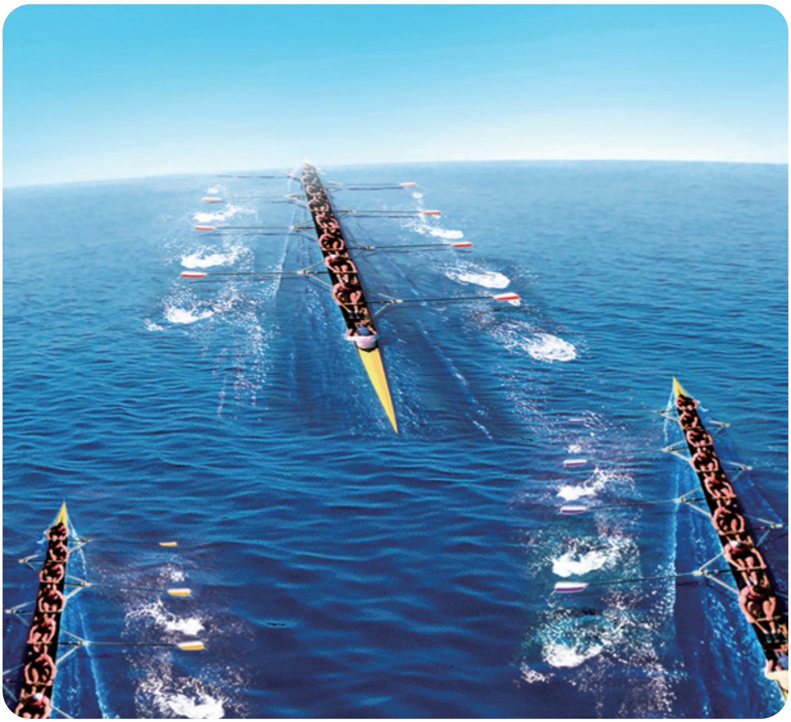
INTERIM REPORT
2024

WE STRIDE FORWARD IN UNITY WITH INNOVATIVE CHANGES



Celestial Asia Securities Holdings Limited
(Stock Code : 1049)

Corporate Information

BOARD OF DIRECTORS
Executive:

KWAN Pak Hoo Bankee	(Chairman, ED & CEO)
LEUNG Siu Pong James	(ED)
KWAN Teng Hin Jeffrey	(ED)
CHEUNG Tsz Yui Morton	(ED & CFO)
KWAN Iec Teng Janet	(ED)

Independent Non-executive:
LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

AUDIT COMMITTEE
LEUNG Ka Kui Johnny (committee chairman)
WONG Chuk Yan
CHAN Hak Sin

REMUNERATION COMMITTEE
LEUNG Ka Kui Johnny (committee chairman)
WONG Chuk Yan
KWAN Pak Hoo Bankee

NOMINATION COMMITTEE
KWAN Pak Hoo Bankee (committee chairman)
LEUNG Ka Kui Johnny
CHAN Hak Sin

COMPANY SECRETARY
CHEUNG Suet Ping Ada, *ACG, HKACG, CPA, FCCA*

AUTHORISED REPRESENTATIVES
KWAN Pak Hoo Bankee
(alternate: KWAN Teng Hin Jeffrey)
CHEUNG Tsz Yui Morton
(alternate: CHEUNG Suet Ping Ada)

PRINCIPAL BANKERS
Bank of Communications (Hong Kong) Limited
Nanyang Commercial Bank, Limited
The Hong Kong and Shanghai Banking Corporation Limited
Chong Hing Bank Limited
OCBC Wing Hang Bank Limited
Shanghai Commercial Bank Limited
The Bank of East Asia, Limited
Hang Seng Bank Limited

AUDITOR
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

SOLICITORS
Sidley Austin

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
28/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Standard Limited
17/F Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE
www.cash.com.hk

STOCK CODE ON MAIN BOARD
1049

CONTACTS

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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 2024, together with the comparative figures for the last corresponding period, are as follows:

		Unaudited Six months ended 30 June	
		2024	2023
	Notes	**HK$'000**	HK$'000
Revenue	(3)	**458,894**	508,756
Cost of inventories		**(247,729)**	(288,867)
Other income		**10,610**	15,692
Other gains and losses		**8,182**	7,953
Salaries, allowances and related benefits		**(90,351)**	(100,445)
Other operating, administrative and selling expenses		**(107,194)**	(114,266)
Depreciation of property and equipment		**(7,082)**	(9,752)
Depreciation of right-of-use assets		**(46,363)**	(65,554)
Finance costs		**(12,218)**	(13,059)
		(33,251)	(59,542)
Loss before taxation		**(33,251)**	(59,542)
Income tax expense	(5)	**–**	(22)
Loss for the period		**(33,251)**	(59,564)

	Note	Unaudited Six months ended 30 June 2024 HK$'000	2023 HK$'000
Other comprehensive 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		(68)	(88)
Total other comprehensive expense for the period		(68)	(88)
Total comprehensive expense for the period		(33,319)	(59,652)
Loss for the period attributable to:			
Owners of the Company		(27,104)	(50,084)
Non-controlling interests		(6,147)	(9,480)
		(33,251)	(59,564)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(27,172)	(50,172)
Non-controlling interests		(6,147)	(9,480)
		(33,319)	(59,652)
Loss per share attributable to owners of the Company	(6)		
– Basic (HK cents)		(33.6)	(62.0)
– Diluted (HK cents)		(33.6)	(62.0)

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2024 (Unaudited) HK$'000	31 December 2023 (Audited) HK$'000
Non-current assets			
Property and equipment		24,872	29,083
Right-of-use assets		96,896	113,384
Goodwill		39,443	39,443
Intangible assets		47,501	47,501
Rental and utilities deposits		34,704	15,514
Financial assets at fair value through other comprehensive income		25,821	25,821
Financial assets at fair value through profit or loss ("FVTPL")		4,691	4,691
Other assets		5,753	5,452
Deferred tax assets		5,450	5,450
		285,131	286,339
Current assets			
Inventories – finished goods held for sale		32,942	30,209
Accounts receivables	(7)	89,212	130,805
Prepayments, deposits and other receivables		170,034	186,765
Contract assets		1,559	2,838
Loans receivables	(8)	5,899	5,188
Tax recoverable		4,526	4,526
Financial assets at FVTPL		47,143	37,349
Pledged bank deposits		43,318	54,061
Bank balances – trust and segregated accounts		349,381	346,215
Bank balances (general accounts) and cash		167,424	233,362
		911,438	1,031,318

	Notes	30 June 2024 (Unaudited) HK$'000	31 December 2023 (Audited) HK$'000
Current liabilities			
Accounts payables	(9)	467,801	499,437
Financial liabilities arising from consolidated investment funds		122	122
Accrued liabilities and other payables		126,095	103,720
Contract liabilities		58,306	62,504
Taxation payable		7,628	7,628
Lease liabilities		59,002	64,786
Borrowings		292,415	339,612
		1,011,369	1,077,809
Net current liabilities		(99,931)	(46,491)
Total assets less current liabilities		185,200	239,848
Non-current liabilities			
Deferred tax liabilities		11,111	11,111
Lease liabilities		42,833	59,757
		53,944	70,868
Net assets		131,256	168,980
Capital and reserves			
Share capital	(10)	16,144	16,144
Reserves		72,649	99,821
Equity attributable to owners of the Company		88,793	115,965
Shares held for share award scheme of a subsidiary		(4,405)	–
Non-controlling interests		46,868	53,015
Total equity		131,256	168,980

Condensed Consolidated Statement of Changes in Equity

	Unaudited Six months ended 30 June 2024											
	Attributable to owners of the Company									Non-controlling interest		
	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$'000	Shares held for share award scheme HK$'000	Share of net assets of subsidiaries HK$'000	Total HK$'000
At 1 January 2024	16,144	4,127	88,926	1,160	92,241	10,451	2,551	(99,635)	115,965	–	53,015	168,980
Loss for the period	–	–	–	–	–	–	–	(27,104)	(27,104)	–	(6,147)	(33,251)
Purchase of shares held for the share award scheme of a subsidiary	–	–	–	–	–	–	–	–	–	(4,405)	–	(4,405)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(68)	–	–	(68)	–	–	(68)
Total comprehensive expense for the period	–	–	–	–	–	(68)	–	(27,104)	(27,172)	(4,405)	(6,147)	(37,724)
At 30 June 2024	16,144	4,127	88,926	1,160	92,241	10,383	2,551	(126,739)	88,793	(4,405)	46,868	131,256

	Unaudited Six months ended 30 June 2023											
	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	Retained earnings (accumulated losses) HK$'000	Total HK$'000	Non-controlling Interests HK$'000	Total HK$'000
At 1 January 2023	16,144	4,127	88,926	1,160	64,097	12,208	4,448	1,058	3,926	196,094	95,180	291,274
Addition interest of CFSG	–	–	–	–	40,258	–	–	–	–	40,258	(40,258)	–
Loss for the period	–	–	–	–	–	–	–	–	(50,084)	(50,084)	(9,480)	(59,564)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(88)	–	–	–	(88)	–	(88)
Total comprehensive income/(expense) for the period	–	–	–	–	40,258	(88)	–	–	(50,084)	(9,914)	(49,738)	(59,652)
At 30 June 2023	16,144	4,127	88,926	1,160	104,355	12,120	4,448	1,058	(46,158)	186,180	45,442	231,622

Condensed Consolidated Statement of Cash Flows

	Unaudited Six months ended 30 June 2024 HK$'000	 2023 HK$'000
Net cash from (used in) operating activities	82,044	(20,541)
Net cash (used in) from investing activities	(78,275)	(33,442)
Net cash (used in) financing activities	(69,707)	(54,690)
Net decrease in cash and cash equivalents	(65,938)	(108,673)
Cash and cash equivalents at beginning of period	233,362	334,411
Cash and cash equivalents at end of period	167,424	225,738
Bank balances and cash	167,424	225,738

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 of Hong Kong Limited ("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 2023.

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 new and amended HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amended 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 2024 HK$'000	2023 HK$'000
Types of goods or service		
Sales of furniture and household goods	386,524	394,583
Sales of electrical appliances	34,726	56,962
Sales of tailor-made furniture	20,533	24,770
Revenue from retailing segment	441,783	476,315
Management fee from asset management services	1,643	2,593
Other financial services	15,468	29,848
	458,894	508,756
Timing of revenue recognition		
A point of time	406,266	452,963
Over time	52,628	55,793
	458,894	508,756
Geographical market		
Hong Kong	457,599	506,163
The People's Republic of China ("PRC")	1,295	2,593
	458,894	508,756

(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
Investment Management	Provision of asset management services to investors
Other Financial Services	Provision of other financial services through CASH Financial Services Group Limited ("CFSG")

Segment revenue and results

For the six months ended 30 June 2024

	Retailing HK$'000	Investment management HK$'000	Other financial services HK$'000	Consolidated HK$'000
Revenue	441,783	1,643	15,468	458,894
Segment results	(7,356)	3,840	(22,760)	(26,276)
Unallocated other gains and losses, net				(16)
Corporate expenses				(4,511)
Unallocated finance costs				(2,448)
Loss before taxation				(33,251)

For the six months ended 30 June 2023

	Retailing HK$'000	Investment management HK$'000	Other financial services HK$'000	Consolidated HK$'000
Revenue	476,315	2,593	29,848	508,756
Segment results	(33,005)	8,910	(30,406)	(54,501)
Unallocated other gains and losses, net				2,539
Corporate expenses				(5,259)
Unallocated finance costs				(2,321)
Loss before taxation				(59,542)

Segment result represents the profit earned/loss incurred by each segment without allocation of certain other income, certain other gain and losses, corporate expenses 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	
	2024	2023
	HK$'000	HK$'000
Income tax expense	**–**	22

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

Under the Law of the PRC 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 attributable to owners of the Company

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2024 together with the comparative figures for the prior period are based on the following data:

	Unaudited Six months ended 30 June	
	2024	2023
	HK$'000	HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share	**(27,104)**	(50,084)

	Unaudited Six months ended 30 June	
	2024	2023
	'000	'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 receivables

	Notes	30 June 2024 (Unaudited) HK$'000	31 December 2023 (Audited) HK$'000
Accounts receivable arising from retailing business	(a)	1,330	2,039
Accounts receivable arising from investment management business		56	–
Accounts receivable arising from the business of dealing in securities	(b)	21,550	37,178
Accounts receivable arising from the business of margin financing	(b)	106,353	127,276
Accounts receivable arising from the business of dealing in futures and options	(b)	14,662	19,051
Less: allowance for impairment		(54,739)	(54,739)
		89,212	130,805

Notes:

(a) The Group allows an average credit period of 30-60 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 2024 (Unaudited) HK$'000	31 December 2023 (Audited) HK$'000
0 – 30 days	1,170	843
31 – 60 days	35	117
61 – 90 days	54	11
Over 90 days	71	1,068
	1,330	2,039

(b) Accounts receivable from clients, brokers, dealers and clearing houses arising from the business of dealing in securities are repayable on demand subsequent to settlement date. The normal settlement terms of accounts receivable arising from the business of dealing in securities are two days after trade date or at specific terms agreed with clients, brokers, dealers and accounts receivable arising from the business of dealing in futures and options are one day after trade date.

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

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business in margin financing.

(8) Loans receivables

	30 June 2024 (Unaudited) HK$'000	31 December 2023 (Audited) HK$'000
Revolving loans receivables denominated in:		
Hong Kong dollars	6,962	6,251
United State dollars	367	367
	7,329	6,618
Less: allowance for impairment	(1,430)	(1,430)
	5,899	5,188

The Group has policy for assessing the impairment of loans receivable on an individual basis. The assessment is based on a close monitoring and evaluation of collectability and on management's judgment, including the current creditworthiness, collateral value (if any), the past collection history of each client and supportive forward-looking information.

At the end of the reporting period, the Group's loans receivable were individually assessed for impairment. In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivable from the date of the credit was initially granted up to the reporting date.

All loan receivable are variable rate loan receivable, which bear interest of Hong Kong Prime Rate plus/minus or HIBOR plus & spread for both periods.

Loans receivable included an amount due from a related party bearing interest at HIBOR plus a spread which is similar to the rate offered to other clients. Details of which were as follows:

Name	Balance at 1 January 2024 HK$'000	Maximum amount outstanding during the period HK$'000	Balance at 30 June 2024 HK$'000
Mr Cheung Tsz Yui Morton	312	1,038	1,038

(9) Accounts payables

	Notes	30 June 2024 (Unaudited) HK$'000	31 December 2023 (Audited) HK$'000
Accounts payable arising from retailing business	(a)	108,717	123,271
Accounts payable arising from the business of dealing in securities	(b)	331,143	343,832
Accounts payable arising from the business of dealing in futures and options	(b)	27,422	31,815
Accounts payables arising from the business of wealth management	(b)	519	519
		467,801	499,437

Notes:

(a) Trade creditors arising from retailing business principally comprise amount outstanding for trade purpose and ongoing cost. The credit period taken for trade purchases ranges from 15 to 90 days (2023: 15 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 2024 (Unaudited) HK$'000	31 December 2023 (Audited) HK$'000
0 – 30 days	56,707	30,167
31 – 60 days	204	52,813
61 – 90 days	42,560	32,978
Over 90 days	9,246	7,313
	108,717	123,271

(b) The settlement terms of accounts payable from the business of dealing in securities are two days after trade date, and accounts payable arising from the business of dealing in futures and options contracts are one day after trade date. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

Accounts payable to clients arising from the business of dealing in futures and options are margin deposits received from clients for their trading of these contracts. The required margin deposits are repayable upon the closure of the corresponding futures and options position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand.

Accounts payable to independent financial advisors arising from business of wealth management services are generally settled within 30 days upon receipt of payments from product issuers/clients.

Except for the accounts payable to clients arising from the business of dealing in securities which bear interest at a fixed rate, all other accounts payable are non-interest bearing.

Accounts payable amounting to HK$349,381,000 (2023: HK$346,215,000) are payable to external clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

(10) Share capital

	Par value of each ordinary share HK$	Number of shares '000	Amount HK$'000
Ordinary shares			
Authorised:			
At 1 January 2024 and 30 June 2024	0.20	150,000	30,000
Issued and fully paid:			
At 1 January 2024 and 30 June 2024	0.20	80,720	16,144

(11) Related party transactions

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

		Unaudited Six months ended 30 June	
	Note	**2024 HK$'000**	2023 HK$'000
Commission income and interest income received from the following directors of the Company or CFSG:			
Dr Kwan Pak Hoo Bankee		**4**	–
Mr Cheung Wai Lim William	(a)	**–**	7
Mr Law Hin Ong Trevor	(b)	**3**	20
Mr Cheung Tsz Yui Morton	(c)	**24**	–
		31	27
Interest expense paid to a related party		**4,220**	4,121

Notes:

(a) Mr Cheung Wai Lim William resigned as director of CFSG during the period ended 30 June 2023.

(b) Mr Law Hin Ong Trevor resigned as director of CFSG during the period ended 30 June 2024.

(c) Mr Cheung Tsz Yui Morton appointed as director of the Company during the period ended 30 June 2023.

(12) 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.

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

Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 June 2024 (2023: nil).

Review and Outlook

Financial Review

Financial Performance

During the first half of 2024, Hong Kong experienced a shift in consumption behavior, with residents traveling northward to Mainland China for spending, while visitors to Hong Kong fell short of expectations. Additionally, increasing global geopolitical tensions and persistently high interest rates heightened financial market volatility and weakened market sentiment. For the six months ended 30 June 2024, the Group recorded revenue and net loss for the period of HK$458.9 million and HK$33.3 million, respectively, as compared to revenue of HK$508.8 million and net loss of HK$59.6 million, respectively, for the corresponding period in 2023.

Retailing Business – PRICERITE GROUP

The Hong Kong retail industry continued to face significant challenges in 2024, despite the general public's activities gradually returned to normal. Local consumption sentiment had been affected by the lackluster property market, visitors to Hong Kong are increasingly focusing on experiential shopping rather than spending on luxury items.

In the first half of 2024, Hong Kong experienced a 6.6% decline in retail sales value compared to the same period in 2023, marking the fourth consecutive month of contraction. This trend reflected ongoing challenges in the sector, driven by changes in consumer spending patterns and economic pressures. Simultaneously, the Hong Kong property market had faced significant hurdles, largely due to rising interest rates and persistent economic pressures. These factors have increased mortgage costs, led to a decline in property values, and negatively impacted market sentiment. The CCL index fell sharply by 13.2% in Q1 2024 from the previous year, marking the ninth consecutive quarter of decline.

In an effort to stimulate the property market, the Hong Kong government announced the cancellation of the special stamp duty in April 2024. This move initially spurred an increase in residential property transactions as buyers sought to take advantage of reduced costs. However, this uptick was short-lived, highlighting the continued weakness in the overall residential market. Persistent challenges in the property sector had had a negative wealth effect, further complicating the outlook of the retail market.

In response to these industry-wide challenges, Pricerite implemented several initiatives to enhance its operational efficiency and reduce costs. Pricerite Group had strategically relocated its warehouse operation to the Greater Bay Area which significantly improved its operating efficiency. Additionally, Pricerite Group consistently monitors the performance of its store portfolio, adopting a strategy to retain well-performing stores while closing down those that underperform. As a result, Pricerite Group optimised its operating network, reducing the number of stores from 23 in January 2023 to 16 by June 2024.

Pricerite believed that big data and the O2O (Online-to-Offline) business model play a vital role in its business transformation. By leveraging big data applications and customer persona data, Pricerite analyzed customer personas to deliver timely products and tailored promotions, thereby increasing conversion rates and improving inventory management.

Despite the ongoing challenges in the Hong Kong retail market faces, Pricerite's strategic initiatives demonstrate a proactive approach to navigating these difficulties. By optimising its store portfolio, reducing rent expenses, and enhancing logistics efficiency, Pricerite is positioning itself for improved financial performance and long-term success.

Pricerite Group recorded revenue of HK$441.8 million and a segment loss of HK$7.4 million for the six months ended 30 June 2024, as compared to revenue of HK$476.3 million and a segment loss of HK$33.0 million for the corresponding period in 2023.

Investment Management Business – CAFG

Despite the unfavourable global market economy in the first half of 2024, our assets under management remained steady and our multi-strategies algorithmic trading futures portfolio continue to outperform traditional equity index. Our asset management business recorded revenue of HK$1.6 million and a segment profit of HK$3.8 million as compared to revenue of HK$2.6 million and a segment profit of HK$8.9 million for the corresponding period in 2023.

Other Financial Services Business – CFSG (excluding investment management business through CAFG)

For the six months ended 30 June 2024, the Group's other financial services business recorded revenue of approximately HK$15.5 million and a segment loss of HK$22.8 million as compared to revenue of HK$29.8 million and a segment loss HK$30.4 million for the corresponding period of 2023.

Liquidity and Financial Resources

The Group's equity attributable to owners of the Company amounted to HK$88.8 million as at 30 June 2024 as compared to HK$116.0 million at the end of last year. The decrease in the equity was mainly due to the combined effect of the net loss recognised by the Group during the period.

As at 30 June 2024, our cash and bank balances including the balances held under trust and segregated accounts totalled HK$516.8 million as compared to HK$579.6 million as at 31 December 2023. The Group derives its revenue mainly Hong Kong dollars and maintains its cash and bank balances mainly in Hong Kong dollars. The bank balances in the trust and segregated accounts were denominated in the same currencies as those of the outstanding balances in the corresponding accounts payable. The decrease in cash and bank balances was mainly due to the increase in financial asset designate at fair value through profit, increase in bank balances in the trust and segregated accounts and operating loss incurred during the period.

As at 30 June 2024, the Group had total outstanding borrowings of approximately HK$292.4 million as compared to HK$339.6 million as at 31 December 2023. The borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately of HK$180.5 million (31 December 2023: HK$206.0 million) and secured loans of approximately of HK$111.9 million (31 December 2023: HK$133.6 million). The above secured bank loans were secured by the Group's pledged deposits of approximately HK$43.3 million (31 December 2023: HK$54.0 million).

The liquidity ratio as at 30 June 2024 at 0.90 times, as compared to 0.96 times as at 31 December 2023. Slight decrease in the liquidity ratio was mainly due to 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 222.8% as at 30 June 2024 as compared to 201.0% as at 31 December 2023. The increase in the gearing ratio was mainly due to the loss incurred during the period.

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

Foreign Exchange Risks

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

Material Acquisitions and Disposals

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

Litigation and Contingent Liabilities

The Group did not have any material outstanding litigation and contingent liabilities as at 30 June 2024.

Material Investments

As at 30 June 2024, the market values of financial assets at FVTPL amounted to approximately HK$51.8 million. A net gain on financial assets at FVTPL of HK$8.2 million was recorded during the six months ended 30 June 2024.

Save as disclosed above, the Group did not have any material investments during the six months ended 30 June 2024.

Financial and Operational Highlights

Revenue

(HK$'000)	Unaudited Six months ended 30 June 2024	2023	% change
Retail	**441,783**	476,315	(7.2%)
Investment management	**1,643**	2,593	(36.6%)
Other financial services	**15,468**	29,848	(48.2%)
Group total	**458,894**	508,756	(9.8%)

Key Financial Metrics

	Unaudited Six months ended 30 June 2024	2023	% change
The Group			
Loss for the period attributable to owners of the Company (HK$'m)	**27.1**	50.1	(45.9%)
Loss per share (HK cents)	**33.6**	62.0	(45.8%)
Total assets (HK$'m)	**1,196.6**	1,521.1	(21.3%)
Bank balances and cash (HK'm)	**167.4**	225.7	(25.8%)
Borrowings (HK$'m)	**292.4**	366.4	(20.2%)
Retailing			
Revenue per sq. ft. (HK$)	**317.0**	296.0	7.1%
Growth for same stores (vs last period)	**5.4%**	(14.5%)	N/A
Inventory turnover days	**24.0**	36.0	33.3%
Investment management			
Net gain on financial assets at FVTPL (HK$'m)	**7.1**	12.7	(44.1%)
Other Financial Services Business			
Annualised average fee income from broking per active client (HK$'000)	**0.5**	1.4	(64.3%)

Industry and Business Review

Retail Management Business – Pricerite Group

Economic and Industry Review

Hong Kong's retail market showed lacklustre performance during the period under review. Despite a modest GDP increase of 2.7% in the first quarter of the year, followed by a 3.3% rise in the second quarter, total retail sales value nonetheless saw an overall decline of 6.6% in the first half of the year.

Contributing to the sluggish performance was the pent-up demand for outbound travel and the growing popularity of northward consumption amongst the Hong Kong populace. According to a survey by Hong Kong International Travel Expo (ITEHK), residents made some 49.5 million individual departures abroad during the first half of the year – including about 90% journeying to the Mainland. Meanwhile, tourist arrivals only tailed at about 21.2 million during the same period.

The moderate pace of worldwide economic growth, coupled with elevated global corporate debt burden, higher interest rates and various geopolitical uncertainties, all together contributed to weakened international manufacturing and services output. Business sentiment also fell to its lowest level, attributed to the political uncertainty surrounding various elections around the world.

Amidst a clouded external environment, both investment and consumption confidence were subdued. Demonstrating negatively-impacted homeowner sentiment, Hong Kong property prices have declined from a 2021 peak, retreating to the 2016 level, according to the Centa-City Leading (CCL) Weekly Index.

Total retail sales value for the furniture and fixture category decreased by 8.7% amid an across-the-board slump in almost all retail categories.

Business Review

Despite these challenges, Pricerite continued to build our resilience through the implementation of proven strategies – namely, enhancing operating and sales efficiency, increasing our agility and market responsiveness, and driving our sales excellence. At the same time, we are dedicated to bolstering our long-term core competences by strengthening our foothold in the Greater Bay Area.

Pricerite understands well that under such a subdued economic climate, offering customers value-for-money products and solving their space management and household issues are of paramount importance.

During the period, we have reinforced our O2O (Online-to-Offline) business model by immersing our frontline staff with online technologies – empowering them to utilise these technologies to introduce our customers to the right products and exclusive offers.

These efforts have successfully driven a double-digit increase in customers shopping online, resulting in a double-digit growth in online sales.

In view of Hong Kong's demographic changes in recent years, we extended our online foothold on social media to XiaoHongShu to cater for the influx of 'new talent' migrants from Mainland China. We also launched an English version of our eShop during the period to cater to the expat community in Hong Kong, which represents about 4.6% of the population.

In the second half of the year, we will also introduce a simplified Chinese version to better serve these potential new customers of ours. On the other hand, we closed down under-performing stores and revamped our physical store network to complement our online efforts.

During the period under review, we also focused on enriching our product content, including optimising shopping guidelines and delivering personalised programmatic messages. These initiatives led to double-digit year-to-date growth in our online conversion rate. Additionally, we produced numerous online videos to educate our customers on how to use our multi-functional products, enabling them to fully explore our product features and benefits.

As Hong Kong's professional space management specialist – in line with our commitment to solve our customers' living pain-points – Pricerite launched our first furniture alteration service. Almost all ready-made furniture in-store can now be personalised and tailored to fit into various layouts of Hong Kong's limited living spaces. The service has been well-received in the market, further adding value to our offerings as well as enabling cross-product selling.

We also launched an innovative ready-made room divider solution "間房易" to cater for small-sized homes. Additionally, we offer tailor-made solutions for public housing and Home Ownership Scheme flats, providing customers with cost-effective space management options in Hong Kong.

Despite the slow economy, we continued our product development efforts to provide customers with value-for-money choices. We strengthened our private label and house brand products with new features, ranges and materials, including both furniture and household goods.

With the advent of generative AI, we also strengthened our digitalisation efforts to automate our business processes. These included our database management, product recommendations for existing customers, targeting new customers, internal reporting, document processing, order generation, procurement, content and presentation creations.

These initiatives are part of a broader strategy to modernise our back-office infrastructure so as to streamline our workflows, enhance our operating efficiencies and meet the needs of our business growth.

Outlook

By leveraging the geographical position and transportation accessibility of the Greater Bay Area (GBA), Pricerite will further strengthen our core competencies and utilise the abundant resources in the development blueprint for Guangdong, Hong Kong and Macau.

As an important part of our global sourcing strategy, we will strengthen our product sourcing network in the Mainland, with a particular focus in the GBA, in the second half of the year. We believe the strong Hong Kong dollar will continue to facilitate our future sourcing network expansion in other parts of the Mainland.

On the other hand, with lowered logistics costs and optimised delivery lead time, we will leverage our newly-established logistic centre in the GBA to serve our customers' O2O needs, supporting our market expansion in the region.

In conclusion, by pursuing stringent cost leadership management, launching new and more value-for-money products that tailor to customer needs and extending our market reach, the Group is cautiously optimistic about the rest of the year.

Algo Trading Business – CAFG

Industry and Economic Review

Global economic growth was generally in line with the initial projection of 3.2%; mature economies like the US, the Euro area, and the UK saw a slowdown in growth while India and China continued to keep their pace. Against this backdrop, the general commodity prices fell by 3% in Q1, driven by low energy prices caused by oversupply alongside stable agriculture prices, except for cocoa, to favorable supply conditions. The oil prices exhibited significant volatility, responding to escalating tensions in the Middle East and a tighter supply outlook than anticipated. As for the equity market, there was a notable outperformance by the Hong Kong stocks compared to Mainland China's, which lagged significantly due to the strong rebound of large-cap China tech, healthcare, property, and insurance stocks in Q2 and the trade tension depressing the Chinese economy. The cryptocurrency movement in the first half 2024 was primarily driven by Bitcoin halving and the US approval of Bitcoin spot exchange-traded funds (ETFs). With US regulators' landmark approval of spot ETFs in January and its growing popularity as legal tender in some countries, Bitcoin climbed to a record high of USD73,777 in March– a massive spike in institutional money entering the space, anticipating a more favorable regulatory environment.

Business Review and Outlook

On the business front, our strategic planning and positioning of the asset management business over the past few years have started to yield results in 2024. We now manage one commodities futures fund and advise an equity portfolio and a CTA fund, which recorded respectable gains in the first half of 2024.

Our launch of the arbitrage portfolio CASH Multi Strategy Fund OFC in December last year, a crucial part of our long-term growth strategy, has had a good start. The Fund has seen a double-digit increase of 12.5% in the first half of 2024. This portfolio has demonstrated its value with its market-neutral positions and ability to capitalise on opportunities across different markets. With a high win ratio and nearly a decade of successful track records, it remains an attractive investment for professional investors.

As a quant-focused research team, CASH Algo provides investment advice to CASH Prime Value Equity Fund, a public OFC fund launched in August 2022. The Fund outperformed the Hong Kong Composite Index, gaining 10.3% in the first half of 2024. Its emphasis on mid-to-long-term capital appreciation through quantitative and fundamental investment approaches has been crucial. According to Morningstar's Hong Kong equity ranking, the Fund has consistently outperformed its peers since its inception.

Thanks to the volatility in the metals market, the CTA Fund trading momentum and reversion strategies gained 11.6% in the first half year, outperforming its peers after two years of slow market. The general investment sentiment in the CTA Funds remained weak, challenging raising funds from new investors. Those who top-up their investments in our Fund appreciate the benefit of a low correlation between our Fund and the general CTA performance. They continued to trust our ability to safeguard their wealth, recognising the benefits of a commodity fund that complements their overall asset allocation.

The proprietary portfolio, including futures and equities, achieved its target return during the first half as hot money chased after precious metals to combat inflations. The increased transaction volume and volatility yield more trading opportunities for the models. The proprietary portfolio will continue contributing trading income to the Group and serve as a testing ground for trading ideas for the fund management portfolios.

We are strategically positioning CAFG as a leading Quant Fund Manager within the FinTech sector. In addition to effectively managing our existing commodities and equity portfolio, we are expanding our fund management capabilities to encompass exchange-listed cryptocurrencies strategically poised to seize emerging trends. Utilising the OFC fund structure strengthens our existing strategies and empowers us to launch additional fund products, fostering sustained growth and success.

Our strategic roadmap for 2024 is designed to align with our sales targets with a dedicated sales force to organise fund promotion and distribution. We also harness cutting-edge technologies such as generative AI to advance our product offerings and fortify our risk management processes. With these measures in place, we are confident that CAFG is well-positioned to thrive in the competitive fund management landscape.

Other Financial Services Business – CFSG

Economic and Industry Review

During the first half of 2024, most major equity markets recorded considerable gains. In particular, buoyant market sentiment surrounding the prospect of interest rate cuts, underpinned by moderating inflationary pressures in the world's major economies, has driven the leading equity indices to new highs. The Hong Kong equity market has likewise posted modest gains during this period.

Sentiment of Hong Kong retail investors remained subdued during the period. After a decline of 15% in 2023, the Hang Seng Index (HSI) in the first half of 2024 oscillated within a comparatively narrow range, most of the time fluctuating between 15,000 and 17,000 points, with the market evincing a distinct lack of a clear upward or downward trajectory. Average daily turnover during the period was HK$110.4 billion, versus a $115.5 billion during the same period last year.

Business Review

During the period, we continued to develop our wealth management and family office businesses while pursuing a stringent cost leadership approach.

The disruptive power of generative AI extends to wealth management, insurance, and payments, transforming customer engagement, transaction processing, and fraud detection. During the period, we continued our transformation efforts to digitalise and automate our work processes with the assistance of generative AI and other technologies.

We have pressed on with the development of our product range. Our bespoke products have consistently been the priority choices of our wealth management and family office clients. During the period, the CASH Prime Value Equity OFC Public Fund (Bloomberg Ticker: CPVEQOI HK) continued to outperform both Hong Kong and mainland stock indices and other peer Hong Kong equity funds.

We remain committed to cultivating robust client relationships through proactive communication. By arranging a mix of offline and online client activities, we actively engage our clients, ensuring efficient and continuous communication and cultivating a constructive and lasting partnership.

Throughout the year, we persisted in hosting a diverse array of investment seminars that enabled our clients to engage with our financial analysts and expert partners. These seminars provided our clients with the insights and resources essential to address their wealth management requirements in the swiftly changing landscape of information and digital advancements.

In addition to seminar, various other networking events were also held, including workshops and visits to third party institutes, such as medical centres. These activities offer face-to-face opportunities for us to remain in close touch and interactions with our clients.

To connect with our clients in other parts of the world and to maintain an active and high-profile presence in the market, we augmented the use of content marketing during the period. We have generated more than double the number of social media posts, the majority of which have been informational videos about various wealth management products, migration, and other financial information.

Developing deep, lasting relationships is critical when working with family office clients. Unlike traditional wealth management clients, family offices client require a more personalised, high-touch approach. We therefore launched the Éclat Circle, a high-end private membership club catered specifically for our family office clients. The club aims to create a trusted environment that is exclusive for members to network and share their business insights and life experiences. The club also offers a discreet, members-only environment that allows them to socialise and build lasting connections across multiple generations.

During the period, in addition to our traditional Greater Bay Area focus, we started to expand the reach of our family office business to various parts of China, including Yangtze River Delta, Southwestern, and Northeastern regions.

During the period, the Group has actively sponsored and recruited volunteers to form a corporate team for the "Cycle for Millions" event organised by Pok Oi Hospital. This initiative not only supports the Hospital's development, but also promotes cycling – a sustainable lifestyle – and raises health awareness throughout Hong Kong. As a "Total Caring" organisation, we have also assembled a team of volunteers to participate in a flag-selling activity organised by Against Child Abuse, a charitable organisation dedicated to child protection. The event aims to raise funds for Against Child Abuse and enhance awareness of child protection issues across Hong Kong.

Committed to environmental protection and social contribution, the Group collaborates with Food Angel to prepare essential food aid for the underprivileged while reducing food waste. We have also participated in the World Wide Fund's Earth Hour by switching off non-essential lights in order to raise public awareness about environmental protection and climate change. Additionally, the Group has engaged in the Lai See Reuse and Recycle Programme organised by Greeners Action, a campaign designed to encourage individuals to protect the environment while enjoying the New Year tradition.

Outlook

Looking ahead to the latter half of 2024, factors such as the prospective policy rate trajectories, geopolitical tensions, and the global growth outlook will continue to pose uncertainties to the investment environment. Whilst the market generally anticipates that the rate cut cycle in the United States will commence in the fourth quarter of 2024, recent economic data have been decidedly mixed; the precise timing and pace of the Federal Reserve's rate cuts thus remains opaque.

Locally, the economic growth in Hong Kong, Mainland China and in the Southeast Asian countries will continue to support the Hong Kong financial market. On the other hand, influx of new migrants will continue to provide fresh client sources to the wealth management sector.

In light of the changing financial market landscape, CFSG is proactively evaluating the consolidation of its brokerage operations into value-added service offerings, while simultaneously transforming itself into a dedicated wealth management specialist. By leveraging the opportunities presented by the expanded Wealth Management Connect (WMC) Scheme, we aim to cater to the diverse investment requirements of our clients in China, with a particular focus in the Greater Bay Area (GBA).

Employee Information

At 30 June 2024, the Group had 559 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$90.4 million.

Benefits

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

Training

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, 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 2024, 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$0.20 each

		Number of shares		
Name	Capacity	Personal	Corporate interest	Shareholding (%)
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. The subsidiary

CFSG

Long positions in the ordinary shares of HK$0.04 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	22,464,000	277,989,563*	69.68
Kwan Teng Hin Jeffrey	Beneficial owner	2,472,000	–	0.57
		24,936,000	277,989,563	70.25

* 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 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.

Save as disclosed above, as at 30 June 2024, 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 Scheme

The subsidiary

CFSG

The share option scheme of CFSG ("CFSG Share Option Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of CFSG held on 8 June 2018. The CFSG Share Option Scheme was adopted before new Chapter 17 of the Listing Rules effective on 1 January 2023. CFSG will comply with the new Chapter 17 of the Listing Rule in accordance with the transitional arrangements for the CFSG Share Option Scheme.

Details of the movements in the share options to subscribe for shares of HK$0.04 each in CFSG granted under the CFSG Share Option Scheme during the six months ended 30 June 2024 are set out below:

					Number of options		
Participants	**Date of grant**	**Exercise period**	**Exercise price per share** (HK$)	Notes	**outstanding as at 1 January 2024**	**lapsed during the period** (Note (4))	**outstanding as at 30 June 2024**
Other Employee Participants (Note (6))	29/7/2021	1/8/2021 – 31/7/2025	0.572	(1), (2), (3)	1,500,000	300,000	1,200,000
					1,500,000	300,000	1,200,000

Notes:

(1) 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.

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

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

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

(6) Other Employee Participants include employee of the Company and its subsidiaries.

(7) The total number of shares of CFSG available for issue under CFSG Share Option Scheme is 27,317,477, representing approximately 6.34% of the issued shares of CFSG as at the date of this report.

(8) The number of options available for grant under the mandate of the CFSG Share Option Scheme as at 1 January 2024 and 30 June 2024 were 26,117,477.

Share Award Scheme

The subsidiary

CFSG

CFSG has adopted a share award scheme on 1 December 2022 (the "CFSG Share Award Scheme"). During the period ended 30 June 2024, 18,282,000 shares of CFSG were acquired by the trustee of the CFSG Share Award Scheme (the "Trustee"). As at 30 June 2024, the Trustee held a total of 18,282,000 shares of CFSG. As at 1 January 2024 and 30 June 2024, the total number of shares available for grant under the CFSG Share Award Scheme was 26,117,477 shares.

No share awards has been granted under the CFSG Share Award Scheme during the period from the date of adoption to the period ended 30 June 2024.

Substantial Shareholders

As at 30 June 2024, 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 of the Company 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 2024, 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 of the Company 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 2024 to 30 June 2024, the Company had duly complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules, except for the following deviations:

(1) Pursuant to code provision C.2.1, the role of chairman and chief executive should be separate and should not be performed by the same individual. Dr Kwan (Chairman & Executive Director of the Board) also acted as CEO of the Company. 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 and are responsible for formulating business plans and monitoring the business operation and development of the Group, and report regularly to the Chairman. 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.

(2) Pursuant to code provision B.2.4 where all the independent non-executive directors of the Company have served more than nine years on the Board, the Company should appoint a new independent non-executive director on the board. Each of Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin had served the Company as an independent non-executive Director for more than nine years and the Company did not appoint a new independent non-executive Director. Mr Leung Ka Kui Johnny has served the Board for 23 years, Mr Wong Chuk Yan has served the Board for 26 years and Dr Chan Hak Sin has served the Board for 23 years. The Board considers that each of the three independent non-executive Directors have a thorough understanding of the Company's operations, do not involve in the Company's daily operations and have expressed independent advices to the Company in the past. The Board is also of the view that these three independent non-executive Directors are firmly committed to their responsibilities and ongoing role, and that the long service of these three independent non-executive Directors will not affect their independent judgements. The Board considers these three independent non-executive Directors to remain independent under the Listing Rules despite the fact that they have served the Company for more than nine years. The Board believes that the continued tenure of these independent non-executive Directors will help to maintain the stability of the Board as they have, over time, gained valuable insights into the business strategy and policies of the Group. Therefore, the Company did not appoint a new independent non-executive Director, which despite deviate from code provision B.2.4, would not be detrimental to the Company.

We will periodically review and improve our corporate governance practices with reference to the latest corporate governance developments.

Compliance with the Model Code

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix C3 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard of dealings set out therein throughout the review period.

Review of Results

The Group's unaudited consolidated results for the six months ended 30 June 2024 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 2024, 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, 23 August 2024

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

Executive directors:

Dr Kwan Pak Hoo Bankee, *BBS, JP*
Mr Leung Siu Pong James
Mr Kwan Teng Hin Jeffrey
Mr Cheung Tsz Yui Morton
Ms Kwan Iec Teng Janet

Independent non-executive directors:

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