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## CASH FINANCIAL SERVICES GROUP LIMITED

時富金融服務集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock code: 510)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

#### 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 2024 together with the comparative figures for the last corresponding period are as follows:

	Notes	Unaudited Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	(3)		
Fee and commission income		9,394	22,757
Interest income		14,761	14,682
Total revenue		24,155	37,439
Other income		262	7,818
Other gain		8,087	5,593
Salaries and related benefits		(21,715)	(26,884)
Commission expenses		(2,582)	(5,880)
Depreciation		(5,903)	(7,441)
Finance costs		(4,991)	(5,133)
Other operating expenses	(5)	(16,579)	(27,096)
<b>Loss before taxation</b>		<b>(19,266)</b>	<b>(21,584)</b>
Income tax expense	(6)	—	—
<b>Loss for the period</b>		<b>(19,266)</b>	<b>(21,584)</b>

	Note	Unaudited	
		2024	2023
		HK\$'000	HK\$'000
<b>Other comprehensive income for the period</b>		–	44
<b>Total comprehensive expense for the period</b>		<b>(19,266)</b>	<b>(21,540)</b>
<b>Loss attributable to:</b>			
Owners of the Company		<b>(20,096)</b>	(25,946)
Non-controlling interests		<b>830</b>	4,362
		<b>(19,266)</b>	<b>(21,584)</b>
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		<b>(20,096)</b>	(25,902)
Non-controlling interests		<b>830</b>	4,362
		<b>(19,266)</b>	<b>(21,540)</b>
<b>Loss per share attributable to owners of the Company</b>	(7)		
– Basic (HK cents)		<b>(4.66)</b>	(9.19)
– Diluted (HK cents)		<b>(4.66)</b>	(9.19)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2024 HK\$'000	31 December 2023 HK\$'000
<b>Non-current assets</b>			
Property and equipment		16,249	20,547
Intangible assets		4,041	4,041
Club debentures		660	660
Other assets		5,093	4,792
Rental and utility deposits		386	1,320
Financial assets at fair value through other comprehensive income		25,821	25,821
Financial assets at fair value through profit or loss ("FVTPL")		4,691	4,691
		<b>56,941</b>	<b>61,872</b>
<b>Current assets</b>			
Accounts receivable	(8)	87,826	128,766
Contract assets		1,559	2,838
Loans receivable	(9)	5,149	4,288
Prepayments, deposits and other receivables		141,454	134,392
Financial assets at fair value through profit or loss		46,078	36,284
Bank balances – trust and segregated accounts		349,381	346,215
Bank balances (general accounts) and cash		130,742	154,443
		<b>762,189</b>	<b>807,226</b>
<b>Current liabilities</b>			
Accounts payable	(10)	359,084	376,166
Accrued liabilities and other payables		50,164	33,880
Taxation payable		3,000	3,000
Bank borrowings		36,066	80,111
Loan from a related party		56,092	36,060
Amounts due to a fellow subsidiary		55,284	53,772
Provision for restoration		103	103
Financial liabilities arising from consolidated investment funds		122	122
Lease liabilities		8,859	10,221
		<b>568,774</b>	<b>593,435</b>
Net current assets		<b>193,415</b>	<b>213,791</b>
Total assets less current liabilities		<b>250,356</b>	<b>275,663</b>

	Note	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Non-current liabilities			
Deferred tax liabilities		11,111	11,111
Lease liabilities		5,419	7,055
Provision for restoration		1,630	1,630
		<b>18,160</b>	19,796
Net assets		<b>232,196</b>	255,867
Capital and reserves			
Share capital	(11)	17,247	17,247
Reserves		209,448	233,949
Equity attributable to owners of the Company		226,695	251,196
Non-controlling interests		5,501	4,671
Total equity		<b>232,196</b>	255,867

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited  
Six months ended 30 June 2024

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Shares held for Share Award Scheme HK\$'000	Other reserve HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2024	17,247	74,420	-	60,759	117,788	(13,795)	187	(5,410)	251,196	4,671	255,867
Purchase of shares held for the share award scheme adopted on 1 December 2022 ("Share Award Scheme")	-	-	(4,405)	-	-	-	-	-	(4,405)	-	(4,405)
Profit (loss) for the period	-	-	-	-	-	-	-	(20,096)	(20,096)	830	(19,266)
Total comprehensive (expense) income for the period	-	-	(4,405)	-	-	-	-	(20,096)	(24,501)	830	(23,671)
At 30 June 2024	17,247	74,420	(4,405)	60,759	117,788	(13,795)	187	(25,506)	226,695	5,501	232,196

Unaudited  
Six months ended 30 June 2023

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Restated)	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000 (Restated)	Translation reserve HK\$'000 (Restated)	Retained earnings (Accumulated losses) HK\$'000 (Restated)	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2023	10,447	9,325	113,359	117,788	(15,288)	1,083	89,836	326,550	4,917	331,467
Issue new shares	4,800	46,200	(52,600)	-	-	-	-	(1,600)	-	(1,600)
Fair value gain on financial assets at fair value through other comprehensive income	-	-	-	-	1,402	-	-	1,402	-	1,402
Profit (loss) for the period	-	-	-	-	-	-	(25,946)	(25,946)	4,362	(21,584)
Other comprehensive income	-	-	-	-	-	44	-	44	-	44
Total comprehensive (expense) income for the period	4,800	46,200	(52,600)	-	1,402	44	(25,946)	(26,100)	4,362	(21,738)
At 30 June 2023	15,247	55,525	60,759	117,788	(13,886)	1,127	63,890	300,450	9,279	309,729

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	2023
	2024	2023
	HK\$'000	HK\$'000
Net cash from (used in) operating activities	9,967	(44,193)
Net cash from (used in) investing activities	934	(74,941)
Net cash generated from (used in) financing activities	(34,602)	40,096
Net decrease in cash and cash equivalents	(23,701)	(79,038)
Cash and cash equivalents at beginning of period	154,443	247,991
Cash and cash equivalents at end of period	130,742	168,953
Bank balances (general accounts) and cash	130,742	168,953

Notes:

**(1) Basis of preparation**

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

Apart from (2) below, the accounting policies and judgements applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023.

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

**(2) Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
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<i>Fee and commission income</i>		
Broking services	5,015	14,389
Wealth management services	2,026	4,026
Investment management services	1,295	2,592
Handling and other services	1,058	1,750
	<hr/>	
Total	9,394	22,757
	<hr/> <hr/>	
	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
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Interest income arising from financial assets at amortised cost	14,761	14,682
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### (4) Segment information

The Group is principally engaged in the following activities:

- provision of online and traditional brokerage of securities, futures and options as well as general and life insurance, mutual funds and mandatory provident fund products;
- proprietary trading of debt and equity securities and derivatives;
- provision of margin financing and money lending services; and
- provision of investment management services.



## Reportable and operating segment

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

### ***Segment revenue and results***

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

*For the six months ended 30 June 2024*

	<b>Financial services HK\$'000</b>	<b>Investment management HK\$'000</b>	<b>Total HK\$'000</b>
Revenue	<b>22,860</b>	<b>1,295</b>	<b>24,155</b>
RESULT Segment (loss) gain	<b>(22,264)</b>	<b>3,493</b>	<b>(18,771)</b>
Unallocated expense			<b>(495)</b>
Loss before taxation			<b>(19,266)</b>

*For the six months ended 30 June 2023*

	<b>Financial services (Restated) HK\$'000</b>	<b>Investment management (Restated) HK\$'000</b>	<b>Total (Restated) HK\$'000</b>
Revenue	<b>34,847</b>	<b>2,592</b>	<b>37,439</b>
RESULT Segment (loss) gain	<b>(29,621)</b>	<b>8,910</b>	<b>(20,711)</b>
Unallocated expense			<b>(873)</b>
Loss before taxation			<b>(21,584)</b>

All the segment revenue is derived from external customers.

**(5) Other operating expenses**

	Unaudited	
	Six months ended 30 June 2024	2023
	HK\$'000	HK\$'000
Handling expenses:		
– dealing in securities	562	6,632
– dealing in futures and options	164	162
Advertising and promotions expenses	534	2,023
Telecommunications expenses	5,432	5,333
Auditor's remuneration	1,320	1,260
Legal and professional fees	1,534	3,179
Printing and stationery expenses	451	685
Repair and maintenance expenses	577	663
Travelling and transportation expenses	104	169
Water and electricity expenses	279	474
Office management fee and rates	660	1,335
Others	4,962	5,181
	<b>16,579</b>	<b>27,096</b>

**(6) Income tax expense**

	Unaudited	
	Six months ended 30 June 2024	2023
	HK\$'000	HK\$'000
Current tax:		
– Hong Kong	–	–
– PRC	–	–
Deferred tax	–	–

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

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 (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

The calculation of basic and diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2024 are based on the following data:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss</b>		
Loss for the purposes of basic and diluted loss per share	<b>(20,096)</b>	<b>(25,946)</b>
	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>431,174,779</b>	<b>282,390,249</b>

For the six months ended 30 June 2024 and 2023, the computation of diluted loss per share has not taken into account the effects of share options which are anti-dilutive.

**(8) Accounts receivable**

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Accounts receivables arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	<b>13,994</b>	34,599
Cash clients	<b>7,556</b>	2,579
	<b>21,550</b>	37,178
Accounts receivables arising from the business of margin financing:	<b>106,353</b>	127,276
Less: allowance for impairment	<b>(54,739)</b>	(54,739)
	<b>51,614</b>	72,537
Accounts receivables arising from the business of dealing in futures and options:		
Cash clients	<b>184</b>	184
Clearing houses, brokers and dealers	<b>14,478</b>	18,867
	<b>14,662</b>	19,051
	<b>87,826</b>	128,766

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

The Group offsets certain accounts 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.

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.

(9) Loans receivable

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Revolving loans receivables denominated in:		
Hong Kong dollars	6,212	5,351
United State dollars	367	367
Less: allowance for impairment	<u>(1,430)</u>	<u>(1,430)</u>
	<b><u>5,149</u></b>	<b><u>4,288</u></b>

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

Loans receivable included an amount due from a related party bearing interest at HIBOR plus a spread which is similar to the rate offered to other clients. Details of which were as follows:

<b>Name</b>	<b>Balance at 1 January 2024 HK\$'000</b>	<b>Maximum amount outstanding during the period HK\$'000</b>	<b>Balance at 30 June 2024 HK\$'000</b>
Mr Cheung Tsz Yui Morton	312	1,038	<u>1,038</u>

**(10) Accounts payable**

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Accounts payables arising from the business of dealing in securities:		
Clearing houses and brokers	<b>10,837</b>	–
Cash clients	<b>265,738</b>	277,002
Margin clients	<b>54,568</b>	66,830
Accounts payables to clients arising from the business of dealing in futures and options	<b>27,422</b>	31,815
Accounts payables to independent financial advisors arising from the business of wealth management services	<b>519</b>	519
	<b>359,084</b>	376,166

The settlement terms of accounts payable from the business of dealing in securities are two days after trade date, and accounts payable arising from the business of dealing in futures and options contracts are one day after trade date. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

Accounts payable to clients arising from the business of dealing in futures and options are margin deposits received from clients for their trading of these contracts. The required margin deposits are repayable upon the closure of the corresponding futures and options position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand.

Accounts payable to independent financial advisors arising from business of wealth management services are generally settled within 30 days upon receipt of payments from product issuers/clients.

Except for the accounts payable 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.

Accounts payable amounting to HK\$349,381,000 (2023: HK\$346,215,000) 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.

**(11) Share capital**

	<b>Number of shares of HK\$0.04 per share '000</b>	<b>Amount HK\$'000</b>
Ordinary shares		
Authorised:		
At 1 January 2024 and 30 June 2024	750,000	30,000
Issued and fully paid:		
At 1 January 2024 and 30 June 2024	431,175	17,247

**(12) Related party transactions**

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

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	Notes	HK\$'000	HK\$'000
Commission and interest income from Cashflow Credit Limited	(a)	–	17
Commission income and interest income received from the following directors of the Company:			
Dr Kwan Pak Hoo Bankee		4	–
Mr Kwan Teng Hin Jeffrey		–	–
Mr Cheung Tsz Yui Morton	(b)	24	–
Mr Law Hin Ong Trevor	(c)	3	20
Mr Cheung Wai Lim William	(d)	–	7
		<b>31</b>	<b>27</b>
Interest expense to a related party		<b>2,004</b>	2,166

Notes:

- (a) Cashflow Credit Limited is a subsidiary of Celestial Asia Securities Holdings Limited (“CASH”), the holding company of the Company.
- (b) Mr Cheung Tsz Yui Morton was appointed as director of the Company during the period ended 30 June 2024.
- (c) Mr Law Hin Ong Trevor resigned as director of the Company during the period ended 30 June 2024.
- (d) Mr Cheung Wai Lim William resigned as director of the Company during the period ended 30 June 2023.

### **(13) Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the bank borrowings, loan from a related party and lease liabilities, and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the issue of new shares and share options as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the period.

Certain group entities are regulated by the Hong Kong Securities and Futures Commission and are required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group's regulated entities are subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management closely monitors, on a daily basis, the liquid capital level of these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by the SF(FR)R throughout both periods.



## **DIVIDEND**

The Board does not recommend the payment of any dividend for the six months ended 30 June 2024 (2023: nil).

## **REVIEW AND OUTLOOK**

### **Financial Review**

For the six months ended 30 June 2024, the Group recorded revenue of approximately HK\$24.2 million, representing a decrease of 35.3% compared with HK\$37.4 million for the corresponding period in last year. The Group's main revenue is comprised of approximately HK\$5.0 million in broking income (1H 2023: HK\$14.4 million), HK\$2.0 million in provision of wealth management services (1H 2023: HK\$4.0 million), HK\$1.3 million in asset management income (1H 2023: HK\$2.6 million), HK\$1.1 million in handling and other services income (1H 2023: HK\$1.8 million) and HK\$14.8 million in interest income (1H 2023: HK\$14.7 million).

The average daily turnover of Hong Kong securities market during the first half of 2024 witnessed a 4.4% decline compared to the same period prior year (1H 2024: HK\$110.4 billion; 1H 2023: HK\$115.5 billion), the Group's broking income decreased from HK\$14.4 million in 1H 2023 to HK\$5 million in 1H 2024.

The Group's income from provision of wealth management services decreased from HK\$4.0 million in 1H 2023 to HK\$2.0 million in 1H 2024. Amidst this, the Group has been expanding its wealth management and family office footprint within the Greater Bay Area ("GBA") as well as other major cities in the PRC. A new CEO has been appointed to helm the wealth management business, alongside the strategic acquisition of top talents from premier wealth management firms within the PRC. The Group strategically targeted seizing the substantial market opportunities and addressing the growing demand for wealth management services in the region. The Group starts to further extend its reach to additional cities in the PRC, moving beyond the GBA. We remain optimistic about the robustness of our wealth management operations in generating revenue, and foresee an uptick in their contribution to the Group's total revenue in the second half of 2024.

The general shrinkage of various asset classes across the board led to a material impact on our asset management revenue resulting in a decrement of approximately 50% or HK\$1.3 million (1H 2024: HK\$1.3 million; 1H 2023: HK\$2.6 million). The decline of approximately 38.9% in handling and other services income (1H 2024: HK\$1.1 million; 1H 2023: HK\$1.8 million) was mainly due to less corporate action fees, scrip fees, and arrangement fees received during the period.

Interest income slightly increased by approximately 0.7% (1H 2024: HK\$14.8 million; 1H 2023: HK\$14.7 million), which mainly resulted from the prevailing high market interest rates. Taking advantage of the favourable deposit rates resulting from the current surge in the interest rates, the Group actively utilised its idle cash by investing in term deposits during the first half of 2024. Consequently, the Group recorded deposit interest income of approximately HK\$6.8 million (1H 2023: HK\$4.3 million) during the period. On the other hand, salaries and related benefits decreased by 19.3% or HK\$21.7 million (1H 2023: HK\$26.9 million;). Such decrease was mainly due to our Group's ongoing cost rationalisation programme which included streamlining our workforce through improving operational workflow and processes. Overall, the Group recorded a net loss of approximately HK\$19.3 million during the period as compared to a net loss of approximately HK\$21.6 million in 1H 2023.

### ***Impairment Allowances***

Impairment allowance consisted of provision for credit losses on accounts receivables arising from margin financing and loans receivables, the Group performs impairment assessment on these financial assets under the impairment framework and methodology of expected credit loss model established by the Group in accordance with HKFRS 9 “Financial instruments”. To minimise the credit risk on accounts receivables arising from margin financing and loans receivables, the Credit and Risk Management Committee is responsible for reviewing credit and risk management policies, approving credit limits and to determining any debt recovery actions on delinquent receivables. The assessment is based on close monitoring, evaluation of collectability and on management’s judgement, including but not limited to ageing analysis of receivables, the current creditworthiness, account executives concentration analysis, collateral distribution and concentration analysis and the past collection history of each client, and consideration of forward looking factors. In this regard, the directors of the Company consider that the Group’s credit risk is maintained at an acceptable level.

### ***Liquidity and Financial Resources***

The Group’s total equity amounted to HK\$232.2 million as at 30 June 2024 compared to HK\$255.9 million as at 31 December 2023. The decrease in the total equity was mainly due to the net effect of the reported loss during the period. As at 30 June 2024, the Group had total outstanding borrowings of approximately HK\$92.2 million, of which approximately HK\$36.1 million were solely bank loans collateralised by clients’ pledged securities to the Group and HK\$56.1 million unsecured loan from a related party. All of the Group’s borrowings were denominated in Hong Kong dollars. They were variable-rate borrowings and carried interest with reference to HIBOR or Hong Kong Prime Rate. As at 30 June 2024, the Group’s cash and bank balances including trust and segregated accounts decreased to HK\$480.1 million from HK\$500.7 million as at 31 December 2023. The decline was mainly due to operating loss during the period. The Group derives its revenue and maintains bank balances in its house accounts mainly in Hong Kong dollars. Bank balances in its house accounts amounting to HK\$113.6 million and HK\$17.1 million at 30 June 2024 were denominated in Hong Kong dollars and other foreign currencies (mainly Renminbi and US dollar) respectively, whereas the bank balances in the trust and segregated accounts were denominated in the same currencies as those of the outstanding balances in the corresponding accounts payable. The liquidity ratio as at 30 June 2024 remained comparable to 31 December 2023 which slightly declined to 1.34 times from 1.36 times. The gearing ratio as at 30 June 2024, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, decreased to 39.7% from 45.4% as at 31 December 2023. On the other hand, the Group have no material contingent liabilities at the end of the period. The Group’s treasury policies are to secure healthy liquidity for running its operations smoothly and to maintain a sound financial position at all times throughout the period. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers’ investment need while making sure all relevant financial regulations have been fully complied with.

### ***Foreign Exchange Risks***

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

### ***Material Acquisitions and Disposals***

The Group did not make any material acquisitions or disposals during the period.

### ***Fund Raising Activities***

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

### *Capital Commitments*

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

### *Material Investments*

As at 30 June 2024, the market value of portfolio of investments held for trading amounted to approximately HK\$50.8 million. A net gain on investments held for trading of HK\$8.1 million was recorded for the period.

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

### **Financial and Operational Highlights**

#### *Revenue*

(HK\$'m)	Unaudited Six months ended 30 June		% change
	2024	2023 (Restated)	
Broking services	5.0	14.4	(65.3%)
Wealth management services	2.0	4.0	(50.0%)
Investment management services	1.3	2.6	(50.0%)
Handling and other services	1.1	1.7	(35.3%)
Interest income	14.8	14.7	0.7%
Group total	24.2	37.4	(35.3%)

#### *Key Financial Metrics*

	Unaudited Six months ended 30 June		% change
	2024	2023 (Restated)	
<b>The Group</b>			
Net loss attributable to owners of the Company (HK\$'m)	(20.1)	(25.9)	22.4%
Loss per share (HK cents)	(4.66)	(9.19)	49.3%
Total assets (HK\$'m)	819.1	1,014.7	(19.3%)
Bank balances and cash (HK\$'m)	130.7	169.0	(22.7%)
Bank borrowings (HK\$'m)	36.1	80.1	(54.9%)
<b>Financial services</b>			
Annualised average fee income from broking per active client (HK\$'000)	0.5	1.4	(64.3%)
<b>Investment management</b>			
Net gain on financial assets at FVTPL (HK\$'m)	7.1	12.7	(44.1%)

## **Industry and Business Review**

### ***Financial Services Business – CFSG***

#### *Economic and Industry Review*

During the first half of 2024, most major equity markets recorded considerable gains. In particular, buoyant market sentiment surrounding the prospect of interest rate cuts, underpinned by moderating inflationary pressures in the world's major economies, has driven the leading equity indices to new highs. The Hong Kong equity market has likewise posted modest gains during this period.

Sentiment of Hong Kong retail investors remained subdued during the period. After a decline of 15% in 2023, the Hang Seng Index (HSI) in the first half of 2024 oscillated within a comparatively narrow range, most of the time fluctuating between 15,000 and 17,000 points, with the market evincing a distinct lack of a clear upward or downward trajectory. Average daily turnover during the period was HK\$110.4 billion, versus a \$115.5 billion during the same period last year.

#### *Business Review*

During the period, we continued to develop our wealth management and family office businesses while pursuing a stringent cost leadership approach.

The disruptive power of generative AI extends to wealth management, insurance, and payments, transforming customer engagement, transaction processing, and fraud detection. During the period, we continued our transformation efforts to digitalise and automate our work processes with the assistance of generative AI and other technologies.

We have pressed on with the development of our product range. Our bespoke products have consistently been the priority choices of our wealth management and family office clients. During the period, the CASH Prime Value Equity OFC Public Fund (Bloomberg Ticker: CPVEQOI HK) continued to outperform both Hong Kong and mainland stock indices and other peer Hong Kong equity funds.

We remain committed to cultivating robust client relationships through proactive communication. By arranging a mix of offline and online client activities, we actively engage our clients, ensuring efficient and continuous communication and cultivating a constructive and lasting partnership.

Throughout the year, we persisted in hosting a diverse array of investment seminars that enabled our clients to engage with our financial analysts and expert partners. These seminars provided our clients with the insights and resources essential to address their wealth management requirements in the swiftly changing landscape of information and digital advancements.

In addition to seminar, various other networking events were also held, including workshops and visits to third party institutes, such as medical centres. These activities offer face-to-face opportunities for us to remain in close touch and interactions with our clients.

To connect with our clients in other parts of the world and to maintain an active and high-profile presence in the market, we augmented the use of content marketing during the period. We have generated more than double the number of social media posts, the majority of which have been informational videos about various wealth management products, migration, and other financial information.

Developing deep, lasting relationships is critical when working with family office clients. Unlike traditional wealth management clients, family offices client require a more personalised, high-touch approach. We therefore launched the Éclat Circle, a high-end private membership club catered specifically for our family office clients. The club aims to create a trusted environment that is exclusive for members to network and share their business insights and life experiences. The club also offers a discreet, members-only environment that allows them to socialise and build lasting connections across multiple generations.

During the period, in addition to our traditional Greater Bay Area focus, we started to expand the reach of our family office business to various parts of China, including Yangtze River Delta, Southwestern, and Northeastern regions.

During the period, the Group has actively sponsored and recruited volunteers to form a corporate team for the “Cycle for Millions” event organised by Pok Oi Hospital. This initiative not only supports the Hospital’s development, but also promotes cycling – a sustainable lifestyle – and raises health awareness throughout Hong Kong. As a “Total Caring” organisation, we have also assembled a team of volunteers to participate in a flag-selling activity organised by Against Child Abuse, a charitable organisation dedicated to child protection. The event aims to raise funds for Against Child Abuse and enhance awareness of child protection issues across Hong Kong.

Committed to environmental protection and social contribution, the Group collaborates with Food Angel to prepare essential food aid for the underprivileged while reducing food waste. We have also participated in the World Wide Fund’s Earth Hour by switching off non-essential lights in order to raise public awareness about environmental protection and climate change. Additionally, the Group has engaged in the Lai See Reuse and Recycle Programme organised by Greeners Action, a campaign designed to encourage individuals to protect the environment while enjoying the New Year tradition.

### *Outlook*

Looking ahead to the latter half of 2024, factors such as the prospective policy rate trajectories, geopolitical tensions, and the global growth outlook will continue to pose uncertainties to the investment environment. Whilst the market generally anticipates that the rate cut cycle in the United States will commence in the fourth quarter of 2024, recent economic data have been decidedly mixed; the precise timing and pace of the Federal Reserve’s rate cuts thus remains opaque.

Locally, the economic growth in Hong Kong, Mainland China and in the Southeast Asian countries will continue to support the Hong Kong financial market. On the other hand, influx of new migrants will continue to provide fresh client sources to the wealth management sector.

In light of the changing financial market landscape, CFSG is proactively evaluating the consolidation of its brokerage operations into value-added service offerings, while simultaneously transforming itself into a dedicated wealth management specialist. By leveraging the opportunities presented by the expanded Wealth Management Connect (WMC) Scheme, we aim to cater to the diverse investment requirements of our clients in China, with a particular focus in the Greater Bay Area (GBA).

## *Algo Trading Business – CAFG*

### *Industry and Economic Review*

Global economic growth was generally in line with the initial projection of 3.2%; mature economies like the US, the Euro area, and the UK saw a slowdown in growth while India and China continued to keep their pace. Against this backdrop, the general commodity prices fell by 3% in Q1, driven by low energy prices caused by oversupply alongside stable agriculture prices, except for cocoa, to favorable supply conditions. The oil prices exhibited significant volatility, responding to escalating tensions in the Middle East and a tighter supply outlook than anticipated. As for the equity market, there was a notable outperformance by the Hong Kong stocks compared to Mainland China's, which lagged significantly due to the strong rebound of large-cap China tech, healthcare, property, and insurance stocks in Q2 and the trade tension depressing the Chinese economy. The cryptocurrency movement in the first half 2024 was primarily driven by Bitcoin halving and the US approval of Bitcoin spot exchange-traded funds (ETFs). With US regulators' landmark approval of spot ETFs in January and its growing popularity as legal tender in some countries, Bitcoin climbed to a record high of USD73,777 in March— a massive spike in institutional money entering the space, anticipating a more favorable regulatory environment.

### *Business Review and Outlook*

On the business front, our strategic planning and positioning of the asset management business over the past few years have started to yield results in 2024. We now manage one commodities futures fund and advise an equity portfolio and a CTA fund, which recorded respectable gains in the first half of 2024.

Our launch of the arbitrage portfolio CASH Multi Strategy Fund OFC in December last year, a crucial part of our long-term growth strategy, has had a good start. The Fund has seen a double-digit increase of 12.5% in the first half of 2024. This portfolio has demonstrated its value with its market-neutral positions and ability to capitalise on opportunities across different markets. With a high win ratio and nearly a decade of successful track records, it remains an attractive investment for professional investors.

As a quant-focused research team, CASH Algo provides investment advice to CASH Prime Value Equity Fund, a public OFC fund launched in August 2022. The Fund outperformed the Hong Kong Composite Index, gaining 10.3% in the first half of 2024. Its emphasis on mid-to-long-term capital appreciation through quantitative and fundamental investment approaches has been crucial. According to Morningstar's Hong Kong equity ranking, the Fund has consistently outperformed its peers since its inception.

Thanks to the volatility in the metals market, the CTA Fund trading momentum and reversion strategies gained 11.6% in the first half year, outperforming its peers after two years of slow market. The general investment sentiment in the CTA Funds remained weak, challenging raising funds from new investors. Those who top-up their investments in our Fund appreciate the benefit of a low correlation between our Fund and the general CTA performance. They continued to trust our ability to safeguard their wealth, recognising the benefits of a commodity fund that complements their overall asset allocation.

The proprietary portfolio, including futures and equities, achieved its target return during the first half as hot money chased after precious metals to combat inflations. The increased transaction volume and volatility yield more trading opportunities for the models. The proprietary portfolio will continue contributing trading income to the Group and serve as a testing ground for trading ideas for the fund management portfolios.

We are strategically positioning CAFG as a leading Quant Fund Manager within the FinTech sector. In addition to effectively managing our existing commodities and equity portfolio, we are expanding our fund management capabilities to encompass exchange-listed cryptocurrencies strategically poised to seize emerging trends. Utilising the OFC fund structure strengthens our existing strategies and empowers us to launch additional fund products, fostering sustained growth and success.

Our strategic roadmap for 2024 is designed to align with our sales targets with a dedicated sales force to organise fund promotion and distribution. We also harness cutting-edge technologies such as generative AI to advance our product offerings and fortify our risk management processes. With these measures in place, we are confident that CAFG is well-positioned to thrive in the competitive fund management landscape.

## **EMPLOYEE INFORMATION**

As at 30 June 2024, the Group had 103 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees for the period under review was HK\$21.7 million.

### *Benefits*

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

### *Training*

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as products knowledge, operational techniques, risk and compliance, customer service, selling techniques, graduate development and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the Securities and Futures Ordinance (“SFO”), to attend the requisite training courses to fulfil/comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group’s history and strategy, corporate culture, quality management measures, rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee’s concerns; and by removing any potential barriers for job effectiveness and continuous learning.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2024, 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

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

Name	Capacity	Personal (Number of shares)	Corporate Interest (Number of shares)	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	22,464,000	277,989,563*	69.68
Kwan Teng Hin Jeffrey	Beneficial owner	2,472,000	–	0.57
		<u>24,936,000</u>	<u>277,989,563</u>	<u>70.25</u>

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

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

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

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

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



Save as disclosed above, as at 30 June 2024, none of the directors, chief executive or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## SHARE OPTION SCHEME

The share option scheme of the Company (“Share Option Scheme”) was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 8 June 2018. The Share Option Scheme was adopted before the new Chapter 17 of the Listing Rules effective on 1 January 2023. The Company will comply with the new Chapter 17 of the Listing Rules in accordance with the transitional arrangements for the Share Option Scheme.

Details of the movement in the share options to subscribe for shares in the Company granted to participants under the Share Option Scheme during the six months ended 30 June 2024 are set out below:

Participants	Date of grant	Exercise period	Exercise price per share (HK\$)	Notes	Number of options		
					Outstanding as at 1 January 2024	Lapsed during the period (Note (6))	Outstanding as at 30 June 2024
<b>Directors</b>	29/07/2021	01/08/2021 – 31/07/2025	0.572	(1),(3)	300,000	(300,000)	–
<b>Other Employee Participants</b> (Note (4))	29/07/2021	01/08/2021 – 31/07/2025	0.572	(1),(2),(3)	450,000	–	450,000
<b>Related Entity Participants</b> (Note (5))	29/07/2021	01/08/2021 – 31/07/2025	0.572	(1),(2),(3)	750,000	–	750,000
					<b>1,500,000</b>	<b>(300,000)</b>	<b>1,200,000</b>

### Notes:

- (1) 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.
- (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 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) Other Employee Participants include employees of the Company and its subsidiaries.
- (5) Related Entity Participants include directors and employees of holding companies, fellow subsidiaries or associated companies of the Company.

- (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 available for issue under the Share Option Scheme is 27,317,477, representing approximately 6.34% of the issued shares as at the date of this announcement.
- (9) The number of options available for grant under the mandate of the Share Option Scheme as at 1 January 2024 and 30 June 2024 were 26,117,477.

## SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 1 December 2022. During the period ended 30 June 2024, 18,282,000 shares of the Company were acquired by the trustee. As at 30 June 2024, the trustee held a total of 18,282,000 shares of the Company. As at 1 January 2024 and 30 June 2024, the total number of shares available for grant under the Share Award Scheme was 26,117,477 shares.

No share awards has been granted under the Share Award Scheme during the period from the date of adoption to the period ended 30 June 2024.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, so far as is known to the directors and chief executive of the Company, the persons/companies (other than a director or chief executive of the Company) who had, or were deemed or taken to have an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	Capacity	Number of shares	Shareholding (%)
Hobart Assets Limited (Note)	Interest in a controlled corporation	277,989,563	64.47
Cash Guardian Limited (Note)	Interest in a controlled corporation	277,989,563	64.47
CASH (Note)	Interest in a controlled corporation	277,989,563	64.47
Praise Joy Limited (Note)	Interest in a controlled corporation	277,989,563	64.47
CIGL (Note)	Beneficial owner	277,989,563	64.47

Notes: This refers to the same number of 277,989,563 shares held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the holding company of the Company)). CASH was owned as to a total of approximately 49.79% by Dr Kwan, being approximately 49.05% by Cash Guardian Limited (a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan) and approximately 0.74% by Dr Kwan in his personal name. Pursuant to the SFO, Dr Kwan, Hobart Assets Limited and Cash Guardian Limited were deemed to be interested in all the shares held by CIGL through CASH. The above interest has already been disclosed as corporate interest of Dr Kwan in the section headed "Directors' interests in securities" above.

Save as disclosed above, as at 30 June 2024, the directors and chief executive of the Company were not aware of any other parties or corporation (other than a director or chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

## **CORPORATE GOVERNANCE**

The Directors of the Company have adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (“CG Code”) as set out in Part 2 of Appendix C1 to the Listing Rules. During the accounting period from 1 January 2024 to 30 June 2024, the Company has complied with all the code provisions of the CG Code, except for the following deviations:

- (1) Pursuant to code provision C.2.1, the role of chairman and chief executive should be separate and should not be performed by the same individual. Dr Kwan, the Chairman and executive director of the board also acted as CEO of the Company during the underlying period. 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) Pursuant to code provision C.1.6, generally independent non-executive directors and other non-executive directors should also attend general meetings. Mr Cheng Shu Shing Raymond, independent non-executive director of the Company, did not attend the annual general meeting of the Company as he had other engagement.

We will periodically review and improve our corporate governance practices with reference to the latest corporate governance developments.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix C3 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.

## **CHANGE IN DIRECTOR’S INFORMATION**

Dr Chan Ho Wah Terence, an independent non-executive director of the Company, has been appointed as an independent non-executive director of Shanghai Industrial Urban Development Group Limited (stock code: 563) with effect from 15 July 2024.

Save as disclosed above, there is no other change to the director’s information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **REVIEW OF RESULTS**

The Group’s unaudited consolidated results for the six months ended 30 June 2024 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 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board  
**Bankee P. Kwan**  
*Chairman and Chief Executive Officer*

Hong Kong, 23 August 2024

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

*Executive directors:*

Dr Kwan Pak Hoo Bankee, *BBS, JP*  
Mr Kwan Teng Hin Jeffrey  
Mr Cheung Tsz Yui Morton  
Ms Wong Sze Kai Angela  
Mr Lai Wai Kwong Daryl

*Independent non-executive directors:*

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

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

\* *For identification purpose only*