CELESTIAL ASIA SECURITIES HOLDINGS LIMITED
時 富 投 資 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)
(Stock code: 1049)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

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 2016, together with the comparative figures for the last corresponding period, are as follows:

		Unaudited	
		Six months ended 30 June	
		2016	2015
	Notes	**HK$'000**	HK$'000 (Restated)
Revenue	(3)	**777,416**	782,550
Other income		**4,589**	5,223
Cost of inventories and services		**(388,288)**	(358,081)
Net gains on investments held for trading		**30,470**	105,747
Gain on partial disposal of available-for-sale financial assets		**-**	14,381
Salaries, allowances and commission		**(169,336)**	(234,796)
Other operating, administrative and selling expenses		**(249,450)**	(250,938)
Depreciation of property and equipment		**(18,799)**	(17,700)
Finance costs		**(6,052)**	(9,426)
Fair value change on investment properties		**(14,600)**	-
Share of results of an associate		**-**	95
(Loss) profit before taxation		**(34,050)**	37,055
Income tax credit (expense)	(6)	**2,409**	(5,119)
(Loss) profit for the period		**(31,641)**	31,936
Other comprehensive (expense) income for the period, net of income tax			
Exchange difference on translation of foreign operations		**(226)**	(3,877)
Total other comprehensive expense for the period		**(226)**	(3,877)
Total comprehensive (expense) income for the period		**(31,867)**	28,059

	Note	Unaudited Six months ended 30 June **2016** **HK$'000**	 2015 HK$'000 (Restated)
(Loss) profit for the period attributable to:			
Owners of the Company		**(12,790)**	12,405
Non-controlling interests		**(18,851)**	19,531
		(31,641)	31,936
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(12,991)**	10,723
Non-controlling interests		**(18,876)**	17,336
		(31,867)	28,059
(Loss) earnings per share	(7)		
- Basic (HK cents)		**(1.5)**	2.1
- Diluted (HK cents)		**(1.5)**	2.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2016 (Unaudited) HK$'000**	31 December 2015 (Audited) HK$'000
Non-current assets			
Property and equipment		**75,975**	83,751
Investment properties	(8)	**16,131**	188,583
Goodwill		**60,049**	60,049
Intangible assets		**53,212**	53,212
Available-for-sale financial assets		**8,415**	8,415
Rental and utilities deposits		**48,239**	32,963
Other assets		**5,070**	5,039
Deferred tax assets		**6,206**	6,200
		273,297	438,212
Current assets			
Inventories – finished goods held for sale		**58,027**	63,382
Accounts receivable	(9)	**780,280**	774,449
Loans receivable		**8,183**	4,509
Other assets		**8,187**	5,240
Prepayments, deposits and other receivables		**57,424**	57,130
Tax recoverable		**4,477**	29
Investments held for trading		**120,782**	68,871
Financial asset designated at fair value through profit or loss		**12,926**	13,161
Properties held for resale		**157,852**	-
Bank deposits subject to conditions		**64,000**	44,000
Bank balances – trust and segregated accounts		**866,814**	946,810
Bank balances (general accounts) and cash		**420,383**	636,632
		2,559,335	2,614,213
Current liabilities			
Accounts payable	(10)	**1,456,710**	1,638,408
Accrued liabilities and other payables		**134,423**	156,975
Taxation payable		**25,960**	21,513
Obligations under finance leases – amount due within one year		**298**	396
Financial liabilities held for trading		**1,084**	-
Financial liabilities designated at fair value through profit or loss		**12,926**	13,161
Borrowings – amount due within one year		**392,086**	318,571
		2,023,487	2,149,024
Net current assets		**535,848**	465,189
Total assets less current liabilities		**809,145**	903,401

	Note	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Capital and reserves			
Share capital	(12)	**83,122**	83,122
Reserves		**393,761**	406,777
Equity attributable to owners of the Company		**476,883**	489,899
Non-controlling interests		**303,162**	322,013
Total equity		**780,045**	811,912
Non-current liabilities			
Deferred tax liabilities		**10,025**	12,435
Obligations under finance leases – amount due after one year		**833**	642
Borrowings – amount due after one year		**18,242**	78,412
		29,100	91,489
		809,145	903,401

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
Six months ended 30 June 2016

	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 2016	**83,122**	**591,437**	**88,926**	**1,160**	**59,649**	**9,406**	**4,458**	**11,164**	**(359,423)**	**489,899**	**322,013**	**811,912**
Loss for the period	-	-	-	-	-	-	-	-	(12,790)	(12,790)	(18,851)	(31,641)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(201)	-	-	-	(201)	(25)	(226)
Total comprehensive income (expense) for the period	83,122	591,437	88,926	1,160	59,649	9,205	4,458	11,164	(372,213)	476,908	303,137	780,045
At 30 June 2016	**83,122**	**591,437**	**88,926**	**1,160**	**59,649**	**9,205**	**4,458**	**11,164**	**(372,213)**	**476,908**	**303,137**	**780,045**

Unaudited
Six months ended 30 June 2015 (Restated)

	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	-	-	-	-	-	-	-	-	12,405	12,405	19,531	31,936
Recognition of equity-settled share-based payments	-	-	-	-	-	-	427	-	-	427	-	427
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,661)	-	-	-	(1,661)	(2,216)	(3,877)
Total comprehensive income (expense) for the period	55,415	510,677	88,926	1,160	59,110	10,729	4,031	11,164	(363,415)	377,797	342,241	720,038
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	10,729	4,031	11,164	(363,415)	376,567	349,304	725,871

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000 (Restated)
Net cash used in operating activities	**(321,258)**	(310,949)
Net cash generated from investing activities	**65,190**	36,791
Net cash generated from financing activities	**39,819**	369,910
Net (decrease) increase in cash and cash equivalents	**(216,249)**	95,752
Cash and cash equivalents at beginning of period	**636,632**	300,299
Cash and cash equivalents at end of period	**420,383**	396,051
Bank balances and cash	**420,383**	396,051

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 ("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 2016, 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 2015.

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

The Group has not early applied the following new standards, amendments and improvements to existing standards that have been issued but are not yet effective.

HKFRS 9	Financial instruments [2]
HKFRS 15	Revenue from contracts with customers [2]
HKFRS 16	Leases [3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture [4]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers [2]
Amendments to HKAS 7	Disclosure initiative [1]

[1] *Effective for annual periods beginning on or after 1 January 2017.*
[2] *Effective for annual periods beginning on or after 1 January 2018.*
[3] *Effective for annual periods beginning on or after 1 January 2019.*
[4] *Effective for annual periods beginning on or after a date to be determined.*

(3) Revenue

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

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Fee and commission income	**90,202**	148,177
Sales of furniture and household goods and electrical appliances, net of discounts and returns	**686,776**	634,007
Online game subscription income and licensing income	**438**	366
	777,416	782,550

(4) Comparative figures

Certain comparative figures of 2015 have been reclassified to align with the presentation as adopted in the year end audited financial statements.

(5) Business and geographical segments

Business segments

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

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

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 2016

	Financial services HK$'000	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
Reportable segment revenue				
From external customers	**90,202**	**686,776**	**438**	**777,416**
Reportable segment (loss) profit	**(20,422)**	**7,708**	**(1,314)**	**(14,028)**
Net loss on investments held for trading				**(1,886)**
Unallocated corporate expenses				**(3,389)**
Fair value change in investment properties				**(14,600)**
Finance costs				**(147)**
Loss before taxation				**(34,050)**

For the six months ended 30 June 2015 (Restated)

	Financial services HK$'000	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
Reportable segment revenue				
From external customers	148,177	634,007	366	782,550
Reportable segment profit (loss)	34,011	9,813	(321)	43,503
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				37,055

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.

(6) Income tax credit (expense)

	Unaudited Six months ended 30 June 2016 HK$'000	2015 HK$'000
Current tax:		
- Hong Kong Profits Tax	**-**	(5,119)
Deferred tax	**2,409**	-
	2,409	(5,119)

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.

(7) (Loss) earnings per share

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company for the six months ended 30 June 2016 together with the comparative figures for the prior period are based on the following data:

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
		(Restated)
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	**(12,790)**	12,405

	Unaudited Six months ended 30 June	
	2016	2015
	'000	'000
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**831,222**	587,548
Effect of dilutive potential ordinary shares : Share options	**-**	9,897
Weight average number of ordinary shares for the purpose of diluted (loss) earnings per share	**831,222**	597,445

The weight average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 31 December 2015 has been adjusted to reflect the impact of the bonus element of rights issue on 17 September 2015.

(8) Investment properties

With reference to the paragraph headed "Material Acquisitions and Disposals" in the section "Review and Outlook" below, all the related investment properties which have planned to be disposal of are reclassified to properties held for resale.

(9) Accounts receivable

	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Accounts receivable arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	**187,675**	275,930
Cash clients	**179,581**	55,373
Margin clients	**195,007**	170,624
Loans to clients for IPO subscription	**1,553**	-
Accounts receivable arising from the business of dealing in futures and options:		
Clients	**152**	159
Clearing houses, brokers and dealers	**210,496**	266,452
Commission receivable from brokerage of mutual funds and insurance-linked investment products	**2,752**	2,247
Accounts receivable arising from the business of provision of corporate finance services	**2,980**	1,046
Accounts receivable arising from the business of provision of online game services	**84**	50
Accounts receivable arising from the business of retailing	**-**	2,568
	780,280	774,449

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 receivable 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 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
0 - 30 days	**842**	1,969
31 - 60 days	**2,968**	126
61 - 90 days	**160**	274
Over 90 days	**1,762**	924
	5,732	3,293

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 2016 HK$'000**	**Balance at 30 June 2016 HK$'000**	**Maximum amount outstanding during the period HK$'000**	**Market value of pledged securities at fair value at 30 June 2016 HK$'000**
Directors of the Company				
Mr Kwan Pak Hoo Bankee and associates (Notes (a), (b) and (c))	-	-	231	1,602
Mr Law Ping Wah Bernard and associates (Note (b))	-	-	6,909	-
A shareholder with significant influence over the Company (Note (c))				
Cash Guardian Limited	-	-	-	9,444
Directors of CFSG				
Ms Cheng Pui Lai Majone and associates	-	-	8,637	527
Mr Ng Kung Chit Raymond and associates	-	-	10,375	-
Other connected clients				
Mr Kwan Pak Leung Horace and associates (Note (d))	-	-	6,000	-
Ms Chan Siu Fei Susanna and associates (Note (d))	-	-	5,186	7

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 Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna are associates of Mr Kwan Pak Hoo Bankee.

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

(10) Accounts payable

	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Accounts payable arising from the business of dealing in securities:		
Clearing houses and brokers	**148,792**	9,432
Cash clients	**657,988**	947,082
Margin clients	**149,083**	160,949
Accounts payable to clients arising from the business of dealing in futures and options	**327,854**	312,364
Trade creditors arising from retailing business	**172,622**	208,190
Accounts payable arising from the online game services	**371**	391
	1,456,710	1,638,408

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 2016, the accounts payable amounting to HK$866,814,000 (31 December 2015: HK$950,842,000) 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 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
0 - 30 days	**88,681**	137,193
31 - 60 days	**44,947**	17,531
61 - 90 days	**25,801**	18,015
Over 90 days	**13,193**	35,451
	172,622	208,190

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

(11) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the 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, financial assets/liabilities at FVTPL, available-for-sale financial assets, bank balances and deposits, loans receivable, accrued liabilities and other payables, obligations under finance leases 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 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 classified as available-for-sale financial assets and investments in derivatives. The directors of the Company manage the exposure in derivatives by closing all the open position of derivatives and imposing trading limits on daily basis. No sensitivity analysis on equity price risk has been presented in relation to unlisted equity investment classified as available-for-sale financial assets because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that fair value cannot be measured reliably.

Interest rate risk

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"). 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

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with all the loan covenants.

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

Fair values

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

(12) Share capital

	Par value of each ordinary share	**Number of shares**	**Amount**
	HK$	'000	HK$'000
Ordinary shares			
Authorised:			
At 1 January 2016 and 30 June 2016	0.10	3,000,000	300,000
Issued and fully paid:			
At 1 January 2016 and 30 June 2016	0.10	831,222	83,122

(13) Related party transactions

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

	Notes	Unaudited Six months ended 30 June **2016** **HK$'000**	 2015 HK$'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
Commission and interest income received from the following directors of the Company			
Mr Kwan Pak Hoo Bankee and associates	(a)	**17**	75
Mr Law Ping Wah Bernard and associates	(b)	**6**	44
Mr Ng Hin Sing Derek and associates		**1**	25
		24	144
Commission and interest income received from the following directors of CFSG			
Ms Cheng Pui Lai Majone and associates		**12**	46
Mr Ng Kung Chit Raymond and associates		**10**	41
		22	87
Commission and interest income received from other connected clients	(c)		
Mr Kwan Pak Leung Horace and associates		**8**	25
Ms Chan Siu Fei Susanna and associates		**9**	22
		17	47
Interest income received from CFSG	(d)	**-**	653
Handling fee and commission received from Confident Profits Limited and its subsidiaries ("Confident Profits Group")	(e)	**5,408**	N/A

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 Law Ping Wah Bernard is also the executive director of CFSG.

(c) Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna are associates of Mr Kwan Pak Hoo Bankee.

(d) During the six months ended 30 June 2015, the Group received interest income from CFSG of approximately HK$653,000. The balance had been settled on 30 June 2015.

(e) Confident Profits Group (wholly-owned subsidiaries of CFSG) was disposed of to Celestial Investment Group Limited (a wholly-owned subsidiary of the Company) and the transaction was completed on 30 June 2015. No disclosure for 2015 is made because the Confident Profits Group was still subsidiary of CFSG for the period ending 30 June 2015.

(14) Events after the reporting period

(i) In May 2016, the Company announced a major transaction relating to disposal of the entire issued share capital of Cheer Wise Investments Limited ("Cheer Wise", a subsidiary of the Company held through CFSG) and the loans due by Cheer Wise to the Group to an independent third party at an aggregate consideration of HK$140,500,000 in cash. The sole asset of Cheer Wise is holding a commercial property and carparks in Kwun Tong. The disposal was approved by shareholders of the Company at a special general meeting held on 6 July 2016 and was completed on 15 July 2016. Details of the transaction are disclosed in the joint announcement of the Company and CFSG dated 4 May 2016, and the circular issued by the Company dated 17 June 2016.

Because the transaction was subject to the approval of the shareholders of the Company at the special general meeting held on 6 July 2016 and was completed on 15 July 2016, the transaction was also treated as an event after the reporting period.

(ii) In July 2016, subsequent to the reporting period, the Group signed a framework agreement and a supplemental agreement with an independent third party relating to the proposed disposal of approximately 36.28% shareholding interest in CFSG (a non-wholly-owned subsidiary of the Company) at a consideration to be determined and be settled in cash, which would trigger a possible very substantial disposal of the Company under the Listing Rules and a possible mandatory general offer for shares in CFSG (if materializes). Details of the transactions were disclosed in the joint announcement of the Company and CFSG dated 21 July 2016 and 19 August 2016.

(iii) In July 2016, subsequent to the reporting period, the Group signed a formal sale and purchase agreement relating to disposal of a property in Shanghai to an independent third party at a consideration of RMB 7.5 million (equivalent to approximately HK$8.8 million). The transaction has been scheduled to be completed in September 2016.

(15) Interim dividend

No interim dividend in respect of the six months ended 30 June 2016 and 30 June 2015 was declared by the Board.

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2016 (2015: nil).

REVIEW AND OUTLOOK

Financial Review

Financial Performance

For the six months ended 30 June 2016, the Group recorded revenue of HK$777.5 million as compared to HK$782.6 million for the same period last year.

Overall, the Group reported a net loss for the period of HK$31.6 million as compared to the net profit of HK$31.9 million for the same period last year.

FINANCIAL SERVICES BUSINESS – FSG

For the six months ended 30 June 2016, FSG recorded revenue of HK$90.2 million, represented a decrease of 39.1% as compared with HK$148.2 million for the same corresponding period last year. Trading in the Hong Kong securities market continued to languish in the first half of 2016 in the aftermath of last June's great corrections in both the mainland and local stock markets. The Hang Seng Index posted the worst loss to start the Year of Monkey in February. On the first and second trading days after returning from the long Lunar New Year holiday, the Hang Seng Index plunged sharply to the lowest close since June 2012 at 18,319. Investor sentiment had been fragile since then as there were concerns over subdued global growth and uncertainties associated with the timing of US interest rate hikes. The domestic stock market had been faced with the worries over industrial overcapacity on the Mainland, heightened RMB depreciation risks, high bad debts and rising credit default risks. These all exerted downward pressure on the performance of the Hong Kong stock market. In the months leading up to Britain's referendum whether to leave the European Union, the already weakened investment sentiment had been further hit hard by the potential and economic uncertainties prevailing in both local and global markets. As a result of this combination of factors, the average daily turnover during the first six months of 2016 fell to HK$67.5 billion, 46.1% lower than the HK$125.3 billion in the first half of 2015. Our clients who are mostly retail investors had chosen to flee the highly volatile stock markets to avoid suffering huge trading and investment losses during this deteriorating financial environment. Even though, for years, our Group has dedicated its resources in developing its in-house direct market access platform through which its corporate clients place and execute their complex investment strategies and high frequent trading activities, but the growth in this business could not help much recoup the loss in reduced commission income earned from dealing in securities by its individual clients during the first 6 months of the current year. The Group's broking business recorded a drop of 37.7% in revenue for the first half of 2016 as compared with the performance for the same corresponding period last year.

During the period under review, FSG recorded a decrease in fair value on its investment property in Hong Kong amounting to HK$14.6 million. Pursuant to a memorandum of understanding dated 4 May 2016 and a formal sale and purchase agreement dated 10 June 2016 entered into with a third party, the Group disposed of the entire share capital of a wholly-owned subsidiary which owns the aforesaid investment property for HK$140.5 million. The disposal of the property was subsequently completed in July 2016. Before taking into account the aforesaid decrease in fair value on the investment property and the six-month operating results, FSG recorded a segment loss of HK$20.4 million for the six months ended 30 June 2016 as compared to a segment profit of HK$34.0 million in the same corresponding period last year.

RETAIL MANAGEMENT BUSINESS - Pricerite Group

During the first half of the current year, especially in the first quarter, Pricerite Group's business had been inevitably affected by the weak consumer spending caused by the deteriorating local economic sentiment accompanied with the weakening local property market. Since October 2015, the prices of residential properties had dropped from its peak before hitting the bottom recently. In the meantime, retail sales also dropped by 10.5% in value in 6 months to June year-on-year. Nevertheless, thanks to the solid labour market conditions with unemployment rate being held steady at 3.4% in three months to June of 2016, the overall weakening consumer sentiment had therefore started abating late in the second quarter. To confront with the hardship of retail industry, we have continued to implement stringent cost control measures to contain the rising operating overheads. In view of more and more shops having been closed down across the city because of the prevailing difficult business environments and bleak economic outlook, we have embarked on arduous negotiations with our landlords to mitigate the pressure on rental costs of our retail outlets. While we successfully negotiated for a rental reduction for some outlets, the outcome for the negotiations with several landlords of large shopping malls was another story. Having failed to bargain for better rental costs and more favourable terms with these landlords, we would consider closing down some of the underperforming shops upon the expiration of leases. On the other hand, our furniture design team had continued to explore a series of innovative space-saving ideas on our products that are perfectly fitted into small and medium sized apartments chased by the young home-seekers. We have also expanded and strengthened our Tailor Made Furniture (TMF) services in our chain stores to achieve better profit margins. All these have been demonstrating our leading position in the market and our commitment to providing smart and stylish home solutions tailored for young families to enjoy a more comfortable living space even in small and medium sized apartments. Additionally, we have refined the sales mix in our chain stores to further improve the sales performance and profit margins. As such, some bulky electrical appliances which were less profitable were being pulled off the shelves at our stores and replaced by household products and DIY furniture with higher profit margins. At the same time, Pricerite Group has been steering the development of our own online retail platform and advancement of information technology to enhance efficiency. Having taken the above measures, the Group recorded a mild growth in revenue in the first half of the year.

Overall, Pricerite Group recorded revenue of HK$686.8 million, a net profit of HK$7.7 million for the six months ended 30 June 2016 as compared to revenue of HK$634.0 million and a net profit of HK$9.8 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 start from this year to explore the potentials of game licensing business in overseas market. We solicit global distribution partners to operate and promote Chinese mobile game titles, and to provide full-fledged services to the Chinese game developers to facilitate game distribution in overseas markets at the same time. Furthermore, we will continue to seek investment opportunities to form strategic partnership with game development teams, operating and distribution platforms in order to enhance our product offerings and distribution capabilities.

For the six months ended 30 June 2016, the Group's Mobile Internet Services business recorded revenue of HK$0.4 million and a segment loss of HK$1.3 million as compared to the revenue of HK$0.4 million and a segment loss of HK$0.3 million for the same period last year.

Liquidity and Financial Resources

The Group's total equity amounted to HK$780.0 million as at 30 June 2016 as compared to HK$811.9 million at the end of last year.

As at 30 June 2016, the Group had total outstanding borrowings of approximately HK$410.3 million compared to HK$397.0 million as at 31 December 2015. These bank borrowings mostly denominated in Hong Kong dollars were all secured loans. The above bank loans of approximately HK$58.1 million were secured by the Group's investment properties of carrying amounts of approximately HK$156.5 million, pledged deposits of HK$64.0 million, corporate guarantees and its margin clients' securities pledged to it.

As at 30 June 2016, our cash and bank balances totalled HK$1,351.2 million as compared to HK$1,627.4 million at the end of the previous year. The Group derives its revenue mainly in Hong Kong dollars and maintains its house fund mainly in Hong Kong dollars. The liquidity ratio as at 30 June 2016 remained healthy at 1.26 times, signifying a mild improvement as compared with 1.22 times as at 31 December 2015.

The gearing ratio, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, was 52.7% as at 30 June 2016 as compared to 49.0% as at 31 December 2015. The mild increase in gearing ratio was mainly due to the decrease in the total equity during the period. On the other hand, we have no material contingent liabilities at the period-end.

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

Foreign Exchange Risks

A foreign currency financial asset designated at fair value through profit or loss of approximately RMB 11.0 million (equivalent to approximately HK$12.9 million) was held as at 30 June 2016 which had been hedged by a return swap contract of the same amount issued by the Group to an independent third party during the period.

Save as aforesaid, 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

In May 2016, the Group signed a formal sale and purchase agreement for disposal of a property in Shanghai to an independent third party at a consideration of RMB 7.3 million (equivalent to approximately HK$8.76 million). The transaction has been scheduled to be completed in August 2016.

In May 2016, the Company announced a major transaction relating to disposal of the entire issued share capital of Cheer Wise (a subsidiary of the Company held through CFSG) and the loans due by Cheer Wise to the Group to an independent third party at an aggregate consideration of HK$140,500,000 in cash. The sole asset of Cheer Wise is holding a commercial property and carparks in Kwun Tong. The disposal was approved by shareholders of the Company at a special general meeting held on 6 July 2016 and was completed on 15 July 2016. Details of the transaction are disclosed in the joint announcement of the Company and CFSG dated 4 May 2016, and the circular issued by the Company dated 17 June 2016.

In July 2016, subsequent to the reporting period, the Group signed a framework agreement and a supplemental agreement with an independent third party relating to the proposed disposal of approximately 36.28% shareholding interest in CFSG (a non-wholly-owned subsidiary of the Company) at a consideration to be determined and be settled in cash, which would trigger a possible very substantial disposal of the Company under the Listing Rules and a possible mandatory general offer for shares in CFSG (if materializes). Details of the transactions were disclosed in the joint announcement of the Company and CFSG dated 21 July 2016 and 19 August 2016.

In July 2016, subsequent to the reporting period, the Group signed a formal sale and purchase agreement relating to disposal of another property in Shanghai to an independent third party at a consideration of RMB 7.5 million (equivalent to approximately HK$8.8 million). The transaction has been scheduled to be completed in September 2016.

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 outstanding capital commitment at the end of the period.

Material Investments

As at 30 June 2016, the market value of a portfolio of investments held for trading amounted to approximately HK$120.8 million. The net gain derived from investments held for trading of HK$30.5 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 2016**	2015	% change
Financial services	**90.2**	148.2	(39.1%)
Retailing	**686.8**	634.0	8.3%
Online game	**0.4**	0.4	19.7%
Group total	**777.4**	782.6	(0.7%)

Key Financial Metrics

	Unaudited Six months ended 30 June 2016	2015	% change
The Group			
Net (loss) profit attributable to shareholders (HK$'m)	**(12.8)**	12.4	(203.2%)
(Loss) earnings per share (HK cents)	**(1.5)**	2.1	(171.4%)
Total assets (HK$'m)	**2,832.6**	3,189.2	(11.2%)
Cash on hand (HK$'m)	**1,351.2**	1,390.9	(2.9%)
Bank borrowings (HK$'m)	**410.3**	655.5	(37.4%)
Financial services			
Annualised average fee income from broking per active client (HK$'000)	**10.4**	19.6	(46.9%)
Retailing			
Revenue per sq. ft. (HK$)	**329**	324	1.5%
Growth for same stores (vs last year)	**9.5%**	10.6%	N/A
Inventory turnover days	**57.1**	60.8	(6.1%)

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Services Business - FSG

Industry Review

2016 got off to an unsettling start globally, with fears of a hard landing in China, the world's second largest economy, and unexpectedly low oil prices. Glimpses of hope emerged as international financial and oil markets stabilised, and the world economic outlook was progressing positively until 23 June, when the UK referendum on European Union membership and "leave" outcome (Brexit) caught the world by surprise.

In the first half of the year, the Hong Kong market saw 40 IPO listings, a 22% decrease compared with the same period last year. Total funds raised reached HK$43.5 billion, a 66% drop year on year. Despite the decline, the volume of IPOs and funds raised in Hong Kong reconfirmed its leading position in global capital markets. The Hang Seng Index (HSI) closed at 20,794 end of June 2016, 5.11% lower than end of December 2015. During this period, the HSI traded within the narrow range of 18,279 to 21,622. The average daily turnover of the Hong Kong securities market for the first six months of 2016 was HK$67.5 billion, a sharp 46% fall compared with HK$125.3 billion for the same period last year.

Business Review

Broking

Given this dismal backdrop, CFSG's securities commission income was inevitably affected and decreased by 56%. However, steady commission from our futures and options trading business mitigated some of the adverse impact of the challenging securities broking environment, with total commission income recording an overall drop of 40%. Interest income decreased by 50% due to deleveraging activities in the margin financing business.

Investment Banking

During the review period, we continued our balanced strategy focused on both IPOs and corporate transactions. CFSG acted as sole sponsor for several proposed listing applications by Hong Kong and Mainland China enterprises across different industries. On the corporate advisory services front, we advised a number of sizeable listed companies on a range of corporate finance transactions, including issuing securities, proposed transfers of listings from the Growth Enterprise Market to the Main Board and proposed connected transactions. We also acted as a compliance adviser to several Hong Kong listed companies.

Asset Management

The portfolios managed by our asset managers outperformed the 5.11% drop in the HSI and 9.81% fall in the H-share index during the first six months of 2016. Assets under Management (AUM) decreased slightly, by 4.37%, compared with the end of 2015. Our focus was sectors that have low co-relations with China's economic growth, such as technologies and exports, while old economy stock sectors, such as raw materials and banking, were avoided.

Wealth Management

With the launch of the Investment Linked Assurance Scheme (ILAS) and our continuous business diversification endeavours, the company's wealth management services turned in a steady performance during the review period. We strengthened our co-operation with different business partners on brand building and service promotion in Mainland China and the Asia-Pacific region, moves that are expected to have a positive effect on business development. We also introduced a platform to provide a real-time and consolidated view of holdings for discretionary clients. The innovation offers a better client experience, which will benefit efforts to promote our discretionary management service to existing clients in the second half of the year.

Mobile Trading and FinTech Investment Platform

Market volatility in recent years has been adding to longer-term challenges for the traditional investment industry. CFSG is a strong advocate of financial technology (FinTech) as a way to enhance investment performance and investor experience. The company has worked hard to pioneer technology-based financial services and investment to create value for both retail and institutional clients amid the volatile market of recent years.

In the first half of 2016, we continued to introduce new initiatives through our mobile and online investment platform, including the addition of unique features to our CASH RTQ mobile app, such as A-share trading and a "bond quote" service.

To help clients grasp investment opportunities, we further developed our online trading platform, introducing a "basket trading" service, enabling clients to trade groups of securities in the same sector. We also became the first financial institution in Hong Kong to develop FinTech Investment Platform. The platform is based on real-time big data analysis and acts as an "independent investment advisor" to clients, providing timely trading advice (signals) through its powerful artificial intelligence system. It helps investors avoid impulsive or irrational investment decisions and saves the time previously needed to analyse the huge amount of global and local financial information and economic data.

Direct Market Access (DMA)

In addition to the revolutionary changes introduced to our online trading architecture, CFSG is dedicated to bringing extra value to professional traders, proprietary firms and hedge funds through customised DMA solutions. With our state-of-the-art trading platform, ultra-low latency data, direct client connectivity with global exchanges, and our expertise in IT infrastructure, we successfully helped a number of professional traders to implement DMA initiatives during the results period. Such initiatives demonstrate our excellent capabilities in serving institutional clients, and communicating with other potential traders and investors in the region, and we look forward to expanding our DMA team and businesses in the future.

Outlook

With Brexit yet to unfold, economic and political uncertainty is once again rising, negatively affecting consumer, business and investment confidence. Low oil prices, continuous RMB depreciation, uncertainty surrounding US rate hikes, and China's subdued economy will continue to significantly impact fund flows worldwide, inexorably placing further pressure on the local investment market.

However, China appears to be less exposed to the downside risks of Brexit. With the near-term outlook improving on the back of the country's recent expansionary fiscal policy, infrastructure spending in China has progressed and credit growth accelerated. As Mainland China rolls out its "One Belt One Road" initiative and closer ties evolve between Mainland and Hong Kong financial markets, Hong Kong's solid financial system and experience should provide the city with fresh opportunities to build on China's robust economic growth.

With the Hong Kong stock market currently trading at around 10 times prospective 2016 P/E, 1.15 times P/B and 3.6% dividend yield for the HSI, the current valuation is undemanding for long-term investors. Given the imminent launch of Shenzhen-Hong Kong Stock Connect and potential inclusion of A-shares in the MSCI index in the second half of the year, we are optimistic that market sentiment and hence our performance for broking and asset management businesses will improve in due course.

By leveraging our fundraising capabilities as well as financial advisory expertise, we will continue to provide fully fledged investment banking services and maintain our balanced focus on IPOs and corporate transactions to assist clients in capturing different capital markets and corporate finance opportunities.

Over the past decade, FinTech has drastically changed the global financial landscape. In line with our track record of innovation, we will seek to add transformative initiatives to enhance the trading experience of our clients and develop more investment strategies, customisation (i.e. allotment of investment capital for each strategy and setting risk control criteria) and automated trading functions for our trading platform.

Resilient economic growth in China remains the fundamental driver for the country's wealth management market. To capture the opportunity that the Mainland market is still in lack of sophisticated products, limited international experience and insufficient supply of qualified professionals, CFSG will leverage our competitive edge in direct market access (DMA) and algo trading strategies to enhance our service capabilities to high-net-worth individuals in China.

Despite mounting global uncertainties, we will keep pursuing our cost-leadership approach and vigilantly manage our business in order to balance growth and external risks. It is also part of the Group's long-term strategy to bring in synergistic value investors to develop our business further in Mainland China and Hong Kong.

Retail Management Business – Pricerite Group

Industry Review

Economic gloom hit Hong Kong in the first half of the year, seriously affecting consumer sentiment. Coupled with a significant drop in mainland visitor arrivals and spending, the value of total retail sales fell by 10.5% during the review period, with the value of furniture and fixtures sales dropping 5.0%. Concerns over rate hikes, the economic slowdown, and the government's property cooling measures saw registered sales in the private residential property market decline by 34.6%. This further affected local consumer sentiment. Despite the downbeat mood, Pricerite managed to achieve sales growth of 8.3% by continuing to provide customers with leading home furnishing solutions and excellent service.

Business Review and Outlook

During the first half of 2016, Pricerite kept up the "Small Space: Big Universe" (小小空間：大大宇宙) branding campaign to reinforce the group's brand image as the "one-stop space management specialist" for small to medium homeowners.

To reach a broader customer base, we launched a number of marketing campaigns utilising different touch points. In addition to a new television commercial, first run during Chinese New Year to reinforce our space management specialist position, we engaged in various sponsorships and leveraged the mass viewership of media partners to reach our target audience of young couples and individuals. Partnering with 100Most (100 毛) and TV Most (毛記電視) proved a significant move forward, with projects ranging from the Pricerite product catalogue and promotional videos to title sponsor for TVMost's "Happy TVMost Birthday to Me" (萬千呃 Like 賀台慶) programme. In doing so, we successfully increased our exposure among young customers while gaining an youthful, energetic and innovative brand image through our association with a highly popular social medium.

We also sponsored「空間大改造 2016」, a Cable TV programme renowned for showcasing smart products and space management solutions. Such a show closely aligns with Pricerite's endeavours to offer smart and flexible home furnishing solutions to customers. We have lively inspired customers of the space management ideas with the products and solutions introduced in the programme.

Throughout the first half of 2016, our marketing campaigns received great acclaim and gained massive exposure through different media platforms. One promotional video recorded 1.2 million views in one week and Facebook fans increased by more than 10% in a month, demonstrating the effectiveness of our strategies for building the Pricerite brand.

During the review period, we further developed our tailor-made furniture ("TMF") and home furnishing service to maximise market potential. We also continued our long-term commitment to nurturing talent, especially design capabilities. We sponsored the Professional Diploma in Interior Design, run by the Hong Kong Design Institute, with outstanding participants recruited as designers following graduation. Through such careful planning and dedication to creative initiative, our TMF business achieved double-digit sales growth during the period, despite the market doldrums.

Riding on the increasingly vibrant e-commerce wave, Pricerite implemented a series of enhancement projects focused on future growth. We created diverse marketing content, delivering product knowledge to customers through videos, e-leaflets and manuals. We launched our Macau and corporate websites, providing tailored product selections to different customer groups to facilitate our one-stop online shopping experience and increase convenience. In addition, our e-shop partnered with high-profile business associates, such as Yahoo, HKTV Mall and several banks, to offer exclusive privileges to customers. In April, pricerite.com.hk received the Silver Award at the Best .hk Website Awards 2015, presented by Hong Kong Internet Registration Corporation Limited.

At the same time, we expanded our product mix. We sourced a higher proportion of quality items from overseas, especially Japan and Korea. A new "Home Storage" zone with comprehensive provision of smart products and ideas was introduced to demonstrate space management solutions in action. We also revamped our Causeway Bay and Tai Po stores to provide an enhanced shopping environment and customer experience. While spending sentiment has undoubtedly been affected by the economic uncertainty, such endeavours demonstrate our unwavering resolve to satisfy customers' evolving needs through our responsive outlook, excellent service and smart products.

Mobile Internet Services Business – Net2Gather

During the period under review, the Group began to record revenue from the commercial operation of "EDEN Online". We will continue to solicit global distribution partners to operate and promote Chinese mobile game titles, while we also provide full-fledged services to the Chinese game developers to facilitate game distribution in overseas market. We will start to explore collaboration opportunities to extend our reach of mobile game publishing services to support game development teams, operating and distribution platforms in China.

EMPLOYEE INFORMATION

At 30 June 2016, the Group had 1,077 employees, of which 190 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$140.4 million.

Benefits

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

Training

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, team building, communication, languages, presentation, coaching, quality management, listing rules 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 2016, 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	4,260,000	281,767,807*	34.41
Law Ping Wah Bernard	Beneficial owner	27,345,312	-	3.29
		31,605,312	281,767,807	37.70

* 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 2016	Number of options outstanding as at 30 June 2016	Percentage to issued shares as at 30 June 2016 (%)
Kwan Pak Hoo Bankee	2/9/2014	2/9/2014 – 31/8/2018	0.478	(1)&(3)	6,480,000	6,480,000	0.77
	18/12/2015	18/12/2015 – 31/12/2019	0.460	(1),(2)&(3)	8,000,000	8,000,000	0.96
Law Ping Wah Bernard	2/9/2014	2/9/2014 – 31/8/2018	0.478	(3)	6,480,000	6,480,000	0.77
	18/12/2015	18/12/2015 – 31/12/2019	0.460	(2)&(3)	4,800,000	4,800,000	0.57
Law Ka Kin Eugene	18/12/2015	18/12/2015 – 31/12/2019	0.460	(2)&(3)	4,800,000	4,800,000	0.57
Ng Hin Sing Derek	2/9/2014	2/9/2014 – 31/8/2018	0.478	(3)	5,184,000	5,184,000	0.62
	18/12/2015	18/12/2015 – 31/12/2019	0.460	(2)&(3)	4,800,000	4,800,000	0.57
					40,544,000	40,544,000	4.83

Notes:

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

(2) The options are vested in 4 tranches as to 25% each exercisable from 18 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to the vesting conditions as set out in (3) below.

(3) The vesting of the 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.

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

(5) 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 Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Interest in a controlled corporation	1,667,821,069*	40.34

* The shares were held by Celestial Investment Group Limited ("CIGL"), a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company). The Company was beneficially owned as to approximately 34.41% by Mr Kwan, details of which were disclosed in the "Substantial Shareholders" below. Pursuant to the SFO, Mr Kwan was deemed to be interested in all the shares held by CIGL in CFSG.

(b) Long positions in the underlying shares - options under share option scheme

Name	Date of grant	Option period	Exercise price per share (HK$)	Notes	Number of options outstanding as at 1 January 2016	Number of options outstanding as at 30 June 2016	Percentage to issued shares as at 30 June 2016 (%)
Kwan Pak Hoo Bankee	3/12/2015	3/12/2015 – 31/12/2019	0.315	(1)	40,000,000	40,000,000	0.96
Law Ping Wah Bernard	3/12/2015	3/12/2015 – 31/12/2019	0.315	(1)	40,000,000	40,000,000	0.96
Law Ka Kin Eugene	3/12/2015	3/12/2015 – 31/12/2019	0.315	(1)	20,000,000	20,000,000	0.48
Ng Hin Sing Derek	3/12/2015	3/12/2015 – 31/12/2019	0.315	(1)	16,000,000	16,000,000	0.38
					116,000,000	116,000,000	2.78

Notes:

(1) The options are vested in 4 tranches as to 25% each exercisable from 3 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively, and is subject to the achievement of agreed milestones / performance indicators as determined at the sole discretion of the CFSG Board. The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options.

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

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

Save as disclosed above, as at 30 June 2016, 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 2016 were as follows:

Date of grant	Option period	Exercise price per share (HK$)	Notes	Number of options outstanding as at 1 January 2016	lapsed during the period (Note (6))	outstanding as at 30 June 2016
Directors						
2/9/2014	2/9/2014 – 31/8/2018	0.478	(1)	18,144,000	-	18,144,000
18/12/2015	18/12/2015 – 31/12/2019	0.460	(1)	22,400,000	-	22,400,000
				40,544,000	-	40,544,000
Employees & consultants						
2/9/2014	2/9/2014 – 31/8/2018	0.478	(2)&(4)	22,548,000	(2,460,000)	20,088,000
18/12/2015	18/12/2015 – 31/12/2019	0.460	(3)&(4)	26,200,000	-	26,200,000
18/12/2015	18/12/2015 – 31/12/2019	0.460	(5)	6,800,000	-	6,800,000
				55,548,000	(2,460,000)	53,088,000
				96,092,000	(2,460,000)	93,632,000

Notes:

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

(2) The options are vested in 4 tranches as to 25% each exercisable from 2 September 2014 (the date of grant), 1 September 2015, 1 September 2016 and 1 September 2017 respectively and is subject to the vesting conditions as set out in (4) below.

(3) The options are vested in 4 tranches as to 25% each exercisable from 18 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to the vesting conditions as set out in (4) below.

(4) The vesting conditions of the options is 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.

(5) The options must be exercised within one month from the date on which the Board’s approval of the vesting of the options and upon satisfactory delivery of services.

(6) The lapsed options were due to cessation of employment of participants with members of the Group.

(7) No option was granted, exercised 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 2016 were as follows:

Date of grant	Option period	Exercise price per share (HK$)	Notes	Number of options outstanding as at 1 January 2016	Number of options outstanding as at 30 June 2016
Directors					
3/12/2015	3/12/2015 – 31/12/2019	0.315	(1)	116,000,000	116,000,000
Employees & consultants					
3/12/2015	3/12/2015 – 31/12/2019	0.315	(2)&(3)	192,000,000	192,000,000
3/12/2015	3/12/2015 – 31/12/2019	0.315	(4)	30,000,000	30,000,000
				222,000,000	222,000,000
				338,000,000	338,000,000

Notes:

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

(2) The options are vested in 4 tranches as to 25% each exercisable from 3 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to the vesting conditions as set out in (3) below.

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

(4) The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options and upon satisfactory delivery of services.

(5) No option was granted, exercised, lapsed or cancelled 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 2016, 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	281,767,807	33.89
Cash Guardian (Notes (1) and (2))	Interest in a controlled corporation	281,767,807	33.89
Mr Wang Shui Ming (Note (3))	Beneficial owner, interest in a controlled corporation and other interest	77,404,926	9.31

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 286,027,807 shares (34.41%), which were held as to 281,767,807 shares by Cash Guardian and as to 4,260,000 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 19,631,226 in his personal name, as to 42,114,150 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang), and 15,659,550 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 2016, 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 2016 to 30 June 2016, 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:

(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.

(ii) Mr 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 Mr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. Upon the appointment of Mr Law Ka Kin Eugene as deputy CEO of the Company in November 2015, he assisted Mr 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 caliber individuals.

Save for the above, the Company has been in compliance with the CG Code throughout the six months ended 30 June 2016.

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 2016 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 2016, 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 & CEO

Hong Kong, 22 August 2016

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

Executive directors:

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

Independent non-executive directors:

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

* *For identification purpose only*