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 2020

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 2020, together with the comparative figures for the last corresponding period, are as follows:

		Unaudited Six months ended 30 June	
		2020	2019
	Notes	**HK$'000**	HK$'000 (Restated)
Revenue	(3)	**646,611**	699,320
Cost of inventories		**(356,120)**	(399,610)
Other income		**3,575**	5,042
Other gains and losses		**798**	5,188
Salaries, allowances and related benefits		**(89,982)**	(107,155)
Other operating, administrative and selling expenses		**(96,574)**	(116,391)
Depreciation of property and equipment		**(10,842)**	(12,281)
Depreciation of right-of-use assets		**(77,904)**	(87,007)
Finance costs		**(13,548)**	(13,717)
Profit (loss) before loss arising from associates and taxation		**6,014**	(26,611)
Share of loss of associates		**(9,464)**	(9,142)
Loss before taxation		**(3,450)**	(35,753)
Income tax expense	(5)	**(339)**	-
Loss for the period		**(3,789)**	(35,753)

	Note	Unaudited Six months ended 30 June **2020** **HK$'000**	 2019 HK$'000 (Restated)
Other comprehensive income (expense) for the period, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**78**	(328)
Total other comprehensive income (expense) for the period		**78**	(328)
Total comprehensive expense for the period		**(3,711)**	(36,081)
Profit (loss) for the period attributable to:			
Owners of the Company		**(4,410)**	(34,167)
Non-controlling interests		**621**	(1,586)
		(3,789)	(35,753)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**(4,332)**	(34,495)
Non-controlling interests		**621**	(1,586)
		(3,711)	(36,081)
Loss per share	(6)		
- Basic (HK cents)		**(0.5)**	(4.1)
- Diluted (HK cents)		**(0.5)**	(4.1)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2020 (Unaudited) HK$'000**	31 December 2019 (Audited) HK$'000
Non-current assets			
Property and equipment		**46,956**	46,020
Right-of-use assets		**319,033**	341,378
Goodwill		**39,443**	39,443
Intangible assets		**43,460**	43,460
Interests in associates		**187,802**	197,266
Rental and utilities deposits		**46,659**	37,198
Deferred tax assets		**8,188**	8,188
		691,541	712,953
Current assets			
Inventories – finished goods held for sale		**58,111**	55,445
Accounts and other receivables	(7)	**90,690**	118,223
Loans receivable		**1,950**	4,372
Amount due from an associate		**-**	198
Tax recoverable		**829**	832
Financial assets at fair value through profit or loss ("FVTPL")		**29,698**	22,142
Pledged bank deposits		**74,825**	74,434
Bank balances (general accounts) and cash		**147,651**	132,450
		403,754	408,096
Current liabilities			
Accounts payable	(8)	**211,123**	219,771
Financial liabilities arising from consolidated investment funds		**-**	8,203
Accrued liabilities and other payables		**138,598**	66,813
Contract liabilities		**20,178**	16,389
Taxation payable		**14,473**	14,260
Lease liabilities/obligations under finance leases		**150,834**	132,695
Borrowings		**146,441**	210,659
		681,647	668,790
Net current liabilities		**(277,893)**	(260,694)
Total assets less current liabilities		**413,648**	452,259

	Note	**30 June 2020 (Unaudited) HK$'000**	31 December 2019 (Audited) HK$'000
Capital and reserves			
Share capital	(10)	**8,312**	8,312
Reserves		**187,125**	190,926
Equity attributable to owners of the Company		**195,437**	199,238
Non-controlling interests		**(28,640)**	(28,730)
Total equity		**166,797**	170,508
Non-current liabilities			
Deferred tax liabilities		**7,757**	9,955
Lease liabilities/obligations under finance leases		**183,934**	227,530
Borrowings – amount due after one year		**55,160**	44,266
		246,851	281,751
		413,648	452,259

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
Six months ended 30 June 2020

	Attributable to owners of the Company										
	Share capital HK$'000	**Share premium HK$'000**	**Contributed surplus HK$'000**	**General reserve HK$'000**	**Other reserve HK$'000**	**Translation reserve HK$'000**	**Revaluation reserve HK$'000**	**Accumulated losses HK$'000**	**Total HK$'000**	**Non-controlling Interests HK$'000**	**Total HK$'000**
At 1 January 2020	**8,312**	**591,437**	**88,926**	**1,160**	**59,714**	**11,941**	**11,164**	**(573,416)**	**199,238**	**(28,730)**	**170,508**
Acquisition of addition interest on a non-wholly owned subsidiary (Note)	-	-	-	-	531	-	-	-	531	(531)	-
Loss (profit) for the period	-	-	-	-	-	-	-	(4,410)	(4,410)	621	(3,789)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	78	-	-	78	-	78
Total comprehensive income (expense) for the period -	-	-	-	-	531	78	-	(4,410)	(3,801)	90	(3,711)
At 30 June 2020	**8,312**	**591,437**	**88,926**	**1,160**	**60,245**	**12,019**	**11,164**	**(577,826)**	**195,437**	**(28.640)**	**166,797**

Unaudited
Six months ended 30 June 2019

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	General reserve HK$'000	Other reserve HK$'000	Translation reserve HK$'000	Revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling Interests HK$'000	Total HK$'000
At 1 January 2019	83,122	591,437	88,926	1,160	59,719	13,291	11,164	(541,422)	307,397	(27,086)	280,311
Adjustment on adoption of HKFRS 16	-	-	-	-	-	-	-	(11,208)	(11,208)	(1,067)	(12,275)
Capital reduction	(74,810)	-	74,810	-	-	-	-	-	-	-	-
Amount transferred to write off accumulated loss	-	-	(74,810)	-	-	-	-	74,810	-	-	-
Loss for the period	-	-	-	-	-	-	-	(34,167)	(34,167)	(1,586)	(35,753)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(328)	-	-	(328)	-	(328)
Total comprehensive (expense) income for the period	(74,810)	-	-	-	-	(328)	-	29,435	(45,703)	(2,653)	(48,356)
At 30 June 2019	8,312	591,437	88,926	1,160	59,719	12,963	11,164	(511,987)	261,694	(29,739)	231,955

Note: In June 2020, Celestial Investment Group Limited (a wholly-owned subsidiary of the Company) has acquired 31,122,140,412 shares at a consideration of HK$0.021 per share of CASH Retail Management (HK) Limited, and the shareholding interest increased from 91.09% to 99.01%.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June 2020 HK$'000	2019 HK$'000
Net cash from (used in) operating activities	**51,000**	(37,678)
Net cash from investing activities	**49,299**	21,762
Net cash used in financing activities	**(85,098)**	(12,648)
Net increase (decrease) in cash and cash equivalents	**15,201**	(28,564)
Cash and cash equivalents at beginning of period	**132,450**	212,450
Cash and cash equivalents at end of period	**147,651**	183,886
Bank balances and cash	**147,651**	183,886

Notes:

(1) Basis of preparation

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

Apart from (2) below, the accounting policies and judgements applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2019.

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

(2) Changes in accounting policies and disclosures

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 2019, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

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

Disaggregation of revenue from contracts with customers

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
Types of goods or service		
Sales of furniture and household goods	**537,944**	587,899
Sales of electrical appliances	**76,675**	72,151
Sales of tailor-made furniture	**29,145**	39,270
Revenue from retailing segment	**643,764**	699,320
Management fee from asset management services	**2,847**	-
	646,611	699,320
Timing of revenue recognition		
A point of time	**595,256**	648,506
Over time	**51,355**	50,814
	646,611	699,320
Geographical market		
Hong Kong	**643,764**	699,320
The People's Republic of China ("PRC")	**2,847**	-
	646,611	699,320

(4) Business and geographical segments

Business segments

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

In the second half of 2019, the Group commenced asset management business in the PRC ("Asset Management") and considered as a new operating and reportable segment.

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

Retailing	Sales of furniture and household goods and electrical appliances
Asset Management	Provision of asset management services to the fund investors

Segment revenue and results

For the six months ended 30 June 2020

	Retailing HK$'000	**Asset Management HK$'000**	**Consolidated HK$'000**
Revenue	**643,764**	**2,847**	**646,611**
Segment profit (loss)	**13,772**	**(2,781)**	**10,991**
Unallocated other income, gain and losses			**(451)**
Corporate expenses			**(2,729)**
Share of loss of associates			**(9,464)**
Unallocated finance costs			**(1,797)**
Loss before taxation			**(3,450)**

For the six months ended 30 June 2019

	Retailing HK$'000
Revenue	699,320
Segment loss	(17,765)
Unallocated other income, gain and losses	5,188
Corporate expenses	(13,086)
Share of loss of associates	(9,142)
Unallocated finance costs	(948)
Loss before taxation	(35,753)

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

Geographical segments

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

(5) Income tax expense

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
Income tax expense	**339**	-

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 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.

(6) Loss per share

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2020 together with the comparative figures for the prior period are based on the following data:

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
Loss for the purpose of basic and diluted loss per share	**(4,410)**	(34,167)

	Unaudited Six months ended 30 June	
	2020	2019
	'000	'000
Number of ordinary shares for the purpose of basic and diluted loss	**831,222**	831,222

(7) Accounts and other receivables

	30 June 2020 (Unaudited) HK$'000	31 December 2019 (Audited) HK$'000
Accounts receivable arising from retailing business	**554**	867
Receivables from securities brokers	**51,365**	68,828
Prepayments	**10,297**	14,174
Rental deposits	**12,596**	20,668
Other deposits	**14,122**	10,191
Other receivables	**1,756**	3,495
	90,690	118,223

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

	30 June 2020 (Unaudited) HK$'000	31 December 2019 (Audited) HK$'000
0 - 30 days	**402**	426
31 - 60 days	**112**	103
61 - 90 days	**10**	81
Over 90 days	**30**	257
	554	867

(8) Accounts payable

	30 June 2020 (Unaudited) HK$'000	31 December 2019 (Audited) HK$'000
Trade creditors arising from retailing business	**211,123**	219,771

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

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

	30 June 2020 (Unaudited) HK$'000	31 December 2019 (Audited) HK$'000
0 - 30 days	**170,416**	82,106
31 - 60 days	**107**	74,094
61 - 90 days	**26,515**	50,880
Over 90 days	**14,085**	12,691
	211,123	219,771

(9) Capital risk management

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

A subsidiary of the Group is regulated by the Hong Kong Securities and Futures Commission ("SFC") and is 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 entity is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management of the Group closely monitors, on a daily basis, the liquid capital level of this entity to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entity has complied with the capital requirements imposed by the SF(FR)R throughout both periods.

(10) Share capital

	Par value of each ordinary share	Number of shares	Amount
	HK$	’000	HK$’000
Ordinary shares			
Authorised:			
At 1 January 2020 and 30 June 2020	0.01	3,000,000	30,000
Issued and fully paid:			
At 1 January 2020 and 30 June 2020	0.01	831,222	8,312

(11) Related party transactions

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

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
Interest expense paid to the following director of the Company		
Dr Kwan Pak Hoo Bankee and associates	278	213
Management fee income received from CASH Financial Services Group Limited (“CFSG”)	-	1,380

(12) Interim dividend

No interim dividend in respect of the six months ended 30 June 2020 and 30 June 2019 was declared by the Board.

(13) Events after the reporting period

On 27 March 2020, the Company proposed to carry out the open offer on the basis of two offer shares for every one existing share held on the record date (“Open Offer”). The Open Offer involved the allotment and issue of a maximum of 1,662,443,354 offer shares at a price of HK$0.06 per offer share. On 7 July 2020, an aggregate of 783,181,944 offer shares at a price of HK$0.06 per offer share had been issued, raising net proceeds of approximately HK$44.0 million, upon completion of the Open Offer.

On 23 July 2020, the Company proposed that every 20 existing shares of HK$0.01 each be consolidated into 1 consolidated share of HK$0.20 each. Subject to conditions precedent including the passing of an ordinary resolution by shareholders at a special general meeting to be held on 3 September 2020, the share consolidation will become effective on 7 September 2020.

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2020 (2019: nil).

REVIEW AND OUTLOOK

Financial Review

Financial Performance

For the six months ended 30 June 2020, the Group recorded revenue of HK$646.6 million, representing a decrease of 7.5% as compared with HK$699.3 million for the same corresponding period last year.

Overall, the Group reported a net loss for the period of HK$3.8 million as compared to the net loss of HK$35.8 million for the same period last year.

Retail Management Business – PRICERITE GROUP

Hong Kong faced unprecedented disruptions and challenges during the period under review with the local economy experiencing significant downward pressure, deteriorating due to prolonged social unrests in Hong Kong, China-US trade conflicts and the COVID-19 pandemic. Hong Kong's GDP contracted by 9.1% and 9.0% respectively in the first and second quarters of 2020. Subsequent fall in consumer demand along with social distancing measures to counter the pandemic seriously disrupted consumption, severely hitting various sectors; including but not limited to retail, catering and tourism. Unemployment inevitably jumped, from 3.4% at the beginning of the three-month period from April to June 2020 to the highest in a decade at 6.2%. This rapidly increasing unemployment rate adversely affected household consumption, creating a cascading effect which threatened to further drag down the economy. Total retail sales plummeted by 33.3%, comparing with the same period last year. On top, under the COVID-19 pandemic, the Hong Kong Government has imposed a series of social distancing measures since February which adversely affected the customer traffic in our retails outlet and severely hit our revenue inevitably, the pandemic also placed unprecedented stress on global supply chains, with lockdowns across numerous cities and regions – while our furniture delivery and installation services were also affected by increased customer concerns over hygiene. In response we actively tracked our suppliers, diversified sources of supply to minimise risk of supply chain disruption and initiated a delivery safety protocol and non-contact delivery service to assure a safe working environment for our customers and employees. Despite the challenges, we were able to deliver better results compared to the same period last year by adapting to a consumer spending behaviour shift towards e-commerce, identifying customer demand for hygiene products, and strengthening cost control. We enhanced our e-shop platform and O2O operation to provide a better browsing experience and shopping journey. Lead time for fulfilling orders for in-store pickup was shortened, and we upgraded our product information management to offer more informative and detailed product features to our customers. Online sales doubled amid the COVID-19 landscape as we reviewed our product mix, expanding personal and environmental hygiene products. To counteract the adverse effect of social gathering restrictions, we re-evaluated and re-arranged retail outlet trading hours to improve operational efficiency and reduce staff costs accordingly. Furthermore, we actively negotiated with landlords of our retail outlets for rental relief to lower our rental costs under the shadow of the pandemic.

Overall, Pricerite Group recorded revenue of HK$643.8 million and a net profit of HK$13.8 million for the six months ended 30 June 2020, as compared to revenue of HK$699.3 million and a net loss of HK$17.8 million for the same period last year.

Algo Trading Business – CAFG

For the six months ended 30 June 2020, investment sentiment was being dominated by the COVID-19 pandemic. Some of the non-major trading market was even closed in order to stop the spreading of COVID-19. Nevertheless, we continued to recruit clients to grow our AUM to drive the growth of our asset management business by riding the market trend moving toward FinTech and quant-based trading. Despite of the uncertain financial environment we faced during the period under review, our asset management business reported revenue of HK$2.8 million and recorded a net loss of HK$2.8 million for the six months ended 30 June 2020.

CFSG – The Group's Associated Company

Financial Services Business - CFSG

For the six months ended 30 June 2020, CFSG recorded revenue of HK$50.5 million, representing a decrease of 15.8% as compared with HK$60.0 million for the same corresponding period last year.

Hong Kong's securities market endured a barren first half of 2020, with the Hang Seng Index plunging sharply from 28,189 at the end of 2019 to 21,696 in March, only recovering to 24,427 at the end of June 2020. Investor sentiment was battered by the unprecedented global COVID-19 pandemic, triggering the most severe economic recession in nearly a century. With the high possibility of a new wave of infections in the second half of the year, a big hit to the economy is probable – and its recovery is highly uncertain. Overall investor sentiment is therefore understandably cautious. Against this backdrop, the US Federal Reserve is committed to enlisting its full range of monetary policy tools to support the US economy. With the pandemic posing considerable risk to economic outlook over the medium term, the Federal interest rate will remain near zero until the economy is back on track. China and other countries are following suit to ease money supply amid a global economic recession. Investors taking a more defensive stance bring extra downside risk to stock markets. In the light of these factors our clients – who are mostly retail investors – generally chose not to bet on the highly volatile markets. As our clients took a more conservative approach, trading volumes were lower than last year, and as a result, our brokerage commission income decreased by 20.5% compared with the same period last year. On the other hand, we saw increasing demand for our wealth management business from clients seeking better investment returns during this low interest rate environment. In response we promoted this side of our business, recruiting professional teams and introducing various wealth management products supported by one-stop services to clients in both Hong Kong and Mainland China, in particular the Greater Bay Area and Yangtze River Area. This brought us a considerable increase in revenue in wealth management. However, severely restricted cross-border travel inevitably caused cancellation of business meetings, seriously disrupting and reducing investment banking revenue in the first half of this year.

Overall, CFSG recorded a net loss of HK$28.1 million for the six months ended 30 June 2020 as compared to a net loss of HK$27.0 million in the same period last year.

Liquidity and Financial Resources

The Group's equity attributable to owners of the Company amounted to HK$195.4 million as at 30 June 2020 as compared to HK$199.2 million at the end of last year. The slight decrease in the equity was mainly due to the net loss reported for the period under review.

As at 30 June 2020, the Group had total outstanding borrowings of approximately HK$201.6 million as compared to HK$254.9 million as at 31 December 2019. The decrease in borrowings was mainly due to cash inflow from operating activities. The borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately of HK$103.0 million and secured loans of approximately of HK$98.6 million. The above bank loans of approximately HK$98.6 million were secured by the Group's pledged deposits of HK$74.8 million and corporate guarantees.

As at 30 June 2020, our cash and bank balances totalled HK$222.5 million as compared to HK$206.9 million at the end of the previous year. The increase in cash and bank balances was mainly due to the proceeds from the Open Offer as disclosed in note (13) in this announcement. The Group derives its revenue mainly in Hong Kong dollars and maintains its cash and bank balances mainly in Hong Kong dollars.

The liquidity ratio as at 30 June 2020 at 0.59 times, as compared to 0.61 times as at 31 December 2019. The decrease in the liquidity ratio was mainly because current lease liabilities were increased due to short-term lease renewal approach for the period under review.

The gearing ratio, which represents the ratio of interest bearing borrowings excluding lease liabilities of the Group divided by the total equity, was 120.9% as at 30 June 2020 as compared to 149.5% as at 31 December 2019. The decrease in the gearing ratio was mainly due to the decrease in interest bearing borrowings for the period under review. 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

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

Material Acquisitions and Disposals

The Group did not make any material acquisition and disposal during the period.

Save as disclosed in note (13) in this announcement, there is no important event affecting the Group which has occurred since the end of the financial period.

Capital Commitments

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

Material Investments

As at 30 June 2020, the market values of financial assets at FVTPL amounted to approximately HK$29.7 million. A net gain on financial assets at FVTPL of HK$0.8 million was recorded for the period.

We do not have any future plans for material investments, or addition of capital assets.

Financial and Operational Highlights

Revenue

(HK$'m)	Unaudited Six months ended 30 June **2020**	2019	% change
Retailing	**643.8**	699.3	(7.9%)
Asset Management	**2.8**	N/A	N/A
Group total	**646.6**	699.3	(7.5%)

Key Financial Metrics

	Unaudited Six months ended 30 June **2020**	2019	% change
The Group			
Net loss attributable to shareholders (HK$'m)	**(4.4)**	(34.2)	(87.1%)
Loss per share (HK cents)	**(0.5)**	(4.1)	(87.8%)
Total assets (HK$'m)	**1,095.3**	1,170.7	(6.4%)
Cash on hand (HK$'m)	**222.5**	228.4	(2.6%)
Borrowings (HK$'m)	**201.6**	265.8	(24.2%)
Retailing			
Revenue per sq. ft. (HK$)	**354**	377	(6.1%)
Growth for same stores (vs last year)	**(10.3%)**	4.4%	N/A
Inventory turnover days	**47.4**	42.7	11.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Retail Management Business – PRICERITE GROUP

Industry Review

Against the backdrop of social unrest since June 2019 and the devastating global COVID-19 pandemic, the retail business environment remains extraordinarily challenging, with retailers facing unprecedented difficult times through the first half of 2020.

Hong Kong's economy shrank by an annual rate of 9.1% and 9.0% in the first and second quarter respectively, the worst on record since 1974. Domestic consumption has been lacklustre amid the broader weakness of the economy and COVID-19 containment measures dragging-down economic activity. Retail sales slumped 33.3% year-on-year in the first half, marking the worst ever decline in recent years. Recent business closures and bankruptcies of some international and local retailers underline only part of the many difficulties the industry is facing.

Business Review

To weather current economic downturn amid the pandemic, Pricerite Group continued our all-round cost leadership approach in the first half of 2020 – from reviewing and reshuffling our store network to seeking rental adjustments from landlords, streamlining our workforce, reviewing salary structure and pausing hiring. Such measures help optimise our cost structure and further enhance our operating efficiency.

To mitigate the impact of global supply chain disruption, Pricerite Group has instigated contingency plans since the first quarter to track major suppliers, to minimise out-of-stock risk from production or delivery delays.

As Hong Kong's leading "New Retail" home furnishing specialist, Pricerite Group meanwhile continues its multi-brand strategy for innovative home solutions and space management leadership for quality home furnishing and lifestyle products. Through in-depth understanding of customer needs with diminishing living space in Hong Kong, our products deliver practical, localised and value-for-money solutions that rationalise space for our customers and their families.

Pricerite Home

To capture additional market opportunities and expand customer base, Pricerite Home (PHL), our principal retailing operating arm in Hong Kong, adopted a "hero category" differentiated positioning, building brand and customer loyalty. Our product design team continues designing multi-functional and transformable furniture to enhance product uniqueness, while revamping product mix to enrich product diversification.

Responding to customer demand resulting from the COVID-19 pandemic, PHL expanded beyond home hygiene products to anti-virus and personal hygiene products sourced globally since February 2020. These include face masks, hand sanitisers, hand soap, alcohol pads, cleaning aids, air purifying and disinfectant spray. During the period, we co-operated with local mask factory CareHK to launch ASTM Level 1-certified face masks, one of the few locally manufactured masks with a Q-mark certification. The launch was a great success in the market.

Enhancing our e-commerce business model is a key focus amid the new retail environment. To elevate customer experience, we continued upgrading our e-shop platform to Magento 2 – with enhancements including Augmented Reality (AR) application, personalised content and a Product Information Management (PIM) system for efficient browsing. Along with improved order processing capacity and comprehensive payment options, this enhanced platform will significantly enrich online customer experience.

To fortify our O2O business model while optimising and strengthening our operating capabilities, we established our latest PGL Logistics Centre in Kwai Chung in June. The investment underlines our longstanding commitment to competitive warehousing and distribution solutions, supporting sustainable growth of our O2O and e-commerce business development.

In addition, a comprehensive store network and system upgrade for multiple warehouse handling will enhance inventory utilisation – shortening fulfilment lead time to as quick as 4 hours, with store-pick-up available for free. This new e-shop platform is scheduled for official launching by the fourth quarter of this year.

PHL meanwhile continues reviewing store network coverage to enhance overall sales performance – though no stores were either opened or closed in the first half of 2020.

TMF

As Hong Kong's leading tailor-made furniture retailer in providing professional customisation and space management solutions, TMF continues streamlining operations and work processes to improve operational and sales effectiveness, and enhance overall productivity. These proactive measures position the business to weather upcoming challenges. TMF also continues implementing our "customer-centric" strategy – pledging professional, reliable and caring service, while reinforcing brand promotion in social media and offline channels.

SECO

In response to increasing awareness of the necessity for personal and home hygiene, SECO continues positioning and commitment to providing convenient family well-being and health-essential products for home, personal care and the environment, enhancing customer lifestyles.

Awards

In recognition of excellent quality service performance, PHL was accredited with the Hong Kong Retail Management Association's "Quality Service Recognition Scheme 2020".

PHL and TMF salespersons were also recognised for outstanding sales professionalism, earning "Distinguished Salesperson Awards (DSA) 2020" from the Hong Kong Management Association.

Outlook

The retail sector is expected to remain weak amidst uncertainties over the effective containment of the COVID-19 pandemic and easing of social distancing measures. A deteriorating labour market in this unfavourable economic environment further hinders recovery of retailing business. Compounded by intensified discounting and promotional activities by competitors, the overall business environment will remain challenging.

However, notwithstanding challenges ahead, Pricerite Group is cautiously optimistic towards future business. Strong and resilient demand for home furniture and houseware should continue when over 30,000 new housing "move-ins" are expected in the second half of this year. As a renowned space management solution provider, Pricerite Group is well-positioned to capture these business opportunities when the economy gradually gets back on track. We remain dedicated to providing enjoyable shopping experiences, helping Hong Kong people create their dream homes and enhancing lifestyles.

Algo Trading Business – CAFG

Investment portfolio performance was sluggish in the first six months of 2020 as the global COVID-19 pandemic provoked widespread concern of economic slowdown. Uncertainty deteriorated as mainland China securities regulators closed night-trading sessions for three months to curb spread of the virus.

Against this backdrop, investment portfolio trading signals and opportunities greatly diminished during the first half of the year. Despite these challenges, we continued to work closely with our partners in mainland China, raising funds to reach a sizeable scale for further development of asset management business. Market response to proven results of quant-based investment strategies was encouraging and we believe CAFG will continue to contribute positively to the Group in the medium-to-long term.

CFSG – The Group's Associated Company

Financial Services Business - CFSG

Industry Review

The devastating COVID-19 pandemic and Hong Kong's unsettled social issues drove the Hang Seng Index down by 13.35% to 24,427.19 on 30 June 2020, compared with the end of 2019. However average daily turnover of the Hong Kong stock market for the first six months of 2020 increased by 20% as various governments kicked-off rounds of quantitative easing measures to curb the recession from further depression.

Despite the market turnover surge, the Hong Kong brokerage market has been lacklustre. A total of 35 brokerages closed down over the 12 months ending March 2020, a record high since the abolition of minimum brokerage commission in 2003.

Business Review

During the period, retail investors continued to shy away from the market amid heightened volatility from unsettled social unrest and the COVID-19 pandemic.

Brokerages also faced higher investment costs, competing in a market driven on a technology race. On top, soaring compliance costs and tightened margin-financing rules required by various securities authorities have also been eroding the brokerage business.

The stringent compliance requirements by regulators amidst cut-throat competition, together with the drastic deterioration of the brokerage market, have made the operating environment unprecedentedly difficult. During the period, our brokerage business recorded an average commission decline of 20.5%. Experienced investment advisors like us have started to turn to fee-based business to broaden the income stream.

On the client side, a low interest rate environment has correspondingly stimulated growing interest in wealth management services so as to improve their investment returns and preserve assets for the next generation.

In response, the Group is committed to a gradual transformation into a full-fledged financial services company specialising in providing integrated wealth management services. Supported by a fully-digitalised trading platform, our professional, committed investment and wealth consultants will provide "one-stop" wealth management to our clients in Hong Kong and Mainland China, especially focused on the Greater Bay Area and Yangtze River Area.

While the COVID-19 outbreak somewhat affected our business development in the review period, our corporate development plan has also been impeded. In the meantime, while we will fully utilise our resources in our Shenzhen, Guangzhou, Dongguan offices to grow our presence in the Greater Bay Area, we will continue to look for opportunities to further develop in other parts of the region.

In tandem with expanding our consultant team, we are striving to establish and expand business partnership with various financial institutions, in particular in Mainland China, to extend our services to high net-worth clients in the Greater Bay Area and Yangtze Delta Area. We successfully established new business relationships with a number of mainland financial institutions in the Greater Bay Area during the period – and expect to deepen these business co-operations in the second half of the year.

In the months ahead, we will explore more business partnerships in the mainland regions, capturing the ever-increasing wealth management demand from the emerging middle-class families in Mainland China.

To cope with the fast-growing wealth management business, the Group has also scaled-up its FinTech operating platform to enhance operating efficiency.

CFSG is committed to gearing-up digitalisation, automation and systemisation of the platform. This includes deploying robotic process automation to facilitate leads generation, capturing AI-based signals to generate new leads, streamlining operations between front and back office, and engaging clients through various social media channels and product presentations. All these help to enhance operating and sales efficiency.

In the first half of 2020, we also introduced a new online sales management system via a social media platform to enhance real-time client communication of our wealth management products and services. The integrated management system provides seamless connection between business development, sales and operational teams. Providing comprehensive customer service while facilitating cross-sell and up-sell opportunities, the platform will be enhanced in the second half of 2020, integrating a Customer Relationship Management system for a complete view of customers and prospects.

We will also continue developing a new integrated Wealth Management Platform in the second half of 2020. Propelled by our professional teams with this further enhanced FinTech, this new digitalised and personalised wealth management platform not only embraces clients' all-round investment needs but also opens a whole new horizon for comprehensive investment and financial planning.

In addition, to improve customer experience we will launch an "almost instant" and easier fund deposit service, Electronic Direct Debit Authorisation, in the third quarter of 2020.

Asset under Management (AUM) meanwhile rose 14.5% over the first six months of 2020, compared with the end of 2019. We focus on leading blue chips and new economy stocks with highly visible and promising outlook for our clients. To this end, we will recruit more investment managers for serving potential new clients. We expect our revenue and AUM to pick up in the second half of this year.

Under Investment Banking, in our capacity as financial advisors and underwriters we assisted our clients in raising funds from the capital market through rights issues and open offers in the first half of 2020.

We also advised listed companies on a broad range of corporate finance transactions, including the application of whitewash waiver pursuant to the Takeovers Code. We were appointed as compliance adviser for a listed company upon initial listing of its shares on the Main Board of the Stock Exchange in March 2020. Our clients mainly include companies from Hong Kong and Mainland China.

Despite current market doldrums, we will continue to focus our financial advisory expertise and fine-tune our team mix to fortify our investment banking capabilities. We are also closely monitoring the ever-changing market environment, reacting proactively on behalf of our clients to better capture various capital market and corporate finance opportunities.

Outlook

Hong Kong is now facing unprecedented disruptions and challenges as a result of the global COVID-19 pandemic and potential "New Cold War" between US and China. Besides, revocation of Hong Kong's Special Status by the US Government also casts numerous uncertainties over Hong Kong's future business environment. As a result of this substantial deterioration in business environment, we will implement a cost leadership strategy for our transformation.

Under cross-border and global travel restrictions, many Hong Kong business meetings have been cancelled or delayed. In particular, many physical financial due diligences are prohibited. As a result, our investment banking and asset management business in Mainland China is for now drastically slowed-down.

However, our mission to deploy latest technology to serve customers most effectively is going ahead. Our transformation programme, including establishing strong presence in the Greater Bay Area for our wealth management business and further investment in digitalising our operating platform are still moving forward despite current difficult times.

We will accelerate our adoption of various technology enhancements, such as Robotic Process Automation, AI Client Management Score System and Real-Time Automation of Back and Front Office. Full implementation of our digitalisation programme over the next two years aims to increase operating efficiency and client stickiness.

We anticipate further tests of the economy's resilience in the latter part of 2020. In addition, consolidation of Hong Kong's brokerage market as a result of cut-throat competition will continue in the medium-term.

During the second half of 2020, we will continue to closely monitor the impact of the COVID-19 crisis and review our financial position and business plan accordingly. We will assess the appropriateness of our medium-term cost effectiveness and financial returns to weather these difficult times.

Strategically, we will adopt a differential approach to building our competitive advantages of strong client bonding.

With our solid financial health and fruition of our digitalisation plan in the medium term, 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.

EMPLOYEE INFORMATION

At 30 June 2020, the Group had 812 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the period under review was approximately HK$90.0 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 language proficiency, product knowledge, customer service, selling techniques, presentation, team building, communication, coaching, quality management, graduate development, leadership transformation, 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 2020, the interests or short positions of each director and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

A. The Company

Long positions in the ordinary shares of HK$0.01 each

Name	Capacity	Number of shares: Personal	Number of shares: Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	4,260,000	281,767,807*	34.41
Leung Siu Pong James	Beneficial owner	250,950	-	0.03
		4,510,950	281,767,807	34.44

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

B. 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*	33.65

* 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 Dr Kwan, details of which were disclosed in the "Substantial shareholders" below. Pursuant to the SFO, Dr Kwan was deemed to be interested in all the shares held by CIGL in CFSG.

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

Name	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	Number of options: outstanding as at 1 January 2020	lapsed during the period (Note (3))	granted during the period (Notes (4) & (5))	outstanding as at 30 June 2020	Percentage to issued shares as at 30 June 2020 (%)
Kwan Pak Hoo Bankee	31/8/2017	1/1/2018 – 31/12/2020	0.253	(1)	49,000,000	-	-	49,000,000	0.98
	29/3/2019	1/5/2019 – 30/4/2022	0.071	(2)	48,000,000	(12,000,000)	-	36,000,000	0.72
	29/4/2020	1/5/2020 – 30/4/2022	0.024	(1)	-	-	49,500,000	49,500,000	1.00
Leung Siu Pong James	29/4/2020	1/5/2020 – 30/4/2022	0.024	(1)	-	-	49,500,000	49,500,000	1.00
Kwan Teng Hin Jeffrey	31/8/2017	1/1/2018 – 31/12/2020	0.253	(1)	24,000,000	-	-	24,000,000	0.48
	29/3/2019	1/5/2019 – 30/4/2022	0.071	(2)	48,000,000	(12,000,000)	-	36,000,000	0.72
	29/4/2020	1/5/2020 – 30/4/2022	0.024	(1)	-	-	49,500,000	49,500,000	1.00
Ng Hin Sing Derek	29/4/2020	1/5/2020 – 30/4/2022	0.024	(1)	-	-	49,500,000	49,500,000	1.00
Chan Chi Ming Benson (Note (6))	31/8/2017	1/1/2018 – 31/12/2020	0.253	(1)	49,000,000	(49,000,000)	N/A	N/A	N/A
	29/3/2019	1/5/2019 – 30/4/2022	0.071	(2)	48,000,000	(48,000,000)	N/A	N/A	N/A
					266,000,000	(121,000,000)	198,000,000	343,000,000	6.90

Notes:

(1) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the Chairman of the board of CFSG ("CFSG Board") and/or the CFSG Board determined at their sole discretion. The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(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, and is subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion. Any option that is not vested before the expiry date of each tranch period shall lapse automatically. The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(3) The lapsed options were due to expiry of the options in accordance with the terms of the share options and/or cessation of employment of participants with members of the Group.

(4) The closing price of the share immediately before the date of grant of option on 29 April 2020 was HK$0.023.

(5) The value of the options granted during the period ended 30 June 2020 was zero as the performance targets set for the options had not been achieved by the end of the period under review.

(6) Mr Chan Chi Ming Benson resigned as director of the Company during the period.

(7) No option was exercised 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 2020, none of the directors, chief executives or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEMES

The Company

There was no outstanding share options to subscribe for shares in the Company was held by participants under the share option scheme of the Company during the six months ended 30 June 2020.

The associated company

CFSG

The new share option scheme of CFSG ("CFSG New Option Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of CFSG held on 8 June 2018 to replace the old share option scheme of CFSG ("CFSG Old Option Scheme") dated 22 February 2008. The options granted under the CFSG Old Option Scheme before expiry and remained outstanding shall continue to be valid and exercisable in accordance with the terms of the options.

Details of share options to subscribe for shares in CFSG granted to participants under the CFSG New Option Scheme and the CFSG Old Option Scheme during the six months ended 30 June 2020 were as follows:

					Number of options			
Name of scheme	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	outstanding as at 1 January 2020	lapsed during the period (Note (5))	granted during the period (Notes (6) & (7))	outstanding as at 30 June 2020
Directors								
CFSG Old Option Scheme								
	31/8/2017	1/1/2018 – 31/12/2020	0.253	(1)	122,000,000	(49,000,000)	-	73,000,000
CFSG New Option Scheme								
	29/3/2019	1/5/2019 – 30/4/2022	0.071	(1)	144,000,000	(72,000,000)	-	72,000,000
	29/4/2020	1/5/2020 – 30/4/2022	0.024	(1)	-	-	198,000,000	198,000,000
					266,000,000	(121,000,000)	198,000,000	343,000,000
Employees and other grantees								
CFSG Old Option Scheme								
	31/8/2017	1/1/2018 – 31/12/2020	0.253	(2)	97,000,000	-	-	97,000,000
	31/8/2017	1/1/2018 – 31/12/2020	0.253	(3)	194,400,000	-	-	194,400,000
CFSG New Option Scheme								
	29/3/2019	1/5/2019 – 30/4/2022	0.071	(4)	279,000,000	(79,500,000)	-	199,500,000
	4/6/2019	4/6/2019 – 3/6/2022	0.052	(3)	56,000,000	-	-	56,000,000
	29/4/2020	1/5/2020 – 30/4/2022	0.024	(2)	-	-	197,500,000	197,500,000
	29/4/2020	1/5/2020 – 30/4/2022	0.024	(3)	-	-	99,000,000	99,000,000
					626,400,000	(79,500,000)	296,500,000	843,400,000
					892,400,000	(200,500,000)	494,500,000	1,186,400,000

Notes:

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

(2) The vesting of options is subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion. The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(3) 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 CFSG Board and/or the CFSG Board determined at their sole discretion. The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(4) The options 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, and is subject to the vesting conditions as set out in (2) above. Any option that is not vested before the expiry date of each tranch period shall lapse automatically.

(5) The lapsed options were due to expiry of the options in accordance with the terms of the share options and/or cessation of employment of participants with members of the Group.

(6) The closing price of the share immediately before the date of grant of option on 29 April 2020 was HK$0.023.

(7) The value of the options granted during the period ended 30 June 2020 was zero as the performance targets set for the options had not been achieved by the end of the period under review.

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

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, so far as is known to the directors and chief executives of the Company, the persons/companies (other than a director or chief executive of the Company) who had, or were deemed or taken to have an interest or short positions in the shares or underlying shares 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	82,204,926	9.88

Notes:

(1) This refers to the same number of shares held by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan. Pursuant to the SFO, Dr Kwan and Hobart Assets Limited were deemed to be interested in the shares held by Cash Guardian.

(2) Dr Kwan (a director whose interests are not shown in the above table) was interested and/or deemed be interested in a total of 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 20,441,226 in his personal name, as to 44,472,150 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang), and 17,291,550 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 2020, the directors and chief executives of the Company were not aware of any other parties or corporation (other than a director or chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in the shares or underlying shares 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 2020 to 30 June 2020, 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 2020 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 2020, 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, 28 August 2020

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

Executive directors:

Dr Kwan Pak Hoo Bankee, JP
Mr Leung Siu Pong James
Mr Kwan Teng Hin Jeffrey
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*