non-controlling interests	8,538	-	(92,487)	(83,949)
Total	412,368	(188,749)	-	223,619

Note: The adjustments represent the reclassification of reserves to conform with the presentation of the Group's condensed consolidated financial statements.

Basis of preparation (CONTINUED)**MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)**

- (iv) **The effect of the restatement on the Group's basic and diluted loss per share for the six months ended 30 June 2022 is as follows:**

	Six months ended 30 June 2022
<hr/>	
Basic and diluted loss per share (HK cents)	
Unaudited and originally stated	(13.40)
Adjustments arising from business combination under common control	2.66
	<hr/>
Restated	(10.74)
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- (v) **The effect of the restatement on the Group's cash flow for the six months ended 30 June 2022 is summarised as follows:**

	Six months ended 30 June 2022 HK\$'000
<hr/>	
Increase in net cash from operating activities	86,136
Decrease in net cash used in investing activities	(6,058)
Increase in net cash from financing activities	17,867
Increase in cash and cash equivalents at the end of period	97,945
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(2) Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

The application of the amendments did not result in significant changes to the Group's accounting policies, presentation of the Group's unaudited condensed consolidation financial statements and amounts reported for the current and prior accounting periods.

(3) Revenue

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000 (Restated)
<i>Fee and commission income</i>		
Broking services	14,389	13,958
Wealth management services	4,026	9,931
Asset management services	2,592	4,267
Handling and other services	1,750	2,796
Total	<u>22,757</u>	<u>30,952</u>

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Interest income arising from financial assets at amortised cost	<u>14,682</u>	<u>8,092</u>

(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 general and life insurance, mutual funds and mandatory provident fund ("MPF") products;
- proprietary trading of debt and equity securities and derivatives;
- provision of margin financing and money lending services; and
- provision of asset management services.

Reportable and operating segment

The Chief Executive Officer of the Company, being the chief operating decision maker (“CODM”), regularly reviews the income from financial services (including broking, banking, asset management and wealth management services) and proprietary trading activities for the purposes of resource allocation and performance assessment.

Segment revenue and results

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment results represent the profit earned/loss incurred by each segment before unallocated corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

For the six months ended 30 June 2023

	Financial services HK\$’000	Proprietary trading HK\$’000	Total HK\$’000
Revenue	37,439	-	37,439
Segment result	(18,385)	(2,326)	(20,711)
Unallocated expenses			(873)
Loss before taxation			(21,584)

For the six months ended 30 June 2022 (restated)

	Financial services HK\$’000	Proprietary trading HK\$’000	Total HK\$’000
Revenue	39,043	1	39,044
Segment result	(32,147)	11,522	(20,625)
Unallocated expenses			(726)
Loss before taxation			(21,351)

All the segment revenue is derived from external customers.

(5) Other operating expenses

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
		(Restated)
Handling expenses:		
- dealing in securities	6,632	2,012
- dealing in futures and options	162	274
Advertising and promotions expenses	2,023	1,577
Telecommunications expenses	5,333	3,546
Auditor's remuneration	1,260	1,260
Legal and professional fees	3,179	3,612
Printing and stationery expenses	685	780
Repair and maintenance expenses	663	476
Travelling and transportation expenses	169	120
Water and electricity expenses	474	352
Office management fee and rates	1,335	1,162
Impairment losses under expected credit loss model, net of reversal	-	6,628
Others	5,181	3,514
	27,096	25,313

(6) Income tax expense

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Current tax	-	-

Starting from the year ended 31 December 2018, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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.

(7) Loss per share attributable to owners of the Company

The calculation of basic and diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2023 are based on the following data:

	Unaudited Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000 (Restated)
Loss		
Loss for the purposes of basic and diluted loss per share	<u>(25,946)</u>	<u>(28,041)</u>

	Unaudited Six months ended 30 June	
	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>282,390,249</u>	<u>261,174,779</u>

For the six months ended 30 June 2023, the directors of the Company consider the effect of the dilutive impact arising from the share options granted by the Company is insignificant.

(8) Accounts receivables

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Restated) HK\$'000
Accounts receivables arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	50,625	39,677
Cash clients	<u>6,226</u>	<u>8,530</u>
	<u>56,851</u>	<u>48,207</u>
Accounts receivables arising from the business of margin financing:	126,286	128,182
Less: allowance for impairment	<u>(11,456)</u>	<u>(11,456)</u>
	<u>114,830</u>	<u>116,726</u>
Accounts receivables arising from the business of dealing in futures and options:		
Cash clients	194	184
Clearing houses, brokers and dealers	<u>25,533</u>	<u>23,301</u>
	<u>25,727</u>	<u>23,485</u>
	<u>197,408</u>	<u>188,418</u>

Accounts receivables from clients, brokers, dealers and clearing houses arising from the business of dealing in securities are repayable on demand subsequent to settlement date. The normal 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 clients, brokers, dealers and accounts receivable arising from the business of dealing in futures and options are one day after trade date.

The Group offsets certain accounts receivables and accounts payables 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.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business in margin financing.

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

Name	Balance at 1 January 2023 HK\$'000	Balance at 30 June 2023 HK\$'000	Maximum amount outstanding during the period HK\$'000	Market value of pledged securities at fair value at 30 June 2023 HK\$'000
Director of the Company				
Mr Law Hin Ong Trevor	-	-	1,957	-

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 receivables

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Restated)
Revolving loans receivables denominated in:		
Hong Kong dollars	4,835	7,767
Renminbi	4,667	4,667
United State dollars	367	367
Less: allowance for impairment	(1,807)	(1,807)
	8,062	10,994

All loans receivables are variable-rate loans receivables which bear interest at Hong Kong Prime Rate plus a spread for both periods.

(10) Accounts payables

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Restated)
Accounts payables arising from the business of dealing in securities:		
Clearing houses and brokers	-	1,561
Cash clients	319,523	396,620
Margin clients	60,280	66,300
Accounts payables to clients arising from the business of dealing in futures and options	39,004	45,699
Accounts payables arising from the business of wealth management	226	226
Accounts payables to independent financial advisors arising from the business of wealth management services	-	519
	419,033	510,925

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

Accounts payables amounting to HK\$398,671,000 (31 December 2022: HK\$482,196,000) are payable to external 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.

The Group offsets certain accounts receivables and accounts payables 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.

Except for the accounts payables to clients arising from the business of dealing in securities which bear interest at a fixed rate, all other accounts payable are non-interest bearing.

(11) Share capital

	Number of shares of HK\$0.04 per share '000	Amount HK\$'000
Ordinary shares		
Authorised:		
At 1 January 2023 and 30 June 2023	750,000	30,000
Issued and fully paid:		
At 1 January 2023	261,175	10,447
Consideration shares issued upon completion of intra-group transfer of CASH Algo Finance Group International Limited on 30 May 2023	120,000	4,800
At 30 June 2023	381,175	15,247

(12) Related party transactions

In addition to the transactions and balances detailed in notes (8) and (9), the Group had the following transactions with related parties:

	Notes	Unaudited Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000
Commission and interest income from Cashflow Credit Limited	(a)	<u>17</u>	<u>77</u>
Commission income and interest income received from the following directors of the Company:			
Dr Kwan Pak Hoo Bankee		-	52
Mr Kwan Teng Hin Jeffrey		-	29
Mr Law Hin Ong Trevor		20	10
Mr Li Shing Wai Lewis	(b)	-	30
Mr Cheung Wai Lim William	(c)	7	45
Mr Kwok Ka Lok Lionel	(d)	<u>-</u>	<u>21</u>
		<u>27</u>	<u>187</u>
Interest expense to a related party		<u>2,166</u>	<u>1,717</u>

Notes:

- (a) Cashflow Credit Limited is a subsidiary of CASH, the holding company of the Company.
- (b) Mr Li Shing Wai Lewis resigned as director of the Company during the period ended 30 June 2022.
- (c) Mr Cheung Wai Lim William resigned as director of the Company during the period ended 30 June 2023.
- (d) Mr Kwok Ka Lok Lionel resigned as director of the Company during the period ended 30 June 2022.

(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, loan from a related party and lease liabilities, 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 issue of new shares and share options 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.

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2023 (2022: nil).

REVIEW AND OUTLOOK

Financial Review

For the six months ended 30 June 2023, the Group recorded revenue of approximately HK\$37.4 million, representing a slight decrease of 4% compared with HK\$39.0 million for the corresponding period last year. The Group's main revenue is comprised of approximately HK\$14.4 million in broking income (1H 2022: HK\$14.0 million), HK\$4.0 million in provision of wealth management services (1H 2022: HK\$9.9 million), HK\$2.6 million in asset management income (1H 2022: HK\$4.3 million), HK\$1.8 million in handling and other services income (1H 2022: HK\$2.8 million) and HK\$14.7 million in interest income (1H 2022: HK\$8.1 million).

Although the average daily turnover of Hong Kong securities market during the first half of 2023 witnessed a 16.4% decline compared to the same period prior year (1H 2023: HK\$115.5 billion; 1H 2022: HK\$138.2 billion), the Group's broking income remained stable with a slight increment of approximately 3% or HK\$0.4 million. (1H 2023: HK\$14.4 million; 1H 2022: HK\$14.0 million). This is a testament to the Group's flexible, yet quality services offered to its core securities clientele who remained loyal and active during the period.

To align with the Group's overall strategy of expanding its wealth management and family office presence in the Greater Bay Area ("GBA"), the Group is currently under-going a substantial reallocation of resources to capture the unlimited potential being offered in the GBA. As such, the strategic shift in target customers from the previously predominate geographic region of East Asia to the GBA has resulted in a temporary but noticeable decrease of approximately 60% or HK\$5.9 million in wealth management income during the period (1H 2023: HK\$4.0 million; 1H 2022: HK\$9.9 million). However, we anticipate that our wealth management operations will remain solid in terms of revenue generating, and it is expected that the contribution to our overall revenue to increase in the second half of 2023.

The general shrinkage of various asset classes across the board led to a material impact on our asset management revenue resulting in a decrement of approximately 39% or HK\$1.7 million (1H 2023: HK\$2.6 million; 1H 2022: HK\$4.3 million). The decline of approximately 37% in handling and other services income (1H 2023: HK\$1.8 million; 1H 2022: HK\$2.8 million) was mainly due to less corporate action fees, scrip fees, and arrangement fees received during the period.

Interest income witnessed a significant increase of approximately 81% or HK\$6.6 million (1H 2023: HK\$14.7 million; 1H 2022: HK\$8.1 million) The increase was primarily attributed to increase in margin financing income and bank deposit interest income, which mainly resulted from the prevailing high market interest rates. Taking advantage of the favourable deposit rates resulting from the current surge in the interest rates, the Group actively utilised its idle cash by investing in term deposits during the first half of 2023. Consequently, the Group recorded deposit interest income of approximately HK\$4.3 million (1H 2022: HK\$0.3 million) during the period. .

On the other hand, salaries and related benefits decreased by 15% or HK\$4.8 million (1H 2023: HK\$26.9 million; 1H 2022: HK\$31.7 million). Such decrease was mainly due to our Group's ongoing cost rationalisation programme which included streamlining our workforce though improving operational workflow and processes.

Overall, the Group recorded a net loss of approximately HK\$21.6 million during the period as compared to a net loss of approximately HK\$21.4 million in 2022.

Impairment Allowances

Impairment allowance consisted of provision for credit losses on accounts receivables arising from margin financing and loans receivables, the Group performs impairment assessment on these financial assets under the impairment framework and methodology of expected credit loss ("ECL") model established by the Group in accordance with HKFRS 9 "Financial instruments".

To minimise the credit risk on accounts receivables arising from margin financing and loans receivables, the Credit and Risk Management Committee is responsible for reviewing credit and risk management policies, approving credit limits and to determining any debt recovery actions on delinquent receivables. The assessment is based on close monitoring, evaluation of collectability and on management's judgement, including but not limited to ageing analysis of receivables, the current creditworthiness, account executives concentration analysis, collateral distribution and concentration analysis and the past collection history of each client, and consideration of forward looking factors. In this regard, the directors of the Company consider that the Group's credit risk is maintained at an acceptable level.

Liquidity and Financial Resources

The Group's total equity amounted to HK\$309.7 million as at 30 June 2023 compared to HK\$331.5 million as at 31 December 2022. The decrease in the total equity was mainly due to the net effect of the reported loss during the period. As at 30 June 2023, the Group had total outstanding borrowings of approximately HK\$146.9 million, of which approximately HK\$80.0 million were solely bank loans collateralised by clients' pledged securities to the Group and HK\$66.9 million unsecured loan from a related party. 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 2023, the Group's cash and bank balances including trust and segregated accounts decreased to HK\$567.6 million from HK\$730.2 million as at 31 December 2022. The decline was mainly due to noncore brokerage clients maintaining less cash with the Group due to the volatile equities market during the period. 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\$152.3 million and HK\$16.7 million at 30 June 2023 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 2023 remained comparable to 31 December 2022 with a slight increment from 1.32 times to 1.35 times. The gearing ratio as at 30 June 2023, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, increased to 47.4% from 44.3% as at 31 December 2022. The increase in gearing ratio during the period was mainly due to the decline in total equity from the net effect of the reported loss for the period. On the other hand, the Group 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 times throughout the period. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investment need while making sure all relevant financial regulations have been fully complied with.

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

Save for the Acquisition, the Group did not make any other material acquisitions or disposals during the period.

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

Fund Raising Activities

The Company did not have any fund raising activity during the period under review.

Event After Reporting Period

On 24 July 2023, the Company had contemplated the placing (the "Placing") of a total of up to 50,000,000 new shares to independent placees at HK\$0.42 per placing share. Completion took place on 4 August 2023 and 50,000,000 placing shares were allotted and issued under the general mandate of the Company on the same date. The number of issued shares of the Company increased from 381,174,779 to 431,174,779 shares. Details of the Placing were disclosed in the joint announcements of the Company and CASH dated 24 July 2023 and 4 August 2023.

Capital Commitments

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

Material Investments

As at 30 June 2023, the market value of portfolio of investments held for trading amounted to approximately HK\$95.5 million. A net gain on investments held for trading of HK\$5.6 million was recorded for the period.

We do 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		% change
	2023	2022 (Restated)	
Broking income	14.4	14.0	2.9%
Wealth management income	4.0	9.9	(59.6%)
Non-broking and non-wealth management income	4.3	7.0	(38.6%)
Interest Income	14.7	8.1	81.5%
Group total	37.4	39.0	(4.1%)

Key Financial Metrics

	Unaudited Six months ended 30 June		% change
	2023	2022 (Restated)	
Net loss (HK\$'m)	(21.6)	(21.4)	0.9%
Loss per share attributable to owners of the Company (HK cents)	(9.19)	(10.74)	(14.4%)
Total assets (HK\$'m)	1,014.7	1,219.0	(16.8%)
Cash on hand (HK\$'m)	169.0	248.0	(31.9%)
Bank borrowings (HK\$'m)	80.1	80.1	-
Annualised average fee income from broking per active client (HK\$'000)	1.4	1.3	7.7%

Industry and Business Review

Economic and Industry Review

Overall Growth

Hong Kong's economy, which had been experiencing a post-pandemic resurgence in Q1, encountered some setbacks in Q2 2023. The Government's advance estimates reveal that gross domestic product (GDP) grew by a meagre 1.5% YoY in Q2, falling short of economists' consensus estimate of 3.5% and being slower than the 2.9% growth in Q1. This underwhelming performance was attributed to the muted shopping habits of locals, who increased their tourist spending in neighbouring cities. Household spending grew by 8.5% in Q2 compared to the previous year, weaker than the 12.5% expansion witnessed in Q1. Meanwhile, the decline in goods exports dropped slightly slower than in Q1, but overseas shipments still recorded a double-digit decline, with imports of goods contracting by 16.1%. Looking ahead, Hong Kong's growth is expected to be at the lower end of the estimated range of 3.5% to 5.5% by the end of 2023.

Despite the lacklustre performance in Q2 2023, Hong Kong's economy should be on the right track. The outlook for growth remains positive, although there are some headwinds, with consumption and tourism sectors being key contributors to the economy's recovery.

From the monetary policy perspective, under the Linked Exchange Rate System (LERS), as the US continued to raise interest rates, Hong Kong dollar 3-month HIBOR have gradually risen from the trough of 0.17% in June 2021 to 4.97% in June 2023. The increase has indeed created a heavier burden for residential mortgage homeowners, as well as dragging the recovery of the real estate property sector.

Challenges

The Hong Kong economy has been facing several challenges. One of the key challenges is the ongoing Post COVID-19 era, which has significantly impacted the global economy. The pandemic has disrupted global supply chains, reduced international travel and tourism, and adversely impacted consumer spending. These factors have had a negative impact on the Hong Kong economy, particularly in the tourism and retail sectors. Another challenge facing the Hong Kong economy is its over reliance on the finance and property sectors, which pose potential risks to the economy in the long run. In addition to these challenges, the potential impact of geopolitical risks on the Hong Kong market is still significant. Tensions between major economies, such as the US and China, could impact global trade and investment sentiment, further adversely affecting the Hong Kong economy.

Business Review

Slower Business Environment

Stock trading has been on a downward trend since 2021. It peaked in 2021, with trading volumes topping HK\$41 trillion. Ever since, the appetite has significantly reduced. For 1H 2023, the volume dropped almost 55% from 1H 2022 and 66% from 1H 2021. Other securities, such as derivative warrants and callable bull/bear contracts, also experienced a similar decline, with the aggregated number issued down 37% year over year and 54% from 1H 2021. This further indicates that demand for short-term speculation from the market is less attractive due to bearish sentiment and lowered risk appetite of market participants. During the same period, the northbound channel was confronted with lower trading volumes, with a drop of 29% from the previous year. On the contrary, the southbound channel has received quite a positive inflow and is up 39% year over year, a definite sign of local market improvement.

Dual Counter Model

In June 2023, HKEX launched the HKD-RMB Dual Counter Model and Dual Counter Market Making Programme in its securities market, allowing designated shares to be traded and settled in both HKD and RMB. This initiative provides investors with more flexibility in how they trade and invest in Hong Kong-listed securities and supports the ongoing internationalisation of the RMB. The Dual Counter Market Making Programme aims to ensure fair and orderly market conduct while boosting liquidity in the Hong Kong securities market. However, due to the weaker than expected economic data released from China during Q2 2023, the intended effect has yet to be observed, though the long-term outlook remains positive.

Swift Responses

During 1H 2023, CFSG has undergone major business restructuring, with a particular focus on wealth management and asset management segments. On the wealth management front, we have refocused our efforts and offered specific products such as insurance and unique trust services based on clients' backgrounds and financial needs. We carefully studied several Greater Bay Area (GBA) office sites to expand our presence in this market, deploying various local sales models to maximise our reach and exposure. On the asset management side, we continued to improve our research capability by launching an Investment Research Platform (ISR) and its auxiliary tools, CASH Radar and CASH ARM, for internal use. The platform allows us to stay highly competitive among our industry rivals. It assists our public open-ended fund (CASH Prime Value Equity Fund) to consistently outperform our investment peers, according to Morningstar, Inc. peer analysis. We also initiated a study regarding our market demand and structured several standardised portfolios with different investment strategies to enhance our asset management services. Furthermore, we spent tremendous effort in strengthening our mid and back-office units by combining strategic functional groups into more centralised operational units. Technological enhancement and advanced database management helped us further streamline our process to produce more efficient and effective services for our client base. This restructuring aided our business lines by mitigating operational pain-points and contributed to the promotion of ongoing cross-business initiative - an objective we aim for in 2H 2023.

AI Plan & Applications

Since Artificial Intelligence (AI) was released for public use in the market in late 2022, CFSG has actively participated in trial applications and has engaged with our business partners to deploy such usage. In general, AI can reshape our wealth management and asset management business by optimising several processes, reducing costs, and enhancing customer experience. We have been investigating the application of AI-powered chatbots and virtual assistants that can provide clients with 24/7 access to information and support, freeing up human advisors to focus on more complex and human-touch tasks. Our AI-empowered analysts shall help us and our clients create and manage their investment portfolios based on their financial goals, risk tolerance, and investment preferences. Our ISR, including CASH Radar and CASH ARM are AI-powered analytics tools that provide insights into market trends, allowing us to make better informed investment decisions and manage our funds and portfolios more effectively. Additionally, we have deployed resources to streamline compliance and risk management processes with AI assistance, reducing the risk of fraudulent activity and improving operational efficiency. CFSG will be driving a major technological facelift, enhancing the company's overall operational effectiveness and delivering bolstered wealth management services to our clients.

Outlook

Tightening Sino-US relationship

With the confrontation between the world's largest economies, which will likely be the same in the next 15 months due to the US election campaign, Hong Kong is still in a dilemma and this conflict certainly derails investors from making any investment calls. Trading activities have been trimmed a lot and IPO volume shrinks to recent low. The investment atmosphere will remain alert and it needs time to recover from general growth going forward. That said, Hong Kong still has its edge compared to other nearby developed cities. CFSG will continue to utilize the advantage of Hong Kong business, which is being one of the most important financial hubs in the world, and strives for the best outcome by positioning itself in specific financial sectors. We will be prudent about the forward economic growth in Hong Kong, and will selectively expand our business in a way that will maximize our shareholders' values.

Continue to expand resources wealth management business

During the COVID era, we reassessed our core competence and believed wealth management is our path going forward. With the re-opening of the China border, we will continue to put in resources to set up our footprint in the GBA. The business opportunity is tremendous and we believe CFSG has a lot more to offer to our clients and prospects.

Prolonged China-US trade tensions and uncertain economic outlook lead to subdued investor confidence and therefore reduced market activities. Global banking issues and ongoing US interest rate hikes rendered the global capital markets more volatile. The weak RMB has also discouraged mainland investors from buying Hong Kong stocks, further hurting the already-subdued market sentiment and Hong Kong's frozen IPO market. Many investors have divested from stocks to other more stable investments due to weak market performance, poor sentiment, and low valuations.

On the other hand, cut-throat price war in the brokerage industry, growing dominance of big banks and a gloomy economic outlook are all adding to the hard-pressed brokerage industry in Hong Kong. Over the past five years, the market has seen more than 120 Hong Kong brokers ceased their businesses. Under such unfavourable market condition, CFSG is actively reviewing to consolidate our brokerage business as a value-added service to our wealth management clients which considered to be a general trend going forward.

Maintain leadership in our open-ended fund performances in asset management business

Our asset management business has had decent performance in the past half year in 2023, ending with a top tier ranking among our peer universe (Note 1). We will continue to excel our research and investment decisions by further enhancing AI analytics and big data processing to maintain our top-notch position. Furthermore, we will launch a series of strategic initiatives to expand our foundation in asset management business.

Explore virtual asset business

CFSG will continue to actively participate in exploring solutions to monetize our tangible knowledge and assets on our virtual asset journey and determine the most effective means to level up our existing businesses to incorporate this future trend of financial services.

Implement AI into daily operation

CFSG has been deeply involved in the AI movement since it became generally accessible early this year. By promoting AI methods in our daily operation, CFSG targets for better informed management, a more efficient operation, and a more profitable business overall.

Note 1: 65 funds according to the third-party Morningstar, Inc.'s framework

EMPLOYEE INFORMATION

As at 30 June 2023, the Group had 103 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\$26.9 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 products knowledge, operational techniques, risk and compliance, customer service, selling techniques, graduate development 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 fulfil/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 2023, the interests or short positions of each director and chief executive of the Company in the shares, underlying shares or 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

(i) Long positions in the ordinary shares of HK\$0.04 each

Name	Capacity	Personal (Number of shares)	Corporate Interest (Number of shares)	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	2,472,000	277,989,563*	73.58
Kwan Teng Hin Jeffrey	Beneficial owner	2,472,000	-	0.65
		<u>4,944,000</u>	<u>277,989,563</u>	<u>74.23</u>

* The shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the holding company of the Company)). Pursuant to the SFO, Dr Kwan Pak Hoo Bankee ("Dr Kwan") was interested in a total of 49.79% shareholding interest in CASH, details of which are disclosed in the heading of "Substantial shareholders" below. Dr Kwan was deemed to be interested in all these shares held by CIGL as a result of his interests in CASH.

(ii) Long positions in the underlying shares - options under share option scheme

Name	Date of grant	Exercise period	Exercise price per share (HK\$)	Notes	Number of options outstanding	Percentage to issued shares (%)
Kwan Pak Hoo Bankee	29/07/2021	01/08/2021 - 31/07/2023	0.572	(1),(3),(4)	2,400,000	0.63
Kwan Teng Hin Jeffrey	29/07/2021	01/08/2021 - 31/07/2023	0.572	(1),(3),(4)	2,400,000	0.63
Law Hin Ong Trevor	29/07/2021	01/08/2021 - 31/07/2025	0.572	(2)to(4)	450,000	0.12
					<u>5,250,000</u>	<u>1.38</u>

Notes:

- The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.
- The options are vested in 4 tranches as to 25% exercisable from 1 August 2021 to 31 July 2022, 25% exercisable from 1 August 2022 to 31 July 2023, 25% exercisable from 1 August 2023 to 31 July 2024 and 25% exercisable from 1 August 2024 to 31 July 2025 respectively.
- The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the chairman of the board and/or the board determined at their sole discretion.
- The options must be exercised within 1 month from the date on which the board's approval of the vesting of the options.
- The options were held by the directors of the Company in the capacity of beneficial owners.

(B) Associated corporation (within the meaning of Part XV of the SFO) - CASH

(i) Long positions in the ordinary shares of HK\$0.20 each

Name	Capacity	Personal (Number of shares)	Corporate Interest (Number of shares)	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	598,501	39,599,098*	49.79
		598,501	39,599,098	49.79

* The shares in CASH were held by Cash Guardian Limited (“Cash Guardian”, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan). Pursuant to the SFO, Dr Kwan Pak Hoo Bankee and Hobart Assets Limited were deemed to be interested in such shares in CASH held by Cash Guardian.

(ii) Long positions in the underlying shares - options under share option scheme

Name	Date of grant	Exercise period	Exercise price per share (HK\$)	Notes	Number of options outstanding	Percentage to issued shares (%)
Kwan Pak Hoo Bankee	16/07/2021	01/08/2021 - 31/07/2023	1.45	(1)to(3)	800,000	0.99
Kwan Teng Hin Jeffrey	16/07/2021	01/08/2021 - 31/07/2023	1.45	(1)to(3)	800,000	0.99
					1,600,000	1.98

Notes:

- (1) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.
- (2) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the chairman of the board of CASH and/or the board of CASH determined at their sole discretion.
- (3) The options must be exercised within 1 month from the date on which the board of CASH’s approval of the vesting of the options.
- (4) The options were held by the directors in the capacity of beneficial owners.

Save as disclosed above, as at 30 June 2023, none of the directors, chief executive or their associates had any interests or 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

The share option scheme of the Company (“Share Option Scheme”) was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 8 June 2018. Details of the movement in the share options to subscribe for shares in the Company granted to participants under the Share Option Scheme during the six months ended 30 June 2023 are set out below:

Participants	Date of grant	Exercise period	Exercise price per share (HK\$)	Notes	Number of options		
					Outstanding as at 1 January 2023	lapsed during the period (Note (9))	outstanding as at 30 June 2023
Directors							
	29/07/2021	01/08/2021 - 31/07/2023	0.572	(1)	4,800,000	-	4,800,000
	29/07/2021	01/08/2021 - 31/07/2025	0.572	(1)	1,125,000	(675,000)	450,000
Other Employee Participants (Note (7))							
	29/07/2021	01/08/2021 - 31/07/2025	0.572	(3),(4),(6)	2,250,000	-	2,250,000
Related Entity Participants (Note (8))							
	29/07/2021	01/08/2021 - 31/07/2023	0.572	(2),(4),(6)	2,400,000	(2,400,000)	-
	29/07/2021	01/08/2021 - 31/07/2025	0.572	(3),(4),(6)	1,125,000	-	1,125,000
Service Providers (including consultants)							
	29/07/2021	01/08/2021 - 31/07/2023	0.572	(5),(6),(11)	3,810,000	-	3,810,000
					15,510,000	(3,075,000)	12,435,000

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 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.
- (3) The options are vested in 4 tranches as to 25% exercisable from 1 August 2021 to 31 July 2022, 25% exercisable from 1 August 2022 to 31 July 2023, 25% exercisable from 1 August 2023 to 31 July 2024 and 25% exercisable from 1 August 2024 to 31 July 2025 respectively.
- (4) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the chairman of the board and/or the board determined at their sole discretion.
- (5) The vesting of the options is subject to the satisfactory delivery of services to members of the Group as approved by the chairman of the board and/or the board determined at their sole discretion.
- (6) The options must be exercised within 1 month from the date on which the board’s approval of the vesting of the options.
- (7) Other Employee Participants include employees of the Company and its subsidiaries.
- (8) Related Entity Participants include directors and employees of holding companies, fellow subsidiaries or associated companies of the Company.
- (9) The lapsed options were due to expiry of the options in accordance with the terms of the share options.
- (10) No option was granted, exercised or cancelled during the period.

- (11) There were share options granted to consultants on 29 July 2021. The grantees of the share options were Mr Law Ping Wah Bernard (the former executive director of the Company), Mr Lai Wing Hung Alfred and Ms Luke Wing Sheung (the former company secretary of the Company). The rationale for granting the share options to consultants was to reward each of them for their quality service, professional advice, expertise and contribution to the Group by introducing potential business opportunities to the Group. The Board is of the view that the grant of options will provide incentives for them to provide professional financial and new business opportunities advisory services and planning to cater for business needs of the Group, which will align their interests with the Group and secure their long-term support and commitment to the Group.
- (12) The total number of shares available for issue under the Share Option Scheme is 38,552,477, representing approximately 8.94% of the issued shares as at the date of this announcement.
- (13) The number of options available for grant under the mandate of the Share Option Scheme as at 1 January 2023 and 30 June 2023 were 26,117,477.

SHARE AWARD SCHEME

The Company has adopted a share award scheme on 1 December 2022 (the “Share Award Scheme”). No share awards has been granted under the Share Award Scheme during the period from the date of adoption to the period ended 30 June 2023.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, so far as is known to the directors and chief executive 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 or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	Capacity	Number of shares	Shareholding (%)
Hobart Assets Limited (Note)	Interest in a controlled corporation	277,989,563	72.93
Cash Guardian Limited (Note)	Interest in a controlled corporation	277,989,563	72.93
CASH (Note)	Interest in a controlled corporation	277,989,563	72.93
Praise Joy Limited (Note)	Interest in a controlled corporation	277,989,563	72.93
CIGL (Note)	Beneficial owner	277,989,563	72.93

Notes: This refers to the same number of 277,989,563 shares held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the holding company of the Company)). CASH was owned as to a total of approximately 49.79% by Dr Kwan, being approximately 49.05% by Cash Guardian Limited (a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan) and approximately 0.74% by Dr Kwan in his personal name. Pursuant to the SFO, Dr 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 Dr Kwan in the section headed “Directors’ interests in securities” above.

Save as disclosed above, as at 30 June 2023, the directors and chief executive 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 or short positions in the shares or underlying shares of the Company 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 2023 to 30 June 2023, 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 following deviations:

- (1) Dr Kwan (chairman of the board) also acted as CEO of the Company. According to code provision C.2.1, the role of Chairman and CEO of the Company should be separate. The dual role of Dr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. The respective CEOs of each business units of the Group assisted Dr Kwan in performing the CEO's responsibilities. The balance of power and authorities is also ensured by the operation of the board and the senior management, which comprise experienced and high calibre individuals.
- (2) Mr Cheng Shu Shing Raymond, independent non-executive director of the Company, was unable to attend the special general meeting of the Company held on 29 March 2023 which deviated from code provision C.1.6 as he had other engagement.

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 2023 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 2023, 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 and
Chief Executive Officer*

Hong Kong, 25 August 2023

As at the date hereof, the directors of the Company are:-

Executive directors:

Dr Kwan Pak Hoo Bankee, *BBS, JP*
Mr Kwan Teng Hin Jeffrey
Mr Law Hin Ong Trevor
Ms Wong Sze Kai Angela
Mr Chan Ching Wan Alpha

Independent non-executive directors:

Mr Cheng Shu Shing Raymond
Mr Lo Ming Chi Charles
Dr Chan Ho Wah Terence

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

** For identification purpose only*