

INTERIM REPORT 2021



EMPOWER YOUR WEALTH WITH OUR TALENT

CASH FINANCIAL SERVICES GROUP LIMITED
(STOCK CODE: 510)

Corporate Information

BOARD OF DIRECTORS

Executive:

KWAN Pak Hoo Bankee (ED, Chairman & CEO)
LI Shing Wai Lewis (ED & CFO)
KWAN Teng Hin Jeffrey (ED)
KWOK Ka Lok Lionel (ED)
CHEUNG Wai Lim William (ED & COO)

Independent Non-executive:

CHENG Shu Shing Raymond
LO Kwok Hung John
LO Ming Chi Charles

AUDIT COMMITTEE

CHENG Shu Shing Raymond (committee chairman)
LO Kwok Hung John
LO Ming Chi Charles

REMUNERATION COMMITTEE

CHENG Shu Shing Raymond (committee chairman)
LO Ming Chi Charles
KWAN Pak Hoo Bankee

COMPANY SECRETARY

CHEUNG Suet Ping Ada, *ACG, ACS, CPA, FCCA*

AUTHORISED REPRESENTATIVES

KWAN Pak Hoo Bankee
(alternate: KWAN Teng Hin Jeffrey)
LI Shing Wai Lewis
(alternate: CHEUNG Suet Ping Ada)

PRINCIPAL BANKERS

Bank of Communications Co. Ltd.,
Hong Kong Branch
OCBC Wing Hang Bank, Limited
The Hong Kong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Chong Hing Bank Limited
The Bank of East Asia, Limited
Nanyang Commercial Bank, Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

SOLICITORS

Sidley Austin

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

22/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.cfs.com.hk

STOCK CODE ON MAIN BOARD

510

CONTACTS

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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 2021 together with the comparative figures for the last corresponding period are as follows:

	Notes	Unaudited	
		2021	2020
		HK\$'000	HK\$'000
Revenue	(3)		
Fee and commission income		40,753	38,658
Interest income		15,019	11,844
Total revenue		55,772	50,502
Other income		1,171	692
Other losses		(2,348)	(7,558)
Salaries and related benefits		(29,220)	(28,655)
Commission expenses		(13,354)	(10,147)
Depreciation		(6,904)	(6,912)
Finance costs		(5,044)	(4,679)
Other operating expenses	(5)	(19,102)	(21,367)
Loss before taxation		(19,029)	(28,124)
Income tax expense	(6)	—	—
Loss for the period		(19,029)	(28,124)

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
Other comprehensive expense for the period		—	—
Total comprehensive expense for the period		(19,029)	(28,124)
Loss attributable to:			
Owners of the Company		(19,029)	(28,124)
Non-controlling interests		—	—
		(19,029)	(28,124)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(19,029)	(28,124)
Non-controlling interests		—	—
		(19,029)	(28,124)
Loss per share			(Restated)
– Basic (HK cents)	(7)	(7.69)	(11.35)
– Diluted (HK cents)		(7.69)	(11.35)

Condensed Consolidated Statement of Financial Position

		30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
	Notes		
Non-current assets			
Property and equipment		10,287	16,430
Investment property		18,934	18,934
Intangible assets		9,092	9,092
Club debentures		660	660
Other assets		6,645	8,235
Rental and utility deposits		386	1,243
Financial assets at fair value through other comprehensive income		25,649	25,649
Financial assets at fair value through profit or loss		5,900	5,335
		77,553	85,578
Current assets			
Accounts receivable	(8)	968,043	309,363
Contract assets		2,690	2,690
Loans receivable	(9)	41,995	14,091
Prepayments, deposits and other receivables		7,352	6,669
Financial assets at fair value through profit or loss		49,281	82,523
Amounts due from related companies		413	1,341
Bank deposits subject to conditions		—	25,231
Bank balances – trust and segregated accounts		648,300	732,123
Bank balances (general accounts) and cash		242,818	208,859
		1,960,892	1,382,890

	Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Current liabilities			
Accounts payable	(10)	693,402	856,276
Accrued liabilities and other payables		21,538	23,223
Taxation payable		3,000	3,000
Lease liabilities		9,444	10,832
Bank borrowings – amount due within one year		860,000	110,804
		1,587,384	1,004,135
Net current assets		373,508	378,755
Total assets less current liabilities		451,061	464,333
Non-current liabilities			
Deferred tax liabilities		40	40
Lease liabilities		5,101	9,280
Provision for restoration		1,133	1,133
		6,274	10,453
Net assets		444,787	453,880
Capital and reserves			
Share capital	(11)	104,470	97,049
Reserves		331,779	348,293
Equity attributable to owners of the Company		436,249	445,342
Non-controlling interests		8,538	8,538
Total equity		444,787	453,880

Condensed Consolidated Statement of Changes In Equity

Unaudited
Six months ended 30 June 2021

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Contributed surplus HK\$'000	Share-based payment reserve HK\$'000	Investments 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 2021	97,049	604,132	29,209	117,788	4,698	(13,966)	(644)	(392,924)	445,342	8,538	453,880
Loss for the period	—	—	—	—	—	—	—	(19,029)	(19,029)	—	(19,029)
Exchanges difference arising on translation of foreign operations	—	—	—	—	—	—	1,030	—	1,030	—	1,030
Other comprehensive expense for the period	—	—	—	—	—	—	1,030	—	1,030	—	1,030
Total comprehensive expense for the period	—	—	—	—	—	—	1,030	(19,029)	(17,999)	—	(17,999)
Exercise of share options	7,421	5,193	—	—	(3,708)	—	—	—	8,906	—	8,906
At 30 June 2021	104,470	609,325	29,209	117,788	990	(13,966)	386	(411,953)	436,249	8,538	444,787

Unaudited
Six months ended 30 June 2020

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Contributed surplus HK\$'000	Investments 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 2020	99,115	604,542	29,209	117,788	(103)	(1,508)	(353,746)	495,297	8,501	503,798
Loss for the period	—	—	—	—	—	—	(28,124)	(28,124)	—	(28,124)
Other comprehensive expense for the period	—	—	—	—	—	—	—	—	—	—
Total comprehensive expense for the period	—	—	—	—	—	—	(28,124)	(28,124)	—	(28,124)
At 30 June 2020	99,115	604,542	29,209	117,788	(103)	(1,508)	(381,870)	467,173	8,501	475,674

Condensed Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Net cash used in operating activities	(719,773)	(49,780)
Net cash used in investing activities	(761)	(1,251)
Net cash generated from financing activities	754,493	10,872
Net increase (decrease) in cash and cash equivalents	33,959	(40,159)
Cash and cash equivalents at beginning of period	208,859	288,192
Cash and cash equivalents at end of period	242,818	248,033
Bank balances (general accounts) and cash	242,818	248,033

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 of Hong Kong Limited (“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 2020.

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

(2) Application of new and amendments to HKFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

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

(3) Revenue

Fee and commission income

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Type of services		
Broking services	25,750	29,123
Investment banking services	384	3,601
Wealth management services	7,370	3,150
Asset management services	3,831	480
Handling and other services	3,418	2,304
Total	40,753	38,658

Interest income

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Interest income arising from financial assets at amortised cost	15,019	11,844

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

Reportable and operating segment

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

Segment revenue and result

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment loss represents the loss incurred by the segment before change in fair value of investment property and unallocated corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of performance.

For the six months ended 30 June 2021

	Financial services HK\$'000	Proprietary trading HK\$'000	Total HK\$'000
Revenue	55,772	—	55,772
RESULT			
Segment loss	(12,359)	(3,585)	(15,944)
Unallocated expenses			(3,085)
Loss before taxation			(19,029)

For the six months ended 30 June 2020

	Financial services HK\$'000	Proprietary trading HK\$'000	Total HK\$'000
Revenue	50,502	—	50,502
RESULT			
Segment loss	(17,136)	(9,182)	(26,318)
Unallocated expenses			(1,806)
Loss before taxation			(28,124)

All the segment revenue is derived from external customers.

(5) Other operating expenses

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Handling expenses:		
– dealing in securities	1,552	1,595
– dealing in futures and options	351	871
Advertising and promotions expenses	1,470	1,213
Telecommunications expenses	5,216	7,303
Auditor's remuneration	1,260	960
Legal and professional fees	535	2,448
Printing and stationery expenses	933	876
Repair and maintenance expenses	509	646
Travelling and transportation expenses	132	202
Water and electricity expenses	304	276
Office management fee and rates	1,490	2,034
Others	5,350	2,943
	19,102	21,367

(6) Income tax expense

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current tax	—	—

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

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

(7) Loss per share

The calculation of basic and diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2021 are based on the following data:

	Unaudited Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Loss		
Loss for the purposes of basic and diluted loss per share	(19,029)	(28,124)

	Unaudited Six months ended 30 June	
	2021	2020 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	247,570,779	247,788,200

For the six months ended 30 June 2021, the directors of the Company consider the effect of the dilutive impact arising from the share options granted by the Company is insignificant.

(8) Accounts receivable

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Accounts receivable arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	49,415	63,043
Cash clients	14,995	53,695
Subscription of new shares in initial public offerings ("IPO")	752,198	—
	816,608	116,738
Accounts receivable arising from the business of margin financing:		
Less: allowance for impairment	143,987 (24,137)	149,492 (24,137)
	119,850	125,355
Accounts receivable arising from the business of dealing in futures and options:		
Cash clients	184	188
Clearing houses, brokers and dealers	31,215	66,889
	31,399	67,077
Commission receivable from brokerage of life insurance, mutual funds and MPF products	126	117
Accounts receivable arising from the provision of investment banking services	60	76
	968,043	309,363

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.

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

Name	Balance at 1 January 2021 HK\$'000	Balance at 30 June 2021 HK\$'000	Maximum amount outstanding during the period HK\$'000	Market value of pledged securities at fair value at 30 June 2021 HK\$'000
Directors of the Company				
Dr Kwan Pak Hoo Bankee	—	—	6,273	—
Mr Li Shing Wai Lewis	—	—	2,488	—
Mr Kwan Teng Hin Jeffrey	—	—	14,346	—
Mr Kwok Ka Lok Lionel	—	—	2,773	—
Mr Ng Hin Sing Derek (note 1)	—	—	23,591	—
Subsidiary of Celestial Asia Securities Holdings Limited ("CASH")				
Cashflow Credit Limited (note 2)	—	—	24,236	—

Notes:

- (1) Mr Ng Hin Sing Derek resigned as director of the Company with effect from 16 August 2021 (subsequent to the reporting period).
- (2) Cashflow Credit Limited is a subsidiary of CASH, the substantial shareholder of the Company.

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

(9) Loans receivable

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Revolving loans receivable denominated in:		
Hong Kong dollars	37,859	10,122
Renminbi	4,603	4,603
United State dollars	338	322
Less: allowance for impairment	(805)	(956)
	41,995	14,091

All loans receivable are variable-rate loans receivable which bear interest at Hong Kong Prime Rate plus a spread for both periods. As at 30 June 2021, the loans receivable included a total carrying amount of HK\$8,617,000 (2020: HK\$3,326,000) and HK\$2,051,000 (2020: HK\$2,299,000) which are loans to four (2020: two) directors and one (2020: one) senior management respectively, of the Group.

(10) Accounts payable

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Accounts payable arising from the business of dealing in securities:		
Clearing houses	—	923
Cash clients	509,184	621,726
Margin clients	122,267	120,519
Accounts payable to clients arising from the business of dealing in futures and options	61,951	113,108
	693,402	856,276

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.

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\$648,300,000 (2020: HK\$732,123,000) 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

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.4 each		
Authorised:		
At 1 January 2021 and 30 June 2021	750,000	300,000
Issued and fully paid:		
At 1 January 2021	242,623	97,049
Exercise of share options	18,552	7,421
At 30 June 2021	261,175	104,470

(12) Related party transactions

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

		Unaudited Six months ended 30 June	
	Notes	2021 HK\$'000	2020 HK\$'000
Commission income and interest income from Libra Capital Management (HK) Limited	(a)	—	33
Commission income and interest income from Cashflow Credit Limited	(a)	15	—
Commission income and interest income received from the following directors of the Company:			
Dr Kwan Pak Hoo Bankee		65	28
Mr Li Shing Wai Lewis	(b)	76	4
Mr Kwan Teng Hin Jeffrey		32	16
Mr Kwok Ka Lok Lionel	(c)	78	N/A
Mr Ng Hin Sing Derek	(c)&(e)	20	19
Mr Cheung Wai Ching Anthony	(d)	N/A	32
Mr Chan Chi Ming Benson	(d)	N/A	2
		271	101

Notes:

- (a) Libra Capital Management (HK) Limited and Cashflow Credit Limited are subsidiaries of CASH, the substantial shareholder of the Company.
- (b) Mr Li Shing Wai Lewis was appointed as executive director of the Company on 2 September 2019.
- (c) Mr Kwok Ka Lok Lionel and Mr Ng Hin Sing Derek were appointed as executive directors of the Company on 8 December 2020 and 27 March 2020 respectively.
- (d) Mr Cheung Wai Ching Anthony and Mr Chan Chi Ming Benson resigned as executive directors of the Company on 8 December 2020 and 27 March 2020 respectively.
- (e) Mr Ng Hin Sing Derek resigned as executive director of the Company with effect from 16 August 2021 (subsequent to the reporting period).

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

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

Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 June 2021 (2020: nil).

Review and Outlook

Financial Review

For the six months ended 30 June 2021, the Group recorded revenue of HK\$55.8 million, representing an increase of 10.5% as compared with HK\$50.5 million for the same corresponding period last year.

High uncertainty surrounded the global economic outlook, primarily related to the path of the COVID-19 pandemic. The contraction of economic activities in 2020 was unprecedented in living memory in its speed and synchronized nature. In 2021, the world economy was experiencing an exceptionally strong recovery, in part underpinned by steady vaccinations and eased lockdowns. This recovery reflected sharp rebounds in some major economies, most notably the United States, owing to substantial fiscal and monetary support. Other advanced economies follow suit and were expected to regain their economic drives. The worldwide securities markets had undergone a significant rebound as a result. However, future developments still depend on the path of the health crisis, including whether the new COVID-19 variants can be treated by vaccines or otherwise the pandemic will be prolonged. Further, due to the global economic recovery, commodity prices, especially oil prices, had a burst during the period, driving up the global inflation. Fears of inflation induced a boost in US interest rates, which then slashed the global securities market. Even though the US Federal Reserve had come to a conclusion that the inflation had peaked and will gradually fade in coming months, uncertainties still surrounded the investors' sentiment. The future economic outlook lied with the policy makers to beat down the pandemic, maintain accommodative monetary and fiscal policy and monitor any financial stability risks. Hong Kong's securities market fared well in first half of 2021 due to the lifted restrictions across the city and the economic recovery. The Hang Seng Index climbed from 27,231 at the end of 2020 to 31,085 in February 2021 and retreated to 28,827 at the end of June 2021. However, the volatility of the securities and commodities markets as a consequence of the ups and downs of the global economy had caused our retail clients to conduct less trading. As a result, our brokerage commission income decreased by 11.3% compared with the same period last year. Further, the volatility of the market had provoked our clients' desire to have preservation on their assets. The favorable product investment yields and the protection offered to the assets had created client interests in wealth management products and services, which therefore brought us an increase in revenue of our wealth management business, notwithstanding the cross-border lockdowns between Mainland and Hong Kong. In response to the changing client interests and hence revenue dynamics, the Group had been transforming into a fully-fledged Wealth Management Advisory company, providing one-stop wealth management services to clients in Hong Kong and Mainland China. During the period, the Group had continuously contained our operating costs with its cost rationalisation programme, such as streamlining our workforce and reviewing organisation structures.

Overall, the Group recorded a net loss of HK\$19.0 million for the six months ended 30 June 2021 as compared to a net loss of HK\$28.1 million in the same period last year. As part of our response to the pandemic, we have followed business continuity processes from our Board-endorsed COVID-19 Business Continuity Plan. Our Business Continuity Plan places the perseverance of our staff's health and wellbeing at the highest priority by implementing work from home arrangements for non-essential and vulnerable employees. Due to the effective mitigation efforts from our COVID-19 Business Continuity Plan, COVID-19 had limited impact on our financial results.

Liquidity and Financial Resources

The Group's total equity amounted to HK\$444.8 million as at 30 June 2021 as compared to HK\$453.9 million as at 31 December 2020. The decrease in the total equity was mainly due to the net effect of the reported loss for the period under review and the increase in share capital and reserves from the exercise of share options in the Company during the period. As at 30 June 2021, the Group had total outstanding bank borrowings of approximately HK\$860.0 million, which were solely bank loans collateralised by its clients' securities pledged to the Group. 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 2021, our cash and bank balances including the trust and segregated accounts had decreased to HK\$891.1 million from HK\$966.2 million as at 31 December 2020. The decrease in cash and bank balances was mainly due to the decrease in the balances of segregated accounts because of less trading conducted by our clients 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\$195.5 million and HK\$47.3 million as at 30 June 2021 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 2021 decreased to 1.24 times from 1.38 times as at 31 December 2020. The gearing ratio as at 30 June 2021, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, increased to 193.4% from 24.4% as at 31 December 2020. The increase in gearing ratio was mainly due to the increase in bank borrowings for more IPO activities at the end of the period. On the other hand, we 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 time throughout the period. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investments needs while making sure all relevant financial regulations have been complied.

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

On 31 December 2020, Celestial Investment Group Limited ("CIGL", a wholly-owned subsidiary of CASH) proposed to acquire additional shareholding interests in the Company from vendors upon exercise of their options in the Company at a price of HK\$0.75 per share. The acquisitions triggered a conditional mandatory cash offers for shares in the Company upon completion and the acquisitions were approved by the independent shareholders of CASH at a special general meeting held on 14 May 2021. The cash offers were subsequently closed on 23 June 2021. The shareholding interest of CASH in the Company was increased from 86,140,854 shares (approximately 35.5% of issued share capital) to 97,960,854 shares (approximately 37.5% of issued share capital) upon the close of the cash offers. Details of the transaction were disclosed in the joint announcement dated 31 December 2020 and the subsequent announcements of the Company and CASH during the period from 12 January 2021 to 23 June 2021, and the composite offer document dated 2 June 2021.

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

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

Fund Raising Activities

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

Capital Commitments

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

Material Investments

As at 30 June 2021, the market values of a portfolio of investments held for trading amounted to approximately HK\$49.3 million. A net loss on investments held for trading of HK\$3.0 million was recorded for the period.

We did 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		
	2021	2020	% change
Broking income	25.8	29.1	(11.3%)
Wealth management income	7.4	3.2	131.3%
Non broking and non wealth management income	7.6	6.4	18.8%
Group total	40.8	38.7	5.4%

Key Financial Metrics

	Unaudited Six months ended 30 June		
	2021	2020	% change
Net loss (HK\$m)	(19.0)	(28.1)	32.4%
Loss per share (HK cents)	(7.7)	(11.4)	32.5%
Total assets (HK\$m)	2,038.4	1,476.1	38.1%
Cash on hand (HK\$m)	242.8	273.2	(11.1%)
Bank borrowings (HK\$m)	860.0	169.6	407.1%
Annualised average fee income from broking per active client (HK\$'000)	1.8	3.3	(45.5%)

Industry Review

The Hong Kong economy recovered markedly in the first half of 2021, resuming an appreciable year-on-year real growth of 7.8%, ending six consecutive quarters of contraction. 2021 full-year real GDP growth forecast is 3.5% – 5.5% by the Hong Kong Government. The recovery was uneven, with exports of goods outperforming upon buoyant trade and production activities. Domestic demand has gradually recovered, but stayed relatively subdued. Economic recovery is expected to continue, premised on progress on COVID-19 vaccination and easing of pandemic restriction measures including border reopening. The unemployment rate was down from the cyclical peak of 7.2% in Dec 2020-Feb 2021 to 5.0% in May-Jul 2021 and is expected to edge down further should economic activities continue to revive.

The financial market and business environment have remained challenging amid the COVID-19 pandemic. The average daily turnover in Hong Kong's securities market during the first six months of 2021 was up by 60% over the same period in 2020, while funds raised through IPOs increased by 127%. The local stock market showed some volatility in the first half of the year, with the Hang Seng Index ("HSI") trading in a range of close to 4,000 points. The HSI ended the first half higher by 5.9% to 28,827 on 30 June 2021 compared with the end of 2020. Market sentiment weakened since the latter part of the first quarter, as China tightened its supervision of internet companies while an expectedly higher yield environment was seen as hurting business in general. Another bout of risk-off sentiment came in June, due to heightened concern over the growth outlook in the face of resurgence in COVID cases with virus variants. Despite growth concern, market expectation remains for the FED to start tapering its asset purchases, and then hike policy rate in 2023. The stock market shall stay volatile in the second half of the year.

Business Review

Despite Wall Street wrapping up the first half of 2021 at records highs, the HSI peaked in February with a sharp market correction and entered a consolidation period thereafter. With the easing of social-distancing measures and the increase in inoculation numbers, the HSI can potentially tick cautiously upwards during the remainder of the year.

During H1 2021, our brokerage business recorded a 11.3% decrease in commission, while our IPO interest income increased 42.7%. During the same period, Hong Kong IPOs raised record funds totalling HK\$210 billion, a 127% increase from the first half of 2020. In light of societies gradually recovering from the pandemic and Chinese “homecoming” listings on the Hong Kong Stock Exchange, it is expected the momentum of IPO activities, especially for the new economy sector, will remain strong throughout the year. The Group will leverage the demand for IPO margin financing by promoting business friendliness to further increase our interest income.

Meanwhile, the pandemic fallout and low interest rate environment have favourably amplified interest in wealth management products and services, due to potentially higher investment yields and stronger preservation of assets. Our Asset under Management (AUM) rose 23.7% compared with the end of 2020, as we focused on leading blue chips and new economy stocks with visible and promising outlook for our clients.

In response to changing client interests, the Group resolves to transforming into a full-fledged Wealth Management Advisory Group and provides “one-stop” wealth management services to clients in Hong Kong and Mainland China, with particular focus on the Greater Bay Area (“GBA”) and Yangtze River Area. During the period, our wealth management business recorded a 131.3% increase compared to the first half of 2020.

With the expected launch of Wealth Management Connect, mainland’s financial markets will be further opened up with deepening economic integration within the GBA. The scheme is expected to facilitate a total fund flow of 300 billion yuan with the Group taking first-mover advantage to utilise our resources in our Shenzhen, Guangzhou and Dongguan offices to fully capitalise on this golden opportunity.

In view of the recovering securities market and increasing cross-border wealth management demand, we will launch two brand new CASH Wealth Management Customer Service Centers, in Hong Kong Island and the New Territories during the second half of 2021. The Service Centers will provide state-of-the-art premises at prime locations to better serve our wealth management clients and to improve our customers’ experience. To further improve customer experience and to provide value to our clients, our Service Centers will also host a wide range of free educational seminars ranging from financial trends and market outlook to immigration knowledge and tips.

At the same time, the Group is committed to a complete overhaul of our core trading application, Alpha i, which was launched back in 2018. The all-new and fully-enhanced trading application (Alpha i 2.0) will allow our clients to trade across multiple markets with real-time market data ranging from US stocks trading to grey market trading. By standardising and upgrading our front and back office trading systems, an improved and more consistent trading experience can be reached across our mobile app and web trading portal. Alpha i 2.0 will greatly improve our clients' user experience and further propel us into the era of financial digitalisation.

In light of vaccines availability upon the launch of a territory-wide COVID-19 Vaccination Programme by the Hong Kong Government, the Group has encouraged its staff members to get inoculated by offering incentives such as compensated and medical leaves, to mitigate business disruptive risks. It is in the Group's view as the vaccination rate goes higher, restrictions can be gradually lifted and eventually a higher degree of normalcy can be reached.

Outlook

Despite the lingering pandemic, the COVID-19 situation in Hong Kong is relatively manageable compared with most other places. With an improved vaccination rate, the government is planning to further ease COVID-19 quarantine restrictions and social-distancing measures. We are optimistic towards the prospect of continued economic recovery, with domestic activity and cross-border flows expected to return to normal levels in the near future.

After numerous local small to medium-sized brokerage firms have been either shut down or consolidated over the past two years, we anticipate the brokerage industry downsizing has finally come to an end. Looking ahead, the financial sector and the prospect of Hong Kong brokerage business will turn more promising against a more favourable economic and political environment as well as the ongoing recovery of the Hong Kong and mainland China economies. The evolution of China-US and China-EU relations may however add short-term uncertainties to the market outlook and the investment sentiment in the period ahead.

As a well-established and trusted Hong Kong brand in the financial services market, CFSG specialises in providing diverse and fully-fledged wealth management and advisory services, encompassing insurance products, brokerage, asset and wealth management solutions, business finance, MPF products and other corporate services to a wide and expanding clientele.

Strategically, we aim to optimise our branch network and enhance our customer service quality by investing in two new Wealth Management Customer Services Centres in HK Island and New Territories in Q4. These investments will further support our wealth management business, which provide investors with professional investment services better satisfying our clients' needs.

In addition, to raise CFSG brand exposure and Alpha-i 2.0 Mobile Trading Platform and App awareness, CFSG will kick-start a slew of digital and traditional promotion and marketing campaigns in the second half of 2021 to attract more investors to open accounts through their mobile devices.

The COVID-19 pandemic has accelerated a wave of digital transformation at an unprecedented pace with many companies switching to full digitalisation mode. This technology revolution in financial services is momentous. CFSG is committed to accelerating innovative technology enhancement in its cross-platform trading solution, such as upgrading the functionality and performance of its web trading platform and mobile trading app namely Alpha I. We aim to serve our customers efficiently & effectively and to optimise user fintech experience.

The tightening of listing requirements for foreign companies is speeding up the seconding listing of US-listed Chinese companies in the Hong Kong stock market. These listings help attract more fund inflow, while also bringing diversity and vibrancy to Hong Kong's capital markets, further reinforcing Hong Kong's role as a fundraising centre. With sustainably strong demand for IPO brokerage business, CFSG will strategically leverage IPO share subscriptions and margin financing to expand our Mainland clientele in order to boost relevant interest income amid a low global rate environment.

Riding on CFSG's well-established brand, award-winning services and unique wealth management products, we are confident that CFSG will emerge as a leading Hong Kong-based technology driven financial services company, specialising in wealth management and investment products in Hong Kong and Mainland China. We strive to deliver personalised and dedicated professional services to our clients with a holistic approach, helping them better plan wealth accumulation and preservation, while driving CFSG's sales and business growth.

Employee Information

As at 30 June 2021, the Group had 143 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\$29.2 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 fulfill/comply with the continuous professional training as prescribed in the SFO. The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group’s history and strategy, corporate culture, quality management measures, rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee’s concerns; and by removing any potential barriers for job effectiveness and continuous learning.

Directors' Interests in Securities

As at 30 June 2021, 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:

The Company

(a) Long positions in the ordinary shares of HK\$0.4 each

Name	Capacity	Personal <i>(Number of shares)</i>	Corporate Interest <i>(Number of shares)</i>	Shareholding <i>(%)</i>
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	2,472,000	97,960,854*	38.45
Li Shing Wai Lewis	Beneficial owner	2,472,000	—	0.94
Kwan Teng Hin Jeffrey	Beneficial owner	2,472,000	—	0.94
Lo Kwok Hung John	Beneficial owner	62,775	—	0.02
		7,478,775	97,960,854	40.35

* The shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the substantial shareholder 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) Long positions in the underlying shares – options under share option scheme

Name	Date of grant	Exercise period	Exercise price per share (HK\$)	Notes	Number of options			Percentage to issued shares as at 30 June 2021 (%)	
					outstanding as at 1 January 2021	lapsed during the period (Note (4))	exercised during the period (Note (5))		
Kwan Pak Hoo Bankee	29/03/2019	01/05/2019 – 30/04/2022	1.42	(1)to(3)	1,800,000	(450,000)	—	1,350,000	0.52
	29/04/2020	01/05/2020 – 30/04/2022	0.48	(2)	2,472,000	—	(2,472,000)	—	—
Li Shing Wai Lewis	29/03/2019	01/05/2019 – 30/04/2022	1.42	(1)to(3)	450,000	(112,500)	—	337,500	0.13
	29/04/2020	01/05/2020 – 30/04/2022	0.48	(2)	2,472,000	—	(2,472,000)	—	—
Kwan Teng Hin Jeffrey	29/03/2019	01/05/2019 – 30/04/2022	1.42	(1)to(3)	1,800,000	(450,000)	—	1,350,000	0.52
	29/04/2020	01/05/2020 – 30/04/2022	0.48	(2)	2,472,000	—	(2,472,000)	—	—
Kwok Ka Lok Lionel	29/03/2019	01/05/2019 – 30/04/2022	1.42	(1)to(3)	900,000	(225,000)	—	675,000	0.25
Ng Hin Sing Derek (Note (6))	29/04/2020	01/05/2020 – 30/04/2022	0.48	(2)	2,472,000	—	(2,472,000)	—	—
					14,838,000	(1,237,500)	(9,888,000)	3,712,500	1.42

Notes:

- (1) The options are vested in 3 tranches as to 25% exercisable from 1 May 2019 to 30 April 2020, 25% exercisable from 1 May 2020 to 30 April 2021 and 50% exercisable from 1 May 2021 to 30 April 2022 respectively. Any option that is not vested before the expiry date of each tranche period shall lapse automatically.
- (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) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

- (5) During the period, the following options granted on 29 April 2020 held by directors of the Company were fully vested as approved by the board and 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\$)
17 May 2021	2,472,000	0.48	0.70
17 June 2021	7,416,000	0.48	0.73
Total	9,888,000		

- (6) Mr Ng Hin Sing Derek resigned as director of the Company with effect from 16 August 2021 (subsequent to the reporting period).
- (7) No option was granted or cancelled during the period.
- (8) The options were held by the directors of the Company in the capacity of beneficial owners.

Save as disclosed above, as at 30 June 2021, none of the directors, chief executive or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Share Option Scheme

The share option scheme of the Company ("Share Option Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 8 June 2018. Details of share options to subscribe for shares in the Company granted to participants under the Share Option Scheme during the six months ended 30 June 2021 were as follows:

Participants	Date of grant	Exercise period	Exercise price per share (HK\$)	Notes	Number of options			
					outstanding as at 1 January 2021	lapsed during the period (Note (6))	exercised during the period (Note (7))	outstanding as at 30 June 2021
Directors								
	29/03/2019	01/05/2019 – 30/04/2022	1.42	(1)	4,950,000	(1,237,500)	—	3,712,500
	29/04/2020	01/05/2020 – 30/04/2022	0.48	(1)	9,888,000	—	(9,888,000)	—
					<u>14,838,000</u>	<u>(1,237,500)</u>	<u>(9,888,000)</u>	<u>3,712,500</u>
Employees and other grantees								
	29/03/2019	01/05/2019 – 30/04/2022	1.42	(2),(3)&(5)	7,824,000	(1,956,000)	—	5,868,000
	04/06/2019	04/06/2019 – 03/06/2022	1.04	(4)&(5)	2,790,000	—	—	2,790,000
	29/04/2020	01/05/2020 – 30/04/2022	0.48	(3)	8,664,000	—	(6,192,000)	2,472,000
	29/04/2020	01/05/2020 – 30/04/2022	0.48	(4)	4,944,000	—	(2,472,000)	2,472,000
					<u>24,222,000</u>	<u>(1,956,000)</u>	<u>(8,664,000)</u>	<u>13,602,000</u>
					<u>39,060,000</u>	<u>(3,193,500)</u>	<u>(18,552,000)</u>	<u>17,314,500</u>

Notes:

- (1) Details of the options granted to the directors are set out in the section headed "Directors' interests in securities" above.
- (2) The options are vested in 3 tranches as to 25% exercisable from 1 May 2019 to 30 April 2020, 25% exercisable from 1 May 2020 to 30 April 2021 and 50% exercisable from 1 May 2021 to 30 April 2022 respectively. Any option that is not vested before the expiry date of each tranche period shall lapse automatically.

- (3) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the chairman of the board and/or the board determined at their sole discretion.
- (4) The vesting of the options is subject to the satisfactory delivery of services to members of the Group as approved by the chairman of the board and/or the board determined at their sole discretion.
- (5) The options must be exercised within 1 month from the date on which the board's approval of the vesting of the options.
- (6) The lapsed options were due to expiry of the options in accordance with the terms of the share options.
- (7) During the period, the following options granted on 29 April 2020 held by directors and participants of members of the Group were fully vested as approved by the board and 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\$)
17 May 2021	11,136,000	0.48	0.70
17 June 2021	<u>7,416,000</u>	0.48	0.73
Total	<u>18,552,000</u>		

- (8) No option was granted or cancelled during the period.

Substantial Shareholders

As at 30 June 2021, 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 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 (1))	Interest in a controlled corporation	97,960,854	37.50
Cash Guardian Limited (Note (1))	Interest in a controlled corporation	97,960,854	37.50
CASH (Note (1))	Interest in a controlled corporation	97,960,854	37.50
Praise Joy Limited (Note (1))	Interest in a controlled corporation	97,960,854	37.50
CIGL (Note (1))	Beneficial owner	97,960,854	37.50
Ever Billion Group Limited ("Ever Billion") (Note (2))	Beneficial owner	41,300,000	15.81

Notes:

- (1) This refers to the same number of 97,960,854 shares held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the substantial shareholder 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.
- (2) The shareholding interest of Ever Billion was based on the notice dated 20 June 2017 filed by it pursuant to Divisions 2 and 3 of Part XV of the SFO after adjusting the number of Shares held by it due to the 20-to-1 share consolidation of the Company which took effect on 7 September 2020. Based on the said notice, Ever Billion is a wholly-owned subsidiary of Sunbase International (Holdings) Limited, which is in turn owned as to 66.67% by Mr Gao Gunter and 33.33% by Ms Yang Linda. Pursuant to the SFO, Mr Gao Gunter, Ms Yang Linda and Sunbase International (Holdings) Limited were deemed to be interested in all these shares held by Ever Billion.

Save as disclosed above, as at 30 June 2021, 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 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 2021 to 30 June 2021, the Company had duly complied with the code provisions of the Corporate Governance Code as contained in Appendix 14 of the Listing Rules, except for the deviations summarised as follows:

- (i) The Company does not have a nomination committee as provided for in code provision A.5.1 as its function has been performed by the board as a whole. The board under the leadership of the chairman is responsible for reviewing the structure, size and composition of the board and the appointment of new directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the board as a whole is also responsible for reviewing the succession plan for the directors; and
- (ii) Dr Kwan (chairman of the board) also acted as CEO of the Company during the underlying period. According to code provision A.2.1, the roles of chairman and CEO of the Company should be separate. The dual role of Dr Kwan provides a strong and consistent leadership to the board and is critical for efficient business planning and decisions of the Group. The respective CEOs of each business units of the Group assisted Dr Kwan in performing the CEO's responsibilities. The balance of power and authorities is also ensured by the operation of the board and the senior management, which comprise experienced and high calibre individuals.

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.

Disclosure of Information of Directors Pursuant to Rule 13.51B(1) of the Listing Rules

There are no changes to the directors' 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 2021 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 2021, 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 & CEO

Hong Kong, 30 August 2021

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

Executive directors:

Dr Kwan Pak Hoo Bankee, *JP*
Mr Li Shing Wai Lewis
Mr Kwan Teng Hin Jeffrey
Mr Kwok Ka Lok Lionel
Mr Cheung Wai Lim William

Independent non-executive directors:

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