CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時 富 投 資 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

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 Celestial Asia Securities Holdings Limited ("Company" or "CASH") 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:

		Unaudited	
		Six months ended 30 June	
		2023	2022
	Notes	**HK$'000**	HK$'000
Revenue	(3)	**508,756**	631,561
Cost of inventories		**(288,867)**	(359,202)
Other income		**15,692**	6,030
Other gains and losses		**7,953**	25,522
Salaries, allowances and related benefits		**(100,445)**	(89,563)
Other operating, administrative and selling expenses		**(114,266)**	(98,730)
Depreciation of property and equipment		**(9,752)**	(11,052)
Depreciation of right-of-use assets		**(65,554)**	(78,693)
Finance costs		**(13,059)**	(8,496)
Profit / (loss) before loss arising from associates and taxation		**(59,542)**	17,377
Share of loss of associates		**-**	(13,125)
Profit / (loss) before taxation		**(59,542)**	4,252
Income tax expense	(5)	**(22)**	(24)
Profit / (loss) for the period		**(59,564)**	4,228

	Note	Unaudited Six months ended 30 June **2023** **HK$'000**	2022 HK$'000
Other comprehensive expense for the period, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**(88)**	(58)
Total other comprehensive income / (expense) for the period		**(88)**	(58)
Total comprehensive income / (expense) for the period		**(59,652)**	4,170
Profit / (loss) for the period attributable to:			
Owners of the Company		**(50,084)**	4,153
Non-controlling interests		**(9,480)**	75
		(59,564)	4,228
Total comprehensive income / (expense) for the period attributable to:			
Owners of the Company		**(50,172)**	4,095
Non-controlling interests		**(9,480)**	75
		(59,652)	4,170
Earnings / (loss) per share attributable to owners of the Company	(6)		
- Basic (HK cents)		**(62.0)**	5.1
- Diluted (HK cents)		**(62.0)**	5.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2023 (Unaudited) HK$'000**	31 December 2022 (Audited) HK$'000
Non-current assets			
Property and equipment		**34,998**	40,495
Right-of-use assets		**137,782**	193,590
Goodwill		**39,443**	39,443
Intangible assets		**52,552**	52,552
Rental and utilities deposits		**37,909**	24,387
Financial assets at fair value through other comprehensive income		**26,258**	24,328
Financial assets at fair value through profit or loss ("FVTPL")		**18,925**	4,812
Other assets		**7,239**	6,846
Deferred tax assets		**5,450**	5,450
		360,556	391,903
Current assets			
Inventories – finished goods held for sale		**51,865**	56,623
Accounts and trade receivables	(7)	**199,395**	189,839
Prepayment and other receivables		**118,219**	206,709
Contract assets		**2,755**	2,617
Loans receivables	(8)	**10,112**	12,194
Tax recoverable		**14,302**	4,297
Financial assets at FVTPL		**85,808**	51,594
Pledged bank deposits		**53,710**	54,159
Bank balances – trust and segregated accounts		**398,671**	482,196
Bank balances (general accounts) and cash		**225,738**	334,411
		1,160,575	1,394,639
Current liabilities			
Trade and accounts payables	(9)	**559,834**	684,467
Financial liabilities arising from consolidated investment funds		**-**	5,757
Accrued liabilities and other payables		**140,379**	156,518
Contract liabilities		**38,084**	48,728
Taxation payable		**13,006**	7,636
Lease liabilities		**95,286**	142,031
Borrowings		**366,374**	375,245
		1,212,963	1,420,382
Net current liabilities		**(52,388)**	(25,743)
Total assets less current liabilities		**308,168**	366,160

	Note	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Capital and reserves			
Share capital	(10)	**16,144**	16,144
Reserves		**170,036**	179,950
Equity attributable to owners of the Company		**186,180**	196,094
Non-controlling interests		**45,442**	95,180
Total equity		**231,622**	291,274
Non-current liabilities			
Deferred tax liabilities		**15,622**	6,825
Lease liabilities		**60,924**	68,061
		76,546	74,886
		308,168	366,160

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
Six months ended 30 June 2023

	Attributable to owners of the Company											
	Share capital HK$'000	**Share premium HK$'000**	**Contributed surplus HK$'000**	**General reserve HK$'000**	**Other reserve HK$'000**	**Translation reserve HK$'000**	**Share option reserve HK$'000**	**Revaluation reserve HK$'000**	**Retained earnings / (accumulated losses) HK$'000**	**Total HK$'000**	**Non-controlling Interests HK$'000**	**Total HK$'000**
At 1 January 2023	**16,144**	**4,127**	**88,926**	**1,160**	**64,097**	**12,208**	**4,448**	**1,058**	**3,926**	**196,094**	**95,180**	**291,274**
Addition interest of CFSG	-	-	-	-	40,258	-	-	-	-	40,258	(40,258)	-
Loss for the period	-	-	-	-	-	-	-	-	(50,084)	(50,084)	(9,480)	(59,564)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(88)	-	-	-	(88)	-	(88)
Total comprehensive income/ (expense) for the period	-	-	-	-	40,258	(88)	-	-	(50,084)	(9,914)	(49,738)	(59,652)
At 30 June 2023	**16,144**	**4,127**	**88,926**	**1,160**	**104,355**	**12,120**	**4,448**	**1,058**	**(46,158)**	**186,180**	**45,442**	**231,622**

Unaudited
Six months ended 30 June 2022

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	General reserve HK$'000	Other reserve HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Revaluation reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling Interests HK$'000	Total HK$'000
At 1 January 2022	16,144	79,127	88,926	1,160	64,097	23,089	2,224	6,966	(41,093)	240,640	(37,946)	202,694
Profit for the period	-	-	-	-	-	-	-	-	4,153	4,153	75	4,228
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(58)	-	-	-	(58)	-	(58)
Total comprehensive income / (expense) for the period	-	-	-	-	-	(58)	-	-	4,153	4,095	75	4,170
Dividends paid	-	-	-	-	-	-	-	-	(12,108)	(12,108)	-	(12,108)
Amount transferred from share premium to contributed surplus	-	(75,000)	75,000	-	-	-	-	-	-	-	-	-
Amount transferred set off accumulates loss	-	-	(75,000)	-	-	-	-	-	75,000	-	-	-
At 30 June 2022	16,144	4,127	88,926	1,160	64,097	23,031	2,224	6,966	25,952	232,627	(37,871)	194,756

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Net cash (used in) operating activities	**(20,541)**	(92,215)
Net cash (used in) / from investing activities	**(33,442)**	32,000
Net cash (used in) financing activities	**(54,690)**	(8,584)
Net decrease in cash and cash equivalents	**(108,673)**	(68,799)
Cash and cash equivalents at beginning of period	**334,411**	167,274
Cash and cash equivalents at end of period	**225,738**	98,475
Bank balances and cash	**225,738**	98,475

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 Standard ("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.

(2) Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amended 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 new and amended HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(3) Revenue

Disaggregation of revenue from contracts with customers

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Types of goods or service		
Sales of furniture and household goods	**394,583**	432,707
Sales of electrical appliances	**56,962**	155,826
Sales of tailor-made furniture	**24,770**	39,690
Revenue from retailing segment	**476,315**	628,223
Management fee from asset management services	**2,593**	3,338
Other financial services	**29,848**	-
	508,756	631,561
Timing of revenue recognition		
A point of time	**452,963**	526,971
Over time	**55,793**	104,590
	508,756	631,561
Geographical market		
Hong Kong	**506,163**	628,223
The People's Republic of China ("PRC")	**2,593**	3,338
	508,756	631,561

(4) Business and geographical segments

Business segments

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's operating and reportable segments are as follows:

Retailing	Sales of furniture and household goods and electrical appliances
Asset Management	Provision of asset management services to the fund investors
Other Financial Services	Provision of other financial services through CASH Financial Services Group Limited ("CFSG")

Segment revenue and results

For the six months ended 30 June 2023

	Retailing HK$'000	**Asset Management HK$'000**	**Other Financial Services HK$'000**	**Consolidated HK$'000**
Revenue	**476,315**	**2,593**	**29,848**	**508,756**
Segment results	**(33,005)**	**8,910**	**(30,406)**	**(54,501)**
Unallocated other income, gain and losses				**2,539**
Corporate expenses				**(5,259)**
Unallocated finance costs				**(2,321)**
Loss before taxation				**(59,542)**

For the six months ended 30 June 2022

	Retailing HK$'000	Asset Management HK$'000	Consolidated HK$'000
Revenue	628,223	3,338	631,561
Segment results	954	12,730	13,684
Unallocated other income, gain and losses			10,041
Corporate expenses			(5,165)
Share of loss of associates			(13,125)
Unallocated finance costs			(1,183)
Profit before taxation			4,252

Segment result represents the profit earned/loss incurred by each segment without allocation of certain other income, gain and losses, corporate expenses and unallocated certain finance costs. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Geographical segments

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC"). No analysis of the Group's revenue by geographical locations is disclosed because no significant portion of the revenue from external customers are derived outside Hong Kong.

(5) Income tax expense

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Income tax expense	**22**	24

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 PRC 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 / (loss) per share attributable to owners of the Company

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company for the six months ended 30 June 2023 together with the comparative figures for the prior period are based on the following data:

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Earnings / (loss)		
Earnings / (loss) for the purpose of basic and diluted earnings (loss) per share	**(50,084)**	4,153

	Unaudited Six months ended 30 June	
	2023	2022
	'000	'000
Number of shares		
Weight average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**80,720**	80,720

(7) Accounts and trade receivables

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Accounts receivables arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	**50,625**	39,677
Cash clients	**6,226**	8,530
	56,851	48,207
Accounts receivables arising from the business of margin financing:	**126,286**	128,182
Less: allowance for impairment	**(11,456)**	(11,456)
	114,830	116,726
Accounts receivables arising from the business of dealing in futures and options:		
Cash clients	**194**	184
Clearing houses, brokers and dealers	**25,533**	23,301
	25,727	23,485
Trade receivables arising from retailing business	**1,987**	1,268
	199,395	189,839

Accounts receivables

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 receivables 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 CFSG				
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.

Trade receivables

The Group allows an average credit period of 30 days to its corporate customers on retailing business. The ageing analysis based on the invoice date, which is approximately the revenue recognition date, is as follows:

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
0 - 30 days	**1,860**	685
31 - 60 days	**103**	119
61 - 90 days	**19**	161
Over 90 days	**5**	303
	1,987	1,268

(8) Loans receivables

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Restated) HK$'000
Revolving loans receivables denominated in:		
Hong Kong dollars	**6,885**	8,967
Renminbi	**4,667**	4,667
United State dollars	**367**	367
Less: allowance for impairment	**(1,807)**	(1,807)
	10,112	12,194

As at 30 June 2023, loans receivables are unsecured and have contractual interest rate ranging from 2.8% to 11.8% per annum (31 December 2022: from 2.0% to 10.0% per annum).

(9) Trade and accounts payables

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Trade payables arising from retailing business	**140,801**	174,287
Accounts payables arising from the business of dealing in securities	**380,029**	464,481
Accounts payables arising from the business of dealing in futures and options	**39,004**	45,699
	559,834	684,467

Trade payables

Trade payables arising from retailing business principally comprise amount outstanding for trade purpose and ongoing cost. The credit period taken for trade purchase ranges from 30 to 90 days.

The following is an ageing analysis (from invoice date) of trade payables arising from retailing business at the end of the reporting period:

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
0 - 30 days	**98,512**	52,526
31 - 60 days	**1,268**	69,222
61 - 90 days	**37,623**	50,650
Over 90 days	**3,398**	1,889
	140,801	174,287

Accounts payables

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 payables 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.

(10) Share capital

	Par value of each ordinary share	Number of shares	Amount
	HK$	’000	HK$’000
Ordinary shares			
Authorised:			
At 1 January 2023 and 30 June 2023	0.20	150,000	30,000
Issued and fully paid:			
At 1 January 2023 and 30 June 2023	0.20	80,720	16,144

(11) Related party transactions

The Group entered into the following transactions with related parties during the period:

	Note	Unaudited Six months ended 30 June 2023 HK$’000	2022 HK$’000
Commission income and interest income received from the following directors of CFSG:			
Mr Law Hin Ong Trevor		**20**	N/A
Mr Cheung Wai Lim William	(a)	**7**	N/A
		27	N/A
Interest expense paid to a related party		**4,121**	992

Note:

(a) Mr Cheung Wai Lim William resigned as director of CFSG during the period ended 30 June 2023.

(12) 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 lease liabilities and borrowings, and equity attributable to owners of the Company, comprising share capital, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. The management of the Group 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 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 subsidiaries of the Group 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 of the Group closely monitors, on a daily basis, the liquid capital level of the 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

Financial Performance

During the first half of 2023, Hong Kong encountered persisting economic challenges attributable to deteriorating worldwide economy and escalating geopolitical tensions. Albeit the lifting of COVID-19 restrictions for incoming visitors to Hong Kong and the complete reopening of borders between the PRC and Hong Kong, the formidable inflationary pressures have led to an increasing interest rate and a decline in real estate market transactions.

For the six months ended 30 June 2023, the Group recorded revenue and net loss for the period of HK$508.8 million and HK$59.6 million, respectively, as compared to revenue of HK$631.6 million and net profit of HK$4.3 million, respectively, for the corresponding period in 2022.

Retailing Business – PRICERITE GROUP

With the removal of the COVID-19 measures for inbound travelers to Hong Kong and full re-opening of all borders between the PRC and Hong Kong, the city has witnessed an encouraging resurgence in inbound travel since the start of the year. Alongside the launch of the "Hello Hong Kong" campaign and other initiatives of the Hong Kong Government designed to stimulate the local economy, the retail industry recorded a small rebound with a 21% increase for the period from the first half of 2023 when compared with the corresponding period in 2022. Despite of the slight improvement in the overall retail market, the total sales value for the first half of 2023 still represented a 17% decrease when compared with the corresponding period in 2018, which is the record high in Hong Kong over the past decade. This suggests that the retail market in Hong Kong is still struggling to recover from the COVID-19 pandemic.

Further, the rebound benefits of the retail market during the first half of 2023 mainly fell predominantly into the luxury product sector, with no significant improvements observed for the general consumer market, and overall consumer sentiment remaining relatively static. The sales value of furniture & fixtures and supermarkets recorded a decline of 10.0% and 7.8%, respectively, when compared with the corresponding period in 2022.

In addition to the persisting economic challenges, the recent upswing in lending interest rates had significantly inflated the mortgage costs and led to a decline in property values and overall market sentiment. These factors resulted in a negative wealth effect and erosion of household disposable income, leading to a contraction in market sentiment. For the first half of 2023, a total of 7,600 units of private residential properties were completed, representing a 37.2% decline as compared with the corresponding period in 2022. Moreover, the secondary residential property transactions witnessed a period-over-period decrease in transaction volume by 23.4% for the past three months (i.e. April 2023 - June 2023). Additionally, the emigration wave in Hong Kong is exacerbating the supply of the labour market and further strains the demand of the retail market.

In view of the prevailing market conditions, Pricerite Group had implemented various initiatives to increase sales and reduce operating costs, while ensuring its operation at an optimal scale. In order to enhance its market awareness, Pricerite Group had launched a number of marketing campaigns to promote our brand, new loyalty programme and showcase our house brand products. These initiatives had led to an increase in marketing expenses during the first half of 2023 as compared to the corresponding period in 2022, as we aimed to attract more customers and boost revenue. Additionally, Pricerite Group consistently monitors the performance of its store portfolio, adopting a strategy to retain well-performing stores while closing down those that underperform. As a result, Pricerite Group optimised its operating network, reducing the number of stores from 28 in January 2022 to 20 by June 2023.

While the benefits of the above initiative and optimisation as well as the potential redirection effect as a result of the network optimisation shall take time to materialise, Pricerite Group recorded revenue of HK$476.3 million and a segment loss of HK$33.0 million for the six months ended 30 June 2023, as compared to revenue of HK$628.2 million and a segment profit of HK$1 million for the corresponding period in 2022.

Asset Management Business — CAFG

Benefited from the high volatile in commodity market in the first half of 2023, our multi-strategies algorithmic trading futures portfolio continue to outperform traditional equity index by a large margin. While our assets under management remained steady, our asset management business recorded revenue of HK$2.6 million and a segment profit of HK$8.9 million as compared to revenue of HK$3.3 million and a segment profit of HK$12.7 million for the corresponding period in 2022.

Other Financial Services Business – CFSG (excluding asset management business through CAFG)

In October 2022, the Group acquired 21.08% equity interest in CFSG (stock code: 510), a then 39.41% associate of the Company prior to the acquisition. Since then, CFSG, which was principally engaged in broking, asset management and wealth management services and proprietary trading activities (other financial services business), became a subsidiary of the Company and the results of CFSG were consolidated into the financial statements of the Group (the “Consolidation”). For the six months ended 30 June 2023, the Group’s other financial services business recorded revenue of approximately HK$29.8 million and a segment loss of HK$30.4 million as compared to share of loss of the associate of HK$13.1 million in proportion to the Company’s equity interests in CFSG for the first half of 2022.

To align with the Group’s overall strategy to 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. It is anticipated 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.

Liquidity and Financial Resources

The Group’s equity attributable to owners of the Company amounted to HK$186.2 million as at 30 June 2023 as compared to HK$196.1 million at the end of last year. The decrease in the equity was mainly due to the combined effect of the net loss recognised by the Group during the period and the increase in equity attributable to owners of the Company as a result of the Consolidation.

As at 30 June 2023, our cash and bank balances including the balances held under trust and segregated accounts totalled HK$678.1 million as compared to HK$870.8 million as at 31 December 2022. Bank balances and cash in the Group’s house accounts amounting to HK$258.7 million (31 December 2022: HK$351.2 million) and HK$20.7 million (31 December 2022: HK$37.4 million) were denominated in Hong Kong dollars and other 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 decrease in cash and bank balances was mainly due to the increase in financial asset designate at fair value through profit, reduction in bank balances in the trust and segregated accounts and operating loss incurred during the period.

As at 30 June 2023, the Group had total outstanding borrowings of approximately HK$366.4 million as compared to HK$375.2 million as at 31 December 2022. The borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately of HK$216.4 million (31 December 2022: HK$235.2 million) and secured loans of approximately of HK$150.0 million (31 December 2022: HK$140.0 million). The above secured bank loans were secured by the Group’s pledged deposits of approximately HK$54.1 million (31 December 2022: HK$54.2 million).

The liquidity ratio as at 30 June 2023 at 0.96 times, as compared to 0.98 times as at 31 December 2022. Slight decrease in the liquidity ratio was mainly due to the decrease in bank balances for the period under review. The gearing ratio, which represents the ratio of interest bearing borrowings (excluding lease liabilities) of the Group divided by the total equity, was 158.2% as at 30 June 2023 as compared to 128.8% as at 31 December 2022. The increase in the gearing ratio was mainly due to the loss incurred during the period.

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

Foreign Exchange Risks

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

Material Acquisitions and Disposals

On 19 December 2022, Confident Profits Limited ("CPL", an indirect wholly-owned subsidiary of the Company) as vendor and CFSG as purchaser entered into an agreement, pursuant to which CPL conditionally agreed to sell, and CFSG conditionally agreed to acquire, the 51% of the issued shares of CASH Algo Finance Group International Limited (the then indirect wholly-owned subsidiary of the Company) 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 CFSG shares to Celestial Investment Group Limited ("CIGL"), an indirect wholly-owned subsidiary of the Company, at completion. The completion of the transaction was taken place on 30 May 2023 and the shareholding of the Company in CFSG increased from 60.49% to 72.93%. Details of the transaction were disclosed in the joint announcement of the Company and CFSG dated 19 December 2022, the announcements of CFSG dated on 12 January 2023, 25 April 2023, 24 May 2023 and the circular of CFSG dated 8 May 2023.

Save as aforesaid, the Group did not make any material acquisition and disposal 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.

Capital Commitments

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

Litigation and Contingent Liabilities

The Group did not have any material outstanding litigation and contingent liabilities as at 30 June 2023.

Material Investments

As at 30 June 2023, the market values of financial assets at FVTPL amounted to approximately HK$104.7 million. A net gain on financial assets at FVTPL of HK$8.0 million was recorded during the six months ended 30 June 2023.

Save as disclosed about, the Group did not have any material investments during the six months ended 30 June 2023.

Event After Reporting Period

On 24 July 2023, CFSG 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. The Placing constituted a deemed disposal (the "Deemed Disposal") by the Company of its shareholding interest in CFSG. The shareholding interest of the Company in CFSG was diluted from approximately 72.93% to approximately 64.47% upon completion of the Placing on 4 August 2023. Details of the Deemed Disposal were disclosed in the joint announcements of the Company and CFSG dated 24 July 2023 and 4 August 2023.

Financial and Operational Highlights

Revenue

(HK$'m)	**Unaudited Six months ended 30 June 2023**	2022	% change
Retailing business	**476.3**	628.3	(24.2%)
Asset management business	**2.6**	3.3	(21.2%)
Other financial services business	**29.8**	N/A	N/A
Group total	**508.7**	631.6	(19.5%)

Key Financial Metrics

	Unaudited Six months ended 30 June 2023	2022	% change
The Group			
Net (loss) / profit attributable to shareholders (HK$'m)	**(50.1)**	4.2	N/A
Earnings / (loss) per share attributable to owners of the Company (HK cents)	**(62.0)**	5.1	N/A
Total assets (HK$'m)	**1,521.1**	991.4	53.4%
Cash on hand (HK$'m) (excluding trust and segregated accounts)	**279.4**	152.8	82.9%
Borrowings (HK$'m)	**366.4**	209.1	75.2%
Retailing			
Revenue per sq. ft. (HK$)	**296.0**	334.0	(11.4%)
Growth for same stores (vs last period)	**(14.5%)**	(4.0%)	N/A
Inventory turnover days	**36.0**	32.1	12.1%
Other Financial Services Business			
Annualised average fee income from broking per active client (HK$'000)	**1.4**	N/A	N/A

Industry and Business review

Retail Management Business – Pricerite Group (PGL)

Economic and Industry Review

Hong Kong’s economy recorded a mere 1.5% growth in the second quarter of 2023, with its momentum softening after a modest recovery of 2.9% in the first quarter.

Recent upticks in the retail sector were also driven mainly by the luxury market, encompassing jewellery, motor vehicles and clothing – while local categories such as supermarkets, food and furniture and fixtures experienced negative year-over-year growth in the first half of the year. After being pounded by social unrest and the pandemic since 2019, Hong Kong's vitality was greatly sapped from enduring economic contractions in the past five years – with a historic slump of 5.9% in 2020 and a 1.7% decline in 2022.

In addition to the compounding economic woes, the number of tourists visiting Hong Kong during the first half of 2023 was less than 13 million, which accounted for only 42.5% of the pre-pandemic visitor numbers in 2018. Overall, consumer sentiment has remained weak, leading to a significant decline of 17.2% in the total retail sales value as compared to the pre-pandemic first half of 2018.

In the circumstances, Hong Kong’s furniture and fixture market has been adversely affected over the past five years. In the first half of 2023, the total sales value decreased by losing HK$396 million as compared to the same period in 2018. Negative consumer sentiment is attributable to various ongoing detrimental factors, including interest rate hikes that erode household spending power, slowdown in the private residential property market, and softening property prices leading to a negative wealth effect.

Business Review

Pricerite Group remains committed to achieving revenue growth and cost savings while ensuring optimal operating efficiency. We are actively reviewing and optimising our store network. During the period, non-performing stores were closed, resulting in a total of 20 stores operating as of the end of June 2023. Further, Pricerite Group is dedicated to strengthening our O2O model and aim to achieve improved logistics synergies enabling us to bring products to market more quickly and at a more affordable price. Taking advantage of the latest development of the inter-connected transportation network of the GBA, we are currently looking to further enhance our logistics efficiency by considering the establishment of a new logistics centre in the GBA – ultimately aiming to enhance cost-saving measures and expedite time-to-market efficiency.

In the meantime, “Customer-first” remains our paramount corporate value – placing our customers at the forefront of our business strategy. By harnessing a data-driven business strategy, we continue to focus on customer solutions, customer experience and customer communication. We leverage our in-depth understandings of customer needs to drive sales by embracing cutting-edge technologies such as big data, artificial intelligence and cloud computing. Firmly upholding our mission, we have also refined our product differentiation strategy to offer our customers solutions and products of high multi-functionality, safety and durability.

In addition to large-scale branding promotions across Pricerite Group, we empower our store level managers with the flexibility to adapt their sales activities, enabling them to respond with agility to local market demands. A strong sense of ownership and entrepreneurial spirit is cultivated as managers curate their own product offerings and maximise space utilisation based on unique characteristics of each store. Moreover, we enable location-based marketing, optimise human resources allocation and streamline inventory management.

With an increasingly diverse range of consumer demands, our ‘New Retail’ innovations fulfil the personalised consumer needs and lifestyle choices of the modern era. We have embraced a digitalised approach, both in store and online, to enhance our communication with customers. In March 2023, we launched our new loyalty programme “with P-coins”, aiming to foster customer loyalty and deepen relationships through repeat purchases.

Embracing the imminent wave of New Retail 3.0, we are also planning to extend our omni-channel retailing with an AI-empowered e-shop.

ESG

During the period, in support of the Government's housing policy to provide transitional housing in the short-term, Pricerite Group has sponsored several transitional housing projects, including the Pok Oi Kong Ha Wai Village, the Tsuen Fook Kui, and the Yan Oi House, amounting to more than 2,600 supported units. To enhance the space and quality of life in these transitional houses, Pricerite Group adheres to its "We CARE" principle which is profoundly manifested through our careful selection of stylish and multi-functional furniture at affordable prices, as well as providing exclusive offers on furniture, electrical appliances and household items, ensuring that residents in transitional houses experience a warm and cosy ambiance, despite their temporary living situation.

Outlook

Looking forward, although the Government consumption voucher scheme has a diminishing effect on reviving the economy, it does play a role in restoring a certain level of consumer confidence.

On a bright note, an increase in primary residential property transaction volume of 15,000-17,000 units is anticipated in 2023 – a substantial increase from 10,315 units in 2022. Coupled with relatively stable interest rates, it is expected that consumer sentiment will improve in tandem, leading to a revived demand for furniture and household items.

Furthermore, along with the Government’s policy to adjust public-private housing supply split higher – from 60:40 to 70:30 – it is expected that demand for space management products will soar.

Pricerite Group will continue our multi-brand strategy to provide home solutions that are not only quality-assured but also highly multi-functional – addressing the specific needs of urban homes, with a renowned focus on space management, without sacrificing style and affordability.

Algo Trading Business – CAFG

Amidst the actions taken by the US Federal Reserve and the European Central Bank to combat persistent inflation, global commodities prices witnessed a decline of more than 8%. This situation raised concerns about weakened long-term demand and negatively impacted market sentiment. Except for the precious metals, most commodities prices had fallen for the period under review, and crude oil experienced a significant drop of one-third from its mid-2022 peak.

Despite the challenging market conditions, our proprietary trading portfolio demonstrated good performance, benefiting from the volatility in the energy sector and favourable movements in the USD and interest rates. However, the CTA portfolio remained lacklustre due to jumpy prices, making it fairly flat. As a consequence, the fund's AUM experienced a slight decline partly attributed to a loss of confidence in CTA funds within the general market sentiment but also because our fund stood out as one of the few peers yielding positive returns, making it an attractive choice for investors seeking to cash out. The remaining investors continued to trust our ability to safeguard their wealth, appreciating the benefits of a commodity fund that complements their overall asset allocation.

Commodities portfolios have proven to be valuable risk diversifiers for high-net-worth investors, with low correlation to traditional asset classes. As a result, we remain committed to working closely with our partners to promote our portfolio management service and fund products. To further our long-term growth strategy and expand our business scope from proprietary trading to asset management, we plan to establish a QFII fund to enable offshore investors to invest in our onshore portfolio. This strategic move will enhance our ability to develop more trading strategies while ensuring continued growth and success.

Other Financial Services Business – CFSG

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 unfavaourable 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

At 30 June 2023, the Group had 685 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the period under review was approximately HK$100.4 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, presentation, communication, quality management, 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 and 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

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

Name	Capacity	Number of shares: Personal	Number of shares: Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	598,501	39,599,098*	49.79
Leung Siu Pong James	Beneficial owner	37,642	-	0.05
		636,143	39,599,098	49.84

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

(b) 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	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1) to (3)	800,000	0.99
Leung Siu Pong James	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1) to (3)	800,000	0.99
Kwan Teng Hin Jeffrey	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1) to (3)	800,000	0.99
					2,400,000	2.97

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 the Company ("Board") and/or the Board determined at their sole discretion.

(3) The options must be exercised within 1 month from the date on which the Board's approval of the vesting of the options.

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

B. Associated corporation (within the meaning of SFO)

CFSG

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

Name	Capacity	Number of shares: Personal	Number of shares: Corporate interest	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
		4,944,000	277,989,563	74.23

* The shares were held by Celestial Investment Group Limited ("CIGL"), a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company). The Company was beneficially owned as to approximately 49.79% by Dr Kwan, details of which were disclosed in the "Substantial shareholders" below. Pursuant to the SFO, Dr Kwan was deemed to be interested in all the shares held by CIGL in CFSG.

(b) 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	29/7/2021	1/8/2021 – 31/7/2023	0.572	(1),(2),(3)	2,400,000	0.63
Kwan Teng Hin Jeffrey	29/7/2021	1/8/2021 – 31/7/2023	0.572	(1),(2),(3)	2,400,000	0.63
					4,800,000	1.26

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 CFSG ("CFSG Board") and/or the CFSG Board determined at their sole discretion.

(3) The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

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

Save as disclosed above, as at 30 June 2023, none of the directors, chief executives 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 SCHEMES

(A) The Company

The old share option scheme adopted by the Company on 21 May 2012 ("Old Share Option Scheme") was terminated pursuant to an ordinary resolution passed at the special general meeting of the Company held on 30 September 2021 ("SGM"). The new share option scheme ("New Share Option Scheme") was adopted pursuant to an ordinary resolution passed at the SGM in place of the Old Share Option Scheme. The options granted under the Old Share Option Scheme before termination shall continue to be valid and exercisable in accordance with the terms of the options.

Details of the movements in the share options to subscribe for the shares of the Company granted under the Old Share Option Scheme during the six months ended 30 June 2023 are set out below. No option has been granted under the New Share Option Scheme during the period ended 30 June 2023.

					Number of options		
Participants	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	outstanding as at 1 January 2023	lapsed during the period (Note(4))	outstanding as at 30 June 2023
Directors							
	16/7/2021	1/8/2021 – 31/7/2023	1.450	(1)	3,200,000	(800,000)	2,400,000
Service Providers (including consultants)							
	16/7/2021	1/8/2021 – 31/7/2023	1.450	(2),(3),(6)	550,000	-	550,000
					3,750,000	(800,000)	2,950,000

Notes:

(1) Details of the options granted to the directors of the Company are set out in the section headed "Directors' Interests in Securities" above.

(2) The vesting of 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.

(3) The options must be exercised within 1 month from the date on which the Board's approval of the vesting of the options.

(4) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

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

(6) The options were granted to Mr Law Ping Wah Bernard ("Mr Law") as consultant of the Group for provision of advisory services to the Group in relation to financial planning and analysis, risk management, business restructuring, mergers and acquisitions etc. Mr Law is a former executive director and chief financial officer of the Company with extensive experience in financial management and accountancy and is familiar with the Group's financial and corporate structure and management system. The Board is of the view that the grant of options will provide incentives for Mr Law to provide professional financial advisory services and planning to cater for business needs of the Group which will align his interests with the Group and secure his long-term support and commitment to the Group.

(7) The total number of shares available for issue under Old Share Option Scheme and the New Share Option Scheme is 11,022,018 representing approximately 13.65% of the issued shares as at the date of this announcement.

(8) The number of options available for grant under the mandate of the New Share Option Scheme as at 1 January 2023 and 30 June 2023 was 8,072,018. The Old Share Option Scheme was terminated on 30 September 2021 and therefore no options were available for grant as at 1 January 2023 and 30 June 2023.

(B) The subsidiary

CFSG

The share option scheme of CFSG ("CFSG Share Option Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of CFSG held on 8 June 2018.

Details of the movements in the share options to subscribe for shares of HK$0.04 each in CFSG granted under the CFSG Share Option Scheme during the six months ended 30 June 2023 are set out below:

					Number of options		
Participants	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	outstanding as at 1 January 2023	lapsed during the period (Note (6))	outstanding as at 30 June 2023
Directors							
	29/7/2021	1/8/2021 – 31/7/2023	0.572	(1)	7,200,000	(2,400,000)	4,800,000
Other Employee Participants							
	29/7/2021	1/8/2021 – 31/7/2025	0.572	(2),(3),(5)	4,500,000	(675,000)	3,825,000
Service Providers (including consultants)							
	29/7/2021	1/8/2021 – 31/7/2023	0.572	(4),(5),(10)	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 of the Company are set out in the section headed "Directors' interests in securities" above.

(2) 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.

(3) 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 CFSG Board and/or the CFSG Board determined at their sole discretion.

(4) The vesting of options is subject to the satisfactory delivery of services to members of the Group as approved by the chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion.

(5) The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(6) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

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

(8) The total number of shares of CFSG available for issue under CFSG Share Option Scheme is 38,552,477, representing approximately 8.94% of the issued shares of CFSG as at the date of this announcement.

(9) The number of options available for grant under the mandate of the CFSG Share Option Scheme as at 1 January 2023 and 30 June 2023 were 26,117,477.

(10) The 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 CFSG 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.

SHARE AWARD SCHEME

The subsidiary

CFSG

CFSG has adopted a share award scheme on 1 December 2022 (the "CFSG Share Award Scheme"). No share awards has been granted under the CFSG 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 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 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 (Notes (1) and (2))	Interest in a controlled corporation	39,599,098	49.05
Cash Guardian (Notes (1) and (2))	Interest in a controlled corporation	39,599,098	49.05
Mr Wang Shui Ming (Note (3))	Beneficial owner, interest in a controlled corporation and other interest	4,110,245	5.09

Notes:

(1) This refers to the same number of shares held by 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 and Hobart Assets Limited were deemed to be interested in the shares held by Cash Guardian.

(2) Dr Kwan (a director whose interests are not shown in the above table) was interested and/or deemed be interested in a total of 40,197,599 shares (49.79%), which were held as to 39,599,098 shares by Cash Guardian and as to 598,501 shares in his personal name. Detail of his interest is set out in the section "Directors' interests in securities" above.

(3) The shareholding interest of Mr Wang Shui Ming was based on the notice dated 7 September 2020 (filed by him on 9 September 2020) pursuant to Divisions 2 and 3 of Part XV of the SFO after adjusting the number of shares held by him due to the 20-to-1 share consolidation of the Company which took effect on 7 September 2020. Based on the said notice filed by Mr Wang Shui Ming, the shares were held as to 1,022,061 in his personal name, as to 2,223,607 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang Shui Ming), and 864,577 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang Shui Ming was deemed to be interested in all these shares.

Save as disclosed above, as at 30 June 2023, 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 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 Leung Ka Kui Johnny, independent non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 8 June 2023 and Dr Chan Hak Sin, independent non-executive director of the Company, was unable to attend both of the special general meeting and annual general meeting of the Company held on 29 March 2023 and 8 June 2023, respectively which deviated from code provision C.1.6 as they had other business engagements.

(3) According to code provision B.2.4 (b) where all the independent non-executive directors of the Company have served more than nine years on the board, the Company should appoint a new independent non-executive director on the board. All the independent non-executive directors of the Company have served more than nine years and the Company has not appointed a new independent non-executive director as additional time was required for the Company to identify suitable candidate and complete the selection, recruitment and nomination procedures.

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 our 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:	*Independent non-executive directors:*
Dr Kwan Pak Hoo Bankee, *BBS, JP*	Mr Leung Ka Kui Johnny
Mr Leung Siu Pong James	Mr Wong Chuk Yan
Mr Kwan Teng Hin Jeffrey	Dr Chan Hak Sin
Mr Cheung Tsz Yui Morton	

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

* *For identification purpose only*