



CASH Financial Services Group Limited
(Stock Code : 510)

Interim Results 2008

Consolidated Income Statement

The unaudited consolidated results of CASH Financial Services Group Limited ("Company" or "CFSG") and its subsidiaries ("Group") for the six months ended 30 June 2008 together with the comparative figures for the last corresponding period are as follows:

	Notes	Unaudited six months ended 30 June	
		2008 HK\$'000	2007 HK\$'000
Continuing operations			
Revenue	(3)	198,891	253,479
Other operating income		2,189	670
Salaries, commission and related benefits		(88,051)	(100,167)
Depreciation		(6,420)	(2,674)
Finance costs		(7,621)	(37,004)
Other operating and administrative expenses		(47,799)	(43,339)
Net (decrease) increase in fair value of investments held for trading		(3,311)	14,323
Share of loss of associate		(1,876)	-
Profit before taxation		46,002	85,288
Taxation charge	(5)	(4,892)	(10,300)
Profit for the period from continuing operations		41,110	74,988
Discontinued operation			
Profit for the period from discontinued operation	(6)	-	27,832
Profit for the period		41,110	102,820



	Note	Unaudited six months ended 30 June	
		2008 HK\$'000	2007 HK\$'000
Attributable to:			
Equity holders of the Company		41,035	101,605
Minority interests			
– Continuing operations		75	550
– Discontinued operation		–	665
		41,110	102,820
Dividend:			
Declared interim dividend of HK\$0.02 per share and special dividend of HK\$0.08 per share based on 412,263,405 shares (2007: interim dividend of HK\$0.02 per share based on 1,448,351,448 shares)		41,226	28,967
Dividends recognised as distribution during the period			
– payment of 2007 final dividend of HK\$0.03 per share		62,339	–
– payment of 2006 final dividend of HK\$0.02 per share		–	27,661
		62,339	27,661
Earnings per share	(7)		
From continuing and discontinued operations:			
– Basic		HK\$0.10	HK\$0.32
– Diluted		HK\$0.10	HK\$0.31
From continuing operations:			
– Basic		HK\$0.10	HK\$0.23
– Diluted		HK\$0.10	HK\$0.23
From discontinued operation:			
– Basic		N/A	HK\$0.08
– Diluted		N/A	HK\$0.08



Consolidated Balance Sheet

	Notes	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Non-current assets			
Property and equipment	(8)	61,588	24,787
Investment property		–	5,000
Goodwill		4,933	4,933
Intangible assets	(9)	12,392	12,392
Other assets		9,346	9,136
Loan receivables	(13)	68	176
Interests in associates	(10)	65,938	65,778
Loan to an associate		10,296	10,296
Amounts receivable on disposal of subsidiaries	(11)	167,250	162,703
		331,811	295,201
Current assets			
Accounts receivable	(12)	600,265	931,595
Loan receivables	(13)	51,185	28,867
Prepayments, deposits and other receivables		47,366	28,218
Amounts due from an associate		260	260
Amounts due from fellow subsidiaries		763	447
Investments held for trading		64,489	59,271
Deposit with brokers		8,022	69,188
Bank deposits under conditions		35,096	28,675
Bank balances – trust and segregated accounts		801,315	928,527
Bank balances (general accounts) and cash		404,981	256,668
		2,013,742	2,331,716



		30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
	Notes		
Current liabilities			
Accounts payable	(14)	1,035,115	1,379,521
Accrued liabilities and other payables		38,781	68,534
Taxation payable		25,884	20,993
Bank borrowings – amount due within one year		345,150	231,066
Loan from a minority shareholder		27,437	27,437
		1,472,367	1,727,551
Net current assets		541,375	604,165
Total assets less current liabilities		873,186	899,366
Capital and reserves			
Share capital	(16)	41,301	207,697
Reserves		830,809	690,668
Equity attributable to equity holders of the Company		872,110	898,365
Minority interests		1,076	1,001
Total equity		873,186	899,366



Condensed Consolidated Cash Flow Statement

	Unaudited six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Net cash from (used in) operating activities	152,016	(2,730,448)
Net cash used in investing activities	(48,462)	(69,274)
Net cash from financing activities	44,759	2,810,755
Net increase in cash and cash equivalents	148,313	11,033
Cash and cash equivalents at beginning of period	256,668	73,226
Cash and cash equivalents at end of period	404,981	84,259
Bank balances (general accounts) and cash	404,981	84,259



Consolidated Statement of Changes in Equity

Unaudited six months ended 30 June 2008

Notes	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	Retained profits (Accumulated losses) HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2008	207,697	319,948	170,550	88	855	199,227	898,365	1,001	899,366
Profit for the period	-	-	-	-	-	41,035	41,035	75	41,110
Share of translation reserve of associate	-	-	-	-	2,035	-	2,035	-	2,035
Total recognised income for the period	-	-	-	-	2,035	41,035	43,070	75	43,145
Issue of new shares (a)	100	162	-	-	-	-	262	-	262
Reduction of shares due to share consolidation and capital reduction (a)	(166,238)	-	166,238	-	-	-	-	-	-
Share repurchases (a)	(258)	(6,990)	-	-	-	-	(7,248)	-	(7,248)
2007 final dividend paid	-	-	-	-	-	(62,339)	(62,339)	-	(62,339)
At 30 June 2008	41,301	313,120	336,788	88	2,890	177,923	872,110	1,076	873,186

Unaudited six months ended 30 June 2007

Note	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	Retained profits (Accumulated losses) HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2007	138,205	220,970	128,550	2,496	(288)	(10,102)	479,831	3,761	483,592
Profit for the period, representing total recognised income for the period	-	-	-	-	-	101,605	101,605	1,215	102,820
Amount transferred from share premium account to contributed surplus account	-	(100,000)	100,000	-	-	-	-	-	-
Amount transferred to set off accumulated losses	-	-	(28,000)	-	-	28,000	-	-	-
Reduction arising from disposal of subsidiaries	-	-	-	-	288	-	288	(3,269)	(2,981)
2006 final dividend paid	-	-	-	-	-	(27,661)	(27,661)	-	(27,661)
Issue of new shares (b)	100	196	-	-	-	-	296	-	296
At 30 June 2007	138,305	121,166	200,550	2,496	-	91,842	554,359	1,707	556,066

Notes:

- (a) Please refer to note (16) of share capital for details.
- (b) On 23 April 2007, 1,000,000 share options were exercised at an exercise price of HK\$0.296 each, resulting in the issue of a total of 1,000,000 new shares of HK\$0.10 each for a total consideration (before expenses) of HK\$296,000. These shares rank pari passu in all respects with other shares in issue.



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 Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. 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.

The unaudited consolidated results for the six months ended 30 June 2008 have not been audited by the Company's auditor, but have been reviewed by the Company's audit committee.

(2) Significant accounting policies

The accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 31 December 2007.

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs and Hong Kong Accounting Standards ("HKAS") upon initial application. However, the directors of the Company anticipate that the application of these new standards and interpretations will have no material impact on the financial position and financial results of the Group.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 32	Financial instruments: Presentation ¹
HKFRS 2	Amendment "Share-based payment – Vesting conditions and cancellations" ¹
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 13	Customer loyalty programmes ²

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 July 2008.



(3) Revenue

	Unaudited six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Continuing operations:		
Fees and commission income	171,386	195,923
Interest income	27,505	57,556
	198,891	253,479
Discontinued operation:		
Online game income	-	42,702
Sales of online game auxiliary products	-	33,463
Licensing income	-	195
	-	76,360

(4) Business and geographical segments

For management purposes, the Group is currently organised into three main operating divisions, namely, broking, financing and corporate finance. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Broking	Broking of securities, options, futures and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products and their trading
Financing	Provision of margin financing and money lending services
Corporate finance	Provision of corporate finance services

The Group was also involved in the provision of online game services, sales of online game auxiliary products and licensing services up to 31 May 2007. This online game services division was disposed of on 1 June 2007 (please refer to note (6) of discontinued operation below for details).



The Group's operation by business segment is as follows:

Consolidated income statement for the six months ended 30 June 2008

	Continuing operations				Discontinued operation	Consolidated HK\$'000
	Broking HK\$'000	Financing HK\$'000	Corporate finance HK\$'000	Total HK\$'000	Online game services HK\$'000	
Revenue	166,663	27,505	4,723	198,891	-	198,891
RESULT						
Segment profit	46,350	3,533	855	50,738	-	50,738
Other operating income				2,189	-	2,189
Share of loss of an associate				(1,876)	-	(1,876)
Unallocated corporate expenses				(5,049)	-	(5,049)
Profit before taxation				46,002	-	46,002
Taxation charge				(4,892)	-	(4,892)
Profit for the period				41,110	-	41,110

Consolidated income statement for the six months ended 30 June 2007

	Continuing operations				Discontinued operation	Consolidated HK\$'000
	Broking HK\$'000	Financing HK\$'000	Corporate finance HK\$'000	Total HK\$'000	Online game services HK\$'000	
Revenue	195,079	53,356	5,044	253,479	76,360	329,839
RESULT						
Segment profit (loss)	84,419	6,078	(385)	90,112	(7,278)	82,834
Other operating income				670	339	1,009
Gain on disposal of discontinued operation				-	34,715	34,715
Unallocated corporate expenses				(5,494)	-	(5,494)
Profit before taxation				85,288	27,776	113,064
Taxation (charge) credit				(10,300)	56	(10,244)
Profit for the period				74,988	27,832	102,820



The Group's operations are located in Hong Kong, the People's Republic of China ("PRC") and Taiwan. For the activities of broking, financing and corporate finance, they are based in Hong Kong and the revenue of these activities are derived from Hong Kong. The online game services were mainly based in PRC and Taiwan and the relevant revenue were derived mainly from PRC and Taiwan.

The Group's segment revenue from external customers cannot be allocated based on geographic location of its customers. The following table provides an analysis of the Group's revenue by geographical market based on the location of operations:

	Unaudited six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Continuing operations:		
– Hong Kong	198,891	253,479
Discontinued operation:		
– PRC	–	42,897
– Taiwan	–	33,463
	–	76,360

(5) Taxation charge

	Unaudited six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Continuing operations:		
Current tax:		
– Hong Kong	4,892	10,300

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits for respective periods.

No deferred tax asset has been recognised in the financial statements due to the unpredictability of future taxable profit streams.



(6) Discontinued operation

On 9 January 2007, the Group entered into a sale and purchase agreement with Celestial Asia Securities Holdings Limited ("CASH") (the ultimate holding company of the Company) to dispose of Netfield Technology Limited and its subsidiaries ("Netfield Group"), which carried out the Group's online game services operations. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was approved by independent shareholders of the Company at a special general meeting held on 23 April 2007 and was completed on 1 June 2007.

The profit (loss) for the period from discontinued operation is analysed as follows:

	Unaudited six months ended 30 June 2008 HK\$'000	period from 1.1.2007 to 31.5.2007 HK\$'000
Loss from discontinued operation for the period	-	(5,758)
Gain on disposal of the Netfield Group	-	33,590
	-	27,832

(7) Earnings per share

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company for the six months ended 30 June 2008 together with the comparative figures for the prior period are based on the following data:

	Unaudited six months ended 30 June 2008 HK\$'000	2007 HK\$'000
Profit for the purpose of basic and diluted earnings per share		
From continuing and discontinued operations	41,035	101,605
From continuing operations	41,035	74,438
From discontinued operation	N/A	27,167



Unaudited
six months ended 30 June
2008 2007
(Restated)

Number of shares	2008	2007
Weighted average number of ordinary shares for the purpose of basic earnings per share	415,281,317	320,486,540
Effect of dilutive potential ordinary shares assumed exercise of share options	322,542	7,751,462
Weighted average number of ordinary shares for the purpose of diluted earnings per share	415,603,859	328,238,002

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for the effects of the rights issue on 21 November 2007 and the share consolidation on 2 May 2008.

(8) **Property and equipment**

During the period, the Group spent approximately HK\$43,200,000 (2007: HK\$1,300,000) on the acquisitions of property and equipment.

(9) **Intangible assets**

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Trading rights in the exchanges in Hong Kong	9,092	9,092
Club membership	3,300	3,300
	12,392	12,392



(10) Interests in associates

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Cost of investment in an associate		
Unlisted shares	67,833	67,833
Share of post-acquisition reserve	3,350	1,315
Share of post-acquisition losses	(5,245)	(3,370)
	65,938	65,778
Loan to an associate	10,296	10,296

(11) Amounts receivable on disposal of subsidiaries

The amount represents partial consideration receivable from the purchaser with respect to the disposal of subsidiaries and the amount due from the Netfield Group on 31 May 2007 and corresponding interest receivable.

Pursuant to the sale and purchase agreement entered into between the subsidiary of the Company, Vantage Giant Limited and Celestial Investment Group Limited ("CIGL"), the immediate holding company of the Company, on 9 January 2007, the amount is repayable on 1 June 2009 and carries interest at Hong Kong Prime Rate and unsecured. CIGL has the right to repay early part or all of the amount at any time prior to 1 June 2009.



(12) Accounts receivable

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Accounts receivable arising from the business of dealing in securities and equity options:		
Clearing houses, brokers and dealers	47,809	216,343
Cash clients	142,562	166,310
Margin clients	294,612	449,162
Accounts receivable arising from the business of dealing in futures and options:		
Clients	–	68
Clearing houses, brokers and dealers	110,234	93,032
Commission receivable from brokerage of mutual funds and insurance-linked investment plans and products	3,556	5,238
Accounts receivable arising from the business of provision of corporate finance services	1,492	1,442
	600,265	931,595

The settlement terms of accounts receivable arising from the business of dealing in securities and equity options are two days after trade date, and accounts receivable arising from the business of dealing in futures and options are one day after trade date.

In respect of the commission receivables from brokerage of mutual funds and insurance-linked investment plans and products as well as accounts receivables arising from the business of corporate finance services, the Group allows a credit period of 30 days. The aged analysis is as follows:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
0-30 days	3,652	4,173
31-60 days	540	619
61-90 days	310	697
Over 90 days	546	1,191
	5,048	6,680

Loans to margin clients are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of business of share margin financing.



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

Name	Balance at 1 January 2008 HK\$'000	Balance at 30 June 2008 HK\$'000	Maximum amount outstanding during the period HK\$'000	Market value of pledged securities at fair value at 30 June 2008 HK\$'000
Directors of both the Company and CASH				
Mr Law Ping Wah Bernard and associates (Note)	-	-	15,401	13,137
Mr Wong Kin Yick Kenneth and associates	1,678	1,094	16,031	1,806
Director of the Company				
Mr Cheng Man Pan Ben and associates	-	492	16,412	1,541
Director of CASH				
Mr Lin Che Chu George and associates	-	-	-	9,469
Subsidiaries of CASH				
Kawoo Finance Limited	-	26,034	28,438	43,381
E-Tailer Holding Limited	-	-	29,182	-
Substantial shareholders of CASH				
Cash Guardian Limited	-	-	-	660
Mr Kwan Pak Hoo Bankee and associates	-	217	1,793	7,901
Substantial shareholder of the Company				
Abdulahman Saad Al-Rashid & Sons Company Limited and associates	-	-	961	184,605

Note: Associates are defined in accordance with the Listing Rules.

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



(13) Loan receivables

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Variable-rate loan receivables denominated in Hong Kong dollar	56,970	33,399
Fixed-rate loan receivables denominated in Hong Kong dollar	–	1,361
Less: Allowance for bad and doubtful debts	(5,717)	(5,717)
	51,253	29,043
Carrying amount analysed for reporting purposes:		
Current assets (receivable within 12 months from the balance sheet date)	51,185	28,867
Non-current assets (receivable after 12 months from the balance sheet date)	68	176
	51,253	29,043

Loan receivables with an aggregate carrying value of approximately HK\$4,267,000 (2007: HK\$4,267,000) are secured by pledged marketable securities at fair values of HK\$5,752,800 (2007: HK\$11,934,000).

The variable-rate loan receivables have contractual maturity dates as follows:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Within one year	51,185	27,602
In more than one year but not more than two years	26	25
In more than two years but not more than three years	27	27
In more than three years but not more than four years	15	28
In more than four years but not more than five years	–	–
	51,253	27,682



The fixed-rate loan receivables have contractual maturity dates as follows:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Within one year	–	1,265
In more than one year but not more than two years	–	96
	–	1,361

The effective interest rates (which are equal to contractual interest rate) on the Group's loan receivables are prime rate plus a spread. Interest rate is fixed at the time when entering into loan agreement.

(14) Accounts payable

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Accounts payable arising from the business of dealing in securities and equity options:		
Cash clients	585,134	963,379
Margin clients	141,856	255,425
Clearing houses, brokers and dealers	97,709	–
Accounts payable to clients arising from the business of dealing in futures and options	201,220	151,097
Accounts payable to clients arising from the business of dealing in leveraged foreign exchange contracts	9,196	9,620
	1,035,115	1,379,521

The settlement terms of accounts payable arising from the business of dealing in securities are two days after trade date. Except for the amounts payable to margin clients, the age of these balances is within 30 days.

Amounts due to margin clients are repayable on demand. No aged analysis is disclosed as in the opinion of directors, the aged analysis does not give additional value in view of the nature of business of share margin financing.

Accounts payable to clients arising from the business of dealing in futures and options and leveraged foreign exchange contracts are margin deposits received from clients for their trading of these contracts. The required margin deposits are repayable upon the closure of the corresponding futures and options and leveraged foreign contracts position. The excesses of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of these businesses.



(15) Financial risk management objectives and policies

The Group's major financial instruments include equity investments, statutory and other deposits, bank balances, bank borrowings, accounts receivable and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Equity price risk

The Group is exposed to equity price risk through its investments in equity securities. The directors of the Company manage the exposure by closely monitoring the portfolio of equity investments.

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. A 10 percent change is used when reporting equity price risk internally to key management personnel and represents management's assessment of the reasonably possible change in equity price.

For the period ended 30 June 2008, if the market bid prices of the listed investments had been 10 percent higher/lower, the Group's profit would increase/decrease by HK\$6.2 million (2007: HK\$2.7 million). This is mainly attributable to the changes in fair values of the listed investments held for trading.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the period end exposure does not reflect the exposure during the period. During the period, the portfolio of the equity investments fluctuated.

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, loans receivable, loans to margin clients and bank balances. The Group currently does not have a cash flow interest rate hedging policy. However, management closely monitors its exposure to future cash flow risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arises. A 100 basis point change is used when reporting cash flow interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Prime Rate and HIBOR arising from the Group's variable interest rate instruments.

For the period ended 30 June 2008, if the interest rate of bank borrowings, loans receivable, loans to margin clients and bank balances had been 100 basis point higher/lower, the Group's profit would increase/decrease by HK\$4,234,000 (2007: HK\$2,997,000). This is mainly attributable to the bank interest expenses under finance costs or interest income under revenue.



Foreign currency risk

Foreign exchange risk is the risk of loss due to adverse movements in foreign exchange rate relating to receivables from foreign brokers and foreign currency deposits with banks. The management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises.

More than 99% of financial assets and financial liabilities of the Group are denominated in US\$ or HK\$. As US\$ is pegged to HK\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rates. No foreign currency sensitivity is disclosed as in the opinion of directors, the foreign currency sensitivity does not give additional value in view of insignificant movement in the US\$/HK\$ exchange rates and insignificant exposure of other foreign currencies as at the balance sheet date.

Credit risk

The maximum exposure of the Group to credit risk in the event of the counterparties' failure to perform their obligations as at the balance sheet dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In order to minimise the credit risk on brokerage, financing and corporate finance operations, the Credit and Risk Management Committee is set up to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on amounts receivable on disposal of subsidiaries which are payable by CIGL, the Group does not have any other significant concentration of credit risk as the exposure spread over a number of counterparties and customers. CIGL, a wholly-owned subsidiary of CASH, is financially supported by CASH. Accordingly, the directors of the Company consider the credit risk is minimal in the view of financial background of CASH.

Bank balances and deposit with brokers are placed in various authorised institutions and the directors of the Company consider the credit risk of such authorised institutions is low.

Liquidity risk

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



(16) Share capital

	Notes	Number of shares '000	Amount HK\$'000
Authorised:			
Ordinary shares of HK\$0.10 each at 1 January 2008 and 30 June 2008		3,000,000	300,000
Issued and fully paid:			
Ordinary shares of HK\$0.10 each at 1 January 2008		2,076,972	207,697
Exercise of share options	(a)	1,000	100
Reduced due to share consolidation	(b)	(1,662,378)	-
Ordinary shares of HK\$0.50 each		415,594	207,797
Reduced due to capital reduction	(b)	-	(166,238)
Ordinary shares of HK\$0.10 each		415,594	41,559
Share repurchases	(c)	(2,586)	(258)
Ordinary shares of HK\$0.10 each at 30 June 2008		413,008	41,301

Notes:

- (a) On 24 April 2008, 1,000,000 share options were exercised at an exercise price of HK\$0.262 each, resulting in the issue of a total of 1,000,000 new shares of HK\$0.10 each for a total consideration (before expenses) of HK\$262,000. These shares rank pari passu in all respects with other shares in issue.
- (b) Pursuant to a special resolution passed by the shareholders at the annual general meeting of the Company held on 30 April 2008, the Company:
- (i) consolidated every 5 issued shares of HK\$0.10 each in the issued share capital of the Company to 1 share of HK\$0.50 each ("Consolidated Shares") ("Share Consolidation");
 - (ii) reduced the issued share capital by cancelling paid up capital to the extent of HK\$0.40 on each of the Consolidation Shares in issue ("Capital Reduction"); and
 - (iii) transferred the credit amount arising from the Capital Reduction of approximately HK\$166,238,000 to the contributed surplus account.
- (c) During the six months ended 30 June 2008, the Company repurchased a total of 2,586,000 shares of HK\$0.10 each in its own issued share capital on the Stock Exchange for an aggregate consideration of HK\$7,217,000. Accordingly, such shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares. Further details of the share repurchases are set out in the section headed "Purchase, sale or redemption of the Company's securities" as below.



(17) Related party transactions

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

	Notes	Unaudited six months ended 30 June	
		2008 HK\$'000	2007 HK\$'000
Commission and interest income received from the following wholly-owned subsidiaries of CASH	(a)		
Kawoo Finance Limited		1,182	621
E-Tailer Holding Limited		29	-
		1,211	621
Commission and interest income received from the following substantial shareholders of CASH	(b)		
Mr Kwan Pak Hoo Bankee and associates		58	189
Commission and interest income received from the following directors of the Company	(c)		
Mr Law Ping Wah Bernard and associates		26	204
Mr Cheng Man Pan Ben and associates		25	96
Mr Wong Kin Yick Kenneth and associates		77	225
		128	525
Commission and interest income received from director of CASH	(d)		
Mr Lin Che Chu George and associates		7	118
Interest income from CASH for the amounts receivable on disposal of subsidiaries	(e)	4,547	1,099

Notes:

- (a) During the six months ended 30 June 2008, the Group received commission and interest from margin financing of approximately HK\$1,211,000 (2007: HK\$621,000) from certain wholly-owned subsidiaries of CASH.
- (b) During the six months ended 30 June 2008, the Group received commission and interest income from margin financing of approximately HK\$58,000 (2007: HK\$189,000) from substantial shareholder of CASH.
- (c) During the six months ended 30 June 2008, the Group received commission and interest from margin financing of approximately HK\$128,000 (2007: HK\$525,000) from certain directors of the Company.
- (d) During the six months ended 30 June 2008, the Group received commission and interest from margin financing of approximately HK\$7,000 (2007: HK\$118,000) from certain director of CASH.
- (e) During the six months ended 30 June 2008, the Group received interest income of approximately HK\$4,547,000 (2007: HK\$1,099,000) from CASH for the amounts receivable on disposal of subsidiaries. The interest was calculated at Hong Kong Prime Rate.



(18) Capital commitment

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property and equipment	-	11,560

(19) Post balance sheet date event

Subsequent to the balance sheet date in July 2008, the Company repurchased a total of 948,000 shares of HK\$0.10 each in its own issued share capital on the Stock Exchange for an aggregate consideration of HK\$2,387,000, and such shares were cancelled accordingly.



Dividend

The Board is pleased to declare an interim dividend of HK\$0.02 per share (2007: HK\$0.02 per share) for the six months ended 30 June 2008. In celebration of the Group's successful transfer-listing to the main board of the Stock Exchange in March this year, the Board further declares a special dividend of HK\$0.08 per share for the period ended 30 June 2008, making the total dividend to be paid for the period amounted to HK\$0.10 per share based on 412,263,405 shares (2007: HK\$0.02 per share based on 1,448,351,448 shares).

The total dividend for the period will be paid to the shareholders whose names appear on the register of members on 3 September 2008. The dividend cheques will be sent to shareholders on or before 9 September 2008.

Closure of Register of Members

The register of members of the Company will be closed from 1 September 2008 (Monday) to 3 September 2008 (Wednesday) (both days inclusive) during which no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Standard Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on 29 August 2008 (Friday).

Review and Outlook

Financial Review

For the six months ended 30 June 2008, the Group achieved a net profit attributable to shareholders of HK\$41.0 million as compared to HK\$101.6 million as recorded in the same period last year. Such a decrease was mainly attributable to a drop in the recorded revenue for the first half of the year. Without recognising in the first half of the year the similar gain on disposal of the discontinued operation that was posted in the first half of 2007 had also accounted for the decrease in the net profit for the current period.

The Group recorded revenue from the continuing operations of HK\$198.9 million for the period as compared to HK\$253.5 million for the same period last year. The decrease was attributable to the reduction in both the commission income generated from the Group's brokerage business and interest income from its financing activities, which had in turn resulted from the weak investors' sentiment and the lack of mega IPO activities in the midst of the worsening US sub-prime credit crisis since late last year, followed by the downturn in both the local and global economies in the current year.



Liquidity and Financial Resources

The Group's total equity amounted to HK\$873.2 million on 30 June 2008 as compared to HK\$899.4 million at the end of the previous year. The change was the combined result of the growth in retained earnings and the distribution of 2007 final dividend made during the period under review.

On 30 June 2008, our cash and bank balances including the trust and segregated accounts totalled HK\$1,241.4 million as compared to HK\$1,213.9 million at the end of the previous year. The liquidity ratio on 30 June 2008 remained healthy at 1.4 times, as compared to 1.3 times on 31 December 2007.

Cash deposits totally of approximately HK\$10.7 million were pledged as collaterals for loan facilities of HK\$10.0 million but the facility had not been drawn down at 30 June 2008. Further deposits totally of HK\$7.3 million were pledged to secure certain general banking facilities granted to subsidiaries of the Company. In addition, pursuant to a letter of undertaking provided by the Group to a bank, the Group covenanted to maintain deposits of not less than HK\$15.0 million with the bank as a pre-condition for an overdraft facility of HK\$15.0 million granted by the bank. Therefore a bank deposit of approximately HK\$17.1 million was held for this purpose.

As at 30 June 2008, the Group had total bank borrowings of approximately HK\$345.2 million, comprising bank loans of HK\$212.0 million and overdrafts of HK\$133.2 million.

The bank borrowings of HK\$210.1 million, which were drawn to fund securities margin financing to its clients, were collateralised by its margin clients' securities pledged to the Group for seeking financing.

The ratio for our interest bearing borrowings to total equity was 39.5% on 30 June 2008 as compared to 25.7% on 31 December 2007, which was kept at a conservatively low level. On the other hand, we have no material contingent liabilities at the period-end.

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 mismatch.

Material Acquisitions and Disposals

The Group did not make any material acquisitions or disposals during the period.

Capital Commitments

As at 30 June 2008, the Group has no material commitment outstanding.



Material Investments

As at 30 June 2008, the Group was holding a portfolio of listed investments with a market value of approximately HK\$64.5 million and a loss on such investments of HK\$3.3 million was recorded for the period.

We do not have any future plans for material investments, nor addition of capital assets.

Industry Review

Asian stocks were particularly weak in the first half of 2008. The across-the-board sell-offs were fuelled by a combination of factors including the global credit crunch that was triggered by the US housing meltdown and sub-prime crisis, the inflationary fears stoked up by soaring oil prices, and a significant correction in US stocks fuelled by worries over a looming recession in the US economy. A sharp correction in Mainland Chinese shares caused by China's moves to tighten monetary policy amid accelerating food inflation also put a dampener on market sentiment. Going into the second quarter of the year, the overall trading volume fell as investors were uncertain about the direction of the market.

In terms of market capitalisation, the Hang Seng Index lost HK\$4.3 trillion since the beginning of this year and concluded the mid-year with a decrease of 21% to HK\$16.3 trillion. Total capital raised from new issues was HK\$50 billion, only half of that in the same period of last year.

In the Mainland, the nationwide snow storm in March and Sichuan earthquake in May complicated the Central Government's monetary tightening policy and dampened the already lacklustre stock markets. Successive hikes in bank reserve rate sent a signal that the Central government is more concerned about the inflationary risk than helping to revive the poor market sentiment. The Shanghai A index lost 48% since the beginning of the year and ended the mid-year at 2,869.

Business Review

During the period under review, the Group's revenue was HK\$198.9 million, a 21.5% drop as compared to the same period last year. This mediocre performance was mainly due to the market doldrums since end of 2007. Thanks to our lean operating structure and stringent internal control system that conserve the Group's strong capital strength for our long-term development, Our net profit attributable to shareholders as at 30 June 2008 was HK\$41.0 million.

China Development

Our key strategy in 2008 is to position ourselves for business development in China. In addition to setting up the Shanghai headquarters, we have opened up branch offices in Chongqing and Beijing during the first half of this year. We have also relocated and expanded our Shenzhen operation support centre to strengthen our capacity and better serve our Mainland business partners and clients. All these local offices carry our brand and serve as contact points for potential clients and marketing means for publicity.



As a leading technology-focused financial services house, we introduced the world's first 3D AI Broker, a real-time and humanoid system that enhances online communications. We continue to position the operation in Hong Kong as a fully-fledged sales and management centre equipped with a full range of product offerings, a scalable and stable platform with a technologically advanced system to provide a boundary-less and interactive service experience.

Securities Broking

We were able to maintain our market share even though the general market turnover had fallen by more than 16% year-on-year, thanks to our strategy to bring in a mix of active trading businesses to the mature stock brokerage over the years. With the fall in market turnover and the lack of mega IPOs activities, interest income for margin financing business has substantially dropped, resulting in a fall in revenue from securities broking compared to the same period of last year.

Wealth Management

The wealth management business, after re-engineering its pricing and payout scheme last year, has successfully attracted and retained quality sales professionals. Even though the general capital market has been experiencing turmoil since the outbreak of the sub-prime crisis, the sales revenue from the wealth management business saw a healthy growth in the first half of this year. This shows that more investors seek professional financial management service during volatile and down markets. This change in investment behaviour also underpins our belief that income diversification through business diversification is important.

Asset Management

The asset management business is an important addition to our strategy of product and income diversification. The service provides us with a lever to tap into the high-net-worth segment where demand for personalised professional asset management service is growing fast. The business model provides us with a growing opportunity to increase our base income with considerable incentive revenues earned when we achieve higher returns for our clients. During the first half of this year, the portfolio performed in line with the market. While continuing to enlarge the asset under management, the team is contemplating to set up private funds to attract the underlying interests of Mainland clients.

Investment Banking Group

The continued tightening of the Mainland monetary policy drove many corporations to seek alternative funding channels in place of bank borrowings. A number of mainland corporations have engaged our advisory service to assist them to raise funds abroad. Other advisory activities include arrangement for pre-IPO fund raising and capital injections. On the IPO front, the team is working on the sponsorships for companies in the Mainland, Singapore and Japan. The expansion of business regime into Asia is also a response to the development strategy promoted by the Hong Kong Stock Exchange in recent years to diversify the industry's portfolio and make Hong Kong a truly international capital centre.



A Total Caring Organisation

We are dedicated to creating value to stakeholders, delivering superior shareholders' returns, caring for employees' welfare, and being a trusted partner to clients we serve and a responsible corporate citizen in the communities we operate.

As a responsible corporate citizen and a caring organisation, together with the effort from the employees, we have raised funds for the Sichuan earthquake relief, which have been donated to UNICEF for the earthquake survivors and the region's reconstruction.

Our Company

We set our corporate objectives four years ago to achieve a respectable growth rate and to change our listing to the Main Board. On 3 March 2008, we successfully moved our listing to the Main Board. In the same month, we celebrated our 10th Anniversary of the company under the new ownership and management team.

Outlook

The Group is cautious about the business outlook for the rest of 2008. Hong Kong's GDP is expected to show a reasonable growth of 4-5% while local inflationary pressure continues to creep up. The interest rate cut in the US is believed to have come to an end and the market is anticipating an interest rate hike as early as the end of the year. The global investment sentiment will likely remain negative on fears of a global slowdown, inflationary pressure on the back of rising food and energy prices, spill-over from the US sub-prime crisis, and China's macroeconomic tightening.

Locally, we continue to prudently manage our cost structure and strengthen our operation control. We will keep investing in infrastructure that is key to our positioning as a boundary-less service provider. With the PRC market as our future expansion focus, we will beef up our platform with multi-faceted and diversified capabilities in preparation for the eventual opening up of China's financial markets. Overall, we will continue to diversify our revenue mix through strengthening existing businesses, enriching product types, and sourcing new income streams in concert with our business development in China. Our goal is to position CFSG as clients' financial services house of choice that has comprehensive product offerings to meet their diverse financial needs and values their business relationships.



Employee Information

At 30 June 2008, the Group had 360 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\$37.0 million.

Benefits

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

Training

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, team building, communication, presentation, coaching and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the Securities and Futures Ordinance ("SFO"), to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, rules and regulations and safety measures. This orientation is designed to integrate the employees into the Group and, the directors believe, helps improve productivity of new employees at an early stage.



Directors' Interests in Securities

As at 30 June 2008, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO, or 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

Name	Capacity	Number of shares		Shareholding (%)
		Personal	Other interest	
Kwan Pak Hoo Bankee	Beneficial owner and founder of a discretionary trust	1,988,000	205,748,799*	50.30
Law Ping Wah Bernard	Beneficial owner	6,513,920	-	1.58
Cheng Man Pan Ben	Beneficial owner	222,240	-	0.05
Wong Kin Yick Kenneth	Beneficial owner	4,440,800	-	1.08
Lo Kwok Hung John	Beneficial owner	186,000	-	0.05
		13,350,960	205,748,799	53.06

- * The shares were held as to 194,439,039 shares by CIGL, a wholly-owned subsidiary of CASH, and as to 11,309,760 shares by Cash Guardian Limited ("Cash Guardian"). CASH was owned as to approximately 34.80% by Cash Guardian. Mr Kwan was deemed to be interested in all these shares as a result of his interests in CASH through Cash Guardian as disclosed in the "Substantial Shareholders" below.



(b) *Aggregate long positions in the ordinary shares and the underlying shares*

Name	Number of shares	Aggregate in number	Percentage to issued shares as at 30 June 2008 (%)
Kwan Pak Hoo Bankee	207,736,799	207,736,799	50.30
Law Ping Wah Bernard	6,513,920	6,513,920	1.58
Cheng Man Pan Ben	222,240	222,240	0.05
Wong Kin Yick Kenneth	4,440,800	4,440,800	1.08
Lo Kwok Hung John	186,000	186,000	0.05
	219,099,759	219,099,759	53.06

B. Associated corporation (within the meaning of SFO)

CASH

(a) *Long positions in the ordinary shares*

Name	Capacity	Number of shares		Shareholding (%)
		Personal	Other interest	
Kwan Pak Hoo Bankee	Founder of a discretionary trust	-	62,808,512*	34.80
Law Ping Wah Bernard	Beneficial owner	6,784,060	-	3.76
Cheng Man Pan Ben	Beneficial owner	12,700	-	0.01
		6,796,760	62,808,512	38.57

* The shares were held by Cash Guardian. Mr Kwan was deemed to be interested in all these shares as a result of his interests in Cash Guardian as disclosed in the "Substantial Shareholders" below.



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

Name	Date of grant	Exercise period	Exercise price per share (HK\$) (Note (1))	Number of options		Percentage to issued shares	
				outstanding as at 1 January 2008	adjusted on 6 June 2008 (Note (1))	outstanding as at 30 June 2008	as of 30 June 2008 (%)
Kwan Pak Hoo Bankee	13/11/2006	13/11/2006 – 12/11/2008	1.615	4,000,000	(3,200,000)	800,000	0.44
	6/6/2007	6/6/2007 – 31/5/2009	2.450	2,500,000	(2,000,000)	500,000	0.28
Law Ping Wah Bernard	13/11/2006	13/11/2006 – 12/11/2008	1.615	4,000,000	(3,200,000)	800,000	0.44
	6/6/2007	6/6/2007 – 31/5/2009	2.450	2,500,000	(2,000,000)	500,000	0.28
Cheng Man Pan Ben	6/6/2007	6/6/2007 – 31/5/2009	2.450	6,500,000	(5,200,000)	1,300,000	0.72
Wong Kin Yick Kenneth	13/11/2006	13/11/2006 – 12/11/2008	1.615	4,000,000	(3,200,000)	800,000	0.44
	6/6/2007	6/6/2007 – 31/5/2009	2.450	2,500,000	(2,000,000)	500,000	0.28
				26,000,000	(20,800,000)	5,200,000	2.88

Notes:

- (1) The number and the exercise price of share options which remained outstanding on 6 June 2008 have been adjusted due to the Share Consolidation of CASH for every 5 existing shares into 1 share with effect from 4:00 pm on 6 June 2008. The exercise prices per share were adjusted from HK\$0.323 to HK\$1.615 and from HK\$0.490 to HK\$2.450.
- (2) The options are held by the directors in the capacity of beneficial owners.



(c) *Aggregate long positions in the ordinary shares and the underlying shares*

Name	Number of shares	Number of underlying shares	Aggregate in number	Percentage to issued shares as at 30 June 2008 (%)
Kwan Pak Hoo Bankee	62,808,512	1,300,000	64,108,512	35.52
Law Ping Wah Bernard	6,784,060	1,300,000	8,084,060	4.48
Cheng Man Pan Ben	12,700	1,300,000	1,312,700	0.73
Wong Kin Yick Kenneth	-	1,300,000	1,300,000	0.72
	69,605,272	5,200,000	74,805,272	41.45

Save as disclosed above, as at 30 June 2008, none of the directors, chief executive or their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



Share Option Scheme

Details of share options to subscribe for shares in the Company granted to participants under the share option scheme of the Company during the six months ended 30 June 2008 were as follows:

Date of grant	Exercise period	Exercise price per share (HK\$) (Note (1))	Note	Number of options				
				outstanding as at 1 January 2008	exercised during the period (Note (2))	lapsed during the period (Note (4))	adjusted on 1 May 2008 (Note (1))	outstanding as at 30 June 2008
Directors								
-				-	-	-	-	-
Employees								
7/7/2006	7/7/2006 - 31/7/2010	1.31	(3)	5,424,341	(1,000,000)	(1,582,100)	(2,274,241)	568,000
				5,424,341	(1,000,000)	(1,582,100)	(2,274,241)	568,000

Notes:

- (1) The number and the exercise price of share options which remained outstanding on 1 May 2008 have been adjusted due to the Share Consolidation for every 5 existing shares into 1 share with effect from 4:00 pm on 1 May 2008. The exercise price per share was adjusted from HK\$0.262 to HK\$1.31.
- (2) On 24 April 2008, 1,000,000 share options were exercised at the exercise price of HK\$0.262 per share. The weighted average closing price of the Company's shares immediately before the date of exercise was HK\$0.67 per share.
- (3) The options are vested in 4 tranches as to (i) 25% exercisable from the commencement of the exercise period; (ii) 25% exercisable from the expiry of 12 months from the commencement of the exercise period; (iii) 25% exercisable from the expiry of 24 months from the commencement of the exercise period; and (iv) 25% exercisable from the expiry of 36 months from the commencement of the exercise period.
- (4) The lapsed options were due to expiry or cessation of employment of participants with the Group.
- (5) No option was granted or cancelled during the period.



Substantial Shareholders

As at 30 June 2008, the persons/companies, other than a director or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number of shares	Shareholding (%)
Jeffnet Inc (Note (1))	Trustee of a discretionary trust	205,748,799	49.82
Cash Guardian (Note (1))	Interest in a controlled corporation	205,748,799	49.82
CASH (Note (1))	Interest in a controlled corporation	194,439,039	47.08
CIGL (Note (1))	Beneficial owner	194,439,039	47.08
Mr Al-Rashid, Abdulrahman Saad ("Mr Al-Rashid") (Note (2))	Interest in a controlled corporation	64,372,480	15.59
Abdulrahman Saad Al-Rashid & Sons Company Limited ("ARTAR") (Note (2))	Beneficial owner	64,372,480	15.59

Notes:

- (1) This refers to the same number of 205,748,799 shares which were held as to 194,439,039 shares by CIGL, a wholly-owned subsidiary of CASH, and as to 11,309,760 shares by Cash Guardian (which was 100% beneficially owned by Jeffnet Inc). CASH was owned as to approximately 34.80% by Cash Guardian. Jeffnet Inc held these shares as trustee of The Jeffnet Unit Trust, units of which were held by a discretionary trust established for the benefit of the family members of Mr Kwan Pak Hoo Bankee. Pursuant to the SFO, Mr Kwan, Jeffnet Inc and Cash Guardian were deemed to be interested in all the shares held by CIGL through CASH. The above interest has already been disclosed as other interest of Mr Kwan in the section headed "Directors' Interests in Securities" above.
- (2) This refers to the same number of 64,372,480 shares held by ARTAR. ARTAR was a 45% owned controlled corporation of Mr Al-Rashid. Pursuant to the SFO, Mr Al-Rashid was deemed to be interested in all the shares held by ARTAR.
- (3) Mr Kwan (a director whose interests is not shown in the above table) was interested and/or deemed to be interested in a total of 207,736,799 shares (50.30%), which were held as to 194,439,039 shares by CIGL, as to 11,309,760 shares by Cash Guardian and as to 1,988,000 shares in his personal name.

Save as disclosed above, as at 30 June 2008, no other parties were recorded in the register required by the SFO to be kept as having an interest of 5% or more or short positions of the issued share capital of the Company.



Corporate Governance

During the accounting period from 1 January 2008 to 30 June 2008, the Company had duly complied with the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules. The directors are not aware of any deviations from the CG Code throughout the period under review.

Compliance with the Model Code

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard of dealings set out therein throughout the review period.

Review of Results

The Group's unaudited consolidated results for the six months ended 30 June 2008 have not been reviewed by the auditor 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 2008 and up to the date of this report, the Company purchased a total of 3,534,000 shares of HK\$0.10 each in its own issued share capital on the Stock Exchange and such shares were then subsequently cancelled. Details of the repurchase of shares are summarised as follows:

Month/Year	Number of shares repurchased	Repurchase price per share		Aggregate consideration paid (excluding expenses) HK\$'000
		Highest	Lowest	
		HK\$	HK\$	
June 2008	2,586,000	2.90	2.70	7,217
July 2008	948,000	2.74	2.38	2,387
Total	3,534,000			9,604

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

On behalf of the Board
Bankee P Kwan
Chairman

Hong Kong, 15 August 2008

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

Executive directors:

Mr Kwan Pak Hoo Bankee
 Mr Law Ping Wah Bernard
 Mr Cheng Man Pan Ben
 Mr Chan Chi Ming Benson

Non-executive directors:

Mr Wong Kin Yick Kenneth

Independent non-executive directors:

Mr Cheng Shu Shing Raymond
 Dr Hui Ka Wah Ronnie
 Mr Lo Kwok Hung John

