

聯富金融  
CFSG



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Excellence with  
Integrating cutting-  
edge electronic  
trading technology

CASH Financial Services Group Limited  
(Stock Code: 510)

Interim Results 2015

# 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 2015 together with the comparative figures for the last corresponding period are as follows:

	Notes	Unaudited Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Revenue	(3)	148,177	86,535
Other income		2,153	3,566
Salaries, commission and related benefits		(157,235)	(72,540)
Depreciation		(6,668)	(5,600)
Finance costs		(6,011)	(8,761)
Other operating and administrative expenses		(62,960)	(54,567)
Net gains on investments held for trading		102,410	29,470
Gain on partial disposal of available-for-sale financial assets		14,381	—
Gain on disposal of a commercial property		—	18,002
Change in fair value of investment properties		—	34,974
Share of profit of an associate		95	60,463
<b>Profit before taxation</b>		<b>34,342</b>	<b>91,542</b>
Income tax expense	(5)	(3,500)	(10,004)
<b>Profit for the period</b>		<b>30,842</b>	<b>81,538</b>
<b>Other comprehensive expense for the period, net of income tax</b>			
Exchange differences on translation of foreign operations		(4)	(2,428)
<b>Total comprehensive expense for the period</b>		<b>(4)</b>	<b>(2,428)</b>
<b>Total comprehensive income for the period</b>		<b>30,838</b>	<b>79,110</b>

	Note	Unaudited Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
<b>Profit (loss) for the period attributable to:</b>			
Owners of the Company		31,573	59,885
Non-controlling interests		(731)	21,653
		<b>30,842</b>	<b>81,538</b>
<b>Total comprehensive income (expense) for the period attributable to:</b>			
Owners of the Company		31,569	58,324
Non-controlling interests		(731)	20,786
		<b>30,838</b>	<b>79,110</b>
<b>Earnings per share for profit attributable to the owners of the Company during the period</b>	(6)		
— Basic (HK cents)		0.77	1.54

# Condensed Consolidated Statement of Financial Position

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
<b>Non-current assets</b>			
Property and equipment	(7)	23,766	38,136
Investment properties		213,666	213,666
Intangible assets		9,752	9,752
Other assets		4,792	4,792
Rental and utility deposits		2,088	2,088
Available-for-sale financial assets		8,413	21,031
Interest in an associate		—	1,434
		<b>262,477</b>	<b>290,899</b>
<b>Current assets</b>			
Accounts receivable	(8)	935,938	706,440
Loans receivable	(9)	7,450	42,561
Other assets		22,167	7,317
Prepayments, deposits and other receivables		51,008	13,579
Tax recoverable		16	16
Investments held for trading		—	44,545
Bank deposits subject to conditions		—	17,155
Bank balances — trust and segregated accounts		950,842	792,117
Bank balances (general accounts) and cash		282,984	172,100
		<b>2,250,405</b>	<b>1,795,830</b>

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
<b>Current liabilities</b>			
Accounts payable	(10)	1,430,393	1,108,306
Financial liabilities at fair value through profit or loss		—	1,055
Accrued liabilities and other payables		59,732	67,103
Taxation payable		6,500	16,478
Bank borrowings — amount due within one year		298,451	171,734
Amount due to a fellow subsidiary		—	26,350
		1,795,076	1,391,026
<b>Net current assets</b>		455,329	404,804
<b>Total assets less current liabilities</b>		717,806	695,703
<b>Non-current liabilities</b>			
Deferred tax liabilities		7,860	7,860
Bank borrowings — amount due after one year		81,801	91,516
		89,661	99,376
<b>Net assets</b>		628,145	596,327
<b>Capital and reserves</b>			
Share capital	(12)	82,687	81,437
Reserves		545,458	509,304
Equity attributable to owners of the Company		628,145	590,741
Non-controlling interests		—	5,586
<b>Total equity</b>		628,145	596,327

# Condensed Consolidated Statement of Changes in Equity

Unaudited  
Six months ended 30 June 2015

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Contributed Surplus HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	(Accumulated losses) Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2015	81,437	382,579	117,788	5,851	14,606	(11,520)	590,741	5,586	596,327
Profit (loss) for the period	—	—	—	—	—	31,573	31,573	(731)	30,842
Exchange differences arising on translation of foreign operations	—	—	—	—	(4)	—	(4)	—	(4)
Other comprehensive expense for the period (net of tax)	—	—	—	—	(4)	—	(4)	—	(4)
Total comprehensive income (expense) for the period	—	—	—	—	(4)	31,573	31,569	(731)	30,838
Issue of ordinary shares upon exercise of share options	1,250	10,436	—	(5,851)	—	—	5,835	—	5,835
Transfer of related translation reserve to retained profit on disposal of subsidiaries	—	—	—	—	(10,965)	10,965	—	—	—
Acquisition of the remaining interest of non-controlling interest	—	—	—	—	—	—	—	(4,855)	(4,855)
At 30 June 2015	82,687	393,015	117,788	—	3,637	31,018	628,145	—	628,145

Unaudited  
Six months ended 30 June 2014

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

# Condensed Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Net cash used in operating activities	(143,536)	(177,086)
Net cash generated from investing activities	12,807	27,909
Net cash generated from financing activities	241,613	168,417
Net increase in cash and cash equivalents	110,884	19,240
Cash and cash equivalents at beginning of period	172,100	167,505
Cash and cash equivalents at end of period	282,984	186,745
Bank balances (general accounts) and cash	282,984	186,745



Notes:

(1) **Basis of preparation**

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

(2) **Significant accounting policies**

Except for the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA, which are mandatory for the accounting periods beginning on or after 1 January 2015, 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 2014.

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

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.

(3) **Revenue**

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

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Fees and commission income	132,199	72,649
Interest income	15,978	13,886
	148,177	86,535

#### (4) Segment information

The Group is principally engaged in the following activities:

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

##### *Reportable and operating segments*

Information reported to the Chief Executive officer of the brokerage business of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focusing on types of products or services provided, with each operating segment representing a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. The Group has only one reportable and operating segment, which is financial services business. No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

##### *Segment revenue and result*

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) incurred by the segment gain on partial disposal of an available-for-sale financial asset, share of result of an associate and unallocated expenses (2014: before gain on disposal of a commercial property, change in fair value of investment properties, share of result of an associate and unallocated expenses). This is the measure reported to the CODM for the purposes of resource allocation and assessment of performance.

*For the six months ended 30 June 2015*

	Financial services HK\$'000	Total HK\$'000
Revenue	148,177	148,177
RESULT		
Segment profit	43,663	43,663
Gain on partial disposal of an available-for-sale financial asset		14,381
Share of profit of an associate		95
Unallocated expenses		(23,797)
Profit before taxation		34,342

For the six months ended 30 June 2014

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

#### Entity-wide disclosures

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

#### (5) Income tax expense

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Current tax:		
— Hong Kong Profits Tax	3,500	3,000
— PRC Enterprise Income Tax	—	72
Deferred tax expense	—	6,932
	3,500	10,004

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

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

(6) Earnings per share

The calculation of basic earnings per share attributable to the ordinary equity holders of the Company for the six months ended 30 June 2015 together with the comparative figures for the prior period are based on the following data:

	Unaudited Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit for the purposes of basic earnings per share	31,573	59,885

	Unaudited Six months ended 30 June	
	2015	2014
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,110,534	3,877,859

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

(7) Property and equipment

During the period, the Group spent approximately HK\$4,445,000 (2014: HK\$6,162,000) on the acquisitions of property and equipment.

(8) Accounts receivable

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Accounts receivable arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	72,914	84,844
Cash clients	162,260	57,949
Margin clients	428,039	283,423
Subscriptions of new shares in IPO	78,507	—
Accounts receivable arising from the business of dealing in futures and options:		
Clients	214	139
Clearing houses, brokers and dealers	190,252	274,998
Commission receivable from brokerage of mutual funds and insurance-linked investment products	1,599	4,697
Accounts receivable arising from the business of provision of corporate finance services	2,153	390
	<b>935,938</b>	<b>706,440</b>

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

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

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

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
0-30 days	2,856	3,873
31-60 days	191	134
61-90 days	—	51
Over 90 days	705	1,029
	<b>3,752</b>	<b>5,087</b>

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

Name	Balance at 1 January 2015 HK\$'000	Balance at 30 June 2015 HK\$'000	Maximum amount outstanding during the period HK\$'000	Market value of pledged securities at fair value at 30 June 2015 HK\$'000
<b>Directors of the Company</b>				
Mr Kwan Pak Hoo Bankee and associates (Notes (a) and (b))	—	—	2,345	7,035
Mr Law Ping Wah Bernard and associates (Note (b))	—	—	18,036	—
Ms Cheng Pui Lai Majone and associates	—	—	26,197	359
Mr Ng Kung Chit Raymond and associates (Note (d))	—	—	18,200	—
<b>Director of Celestial Asia Securities Holdings Limited ("CASH")</b>				
Mr Ng Hin Sing Derek and associates	—	—	16,546	—
<b>A shareholder with significant influence over CASH (Note (c))</b>				
Cash Guardian Limited	—	—	4,058	10,864
<b>Wholly-owned subsidiary of CASH</b>				
Libra Capital Management (HK) Limited	—	941	2,041	11,819
<b>Other connected clients</b>				
Mr Kwan Pak Leung Horace and associates (Note (e))	—	—	24,818	—
Ms Chan Siu Fei Susanna and associates (Note (e))	—	—	16,599	10

Notes:

- (a) Associates are defined in accordance with the Listing Rules.
- (b) Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard are also the executive directors of CASH.
- (c) Cash Guardian Limited is solely owned and controlled by Mr Kwan Pak Hoo Bankee, who is a director of the Company and CASH.
- (d) Mr Ng Kung Chit Raymond was appointed as an executive director of the Company on 1 May 2014.
- (e) Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna were deemed connected persons of the Company. In the annual general meeting of the Company held in 2014, they have individually granted margin financing arrangement from 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 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Loans receivable denominated in Hong Kong dollar	7,450	73,156
Less: Allowance for bad and doubtful debts	—	(30,595)
	7,450	42,561
Carrying amount analysed for reporting purposes:		
Current assets	7,450	42,561



(10) Accounts payable

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Accounts payable arising from the business of dealing in securities:		
Clearing houses	117,470	34,418
Cash clients	731,680	640,349
Margin clients	195,547	140,309
Accounts payable to clients arising from the business of dealing in futures and options	385,696	293,230
	<b>1,430,393</b>	<b>1,108,306</b>

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

Accounts payable to clients arising from the business of dealing in futures and options are margin deposits received from clients for their trading of these contracts. At 30 June 2015, including in account payable to a client of HK\$58,075,000 (31 December 2014: HK\$63,532,000) comprises an amount of HK\$6,147,000 (31 December 2014: HK\$6,147,000) maintained in MF Global Hong Kong Limited ("MFG HK").

The required margin deposits are repayable upon the closure of the corresponding futures and options position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

At 30 June 2015, the accounts payable amounting to HK\$950,842,000 (31 December 2014: HK\$792,117,000) 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 loan from a non-controlling shareholder, and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves as disclosed in consolidated statement of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share and 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 equity and debt securities, loans receivable, other receivables, other payables, bank balances and deposits, bank borrowings, accounts receivable, loan to an associate, loan from a non-controlling shareholder and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### *Market risk*

#### *Equity price risk*

The Group has a portfolio of held-for-trading investments in equity securities and financial liabilities at fair value through profit or loss which are carried at fair value and exposed 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 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. No sensitivity analysis on equity price risk has been presented in relation to (i) investments in derivatives as the Group did not hold any derivatives as at 30 June 2015 and 31 December 2014 and (ii) unlisted equity investment 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.

### *Interest rate risk*

#### Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed rate loans receivable and fixed rate loan payable for both periods. The Group currently does not have a fair value hedging policy.

#### Cash flow interest rate risk

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

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

### *Foreign currency risk*

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

The exposure primarily arises from the receivables from foreign brokers, foreign currency deposits with banks, equity securities listed outside Hong Kong, loan from a non-controlling shareholder and accounts payable to clients denominated in United States dollars ("USD") and Renminbi ("RMB"). Among the receivables denominated in foreign currencies, RMB receivables amounted to approximately HK\$30 million as at 30 June 2015. As such, there would be a considerable foreign exchange risk exposure by the end of the 2nd quarter. The management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arise. 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 2015 and 31 December 2014, 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.

In respect of the accounts receivable from MFG HK as disclosed in note (10), the Group closely monitors the progress of liquidation and the directors regularly contact the liquidators for the recovery of outstanding amount.

The Group does not have any significant concentration of credit risk as the exposure spread over a number of counterparties and customers, except for the loans receivable as disclosed in note (9).

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 2015 and 30 June 2015	0.02	15,000,000	300,000
Issued and fully paid:			
At 1 January 2015		4,071,859	81,437
Exercise of share options (Note)		62,500	1,250
At 30 June 2015	0.02	4,134,359	82,687

Note: On 11 March 2015, 24,500,000 share options and 38,000,000 share options were exercised at an exercise price of HK\$0.097 each and HK\$0.091 each respectively, resulting in the issue of a total of 62,500,000 new shares of HK\$0.02 each for a total consideration (before expenses) of HK\$5,834,500. 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:

		Unaudited Six months ended 30 June	
	Notes	2015 HK\$'000	2014 HK\$'000
Commission and interest income received from the following subsidiary of CASH Libra Capital Management (HK) Limited	(a)	12	5
Commission and interest income received from the following shareholder of CASH Cash Guardian Limited	(b)	50	10
Commission and interest income received from the following directors of the Company			
Mr Kwan Pak Hoo Bankee and associates	(b)	75	16
Mr Law Ping Wah Bernard and associates	(c)	44	4
Ms Cheng Pui Lai Majone and associates		46	12
Mr Ng Kung Chit Raymond and associates	(d)	41	6
		206	38
Commission and interest income received from the following director of CASH Mr Ng Hin Sing Derek and associates		25	6
Commission and interest income received from other connected clients			
Mr Kwan Pak Leung Horace and associates	(e)	25	—
Ms Chan Siu Fei Susanna and associates	(e)	22	—
		47	—
Interest paid to CASH	(a)&(f)	653	801
Amount due to CASH	(a)&(f)	—	26,350
Gain on disposal of certain subsidiaries to CASH	(g)	262	—

Notes:

- (a) CASH is the holding company of the Company.
- (b) Cash Guardian Limited has significant influence over CASH. It is solely owned and controlled by Mr Kwan Pak Hoo Bankee, who is the director of the Company and CASH.
- (c) Mr Law Ping Wah Bernard is also the executive director of CASH.
- (d) Mr Ng Kung Chit Raymond was appointed as director of the Company on 1 May 2014.
- (e) Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna were deemed connected persons of the Company. At the annual general meeting of the Company held in 2014, they have individually granted margin financing arrangement from the Company.
- (f) During the six months ended 30 June 2015, the Group paid interest on the balance of amount due to CASH of HK\$653,000 (2014: HK\$801,000). The balance had been fully settled on 30 June 2015.
- (g) During the six months ended 30 June 2015, the Group disposal of a group of subsidiaries to CASH at a consideration of HK\$1,549,000 and resulting a gain of disposal of approximately HK\$262,000.

**(14) Event after the reporting period**

On 3 July 2015, the Group entered into a sale and purchase agreement to dispose of an investment property in Shanghai to an independent third party at a consideration of RMB17,300,000. The transaction has been scheduled to be completed in September 2015.

**(15) Interim dividend**

No interim dividend in respect of the six months ended 30 June 2015 and 30 June 2014 was declared by the Board.

# Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 June 2015 (2014: nil).

## Review and Outlook

### Financial Review

For the six months ended 30 June 2015, the Group recorded revenue of HK\$148.2 million, represented an increase of 71.3% as compared with HK\$86.5 million for the same corresponding period last year.

China's stock market had been on a roller-coaster ride during the period under review, which had contributed to greater volatility and trading volumes in the Hong Kong stock market. Turnover of the domestic stock market was thin initially in early 2015 but the investment sentiment had turned buoyant since early April 2015. During the period, the People's Bank of China cut the reserve requirement ratios and lowered the interest rates. These stimulating measures had led to the mainland stock market rally with the total trading volume of the whole PRC market exceeded RMB1,500 billion on a daily basis. As Hong Kong becoming more connected with the mainland financial markets, the bull market came soon after the announcement that mainland mutual funds were permitted to invest in Hong Kong stocks. The huge capital inflow to chase local stocks and the report on earlier-than-expected launch of the Shenzhen-Hong Kong Stock Connect helped shoot up local market activities. Surrounded by such an encouraging atmosphere, the average daily market trading volume in Hong Kong also exceeded HK\$150 billion during the 2nd quarter of 2015.

Even though both the mainland and local stock markets experienced great corrections in late June amid the concerns about the deleveraging activities, uncertainties about the timing of the US interest rate hike and the Greek debt problem, the average daily turnover during the first half of the year amounted to approximately HK\$125.4 billion, 98% higher than the HK\$63.1 billion for the same period last year. During the same period, our clients who are mainly the retail investors had substantially increased their margin financing needs for their investment activities, which is one of the main contributing factors for the increase in revenue recorded by the Group over last corresponding period.

As the mainland and local markets have become more integrated and more vibrant cross-border financial activities will continue to increase, there will be tremendous growth opportunities for the brokerage and wealth management businesses. In order to focus on growing the Group's financial services businesses and to seize these growth opportunities, the board of directors decided to discontinue the Group's algorithmic trading and alternative trading business. The algorithmic trading and alternative trading business was still at the investment and development stage and would require further resources to its future exploration and development. As such, the Group disposed of the algorithmic trading and alternative trading business to CASH, its controlling shareholder, on 25 June 2015 at a consideration of HK\$1.55 million, being the unaudited net asset value of the business unit as at 30 April 2015.

During the period under review, the Group recorded a gain on partial disposal of its unlisted investment of approximately HK\$14.4 million. Taking into account the aforesaid gain and the six-month operating results, the Group recorded a net profit attributable to the owners of the Company of HK\$31.6 million for the six months ended 30 June 2015 as compared to a net profit of HK\$59.9 million in the same corresponding period last year (which had already included (1) a gain on disposal of an investment property in Hong Kong of approximately HK\$18.0 million; (2) an increase in fair value on its investment properties amounting to HK\$35.0 million; and (3) a share of profit of an associate of HK\$60.5 million on the disposal of its entire registered shares of its subsidiary which owned and managed an investment property in the PRC).

### **Liquidity and Financial Resources**

The Group's total equity amounted to HK\$628.1 million as at 30 June 2015 as compared to HK\$596.3 million as at 31 December 2014. The increase was mainly due to the profit recorded for the period under review and the increase in share capital as a result of exercise of certain share options.

As at 30 June 2015, the Group had total outstanding bank borrowings of approximately HK\$380.3 million, comprising bank loans of HK\$277.0 million, mortgage loans of HK\$94.8 million and bank overdrafts of HK\$8.5 million. Bank loans and overdrafts in aggregate of HK\$178.5 million were collateralised by its margin clients' securities pledged to the Group. Mortgage loans in aggregate of HK\$94.8 million were secured by the Group's investment properties with a total carrying amount of approximately HK\$213.7 million. The remaining bank loans and overdrafts in aggregate of HK\$107.0 million were secured by corporate guarantees from the Company.

Pursuant to a letter of undertaking provided by the Group to a bank, the Group had undertaken to maintain deposits of not less than HK\$15.0 million with the bank as a pre-condition for an overdraft facility of HK\$15.0 million granted by this bank. During the period, such undertaking and the corresponding overdraft facility had been released, no further bank deposit was held for the purpose at the end of the period.



As at 30 June 2015, our cash and bank balances including the trust and segregated accounts totalled HK\$1,233.8 million which had significantly increased from HK\$981.4 million as at 31 December 2014. The main reasons for the increase of house funds were mainly due to the profit recorded for the period and the disposal of various investments during the period. At the same time, the balances of trust and segregated accounts had also increased by about HK\$158.7 million as the clients maintained higher cash balances in their respective investment accounts immediately after the significant adjustments in the local stock market in late June 2015. The Group derives its revenue and maintains its house fund mainly in HK dollars.

The liquidity ratio as at 30 June 2015 remained healthy at 1.25 times, signifying a mild decrease as compared with 1.29 times as at 31 December 2014.

The gearing ratio as at 30 June 2015, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, increased to 60.5% from 44.1% as at 31 December 2014. The increase in borrowings was mainly due to additional bank borrowings for the increase in margin loans provided to our clients for their trading and investment activities at the current report date. On the other hand, we have no material contingent liabilities at the period-end.

### **Foreign Exchange Risks**

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

### **Material Acquisitions and Disposals**

In March 2015, CASH (the holding company of the Company) signed a sale and purchase agreement with an independent third party relating to the proposed disposal of around 40% shareholding interest in the Company at a purchase price of HK\$0.37 per share, which triggered a possible mandatory conditional cash offers for shares in the Company. The resolution for approving the agreement was not passed at the special general meeting of the Company held in May 2015, and the conditions under the agreement was not satisfied. Accordingly, the transaction was terminated on 15 May 2015.

Since then, the Company and CASH were in further negotiation with potential investors in relation to, among other things, any possible transactions relating to the sale of shares in the Company. The discussions with the potential investors in relation to the possible transaction had ceased on 25 August 2015.

In June 2015, as disclosed above, the algorithmic trading and alternative trading business was disposed by the Company to CASH at a consideration of HK\$1.55 million as determined based on the unaudited net asset value of the business unit as at 30 April 2015.

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

### **Capital Commitments**

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

### **Material Investments**

As at 30 June 2015, the Group did not have any portfolio of investments held for trading. However, the net gain derived from investments held for trading of HK\$102.4 million was recorded for the period.

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

### Industry Review

Global marketplace was facing various uncertainties in the first half of 2015. Massive monetary stimulus in China, Europe and Asia, oil price volatility, Greece financial crisis, US interest rate policy and the fears of slowing Mainland China economic growth are the mounting concerns of investors. Dragged by the domestic fiscal problem and downturns in exports, US gross domestic product (GDP) in real terms decreased by 0.2% in the first quarter of 2015. During the same period, Hong Kong economy recorded a 2.1% growth in real terms over a year earlier.

As one of the largest financial services centres in Asia, Hong Kong continued to attract international investors and fund flow. Total fund raised during the first six months of 2015 was HK\$708,904 million, an increase of 225% when compared with HK\$217,912 million for the same period last year. In particular, fund raised through new listings on The Hong Kong Stock Exchange (HKEx) increased by 57.6% to HK\$129.4 billion, which secured world's second position for The HKEx in terms of IPO fund raising in the first half of 2015. Mainland-Hong Kong Mutual Recognition of Funds (MRF) was launched on 22 May 2015, signifying a major breakthrough in the opening up of the Mainland's capital market to offshore funds. The MRF enhances the international competitiveness of Mainland and Hong Kong fund management firms and opens up a new frontier for Hong Kong asset management industries.

In Mainland China, the People's Bank of China (PBOC) announced in May the lowering of 25 basis points the one-year lending rate to 5.1% and the official one-year deposit rate to 2.25%. Mainland China slashed interest rates for a second time this year to spur the slowing economy and cut fundraising costs for cash-starved businesses.

The average daily turnover of the Hang Seng Index (HSI) for the first six months of 2015 was HK\$125,339 million, an increase of 99% when compared with HK\$62,933 million for the same period last year.

## Business Review

### *Securities Broking*

In the first half of the year, subsequent to the announcement of Shanghai – Hong Kong Stock Connect for the establishment of mutual stock market access between Mainland China and Hong Kong and inflow of capital from Mainland China into Hong Kong, Hong Kong stock market witnessed an incessant upward rally driven by market expectations.

We continued to recruit new sales teams and expand our business development capacity in Hong Kong and Mainland China. We strengthened our sales support services in Shenzhen and Shanghai representative offices to enhance our service quality for our mainland clients. We also further developed our direct market access (“DMA”) services to professional investors and institutional clients. Further investment in software and hardware have been deployed to strengthen our leading position in DMA trading infrastructure.

Revenue from securities brokerage increased significantly in the second quarter of 2015 and commodities brokerage increased steadily in the first half of 2015. Commission income from brokerage grows by 82.0% to HK\$132.2 million compared to last year. Interest income generated from margin financing business increased by 15.1% to HK\$16.0 million.

### *Investment Banking*

During the period, we continued our strategy to provide full-fledged investment banking services to our clients. We acted as the sole bookrunner and sole lead manager of a newly listed company which was successfully listed on the Growth Enterprise Market in the second quarter of 2015. We also acted as the sole sponsor to several new listing applications, some of which were submitted during the period. In the first half of 2015, we also acted as financial adviser or independent financial adviser to a number of sizeable listed companies and advised on various corporate finance transactions, including issue of securities, whitewash applications, and proposed continuing connected transactions, etc. We will continue to maintain our balance focus on IPOs and corporate transactions and actively seek opportunities to assist pre-IPO clients and listed issuers.

### *Asset Management*

During the period, we focused on those sectors with higher co-relationship with A-share market, liquidity sensitive and government policy encouraged sectors such as insurance and technology stocks. Meanwhile, we avoided the over-valued stocks and raw material sector.

Looking forward, we expect that PBOC would continue to increase market's liquidity in order to get rid of economic slowdown. China's economy is expected to have approximately 6.5% to 7% growth rate in 2015. Trading at approximate 10.83 times prospective 2015 P/E ratio, 1.2 times P/B and 3.46% dividend yield for the HSI as of 30 June 2015, the current valuation is undemanding for the long-term investors. Shenzhen-Hong Kong Stock Connect is expected to commence in the second half of 2015 or early 2016 and we believe that foreign investors will choose Hong Kong as a stepping stone to invest in Mainland markets. We believe that our revenue including performance fee and brokerage commission may keep a reasonable growth in 2015.

### *Wealth Management*

During the period, the China stock market experienced a robust growth. Following the revamp of traditional investment-linked products, we experienced an intense market competition in the first half of 2015.

In the first half of 2015, we continued to focus on exploring new wealth management business opportunities. We not only strengthened the business co-operation with existing business partners, but also developed an extensive business network in Japan. We also optimized the existing product mix to cope with the changes in business environment. The strengthening in promotion on saving insurance products and critical illnesses products helped to minimize the effect of the newly launched guideline in investment-linked insurance product.

After the significant drop in A-share market in late June, we believed the time has come for a comprehensive promotion to diversify the business activities of wealth management services in order to cope with different market risk. Looking forward, we will continue to promote a wide range of wealth management services and explore new business opportunities in HK, Mainland China and other areas.

### *Mobile Trading and Platform Development*

In the first half of 2015, CFSG had further reinforced its position as a leading technology-focused financial services company through continuous advancement of electronic trading platform. We introduced Shanghai A-shares trading on the online platform since February 2015 soon after the launch of Shanghai-Hong Kong Stock Connect.

Aiming to bring our clients a more efficient way to manage their investment portfolio, we are currently developing the new feature “Basket Trading”, which is scheduled to be launched in the fourth quarter of 2015. “Basket Trading” features that clients can trade a group of securities under the same industry/sector in one single basket order. As for the development of our mobile platform, we continue to upgrade our CASH RTQ mobile app to offer our clients an ultra-fast and powerful trading solution. The upgraded version of CASH RTQ will be launched in the third quarter of 2015 with additional functions including IPO subscription, Shanghai A-shares, Futures trading and Bond’s price quote.

### *Algorithmic Trading*

The Quant-Finance Lab is becoming the research-driven arm of CAFG (CASH Algo Finance Group) in Quantitative Finance, Financial Technology (FinTech) and Algorithmic Trading at the Hong Kong Science and Technology Parks. Key areas of focus also include Algo Incubation, Model Testing, Strategy Deployment, Risk Management and Compliance. Despite the China and global market volatility in the recent months, the Algo teams continued to enhancing the trading strategies and managing the risk parameters successfully. The corporate FinTech developments in our model incubation and testing, risk and performance assessment, and strategy deployment will evolve to the next stage. The joint security assessment of the CAFG Quant Finance Cloud has started with the telecom providers and two other professional institutes. This will pave the way for the next strategic move to cloud computing and take lead in innovative finance.

### Outlook

With China’s commitment to restructure and rebalance the economy and financial market and to open up capital account, Mainland China economy and financial market are expected to continue to shift toward a more sustainable growth path in 2015. Hong Kong economy and financial market will continue to benefit from the continuous growth of Mainland China economy and financial market. It will also reinforce Hong Kong’s position as an ideal investment destination for investors from Mainland China, and as a platform for overseas investors to gain access into the Mainland China. Serving as a positive catalyst for both the Shanghai and Hong Kong exchanges, the Shanghai-Hong Kong Stock Connect has boosted securities turnover at both Hong Kong and Shanghai Stock Exchanges during first six months of this year. The sources of investment from Mainland China will be further widened through the forthcoming Shenzhen-Hong Kong Stock Connect and the Qualified Domestic Individual Investor (QDII) Programme, which are pending approval by Central Government of China. Moving towards a cross-border market, we are well-prepared to seize the enormous opportunities arising from increased outbound capital form the Mainland China.

With Mainland China's new policy to temporarily suspend IPO, it is expected these IPO candidates will seek to list on HKEx and accordingly IPO activities in the second half of this year is expected to record significant growth. However, negative factors do exist. Economic policy, uncertainty of Mainland China and competition from other global exchanges may bring potential negative impact on the Hong Kong IPO market. The unresolved Greece financial crisis may also bring uncertainties to the global capital markets.

With the growing complexity and sophistication of the capital market, professionals and expertise with high calibre are intensively sought over. Human assets are always highly valued by the Group. Over the year, we were able to gather professionals from around the globe, ranging from scholars and professors from respectable universities, to expertise in the financial industry. The mix of talent allows the Group to develop further in an-round perspective. Leading the elite teams which advanced technology will drive the Group's future development. We will continue to build up our high technology trading strategies and to capture market niche and opportunities available.

## Employee Information

As at 30 June 2015, the Group had 255 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\$107.4 million.

### Benefits

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

### Training

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

## Directors' Interests in Securities

As at 30 June 2015, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

### A. The Company

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

Name	Capacity	Number of shares		Shareholding (%)
		Personal		
Lo Kwok Hung John	Beneficial owner	1,255,500		0.03

### B. Associated corporation (within the meaning of SFO)

CASH

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

Name	Capacity	Number of shares		Shareholding (%)
		Personal	Corporate interest	
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	2,840,000	181,245,205*	33.21
Law Ping Wah Bernard	Beneficial owner	18,230,208	—	3.29
		21,070,208	181,245,205	36.50

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



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

Name	Date of grant	Option period	Exercise price per share (HK\$)	Notes	Number of options		Percentage to issued shares as at 30 June 2015 (%)
					outstanding as at 1 January 2015	outstanding as at 30 June 2015	
Kwan Pak Hoo Bankee	02/09/2014	02/09/2014–31/08/2018	0.620	(1)&(2)	5,000,000	5,000,000	0.90
Law Ping Wah Bernard	02/09/2014	02/09/2014–31/08/2018	0.620	(2)	5,000,000	5,000,000	0.90
Cheng Pui Lai Majone	02/09/2014	02/09/2014–31/08/2018	0.620	(2)&(3)	2,300,000	2,300,000	0.41
Ng Kung Chit Raymond	02/09/2014	02/09/2014–31/08/2018	0.620	(2)&(3)	2,300,000	2,300,000	0.41
					14,600,000	14,600,000	2.62

Notes:

- (1) Mr Kwan is also the substantial shareholder of CASH.
- (2) The vesting of certain options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the board of directors of CASH. The options must be exercised within one month from the date on which the board's approval of the vesting of the options.
- (3) The options are subject to 4 tranches period as to (a) 25% exercisable from 2 September 2014 up to 31 August 2015; (b) 25% exercisable from 1 September 2015 up to 31 August 2016; (c) 25% exercisable from 1 September 2016 up to 31 August 2017; and (d) 25% exercisable from 1 September 2017 up to 31 August 2018.
- (4) No option was granted, exercised, lapsed or cancelled during the period.
- (5) The options are held by the directors of CASH in the capacity of beneficial owners.

Save as disclosed above, as at 30 June 2015, 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 2015 were as follows:

Date of grant	Option period	Exercise price per share (HK\$)	Notes	Number of options			outstanding as at 30 June 2015
				outstanding as at 1 January 2015	exercised during the period (Note (2))	cancelled during the period	
<b>Employees and consultants</b>							
11/04/2014	11/04/2014–31/12/2017	0.097	(1)	75,000,000	(24,500,000)	(50,500,000)	—
22/05/2014	22/05/2014–31/12/2017	0.091	(1)	46,000,000	(38,000,000)	(8,000,000)	—
				121,000,000	(62,500,000)	(58,500,000)	—

Notes:

- (1) The vesting of certain options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.
- (2) During the period, the following options held by the participants of members of the Group were exercised:—

Date of exercise	Number of Options	Exercise price per share (HK\$)	Weighted average closing price of the shares immediately before the date of exercise (HK\$)
11 March 2015	24,500,000	0.097	0.430
11 March 2015	38,000,000	0.091	0.430
	62,500,000		

- (3) No option was granted or lapsed during the period.

## Substantial Shareholders

As at 30 June 2015, 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 (%)
CASH (Note)	Interest in a controlled corporation	1,657,801,069	40.09
Praise Joy Limited (Note)	Interest in a controlled corporation	1,657,801,069	40.09
CIGL (Note)	Beneficial owner	1,657,801,069	40.09

Note: This refers to the same number of 1,657,801,069 Shares held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the holding company of the Company)).

Save as disclosed above, as at 30 June 2015, 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 2015 to 30 June 2015, the Company had duly complied with the code provisions of the Corporate Governance Code ("CG Code") as contained in Appendix 14 of the Listing Rules, except for the deviations summarised as follows:

- (i) The Company does not have a nomination committee as provided for in code provision A.5.1 as its function has been performed by the Board as a whole. The Board under the leadership of the Chairman is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors.

Save for the above, the Company has been in compliance with the CG Code throughout the six months ended 30 June 2015.

## 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 2015 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 2015, 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, 21 August 2015

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

*Executive directors:*

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

*Independent non-executive directors:*

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