CASH 時富

Celestial Asia Securities Holdings Limited

(Stock Code: 1049)

Shaping Our Future • Empowering Vision

Interim Results 2015

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

		Unaudited	
		Six months ended 30 June	
		2015	2014
	Notes	**HK$'000**	HK$'000
Revenue	(3)	**782,551**	637,348
Other income		**5,223**	7,451
Cost of inventories and services		**(358,081)**	(315,399)
Net gains on investments held for trading		**105,747**	30,108
Gain on partial disposal of available-for-sale financial assets		**14,381**	—
Salaries, allowances and commission		**(234,796)**	(146,995)
Other operating, administrative and selling expenses		**(250,702)**	(212,421)
Depreciation of property and equipment		**(17,700)**	(15,577)
Finance costs		**(9,426)**	(11,771)
Fair value change on investment properties		**—**	34,974
Gain of disposal of property		**—**	18,002
Share of results of an associate		**95**	60,463
Profit before taxation		**37,292**	86,183
Income tax expense	(5)	**(5,119)**	(10,604)
Profit for the period		**32,173**	75,579
Other comprehensive (expense) income for the period, net of income tax			
Exchange difference on translation of foreign operations		**(216)**	(1,496)
Total other comprehensive expense for the period		**(216)**	(1,496)
Total comprehensive income for the period		**31,957**	74,083

		Unaudited	
		Six months ended 30 June	
		2015	2014
	Note	HK$'000	HK$'000
Profit for the period attributable to:			
Owners of the Company		12,500	19,786
Non-controlling interests		19,673	55,793
		32,173	75,579
Total comprehensive income for the period attributable to:			
Owners of the Company		12,305	19,680
Non-controlling interests		19,652	54,403
		31,957	74,083
Profit per share	(6)		
— Basic (HK cents)		2.3	3.6
— Diluted (HK cents)		2.2	3.6

Condensed Consolidated Statement of Financial Position

	Note	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Non-current assets			
Property and equipment		79,203	74,486
Investment properties		213,666	213,666
Goodwill		60,049	60,049
Intangible assets		53,212	53,212
Interest in an associate		1,434	1,434
Available-for-sale financial assets		8,412	21,031
Rental and utilities deposits		21,099	44,160
Other assets		—	4,792
Deferred tax assets		6,206	6,200
		443,281	479,030
Current assets			
Inventories — finished goods held for sale		62,972	56,396
Accounts receivable	(7)	1,169,795	707,859
Loans receivable		10,906	44,442
Other assets		—	7,317
Prepayments, deposits and other receivables		108,979	40,662
Tax recoverable		1,111	1,111
Investments held for trading		1,284	44,545
Bank deposits subject to conditions		44,000	64,155
Bank balances — trust and segregated accounts		950,842	792,117
Bank balances (general accounts) and cash		396,051	300,299
		2,745,940	2,058,903

	Notes	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Current liabilities			
Accounts payable	(8)	1,598,996	1,287,188
Financial liabilities at fair value through profit or loss		—	1,055
Accrued liabilities and other payables		166,142	100,752
Taxation payable		21,778	16,493
Obligations under finance leases — amount due within one year		169	—
Borrowings — amount due within one year		550,890	334,868
		2,337,975	1,740,356
Net current assets		407,965	318,547
Total assets less current liabilities		851,246	797,577
Capital and reserves			
Share capital	(10)	55,415	55,415
Reserves		322,713	311,211
Equity attributable to owners of the Company		378,128	366,626
Non-controlling interests		351,641	324,926
Total equity		729,769	691,552
Non-current liabilities			
Deferred tax liabilities		15,617	14,509
Borrowings — amount due after one year		104,654	91,516
Obligations under finance leases — amount due after one year		1,206	—
		121,477	106,025
		851,246	797,577

Condensed Consolidated Statement of Changes in Equity

Unaudited
Six months ended 30 June 2015

	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	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2015	**55,415**	**510,677**	**88,926**	**1,160**	**59,110**	**12,390**	**3,604**	**11,164**	**(375,820)**	**366,626**	**324,926**	**691,552**
Profit for the period	—	—	—	—	—	—	—	—	12,500	12,500	19,673	32,173
Recognition of equity-settled share-based payments	—	—	—	—	—	—	427	—	—	427	—	427
Exchange differences arising on translation of foreign operations	—	—	—	—	—	(195)	—	—	—	(195)	(21)	(216)
Total comprehensive income (expense) for the period	55,415	510,677	88,926	1,160	59,110	12,195	4,031	11,164	(363,320)	379,358	344,578	723,936
Distribution of non-controlling interests of CASH Financial Services Group Limited ("CFSG")	—	—	—	—	(1,230)	—	—	—	—	(1,230)	7,063	5,833
At 30 June 2015	**55,415**	**510,677**	**88,926**	**1,160**	**57,880**	**12,195**	**4,031**	**11,164**	**(363,320)**	**378,128**	**351,641**	**729,769**

	Unaudited Six months ended 30 June 2014										
	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	Revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	55,415	510,677	88,926	1,160	55,339	13,437	11,164	(378,860)	357,258	307,558	664,816
Profit for the period	—	—	—	—	—	—	—	19,786	19,786	55,793	75,579
Exchange differences arising on translation of foreign operations	—	—	—	—	—	(106)	—	—	(106)	(1,390)	(1,496)
Total comprehensive expense for the period	—	—	—	—	—	(106)	—	—	(106)	(1,390)	(1,496)
Realised upon distributions from an associate	—	—	—	—	—	(12,147)	—	12,147	—	—	—
Distribution of non-controlling interests of CFSG	—	—	—	—	—	—	—	—	—	(51,314)	(51,314)
At 30 June 2014	55,415	510,677	88,926	1,160	55,339	1,184	11,164	(346,927)	376,938	310,647	687,585

Condensed Consolidated Statement of Cash Flows

	Unaudited Six months ended 30 June 2015 HK$'000	2014 HK$'000
Net cash used in operating activities	**(311,579)**	(164,006)
Net cash generated from investing activities	**36,791**	33,434
Net cash generated from financing activities	**369,910**	135,742
Net increase in cash and cash equivalents	**95,122**	5,170
Cash and cash equivalents at beginning of period	**300,929**	279,450
Cash and cash equivalents at end of period	**396,051**	284,620
Bank balances and cash	**396,051**	284,620

Notes:

(1) Basis of preparation

The unaudited condensed consolidated results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting 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 of Hong Kong Limited ("Stock Exchange") ("Listing Rules") and by the Hong Kong Companies Ordinance.

(2) Significant accounting policies

Except for the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA, which are mandatory for the accounting periods beginning on or after 1 January 2015, the accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 31 December 2014.

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

The directors of the Company consider that the adoption of these new and revised HKFRSs has had no material effect on the amounts reported and/or disclosures set out in the Group's unaudited condensed consolidated financial statements.

(3) Revenue

An analysis of the Group's revenue for the period is as follows:

	Unaudited Six months ended 30 June 2015 HK$'000	 2014 HK$'000
Fee and commission income	**148,178**	86,535
Sales of furniture and household goods and electrical appliances, net of discounts and returns	**634,007**	549,958
Online game subscription income and licensing income	**366**	855
	782,551	637,348

(4) Business and geographical segments

Business segments

Information reported to the Executive Directors of the Company, being the chief operating decision maker, 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:

Financial services	Broking, financing, corporate finance services and securities trading
Retailing	Sales of furniture and household goods and electrical appliances
Online game services	Provision of online game services, sales of online game auxiliary products and licensing services

Segment revenue and results

For the six months ended 30 June 2015

	Financial services HK$'000	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
Reportable segment revenue				
From external customers	148,178	634,007	366	782,551
Reportable segment profit (loss)	34,248	9,813	(321)	43,740
Net gains on investments held for trading				3,312
Unallocated corporate expenses				(9,280)
Share of results of an associate				95
Finance costs				(575)
Profit before taxation				37,292

For the six months ended 30 June 2014 (Restated)

	Financial services HK$'000	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
Reportable segment revenue				
From external customers	86,535	549,958	855	637,348
Reportable segment profit (loss)	31,079	(1,002)	(725)	29,352
Net gains on investments held for trading				366
Unallocated corporate expenses				(3,919)
Share of results of an associate				60,463
Finance costs				(79)
Profit before taxation				86,183

Segment result represents the profit before taxation earned or loss incurred by each segment without allocation of share of results of an associate. This is the measure reported to the Executive Directors 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

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

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

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

No deferred tax asset arising from tax losses brought forward has been recognised in the financial statements due to the uncertainty of future profit streams against which the asset can be utilised.

(6) **Profit per share**

The calculation of the basic and diluted profit per share attributable to the owners of the Company for the six months ended 30 June 2015 together with the comparative figures for the prior period are based on the following data:

	Unaudited Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Profit for the purpose of basic and diluted profit per share	**12,500**	19,786

	Unaudited Six months ended 30 June	
	2015	2014
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic profit per share	**554,148**	554,148
Effect of dilutive potential ordinary shares:		
Share options	**9,897**	—
Weight average number of ordinary shares for the purpose of diluted profit per share	**564,045**	554,148

For the period ended 30 June 2014, the computation of diluted profit per share has not taken into account the effects of share options as it would result in profit per share.

(7) Accounts receivable

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Accounts receivable arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	72,914	84,844
Cash clients	162,260	57,949
Margin clients	428,039	283,423
IPO subscription	78,507	—
Accounts receivable arising from the business of dealing in futures and options:		
Clients	214	139
Clearing houses, brokers and dealers	423,992	274,998
Commission receivable from brokerage of mutual funds and insurance-linked investment products	1,599	4,697
Accounts receivable arising from the business of provision of corporate finance services	2,153	390
Accounts receivable arising from the business of provision of online game services	117	205
Accounts receivable arising from the business of retailing	—	1,214
	1,169,795	707,859

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

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

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

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

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

Loans to margin clients are secured by clients' pledged securities which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The Group is able to use client's pledged securities up to the amount of 140% of the loans to margin clients as collateral of the Group's borrowing (with client's consent). The loans are repayable on demand and bear interest at commercial rates. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of share margin financing.

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

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

Notes:

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

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

(c) Cash Guardian Limited is solely owned and controlled by Mr Kwan Pak Hoo Bankee, who is the director of the Company and CFSG.

(d) Mr Ng Kung Chit Raymond was appointed as an executive director of CFSG on 1 May 2014.

(e) Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna were deemed connected persons of the Company. In the annual general meeting of CFSG held in 2014, they have individually granted margin financing arrangement from CFSG.

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

(8) Accounts payable

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Accounts payable arising from the business of dealing in securities:		
Clearing houses	**117,470**	34,418
Cash clients	**731,680**	640,349
Margin clients	**195,547**	140,309
Accounts payable to clients arising from the business of dealing in futures and options	**385,696**	293,230
Trade creditors arising from retailing business	**168,184**	178,463
Accounts payable arising from the online game services	**419**	419
	1,598,996	1,287,188

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

Accounts payable to clients arising from the business of dealing in futures and options are margin deposits received from clients for their trading of these contracts. The required margin deposits are repayable upon the closure of the corresponding futures and options and leveraged foreign contracts position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

At 30 June 2015, the accounts payable amounting to HK$950,842,000 (31 December 2014: HK$792,117,000) were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

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

The following is an ageing analysis (from trade date) of trade creditors arising from retailing business at reporting date:

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
0–30 days	**88,454**	68,983
31–60 days	**18,963**	45,529
61–90 days	**44,348**	38,604
Over 90 days	**16,419**	25,347
	168,184	178,463

The accounts payable arising from online game services are aged within 30 days (from trade date).

(9) 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 borrowings and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the period.

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

Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable and payable, deposits and other receivables, investments in equity securities, bank balances and deposits, loan to an associate, loan receivable, loan from a non-controlling shareholder of a subsidiary, accrued liabilities and other payables and borrowings. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Equity price risk

The Group has a portfolio of held-for-trading investments in equity securities and financial liabilities which are carried at fair value and expose the Group to price risk. The directors of the Company manage the exposure by closely monitoring the portfolio of equity securities and imposing trading limits on individual trades.

In addition, the Group is exposed to equity price risk as a result of changes in fair value of its unlisted equity investments and investments in derivatives. The directors of the Company manage the exposure by closing all the open position of derivatives and imposing trading limits on daily basis.

Interest rate risk

Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed rate loans receivable and fixed rate other borrowings. The Group currently does not have a fair value hedging policy.

Cash flow interest rate risk

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

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

Foreign currency risk

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

The exposure primarily arises from the receivables from foreign brokers, foreign currency deposits with banks, equity securities listed outside Hong Kong and accounts payable to clients denominated in United Stated dollars ("USD") and Renminbi ("RMB"). Among the receivables denominated in foreign currencies, RMB receivables amounted to approximately HK$177 million as at 30 June 2015. As such, there would be a considerable foreign exchange risk exposure by the end of the 2nd quarter. The management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises. The directors of the Company do not expect significant foreign exchange risk arising from USD denominated monetary items in view of the Hong Kong dollar pegged system to the USD.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In order to minimise the credit risk on brokerage, financing and corporate finance operations, the Credit and Risk Management Committee is set up by CFSG to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Credit and Risk Management Committee reviews the recoverable amount of accounts receivable and loans receivable on an individual and collective basis at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In respect to the accounts receivable from MF Global Hong Kong Limited, the Group closely monitors the progress of liquidation and the directors of the Company regularly contact the liquidators for the recovery of the outstanding amount.

The Group has no significant concentration of credit risk as the exposure spread over a number of counterparties and customers, except for the loans receivable.

Bank balances and deposits are placed in various authorised institutions and the directors of the Company consider the credit risk of such authorised institutions is low.

Liquidity risk

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from timing difference between settlement with clearing houses or brokers and customers. To address the risk, treasury team works closely with the settlement division on monitoring the liquidity gap. In addition, for contingency purposes, clean loan facilities are put in place.

Fair values

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

(10) Share capital

	Par value of each ordinary share HK$	Number of shares '000	Amount HK$'000
Ordinary shares			
Authorised:			
At 1 January 2015 and 30 June 2015	0.10	3,000,000	300,000
Issued and fully paid:			
At 1 January 2015 and 30 June 2015	0.10	554,148	55,415

(11) Related party transactions

The Group had the following transactions with related parties during the period:

	Notes	Unaudited Six months ended 30 June 2015 HK$'000	2014 HK$'000
Commission and interest income received from the following major shareholders of the Company with significant influences over the Company			
Cash Guardian Limited	(a)	50	10
Commission and interest income received from the following directors of the Company			
Mr Kwan Pak Hoo Bankee and associates	(b)	75	16
Mr Law Ping Wah Bernard and associates	(b)	44	4
Mr Ng Hin Sing Derek and associates		86	—
		205	20
Commission and interest income received from the following directors of CFSG			
Ms Cheng Pui Lai Majone and associates		72	—
Mr Ng Kung Chit Raymond and associates		46	12
		118	12
Interest expense paid to the following directors of the Company			
Mr Kwan Pak Hoo Bankee and associates		158	—
Mr Law Ping Wah Bernard and associates		39	—
Mr Ng Hin Sing Derek and associates		58	—
		255	—
Interest expense paid to the following directors of CFSG			
Mr Ng Kung Chit Raymond and associates	(c)	58	—

	Notes	Unaudited Six months ended 30 June 2015 HK$'000	 2014 HK$'000
Outstanding borrowings from the following directors of the Company	(d)		
Mr Kwan Pak Hoo Bankee and associates		38,658	—
Mr Law Ping Wah Bernard and associates		9,539	—
Mr Ng Hin Sing Derek and associates		14,113	—
		62,310	—
Outstanding borrowings from the following director of CFSG	(d)		
Mr Ng Kung Chit Raymond and associates		14,060	—
Commission and interest income received from other connected clients	(e)		
Mr Kwan Pak Leung Horace and associates		25	—
Ms Chan Siu Fei Susanna and associates		22	—
		47	—
Interest income received from CFSG	(f)	653	811

Notes:

(a) Cash Guardian Limited has significant influence over the Company. Cash Guardian Limited is solely owned and controlled by Mr Kwan Pak Hoo Bankee, an executive director of the Company and CFSG.

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

(c) Mr Ng Kung Chit Raymond was appointed as director of CFSG on 1 May 2014.

(d) The borrowings were on normal commercial terms and were not secured by the assets of the Group.

(e) Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna were deemed connected persons of the Company. In the annual general meeting of CFSG held in 2014, they have individually granted margin financing arrangement from CFSG.

(f) During the six months ended 30 June 2015, the Group received interest income from CFSG of approximately HK$653,000 (2014: HK$811,000).

(12) Events after the reporting period

(a) On 31 July 2015, the Company announced a proposed 2-for-1 rights issue at a subscription price of HK$0.40 per share to raise approximately HK$110.8 million.

(b) In May 2015, the Group sold the licence of The Chinese Gold & Silver Exchange Society to an independent third party at a consideration of HK$13,000,000 and the transaction was completed on 5 August 2015.

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

(13) Interim dividend

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

Dividend

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

Review and Prospects

Financial Review

Financial Performance

For the six months ended 30 June 2015, the Group recorded revenue of HK$782.6 million as compared to HK$637.3 million for the same period last year.

Overall, the Group reported a net profit for the period of HK$32.2 million as compared to the net profit of HK$75.6 million for the same period last year.

Financial Services Business — FSG

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

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

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

During the period, resources had been deployed in building the most advanced information and communication technology infrastructure and low-latency trading platform and recruited professionals to research and develop trading strategies for our algorithmic trading business to suit the versatile investment and wealth management needs for our institutional, corporate and individual investors. The algorithmic trading and alternative trading business was still at the investment and development stage and would require further resources for its future exploration and development. As the mainland and local markets have become more integrated and more vibrant cross-border financial activities will continue to increase, there will be tremendous growth opportunities for the brokerage and wealth management businesses. In order that FSG could focus its resources on growing the group's financial services businesses to seize these growth opportunities, the algorithmic trading and alternative trading business would be carried out directly by the Company subsequent to the end of the period.

During the period under review, FSG recorded a gain on partial disposal of its unlisted investment of approximately HK$14.4 million. Taking into account the aforesaid gain and the six-month operating results, FSG recorded a profit of HK$34.2 million for the six months ended 30 June 2015 as compared to a profit of HK$31.1 million for the same corresponding period last year (which had already taken into account (1) a gain on disposal of an investment property in Hong Kong of approximately HK$18.0 million; (2) an increase in fair value on its investment properties amounting to HK$35.0 million; (3) a share of profit of an associate of HK$60.5 million on the disposal of its entire registered shares of its subsidiary which owned and managed an investment property in the PRC).

Retail Management Business — CRMG

During the period under review, the economic conditions of Hong Kong remained sound. Domestic demand which is one of the key economic growth drivers fared relatively better, thanks to the 17-year low unemployment rate of 3.2%. Wages and household incomes sustained further steady growth. Additionally, demand from younger home-seekers for small and medium-size apartments was still rising, notwithstanding the government's implementation of various administrative tactics to cool down the property market at the beginning of the year. In order to capture the increase in demand and purchasing power, we have strategically reformed our sales mix. We have strengthened our Tailor Made Furniture (TMF) services to boost the sales of our higher profit margin furniture products. At the same time, more high quality household products from Japan and Korea which are more appealing to our young customers were introduced into our retail stores. Besides, we have also benefited from the substantial devaluation of Japanese YEN against Hong Kong dollar, which had enhanced our gross profit margin. To gain greater market recognition, we had implemented comprehensive marketing plans to enrich our branding to reflect our strengths and commitment to providing smart and lively home solutions tailored for young families living in small and medium-size apartments.

However, we were still facing high inflationary pressure on our retailing business as the rate for Statutory Minimum Wage (SMW) had been raised from HK$30 to HK$32.5 during the period. The ripple effect caused by the rise in SMW had taken a heavy toll on our staff costs. The rental costs and related expenses for our retail outlets had also increased substantially, largely due to the continued upward rental reversions. We will continue to implement stringent cost control measures to contain the rising operating overheads.

In order to dedicate our resources to high growth business sectors in Hong Kong, we had ceased all our retailing business in the PRC. As a result, our retailing business in the PRC reported an operating loss of HK$0.5 million as compared to a net loss of HK$5.1 million in the same corresponding period last year.

Overall, our CRMG recorded revenue of HK$634.0 million and a turnaround profit of HK$9.8 million for the six months ended 30 June 2015 as compared to revenue of HK$550.0 million and a loss of HK$1.0 million for the same period last year.

Mobile Internet Services Business — Net2Gather

In view of keen competition and unstable local business landscape in mobile internet industry, we started this year to explore the potentials of game licensing business in overseas markets, and solicit global distribution partners to operate and promote Chinese mobile game titles, while we also provided full-fledged services to the Chinese game developers to facilitate game distribution in overseas markets. We will continue to explore investment opportunities to form strategic partnerships with game development teams, operating and distribution platforms, to enhance our product offerings and distribution capabilities.

Overall, for the six months ended 30 June 2015, the Group's Mobile Internet Services business recorded revenue of HK$0.4 million and a segment loss of HK$0.3 million as compared to revenue of HK$0.9 million and a segment loss of HK$0.7 million for the same period last year.

Liquidity and Financial Resources

The Group's total equity amounted to HK$729.8 million as at 30 June 2015 as compared to HK$691.6 million at the end of last year. The increase in equity was due to the profit reported for the period.

As at 30 June 2015, the Group had total outstanding borrowings of approximately HK$656.9 million, comprising of unsecured loans of approximately of HK$99.2 million payable to certain independent third parties and secured loans of approximately of HK$557.7 million (including bank loans of approximately HK$556.4 million and obligations under finance leases of approximately HK$1.3 million). The above bank loans of approximately HK$556.4 million were secured by the Group's investment properties of carrying amounts of approximately HK$213.7 million, pledged deposits of HK$44.0 million, corporate guarantees and its margin clients' securities pledged to it. The increase in borrowings of approximately of HK$230.5 million as compared with HK$426.4 million as at 31 December 2014 was mainly due to additional bank borrowings for the increase in margin loans provided to our clients for their trading and investment activities at the current report date.

As at 30 June 2015, our cash and bank balances totalled HK$1,390.9 million as compared to HK$1,156.6 million at the end of the previous year. The liquidity ratio as at 30 June 2015 remained healthy at 1.17 times, being almost the same as compared with 1.18 times as at 31 December 2014.

The gearing ratio, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, was 90.0% as at 30 June 2015, as compared to 61.7% as at 31 December 2014. The increase in gearing ratio was due to the aforementioned increase in bank borrowings.

Saved as aforesaid, the Group had no material contingent liabilities at the period-end.

Foreign Exchange Risks

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

Material Acquisitions and Disposals

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

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

In May 2015, the Group disposed the licence of The Chinese Gold & Silver Exchange Society to an independent third party at a consideration of HK$13 million.

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

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

Capital Commitments

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

Material Investments

As at 30 June 2015, the Group was holding a portfolio of investments held for trading with market values of approximately HK$1.3 million. The net gain derived from investments held for trading of HK$105.7 million was recorded for the period.

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

Management Discussion and Analysis

Financial Services Business — FSG

Industry Review

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

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

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

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

Business Review

Securities Broking

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

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

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

Investment Banking

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

Asset Management

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

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

Wealth Management

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

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

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

Mobile Trading and Platform Development

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

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

Algorithmic Trading

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

Outlook

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

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

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

Retail Management Business — CRMG

Industry Review

In the first half of 2015, the private residential property market regained a certain momentum after the government made adjustments to the double stamp duty. This was despite further tightening of mortgage lending by the Hong Kong Monetary Authority. Overall sales registrations in the private residential property market, including both primary and secondary markets, increased by 21%. Most of the growth was supported by solid end-user demand for small and medium-sized units.

Business Review and Outlook

To capture market opportunities arising from the growing number of small and medium-sized apartments, and to enhance customer awareness of Pricerite's new product and service offerings, we launched the "Small Space: Big Universe" (小小空間：大大宇宙) branding campaign in January 2015. The campaign sought to communicate the following brand philosophy and positioning:

"While most people in Hong Kong live in small and medium-sized apartments,
where the living space is small,
we believe home is where we really enjoy our life and is a universe for every individual.
Pricerite has thus developed a series of flexible and versatile home furnishing products and services to enable our customers to build their own universe within their own space."

It starred young and independent artists Ivana Wong and Kandy Wong, together with golden oldie Childhood, to bring to mind a home that is both cosy and creative when supported by Pricerite's innovative, multifunctional and stylish products for young couples and individuals.

The branding campaign received great acclaim and a highly positive response from the market and customers. It won TVB's Most Popular TV Commercial Award 2015, the number of Pricerite members increased to over 500,000, and store traffic also saw a double-digit increase.

We are sustaining and advancing our brand proposition by expanding our product mix and depth through smart merchandising. This includes on-going enhancement of existing product ranges and more innovative products and services for better space management.

Our tailor-made furniture (TMF) services continue to grow rapidly and to contribute significantly to sales. In response to the mortgage-tightening measures, during the period under review we offered an interest-free 48-month instalment plan to customers, the first of its kind in the market. At the same time, our buying and merchandising team sourced more quality home products from international vendors in Japan, Korea, Malaysia, Singapore, and other countries. In the first half of 2015, our imported merchandise mix rose from 16% to 22%.

Pricerite also recorded over 150% sales growth in online channels. A new distribution centre was set up to streamline our logistics and improve order-fulfilment efficiency. To further enhance our omni-channel retail experience, we launched an electronic member card to facilitate VIP member discounts and members' ability to earn points offline and online. In addition, we launched a "buy online, pick up offline" service, offering customers the choice of picking up small orders in selected stores. In April and June 2015, our website received the Bronze Award at the "Best .hk Website Awards 2014" and a Top 10 e-Commerce Websites Award respectively.

We are optimistic about developments in the property market over the rest of the year, given that both supply and demand for small and medium-sized flats is likely to stay strong. We have revamped our Wanchai store and expanded our Shatin store to provide a better shopping environment in both and to capture the demand in the home furnishings market. However, the recent drop in overall retail sales figures and Mainland China visitors will inevitably affect the local economy and spending sentiment, and we will adopt a cautious approach in our strategic outlook and network expansion plan.

Mobile Internet Services Business — Net2Gather

Industry Review

According to the 2015 China Gaming Industry Report released during the China Digital Entertainment Expo & Conference, total revenue for gaming services in the China market in first 6 months of 2015 are estimated at RMB60.51 billion, posted a year-on-year growth of 21.9%. Gaming companies from China have discovered new avenues of growth in overseas markets. Overseas sales of Chinese online games recorded substantial increase in first six months of 2015 to USD1.76 billion, representing a year-on-year increase of 121.4%. Emerging markets such as Southeast Asia, India and South America where competition is less intense were the major targets for outbound Chinese game developers.

Business Review

During the period under review, we have built the mobile game library by forming partnerships with over 30 mobile game teams to secure global game licensing rights and promote their games in overseas market. In the meantime, we have formed a licensing agreement with a leading mobile gaming operator in North America to publish one of the games in our portfolio, known as "Eden Online". We will leverage on their local publishing capabilities to release the game and promote to both iOS and Android mobile game users in respective regions in the second half of 2015.

Employee Information

At 30 June 2015, the Group had 1,203 employees, of which 255 were at the CFSG's group. 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$189.1 million.

Benefits

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

Training

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, team building, communication, languages, presentation, coaching, quality management and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the Securities and Futures Ordinance ("SFO"), to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures 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 2015, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

A. The Company

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

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

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

(b) Long positions in the underlying shares

Options under share option schemes

Name	Date of grant	Option period	Exercise price per share (HK$)	Notes	Number of options outstanding as at 1 January 2015	Number of options outstanding as at 30 June 2015	Percentage to issued shares as at 30 June 2015 (%)
Kwan Pak Hoo Bankee	2/9/2014	2/9/2014—31/8/2018	0.620	(1)&(2)	5,000,000	5,000,000	0.90
Law Ping Wah Bernard	2/9/2014	2/9/2014—31/8/2018	0.620	(2)	5,000,000	5,000,000	0.90
Ng Hin Sing Derek	2/9/2014	2/9/2014—31/8/2018	0.620	(2)	4,000,000	4,000,000	0.72
					14,000,000	14,000,000	2.52

Notes:

(1) Mr Kwan is also the substantial shareholder of the Company.

(2) The vesting of certain options is subject to achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

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

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

B. Associated corporation (within the meaning of SFO)

CFSG

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

Name	Capacity	Number of shares Personal	Shareholding (%)
Ng Hin Sing Derek	Beneficial owner	96,066	—

Save as disclosed above, as at 30 June 2015, none of the Directors, chief executives or their associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Share Option Schemes

The Company

Details of share options to subscribe for shares in the Company granted to participants under the share option scheme of the Company during the six months ended 30 June 2015 were as follows:

				Number of options	
Date of grant	Option period	Exercise price per share (HK$)	Notes	outstanding as at 1 January 2015	outstanding as at 30 June 2015
Directors					
2/9/2014	2/9/2014—31/8/2018	0.620	(1)&(2)	14,000,000	14,000,000
Employees					
2/9/2014	2/9/2014—31/8/2018	0.620	(2)&(3)	17,400,000	17,400,000
				31,400,000	31,400,000

Notes:

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

(2) The vesting of certain options is subject to achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

(3) The options are subject to 4 tranches period as to (a) 25% exercisable from 2 September 2014 up to 31 August 2018; (b) 25% exercisable from 1 September 2015 up to 31 August 2018; (c) 25% exercisable from 1 September 2016 up to 31 August 2018; and (d) 25% exercisable from 1 September 2017 up to 31 August 2018.

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

The subsidiaries

(i) CFSG

Details of share options to subscribe for shares in CFSG granted to participants under the share option scheme of CFSG during the six months ended 30 June 2015 were as follows:

Date of grant	Option period	Exercise price per share (HK$)	Notes	Number of options: outstanding as at 1 January 2015	exercised during the period (Note (3))	cancelled during the period	outstanding as at 30 June 2015
Employees and consultants							
11/4/2014	11/4/2014—31/12/2017	0.097	(2)	75,000,000	(24,500,000)	(50,500,000)	—
22/5/2014	22/5/2014—31/12/2017	0.091	(2)	46,000,000	(38,000,000)	(8,000,000)	—
				121,000,000	(62,500,000)	(58,500,000)	—

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 certain options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

(3) During the period, the following options held by the participants of members of the Group were exercised:

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

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

(ii) Netfield Technology Limited (incorporated in Bermuda) ("Netfield (Bermuda)")

No option has been granted under the share option scheme of Netfield (Bermuda) since its adoption on 6 June 2008.

Substantial Shareholders

As at 30 June 2015, so far as is known to the Directors and chief executives of the Company, the persons/companies (other than a Director or chief executive of the Company) who had, or were deemed or taken to have an interest or short positions in the shares and underlying shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	Capacity	Number of shares	Shareholding (%)
Hobart Assets Limited (Notes (1) and (2))	Interest in a controlled corporation	181,245,205	32.70
Cash Guardian (Notes (1) and (2))	Interest in a controlled corporation	181,245,205	32.70
Mr Wang Shui Ming (Note (3))	Beneficial owner, interest in a controlled corporation and other interest	44,403,284	8.01

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 Mr Kwan. Pursuant to the SFO, Mr Kwan and Hobart Assets Limited were deemed to be interested in the shares held by Cash Guardian.

(2) Mr Kwan (a director whose interests are not shown in the above table) was interested and/or deemed be interested in a total of 184,085,205 shares (33.21%), which were held as to 181,245,205 shares by Cash Guardian and as to 2,840,000 shares in his personal name. Detail of his interest is set out in the section "Directors' interests in securities" above.

(3) The shares were held as to 13,315,484 in his personal name, as to 20,648,100 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang), and 10,439,700 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang was deemed to be interested in all these shares.

Save as disclosed above, as at 30 June 2015, the Directors and chief executives of the Company were not aware of any other parties or corporation (other than a Director or chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in the shares and underlying shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

Corporate Governance

During the accounting period from 1 January 2015 to 30 June 2015, the Company had duly complied with the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules, except for the deviations summarised as follows:

The Company does not have a nomination committee as provided for in code provision A.5 as its function has been performed by the Board as a whole. The Board under the leadership of the Chairman is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors.

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

Compliance with the Model Code

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard of dealings set out therein throughout the review period.

Review of Results

The Group's unaudited consolidated results for the six months ended 30 June 2015 have not been reviewed by the auditors of the Company, but have been reviewed by the audit committee of the Company.

Purchase, Sale or Redemption of the Company's Securities

During the six months ended 30 June 2015, neither 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

Hong Kong, 21 August 2015

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

Executive directors:

Mr Kwan Pak Hoo Bankee, JP
Mr Law Ping Wah Bernard
Mr Ng Hin Sing Derek

Independent non-executive directors:

Mr Leung Ka Kui Johnny
Mr Wong Chuk Yan
Dr Chan Hak Sin