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 2022

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 2022, together with the comparative figures for the last corresponding period, are as follows:

		Unaudited Six months ended 30 June	
		2022	2021
	Notes	**HK$'000**	HK$'000
Revenue	(3)	**631,561**	670,923
Cost of inventories		**(359,202)**	(379,241)
Other income		**6,030**	3,088
Other gains and losses		**25,522**	707
Salaries, allowances and related benefits		**(89,563)**	(92,807)
Other operating, administrative and selling expenses		**(98,730)**	(117,185)
Depreciation of property and equipment		**(11,052)**	(9,719)
Depreciation of right-of-use assets		**(78,693)**	(74,682)
Finance costs		**(8,496)**	(11,696)
Profit (loss) before loss arising from associates and taxation		**17,377**	(10,612)
Share of loss of associates		**(13,125)**	(6,757)
Reversal of impairment loss on interests in an associate		**-**	7,087
Profit (loss) before taxation		**4,252**	(10,282)
Income tax expense	(5)	**(24)**	(25)
Profit (loss) for the period		**4,228**	(10,307)

	Note	Unaudited Six months ended 30 June 2022 HK$'000	 2021 HK$'000
Other comprehensive (expense) income for the period, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**(58)**	129
Total other comprehensive (expense) income for the period		**(58)**	129
Total comprehensive income (expense) for the period		**4,170**	(10,178)
Profit (loss) for the period attributable to:			
Owners of the Company		**4,153**	(10,443)
Non-controlling interests		**75**	136
		4,228	(10,307)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**4,095**	(10,314)
Non-controlling interests		**75**	136
		4,170	(10,178)
Earnings (loss) per share	(6)		
- Basic (HK cents)		**5.1**	(12.9)
- Diluted (HK cents)		**5.1**	(12.9)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2022 (Unaudited) HK$'000**	31 December 2021 (Audited) HK$'000
Non-current assets			
Property and equipment		**30,250**	27,364
Right-of-use assets		**215,893**	187,060
Goodwill		**39,443**	39,443
Intangible assets		**43,460**	43,460
Interests in associates		**178,715**	183,535
Rental and utilities deposits		**23,138**	23,121
Deferred tax assets		**5,450**	5,450
		536,349	509,433
Current assets			
Inventories – finished goods held for sale		**60,513**	65,761
Accounts and other receivables	(7)	**191,825**	192,352
Loans receivable		**1,350**	1,500
Tax recoverable		**4,240**	4,234
Financial assets at fair value through profit or loss ("FVTPL")		**44,332**	15,951
Pledged bank deposits		**54,353**	55,458
Bank balances (general accounts) and cash		**98,475**	167,274
		455,088	502,530
Current liabilities			
Accounts payable	(8)	**189,223**	230,923
Financial liabilities arising from consolidated investment funds		**-**	5,551
Accrued liabilities and other payables		**132,664**	74,099
Contract liabilities		**13,621**	33,309
Amount due to an associate		**-**	1,001
Taxation payable		**14,291**	14,338
Lease liabilities		**116,509**	126,494
Borrowings		**209,075**	195,442
		675,383	681,157
Net current liabilities		**(220,295)**	(178,627)
Total assets less current liabilities		**316,054**	330,806

	Note	**30 June 2022 (Unaudited) HK$'000**	31 December 2021 (Audited) HK$'000
Capital and reserves			
Share capital	(10)	**16,144**	16,144
Reserves		**216,483**	224,496
Equity attributable to owners of the Company		**232,627**	240,640
Non-controlling interests		**(37,871)**	(37,946)
Total equity		**194,756**	202,694
Non-current liabilities			
Deferred tax liabilities		**6,825**	6,825
Lease liabilities		**114,473**	81,112
Borrowings – amount due after one year		**-**	40,175
		121,298	128,112
		316,054	330,806

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
Six months ended 30 June 2022

	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 2022	**16,144**	**79,127**	**88,926**	**1,160**	**64,097**	**23,089**	**2,224**	**6,966**	**(41,093)**	**240,640**	**(37,946)**	**202,694**
Amount transferred from share premium to contributed surplus	-	(75,000)	75,000	-	-	-	-	-	-	-	-	-
Amount transferred set off accumulates loss	-	-	(75,000)	-	-	-	-	-	75,000	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(12,108)	(12,108)	-	(12,108)
Profit for the period	-	-	-	-	-	-	-	-	4,153	4,153	75	4,228
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(58)	-	-	-	(58)	-	(58)
Total comprehensive (expense) income for the period	-	(75,000)	-	-	-	(58)	-	-	67,045	(8,013)	75	(7,938)
At 30 June 2022	**16,144**	**4,127**	**88,926**	**1,160**	**64,097**	**23,031**	**2,224**	**6,966**	**25,952**	**232,627**	**(37,871)**	**194,756**

Unaudited
Six months ended 30 June 2021

	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 2021	16,144	629,127	88,926	1,160	64,097	19,031	6,242	(527,863)	296,864	(37,729)	259,135
Amount transferred from share premium to contributed surplus	-	(550,000)	550,000	-	-	-	-	-	-	-	-
Amount transferred set off accumulates loss	-	-	(550,000)	-	-	-	-	550,000	-	-	-
Dividends paid	-	-	-	-	-	-	-	(20,180)	(20,180)	-	(20,180)
(Loss) profit for the period	-	-	-	-	-	-	-	(10,443)	(10,443)	136	(10,307)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	129	-	-	129	-	129
Total comprehensive (expense) income for the period	-	(550,000)	-	-	-	129	-	519,377	(30,494)	136	(30,358)
At 30 June 2021	16,144	79,127	88,926	1,160	64,097	19,160	6,242	(8,486)	266,370	(37,593)	228,777

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June 2022 HK$'000	2021 HK$'000
Net cash (used in) from operating activities	**(92,215)**	76,053
Net cash from investing activities	**32,000**	11,240
Net cash used in financing activities	**(8,584)**	(128,311)
Net decrease in cash and cash equivalents	**(68,799)**	(41,018)
Cash and cash equivalents at beginning of period	**167,274**	141,246
Cash and cash equivalents at end of period	**98,475**	100,228
Bank balances and cash	**98,475**	100,228

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 2021.

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

(2) Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(3) Revenue

Disaggregation of revenue from contracts with customers

	Unaudited Six months ended 30 June	
	2022	2021
	HK$'000	HK$'000
Types of goods or service		
Sales of furniture and household goods	**432,707**	553,188
Sales of electrical appliances	**155,826**	77,481
Sales of tailor-made furniture	**39,690**	37,962
Revenue from retailing segment	**628,223**	668,631
Management fee from asset management services	**3,338**	2,292
	631,561	670,923
Timing of revenue recognition		
A point of time	**526,971**	593,861
Over time	**104,590**	77,062
	631,561	670,923
Geographical market		
Hong Kong	**628,223**	668,631
The People's Republic of China ("PRC")	**3,338**	2,292
	631,561	670,923

(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.

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 2022

	Retailing HK$'000	**Asset Management HK$'000**	**Consolidated HK$'000**
Revenue	**628,223**	**3,338**	**631,561**
Segment profit	**954**	**12,730**	**13,684**
Unallocated other income, gain and losses			**10,041**
Corporate expenses			**(5,165)**
Share of loss of associates			**(13,125)**
Unallocated finance costs			**(1,183)**
Profit before taxation			**4,252**

For the six months ended 30 June 2021

	Retailing HK$'000	Asset Management HK$'000	Consolidated HK$'000
Revenue	668,631	2,292	670,923
Segment profit (loss)	636	(3,163)	(2,527)
Unallocated other income, gain and losses			707
Corporate expenses			(6,531)
Share of loss of associates			(6,757)
Reversal of impairment loss on interests in an associate			7,087
Unallocated finance costs			(2,261)
Loss before taxation			(10,282)

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, reversal of impairment loss 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 2022 HK$'000	2021 HK$'000
Income tax expense	**24**	25

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) Earnings (loss) per share

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company for the six months ended 30 June 2022 together with the comparative figures for the prior period are based on the following data:

	Unaudited Six months ended 30 June 2022 HK$'000	2021 HK$'000
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share	**4,153**	(10,443)

	Unaudited Six months ended 30 June 2022 '000	2021 '000
Number of shares		
Weight average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**80,720**	80,720

(7) Accounts and other receivables

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Accounts receivable arising from retailing business	**16,508**	33,150
Receivables from securities brokers	**110,372**	89,399
Prepayments	**8,276**	7,736
Rental deposits	**27,386**	26,988
Other deposits	**20,528**	25,220
Other receivables	**8,755**	9,859
	191,825	192,352

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 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
0 - 30 days	**10,146**	8,361
31 - 60 days	**658**	4,502
61 - 90 days	**512**	4,066
Over 90 days	**5,192**	16,221
	16,508	33,150

In additional, included in the Group's account receivable arising from retail business are receivable from the Hong Kong government on its support to the Group's customers of approximately HK$15,375,000 as at 30 June 2022 and approximately HK$31,952,289 as at 31 December 2021 in respect if the "Assistance Programme to Improve the Living Environment of Low-income Subdivided Unit Households" under the Community Care Fund launched by the Hong Kong government. The consideration of the products sold to these qualified customers under the programme were than receivable from the Hong Kong government.

(8) Accounts payable

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Trade creditors arising from retailing business	**189,223**	230,923

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 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
0 - 30 days	**123,780**	127,841
31 - 60 days	**44**	75,703
61 - 90 days	**48,373**	21,721
Over 90 days	**17,026**	5,658
	189,223	230,923

(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 2022 and 30 June 2022	0.20	150,000	30,000
Issued and fully paid:			
At 1 January 2022 and 30 June 2022	0.20	80,720	16,144

(11) Related party transactions

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

	Unaudited Six months ended 30 June	
	2022	2021
	HK$'000	HK$'000
Interest expense paid to a related party	**992**	-

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2022 (2021: nil).

REVIEW AND OUTLOOK

Financial Review

Financial Performance

For the six months ended 30 June 2022, the Group recorded revenue of HK$631.6 million, representing a decrease of HK$39.3 million as compared with HK$670.9 million for the same corresponding period last year.

During the period under review, the Group has acquired additional interests in its associate CFSG from 37.5% to 39.4% and resulted in a gain on acquisition of additional interests in an associate of HK$6.7 million. Overall, the Group reported a net profit for the period of HK$4.2 million as compared to the net loss of HK$10.3 million for the same period last year.

Retail Management Business – PRICERITE GROUP

During the period under review, especially in the first quarter, the fifth wave of the COVID-19 pandemic presented an unprecedented setback to the Hong Kong economy, halting an improving trend from the end of last year. Various industries were forced to shorten operation hours, or even close, due to shortage of workforce – caused by long queues for COVID testing, large numbers of people in quarantine, and supply chain disruption from regulations and restrictions of cross-boundary traffic. Hong Kong's GDP consequently contracted by 1.4% in the second quarter. Moreover, subsequent restrictive measures from the pandemic's fifth wave weighed heavily on a wide range of economic activity, as well as consumer sentiment – leading to significant decrease in foot traffic for both shopping malls and streets stores. Retail sales decreased in value by 2.6% compared to the same period, with the unemployment rate at a higher level than pre-pandemic times. This adversely affected disposable income of families, eroding their purchasing power and consequently further depressing a fragile economic recovery. Meanwhile, although the residential property market had been progressively recovering, transaction volumes for the first six months fell more than 30% year on year, with transaction prices declining moderately. Additionally, buyers in the residential property market started taking a more conservative approach on concerns of rising interest rates. The furniture and fixture market was therefore inevitably adversely affected by this pessimistic outlook and weak residential property market. Nevertheless, we continue closely monitoring the ever-changing market and pandemic situations to manage potential risks from the rapidly spreading fifth wave of the pandemic. To counteract the negative effect, we have employed various measures to minimise operating costs. Since foot traffic significantly decreased, we were able to negotiate rental concessions with our landlords, reducing the burden of a notable drop in sales and foot traffic at stores. With the phase 2 distribution of consumption vouchers in April, we formulated a better strategy to capture purchasing power, from experience gained the previous year. In addition, we focused more resources on our online channel to partly compensate for the offline sales drop. As a result, online sales soared by more than 50%, compared to the same period last year. Further confronting retail industry hardship, we continued to implement stringent cost control measures. Ultimately, together with the government's employment support scheme, we managed to achieve similar results to the last corresponding period.

Overall, Pricerite Group recorded revenue of HK$628.2 million and a net profit of HK$1.0 million for the six months ended 30 June 2022, as compared to revenue of HK$668.6 million and a net profit of HK$0.6 million for the same period last year.

Algo Trading Business – CAFG

For the six months ended 30 June 2022, benefited by commodity price increased rapidly and were maintained at a high level, driven by factors such as the Russia-Ukraine War, our managed futures portfolio with a short- to medium-term holding period recorded a moderate gain. The AUM continued to grow as performance remained steady, our asset management business reported revenue of HK$3.3 million and recorded a net profit of HK$12.7 million for the six months ended 30 June 2022.

CFSG – The Group's Associated Company

Financial Services Business – CFSG

For the six months ended 30 June 2022, CFSG recorded revenue of approximately HK$35.7 million, representing a decrease of 36.0% compared with HK$55.8 million for the same corresponding period last year. CFSG's main revenue comprised of broking income of approximately HK$14.0 million (2021: HK$25.8 million), provision of wealth management services of approximately HK$9.9 million (2021: HK$7.4 million), and approximately HK$3.7 million (2021: HK$7.6 million) from non-broking and non-wealth management services.

During the period, the decrease of approximately 45.7% or HK$11.8 million from broking income was in line with the general decline in investor sentiment reflected by a sizeable decrement of 26.5% in average daily turnover of the Hong Kong's securities market during the first half of 2022 when compared to the same period prior year (2022: HK$138.3 billion; 2021: HK$188.1 billion). Due to the highly volatile securities market and overall weak investing sentiment, demand for wealth management products and services had increased as a result. The relatively favourable investment yields and asset preservation potential has further hastened CFSG transformation into a fully-fledged Wealth Management Advisory Group, providing 'one-stop' wealth management services to clients in Hong Kong and Mainland China. As such, revenue from its wealth management business increased 33.8% or HK$2.5 million to reach approximately HK$9.9 million during the period.

The decline of approximately 51.3% or HK$3.9 million in revenue from non-broking and non-wealth management services was mainly due to the decrease in asset management revenue by 75.8% or approximately HK$2.9 million during the period. Interest income also witnessed a decline of 46.1% or HK$ 6.9 million due to decrease in margin financing interest and IPO margin financing which was in line with the general decline in average daily turnover and funds raised through Hong Kong's IPO market during the period (2022: HK$19.7 billion; 2021: HK$211.7 billion).

Other operating expenses excluding impairment losses under expected credit loss model, decreased by 20.7% or HK$4.0 million. The decline was mainly attributed to CFSG Group's ongoing cost rationalisation programme which included reviewing non-essential costs such as travelling and entertainment, streamlining its workforce and reviewing organization structures. During the period, impairment allowance of approximately HK$6.6 million was recognized under the impairment framework and methodology of expected credit loss ("ECL") model established by CFSG Group in accordance to HKFRS 9 "Financial instruments". Impairment allowance consisted of provision for credit losses on accounts receivables arising from margin financing and loans receivable during the period.

Overall, CFSG recorded a net loss of approximately HK$35.0 million for the six months ended 30 June 2022 as compared to a net loss of approximately HK$19.0 million for the same period last year. As part of CFSG response to the pandemic, CFSG has followed business continuity processes from its Board-endorsed COVID-19 Business Continuity Plan. CFSG Business Continuity Plan places the perseverance of its staff's health and wellbeing at the highest priority by implementing work from home arrangements for non-essential and vulnerable employees. Due to the effective mitigation efforts from our COVID-19 Business Continuity Plan, COVID-19 had limited impact on its business operations and financial results.

Liquidity and Financial Resources

The Group's equity attributable to owners of the Company amounted to HK$194.8 million as at 30 June 2022 as compared to HK$202.7 million at the end of last year. The decrease in the equity was mainly due to net effect of the dividend paid and the net profit reported for the period under review.

As at 30 June 2022, the Group had total outstanding borrowings of approximately HK$209.1 million as compared to HK$235.7 million as at 31 December 2021. 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$153.0 million and secured loans of approximately of HK$56.1 million. The above bank loans of approximately HK$56.1 million were secured by the Group's pledged deposits of HK$54.3 million and corporate guarantees.

As at 30 June 2022, our cash and bank balances totalled HK$152.8 million as compared to HK$222.7 million at the end of the previous year. The decrease in cash and bank balances was mainly due to the net effect of the dividend paid, the acquisition of additional interests in an associate, cash outflow from operation activities and profit reported for the period. 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 2022 at 0.67 times, as compared to 0.74 times as at 31 December 2021. The decrease in the liquidity ratio was mainly due to the increase in accrued liabilities and other payables, and the decrease in bank balances 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 107.3% as at 30 June 2022 as compared to 116.2% as at 31 December 2021. 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

On 30 June 2022, the Company, Celestial Investment Group Limited ("CIGL", a wholly-owned subsidiary of the Company) and CASH Financial Services Group Limited ("CFSG", an associate of the Company) jointly announced a pre-conditional voluntary cash offers by Celestial Securities Limited (a wholly-owned subsidiary of CFSG) for and on behalf of CIGL to acquire all issued shares of CFSG (other than those shares already owned or agreed to be acquired by the Offeror and its parties acting in concert) at HK$0.42 per share and to cancel all the outstanding share options of CFSG (the "Possible Acquisition"). The Possible Acquisition is subject to the Company shareholders' approval at a special general meeting to be convened. Details of the transaction were disclosed in the joint announcement dated 30 June 2022 and the subsequent announcement of the Company and CFSG on 21 July 2022.

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

Save as disclosed 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 2022, the market values of financial assets at FVTPL amounted to approximately HK$44.3 million. A net gain on financial assets at FVTPL of HK$18.8 million was recorded for the period.

We did 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 2022**	2021	% change
Retailing	**628.3**	668.6	(6.0%)
Asset Management	**3.3**	2.3	43.5%
Group total	**631.6**	670.9	(5.9%)

Key Financial Metrics

	Unaudited Six months ended 30 June 2022	2021	% change
The Group			
Net profit (loss) attributable to shareholders (HK$'m)	**4.2**	(10.3)	140.8%
Earnings (loss) per share (HK cents)	**5.1**	(12.9)	139.5%
Total assets (HK$'m)	**991.4**	1,042.0	(4.9%)
Cash on hand (HK$'m)	**152.8**	155.7	(1.9%)
Borrowings (HK$'m)	**209.1**	200.9	4.1%
Retailing			
Revenue per sq. ft. (HK$)	**334**	361	(7.5%)
Growth for same stores (vs last year)	**(4%)**	3.2%	N/A
Inventory turnover days	**32.1**	56.1	42.8%

MANAGEMENT DISCUSSION AND ANALYSIS

Retail Management Business – Pricerite Group (PGL)

Industry Review

Hong Kong's economic recovery was sluggish in the first half of 2022, attributable mainly to weak external trade factors, with GDP at one stage teetering on technical recession. The fifth wave of the persistent pandemic and responding restrictive measures weighed heavily on a wide range of economic activity, and hence consumer sentiment.

Private consumption expenditure was virtually unchanged from a year earlier. The 2022 Consumption Voucher Scheme rendered certain support, but consumer sentiment was conservative due to the poor global economic outlook.

As a result, total retail sales value was only HK$169,873 million in the first half of the year, a 2.6% drop against the same period last year, and a 30% year-on-year drop from 2019. With furniture and fixtures recording a drop of 4.4% in value and 8.4% in volume, the local retail market has been hit hard and is contracting at an unprecedented pace.

At the same time, rising commodity prices weighed heavily on the global supply chain, causing mounting inflationary pressure. This led to operational and cost challenges to businesses.

Business Review

Pricerite Group has always been mindful of cost leadership to nimbly navigate the uncertain and unpredictable market situation, while we proactively manage our costs and remain vigilant on expenses.

On the other hand, we remain dedicated to providing customers with a wide range of home products to enable them improved lifestyle. Since the launch of our multi-brand strategy several years ago, we saw solid business synergy amongst various brands we provide.

Pricerite Home is our flagship brand driving business momentum of PGL and synergies of other brands. To meet recent needs of customers amid the pandemic and new retail trend, we focused on developing four key aspects of Pricerite Home – namely "Home Hygiene & Antiseptic", "Home Cooking & Dining", "Home Organising" and "Work from Home". In this uncertain economic outlook, we aim at driving sales demand by continuously expanding our product range to flexibly respond to market demand.

Especially understanding customers' changing needs in this volatile market, we adopted differentiation strategies in developing our product range.

In our furniture business, we concentrated on introducing value-for-money quality products and improving after-sale services. For instance, we launched an up-to-180-days free trial service for our wide range of mattress brands, including the house brand Gaialand and exclusive Italian brand LUSSO. We also offer a pioneering promise of a 20-year structural warranty for quality wooden furniture.

To counter escalating cost and disruption of pandemic-induced cross-boundary transportation, we use big data analytics to manage our sales forecast and stock planning, so as to smooth our supply chain and meet customers' just-in-time needs. To provide customers with value-for-money and high-quality products, we also enhanced our house-brand products, such as SOHO NOVO, with a comprehensive range of household items.

The pandemic has completely changed living habits and hence consumer behaviour – from mobility routines and social activity to strict adherence to pandemic protective measures. We therefore continuously enhance our "New Retail" initiative to integrate our online and offline shopping experiences.

New e-shop enhancements included an Augmented Reality (AR) app and Mixed Reality (MA) app, projecting function and clear visualisation of ready-made furniture. The new platform significantly enriches the online customer journey – from easy browsing and improved order processing, to speedy check-out with a comprehensive suite of payment options.

A social influencer marketing strategy was also introduced to better reach out and interact with customers, enlisting Key Opinion Leaders (KOLs) to promote products and brands through endorsements and recommendations on the internet.

We further enhanced live-stream marketing promotion and product sales through influencer streams on our own social media channels. Our "New Retail" model and platform, along with data-analytical tools, fortifies and enables more effective customisation of most appropriate content for our customers.

Meanwhile, we continued to develop our brands such as TMF, SECO, Pricerite Food and Pricerite Pet. As they are still in the development stage, we will focus on building up the product assortment, service offering and their synergies with Pricerite Home – not only to strengthen sales momentum, but also to provide a truly comprehensive home living experience to our customers.

As this new "hybrid-workplace lifestyle" of working from both home and office evolves, we aim at offering total flexibility and support to our customers in adapting. We believe these new brands we are developing will become our major business drivers in due course.

Outlook

In May 2022, the HKSAR government lowered the 2022 real GDP forecast to 1-2% from 2-3.5%, after taking into account the deteriorating export outlook. The city's financial secretary warned of a further downward adjustment, citing the worsening external economic situation arising from recent rising interest rates.

Against the backdrop of this external environment, our management has also been constantly reviewing our business strategy. As Hong Kong faces uncontrollable, mounting external pressure – namely Hong Kong's changing role in the international arena, decoupling of the globalised economy, the seemingly endless and ever evolving pandemic, and the Russia-Ukraine War – business operators like us have to remain vigilant, resilient and agile.

We anticipate that the Hong Kong economy and hence consumer sentiment will remain restrained for the rest of the year, amid the diminishing wealth effect and dropping asset prices as a result of the interest rate hikes and weak economic growth.

To manage the uncertainties and volatility, we will continue to reform our O2O businesses – integrating the advantages of the offline business offering in-person customer experience, alongside online business for convenience and flexibility – to serve our customers better while at the same time reduce our operating costs.

Meanwhile, Hong Kong's tourism industry is a major pillar of the economy, employing about 257,000 or 6.6% of the workforce, but tight travel restrictions and tough quarantine rules continue pushing visitors away and seriously impeding economic growth. The business sector therefore expects the HKSAR government to devise business-friendly measures to attract visitors to Hong Kong while reviving the economy.

Despite the fact that Pricerite serves mostly local consumers and is less prone to border re-openings, the potential business impact of more visitors coming to Hong Kong will ripple through various sectors of the economy – greatly impacting overall retail sales of the city. We look forward to long-awaited international events being held in Hong Kong, such as the HKMA global financial leaders' summit and the comeback of the Rugby Sevens in November this year. We hope that the Hong Kong economy will soon be reinvigorated when the city is once again connected to Mainland China and the rest of the world.

Algo Trading Business – CAFG

The commodity market rose moderately in the first quarter of 2022. After Chinese New Year, commodity prices increased rapidly and maintained at a high level, driven by factors such as the Russia-Ukraine War. Most products yielded a positive return, among which energy, refined products and metals were the most volatile and profitable.

Mid to long-term directional commodities traders benefited from the trending market and volatility to outperform the index by a wide margin. Our managed futures portfolio – with a short- to medium-term holding period – recorded a moderate gain during the first half.

The Fund AUM continued to grow as performance remained steady, and investors saw the benefit of the commodity fund complementing their overall asset allocation.

Our investment portfolio has a low correlation with the traditional assets class. It serves as an effective diversifier for high-net-worth investors. We therefore continue to work closely with our partners to promote our portfolio management products.

As a sustainable long-term growth strategy, we aim to expand the business scope from proprietary trading to asset management, as we develop more trading strategies.

CFSG – The Group's Associated Company

Financial Services Business – CFSG

Industry Review

Hong Kong's economy slipped into its second recession in three years as compounding damage from the pandemic and Russia-Ukraine conflict magnified slowdown in the global economy, battering the city's investor sentiment. Hong Kong's GDP contracted a further 1.4% in the second quarter, followed by a 3.9% decrease in the first quarter.

Taking into account the deteriorating export outlook, the HKSAR government has lowered the 2022 real GDP forecast to 1-2% from 2-3.5%, while the financial secretary warns of further downward adjustment, citing worsening external economic outlook from rising interest rates.

According to the HKEx, average daily turnover in Hong Kong's securities market during the period was down by 26.5% by value. The local stock market exhibited considerable volatility in the first half of the year, with the Hang Seng Index (HSI) trading in a range of almost 6,500 points.

Under the impact of the fifth wave of the epidemic and the Russia-Ukraine conflict, the HSI plunged 6,815 points, or 27%, in a month or so from February 10 to March 15. On March 15, the HSI even fell below the 19,000-point integer threshold, reaching a 10-year low of 18,235.

The low investor sentiment amid fierce market competition drove as many as 31 local brokerages to suspend operations or even close down their business during the period under review.

Business Review

Facing numerous uncertainties, the Hong Kong financial market remained challenging during the period. Hong Kong has been an important trading partner and middleman between the East and West for more than a century. However, the geopolitical tension, in particular the Russia-Ukraine conflict, has instigated decoupling of the world economy. This has drastically changed Hong Kong's role as an international trading and investment partner of the world. At the same time, the US containment policy against China is simmering tensions between the two giant powers, squeezing Hong Kong's space in the international arena.

Coupled with recent rising interest rate hikes, global investors are investing in higher-yielding assets in other parts of the world to hedge against the city's political and economic risks, accelerating capital outflow from the Hong Kong dollar market.

Overall investor sentiment has been very negative as the bear market arrives. Investors are inclined to stay on the sideline and wait till the dust settles before returning to the market. The gloomy sentiment manifested in the IPO market. Only 27 companies newly-listed on the HKEx during the period, a 41.3% decrease compared to last year, and lowest since 2009, with funds raised dropping by more than 90%. Recent market volatility also greatly reduced investor appetite for trading and investing. Some young investors have also been trying other investment tools, such as crypto, SPACs and meme stocks. As a result, CFSG revenue recorded a 36.0% decrease during the period.

Global interest rate hikes and the lack of mega IPOs during the period also weighed on CFSG margin financing business. To manage its finances prudently so as to safely weather the global economic storms ahead, CFSG adopted a tight credit policy. This, together with the subdued IPO market, to a certain extent affected its interest income. It is anticipated that volatility will last for a while as inflation persists at high levels while the economy weakens.

Local financial institutions like CFSG are also battered with soaring compliance costs, shortage of professional staff and intense market competition.

Stringent regulatory requirements have always been a big concern to financial institutions worldwide. Hong Kong in particular, as an international financial centre of China facing the world, is impeded with huge, uncertain global political and economic outlook.

At the same time, the pandemic and its repercussions have also caused devastating economic disruption to the domestic economy. Stringent travel restrictions and tough quarantine rules are also posing staffing headwinds on the Hong Kong financial market. The SFC announced a loss of 12% of its staff last year, while banks and insurers are also complaining about losing professional staff at a rate much faster than the rate of recruiting replacements. As human capital is core to the financial industry, Hong Kong is competing for financial talent worldwide.

To cope with the staff shortage problem, CFSG devised a suite of strategies to maintain its talent pool, including expanding the scope of its management trainee programme by training its own talent. At the same time CFSG recruited mainland talent, not only to maintain its internal staff ratios, but also better serve its mainland clients with international service offerings.

On another bright note, thanks to its earlier efforts to diversify and broaden revenue streams to build its "one-stop" wealth management platform, revenue from its wealth management business increased 33.8% during the period.

Looking forward, under the National 14th Five-Year Plan, Hong Kong will maintain its status an international financial centre, global offshore Renminbi business hub, and international asset management centre. President Xi underlined and commitment to Hong Kong's unique global status and advantages in finance, shipping and trading at the HKSAR's 25th reunification ceremony, under-pinning confidence that Hong Kong should maintain its close ties to the world.

CFSG will therefore continue to develop its wealth management business, paying particular focus on the Greater Bay Area (GBA) and Yangtze River Area, as 7 out of the top 10 cities with most ultra-high net worth families reside in these two areas of China, according to the Hurun China Wealth Report.

On the other hand, CFSG expect its AUM to further increase along with the launch of its first public fund by end of the year, further broadening its income streams.

CFSG pioneering efforts to transform its electronic trading platform with a speedy, almost-instant fund transfer system also brought it a sharp edge over its competitors, who are still suffering from huge rental costs. This also brought it healthy financials to weather the global economic headwinds ahead.

On the other hand, given increasing uncertainty due to potential geopolitical conflicts, the persistent pandemic and changes in financial regulations, it is anticipated that dual listings and homecoming listings are on the agenda for many U.S. listed Chinese companies, as new listing regimes for technology companies and cross-border capital market opportunities including various stock connects pave the way. It is therefore expected that market sentiment may resume with these mega IPOs in the pipeline.

Outlook

The soaring import-inflation and resulting interest rate hikes are casting a gloomy market outlook in the quarters ahead. Investor sentiment will continue to look negative while trading volume will be impacted significantly. As the Hong Kong financial market is saturated with lots of competitors, market consolidation is likely to continue in the rest of the year. Market rumours over the future of a famous, long-established brokerage also dealt a further blow to market confidence.

In this digital world, people are accustomed to using mobile devices and apps to manage their daily lives, including investment and wealth management. To continue to sharpen CFSG's edge, CFSG will relentlessly pursue its digitalisation journey, dedicated not only to becoming a truly client-centric financial institution, but also to managing its costs amid the keenly competitive market. CFSG newly launched Alpha i 2.0 has been well received in the market and known for its ease of use, convenience and speed, encouraging it to continue to improve its client experience.

Looking forward, despite the challenges ahead, CFSG will continue its proven strategy to transform into a wealth management specialist. Although it will take some time to come to fruition, CFSG is still confident that its current strategy will pay off in due course, while remaining vigilant and resilient in this bear market.

EMPLOYEE INFORMATION

At 30 June 2022, the Group had 787 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$89.6 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, presentation, communication, quality management, graduate development, and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the Securities and Futures Ordinance ("SFO"), to attend the requisite training courses to fulfil / comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures 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 2022, 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

(a) Long positions in the ordinary shares of HK$0.20 each

Name	Capacity	Number of shares		Shareholding
		Personal	Corporate interest	(%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	598,501	39,599,098*	49.79
Leung Siu Pong James	Beneficial owner	37,642	-	0.05
		636,143	39,599,098	49.84

* 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) 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 2022 and 30 June 2022	Percentage to issued shares as at 30 June 2022 (%)
Kwan Pak Hoo Bankee	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1) to (3)	800,000	0.99
Li Shing Wai Lewis	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1) to (3)	800,000	0.99
Leung Siu Pong James	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1) to (3)	800,000	0.99
Kwan Teng Hin Jeffrey	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1) to (3)	800,000	0.99
					3,200,000	3.96

Notes:

(1) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.

(2) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the chairman of the board of the Company ("Board") and/or the Board determined at their sole discretion.

(3) The options must be exercised within 1 month from the date on which the Board's approval of the vesting of the options.

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

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

B. Associated corporation (within the meaning of SFO)

CFSG

(a) Long positions in the ordinary shares of HK$0.40 each

		Number of shares		
Name	Capacity	Personal	Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	2,472,000	102,928,854*	40.35
Li Shing Wai Lewis	Beneficial owner	2,472,000	-	0.94
Kwan Teng Hin Jeffrey	Beneficial owner	2,472,000	-	0.94
		7,416,000	102,928,854	42.23

* The shares were held by 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 49.79% 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 2022	lapsed during the period (Note (5))	outstanding as at 30 June 2022	Percentage to issued shares as at 30 June 2022 (%)
Kwan Pak Hoo Bankee	29/3/2019	1/5/2019 – 30/4/2022	1.420	(1),(3),(4)	1,350,000	(1,350,000)	-	-
	29/7/2021	1/8/2021 – 31/7/2023	0.572	(2),(3),(4)	2,400,000	-	2,400,000	0.92
Li Shing Wai Lewis	29/3/2019	1/5/2019 – 30/4/2022	1.420	(1),(3),(4)	337,500	(337,500)	-	-
	29/7/2021	1/8/2021 – 31/7/2023	0.572	(2),(3),(4)	2,400,000	-	2,400,000	0.92
Leung Siu Pong James	29/4/2020	1/5/2020 – 30/4/2022	0.480	(3)	2,472,000	(2,472,000)	-	-
Kwan Teng Hin Jeffrey	29/3/2019	1/5/2019 – 30/4/2022	1.420	(1),(3),(4)	1,350,000	(1,350,000)	-	-
	29/7/2021	1/8/2021 – 31/7/2023	0.572	(2),(3),(4)	2,400,000	-	2,400,000	0.92
					12,709,500	(5,509,500)	7,200,000	2.76

Notes:

(1) The options are vested in 3 tranches as to 25% exercisable from 1 May 2019 to 30 April 2020, 25% exercisable from 1 May 2020 to 30 April 2021 and 50% exercisable from 1 May 2021 to 30 April 2022 respectively.

(2) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.

(3) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the chairman of the board of CFSG ("CFSG Board") and/or the CFSG Board determined at their sole discretion.

(4) The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(5) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

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

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

Save as disclosed above, as at 30 June 2022, 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

(A) The Company

The old share option scheme adopted by the Company on 21 May 2012 ("Old Share Option Scheme") was terminated pursuant to an ordinay resolution passed at the special general meeting of the Company held on 30 September 2021 ("SGM"). The new share option scheme was adopted pursuant to an ordinary resolution passed at the SGM ("New Share Option Scheme") in place of the Old Share Option Scheme dated 21 May 2012. The options granted under the Old Share Option Scheme before termination shall continue to be valid and exercisable in accordance with the terms of the options.

Details of the movements in the share options to subscribe for the shares of the Company granted under the Old Share Option Scheme during the six months ended 30 June 2022 were as below. No option has been granted under the New Share Option Scheme during the period ended 30 June 2022.

Participants	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	Number of options outstanding as at 1 January 2022 and 30 June 2022
Directors					
	16/7/2021	1/8/2021 – 31/7/2023	1.450	(1)	3,200,000
Consultant					
	16/7/2021	1/8/2021 – 31/7/2023	1.450	(2),(3),(5)	550,000
					3,750,000

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 satisfactory delivery of services to members of the Group as approved by the chairman of the Board and / or the Board determined at their sole discretion.

(3) The options must be exercised within 1 month from the date on which the Board's approval of the vesting of the options.

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

(5) The options were granted to Mr Law Ping Wah Bernard ("Mr Law") as consultant of the Group for provision of advisory services to the Group in relation to financial planning and analysis, risk management, business restructuring, mergers and acquisitions etc. Mr Law is a former executive director and chief financial officer of the Company with extensive experience in financial management and accountancy and is familiar with the Group's financial and corporate structure and management system. The Board is of the view that the grant of options will provide incentives for Mr Law to provide professional financial advisory services and planning to cater for business needs of the Group which will align his interests with the Group and secure his long-term support and commitment to the Group.

(6) The total number of shares available for issue under Old Share Option Scheme and the New Share Option Scheme is 11,822,018 representing approximately 14.65% of the issued shares as at the date of this report.

(B) The associated company

CFSG

The share option scheme of CFSG ("CFSG Option Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of CFSG held on 8 June 2018.

Details of share options to subscribe for shares in CFSG granted to participants under the CFSG Option Scheme during the six months ended 30 June 2022 were as follows:

					Number of options		
Participants	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	outstanding as at 1 January 2022	lapsed during the period (Note (8))	outstanding as at 30 June 2022
Directors							
	29/3/2019	1/5/2019 – 30/4/2022	1.420	(1)	3,037,500	(3,037,500)	-
	29/4/2020	1/5/2020 – 30/4/2022	0.480	(1)	2,472,000	(2,472,000)	-
	29/7/2021	1/8/2021 – 31/7/2023	0.572	(1)	7,200,000	-	7,200,000
Employees							
	29/3/2019	1/5/2019 – 30/4/2022	1.420	(2),(5),(7)	4,603,500	(4,603,500)	-
	29/7/2021	1/8/2021 – 31/7/2023	0.572	(3),(5),(7)	2,700,000	(900,000)	1,800,000
	29/7/2021	1/8/2021 – 31/7/2025	0.572	(4),(5),(7)	10,740,000	-	10,740,000
Consultants							
	29/3/2019	1/5/2019 – 30/4/2022	1.420	(6),(7),(10)	1,602,000	(1,602,000)	-
	4/6/2019	4/6/2019 – 3/6/2022	1.040	(6),(7),(10)	2,790,000	(2,790,000)	-
	29/4/2020	1/5/2020 – 30/4/2022	0.480	(6),(7),(10)	2,472,000	(2,472,000)	-
	29/7/2021	1/8/2021 – 31/7/2023	0.572	(6),(7),(10)	3,810,000	-	3,810,000
					41,427,000	(17,877,000)	23,550,000

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 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.

(3) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023.

(4) The options are vested in 4 tranches as to 25% exercisable from 1 August 2021 to 31 July 2022, 25% exercisable from 1 August 2022 to 31 July 2023, 25% exercisable from 1 August 2023 to 31 July 2024 and 25% exercisable from 1 August 2024 to 31 July 2025 respectively.

(5) 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 CFSG Board and/or the CFSG Board determined at their sole discretion.

(6) The vesting of 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.

(7) The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(8) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

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

(10) There were share options granted to consultants on 29 March 2019, 4 June 2019, 29 April 2020 and 29 July 2021 respectively. The grantees of the share options granted on 29 March 2019 were Mr Law Ping Wah Bernard and Ms Luke Wing Sheung Suzanne (the former executive director of the Company and the former company secretary of the Company, respectively). The grantees of the share options granted on 4 June 2019 were Mr Yao Cho Fai Andrew, Mr Ma King Huen Philip and Mr Lai Wing Hung Alfred. The grantee of the share options granted on 29 April 2020 was Mr Lai Wing Hung Alfred. The grantees of the share options granted on 29 July 2021 were Mr Law Ping Wah Bernard, Mr Lai Wing Hung Alfred and Ms Luke Wing Sheung. The rationale for granting the share options to consultants was to reward each of them for their quality service, professional advice, expertise and contribution to the Group by introducing potential business opportunities to the Group. The CFSG Board is of the view that the grant of options will provide incentives for them to provide professional financial and new business opportunities advisory services and planning to cater for business needs of the Group, which will align their interests with the Group and secure their long-term support and commitment to the Group.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, 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	39,599,098	49.05
Cash Guardian (Notes (1) and (2))	Interest in a controlled corporation	39,599,098	49.05
Mr Wang Shui Ming (Note (3))	Beneficial owner, interest in a controlled corporation and other interest	4,110,245	5.09

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 40,197,599 shares (49.79%), which were held as to 39,599,098 shares by Cash Guardian and as to 598,501 shares in his personal name. Detail of his interest is set out in the section "Directors' interests in securities" above.

(3) The shareholding interest of Mr Wang Shui Ming was based on the notice dated 7 September 2020 (filed by him on 9 September 2020) pursuant to Divisions 2 and 3 of Part XV of the SFO after adjusting the number of shares held by him due to the 20-to-1 share consolidation of the Company which took effect on 7 September 2020. Based on the said notice filed by Mr Wang Shui Ming, the Shares were held as to 1,022,061 in his personal name, as to 2,223,607 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang Shui Ming), and 864,577 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang Shui Ming was deemed to be interested in all these shares.

Save as disclosed above, as at 30 June 2022, 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 2022 to 30 June 2022, the Company had duly complied with the code provisions of the Corporate Governance Code as contained in Appendix 14 of the Listing Rules, except with the deviation from code provision C.2.1 which requires that the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Dr Kwan (Chairman of the Board) also acted as CEO of the Company during the underlying period. The dual role of Dr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. The respective CEOs of each business units of the Group assisted Dr Kwan in performing the CEO's responsibilities. The balance of power and authorities is also ensured by the operation of the Board and the senior management, which comprise experienced and high calibre individuals.

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 2022 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 2022, 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 and
Chief Executive Officer

Hong Kong, 10 August 2022

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 Li Shing Wai Lewis
Mr Kwan Teng Hin Jeffrey

Independent non-executive directors:

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

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

*   *For identification purpose only*