信達國際控股有限公司
CINDA INTERNATIONAL HOLDINGS LIMITED
Stock Code : 111

ANNUAL REPORT 2008

信以致遠
達濟天下

商界展關懷
caringcompany 2006-08
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

CONTENTS

CORPORATE INFORMATION

Registered office	Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
Head office and principal place of business	45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong
Authorised representatives	Gong Zhijian Lau Mun Chung
Company secretary	Lau Mun Chung
Legal advisers to the Company	*On Hong Kong Law* Tung & Co. 19th Floor 8 Wyndham Street Central Hong Kong *On Bermuda Law* Conyers Dill & Pearman Suite 2901 One Exchange Square 8 Connaught Place Central Hong Kong
Bermuda principal share registrar and transfer office	Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke HM 08 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited 26/F., Tesbury Centre 28 Queen's Road East Hong Kong
Auditors	KPMG *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road, Central Hong Kong

CHAIRMAN'S STATEMENT

Amid the global financial turmoil in 2008, major financial institutions in the US and Europe had been trapped in quagmire and touched off the biggest financial tsunami in a century. The epicentre was in the US and the shock soon rippled across Europe and Asia.

There was no way for Hong Kong and Mainland China to stand away from the global recession. Hong Kong's economy slipped downward in the second half of the year with its stock and property markets both plummeting. GDP recorded negative growth for the last two quarters. To save the economy, Hong Kong government implemented plans for ten infrastructure projects. At the same time, the Central government expanded individual visits to Hong Kong and RMB business in the hope of softening clash from the financial tsunami. As for Mainland China, the economy slowed down in 2008: both the property market and the "A" share market slipped significantly. In order to secure 8% GDP growth for 2009, the Central government stepped up stimulation plans, including credit easing and RMB4 trillion stimulus package for infrastructure and creating domestic demand, striving to be the country with the strongest economic growth amid the financial tsunami.

Despite the financial chaos, the Group was seeking innovation and development. China Cinda Asset Management Corporation ("China Cinda") acquired controlling interest in the Company through Well Kent International Investment Company Limited and Silver Grant International Securities Investment Limited on 27th November 2008 and changed its name to Cinda International Holdings Limited ("Cinda International") after the acquisition. China Cinda is a wholly state-owned financial enterprise with the status of an independent legal entity established on 20th April 1999, with capital of RMB10 billion fully contributed by the Ministry of Finance of the PRC. It is the first financial institution in management and disposal of non-performing assets in the Mainland China. The book value of non-performing assets acquired and under custody by it was over RMB1,000 billion, including assets involving various banks such as the China Construction Bank, China Development Bank, Bank of China, Industrial and Commercial Bank of China, Bank of Communications and Bank of Shanghai. Currently, China Cinda has already developed into a comprehensive financial group, with branch institutions spanning over 29 major cities in China and subsidiaries including Well Kent International Holdings Company Limited, Cinda Securities Co., Ltd., Happy Life Insurance Co., Ltd., Cinda Investment Limited and First State Cinda Fund Management Co. Ltd.

In the future, Cinda International will focus on providing comprehensive financial services covering corporate finance, securities dealing, futures dealing, asset management, wealth management and foreign exchange trading. Upholding to its parent's business canon of "Honesty and providing the best services" and based on the corporate value of "integrity, specialization, efficiency and innovation", Cinda International is committed to providing top quality financial services and realizing its goal of "With the value of honesty and creditability to serve society". Leveraging on its strong network and market position in Mainland China, Cinda International will expand its business in both Hong Kong and Mainland China, thereby maximizing synergies and building up a well-known brand in the financial industry.

Looking into 2009, the far-reaching financial turmoil has not yet showed all of its damage. The risk of further recession is still hanging over the global economy. With firm confidence, however, we will strengthen our risk management, and adopt active and prudent business strategies to continue to expand our retail market and explore and develop institutional clients. While expanding local corporate finance business in Hong Kong, we will also co-operate with institutions in Mainland China to offer diversified services such as listing in Hong Kong, financing, merger and acquisitions and financial advisory to enterprises in the Mainland China.

With its strong economic strength, China will become increasingly influential on the global arena. Having the deep rooted China Cinda as its support, the Group is setting up a brand new milestone and laying foundation for long-term and healthy development. Backed by the dominance of our parent in financial sector, we believe that we are geared to elevate our position in Hong Kong with promising performance and better returns for shareholders.

At last, I would like to take this opportunity to express my sincere gratitude for the support and devotions from the shareholders, clients, members of the Board, all my colleagues and the community.

Chen Xiaozhou
Chairman

Hong Kong, 14th April 2009

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP REORGANISATION

On 13th August 2008, the Company's then controlling shareholder, Hantec Holdings Limited ("HHL") entered into a share sale agreement (the "Agreement") with Sinoday Limited ("Sinoday") and Silver Grant International Securities Investment Limited ("Silver Grant"). Under the agreement, Sinoday and Silver Grant would acquire 218,650,000 and 40,022,000 shares of the Company from HHL respectively, representing approximately 52.32% and 9.58% of the issued share capital of the Company at the time of signing the Agreement. Completion of the Agreement was subject to, inter alia, approval by the independent shareholders of the Company of a proposal to reorganise the Group ("the Group Reorganisation"). Upon approval and implementation, the results of the Group Reorganisation would be as follows:

(i) The Company would continue to be a listed company, together with its subsidiaries (the "Retained Group"), and concentrate on the business of carrying out regulated activities under the Securities and Futures Ordinance ("SFO") ("the Retained Business");

(ii) Hantec Pacific Limited ("HPL") and its subsidiaries (collectively "the HPL Group") would carry on the businesses of trading and broking of precious metal contracts, the provision of financial related services outside of Hong Kong, and investment in water plant business; and

(iii) The shareholders would receive by way of a distribution in specie the shares of HPL on the basis of one share of HPL for each share of the Company held.

The Group Reorganisation was completed on 27th November 2008.

After the change of the controlling shareholder, the Company changed its name to Cinda International Holdings Limited and adopted a secondary name 信達國際控股有限公司 on 31st December 2008.

OVERALL REVIEW

After the Group Reorganisation, the Retained Business of the Group consisted of securities dealing, commodities and futures dealing, leveraged foreign exchange trading, corporate finance and asset management, and financial planning and insurance brokering.

Total revenue generated by the Retained Group was HK$99.7 million (2007: HK$173.8 million). Loss attributable to the Retained Group was HK$19.8 million (2007: profit of HK$10.1 million). The Group suffered an overall loss attributable to equity holders of HK$11.0 million (2007: profit HK$40.4 million). Loss per share was HK2.6 cents (2007: earnings per share HK9.7 cents). For the Retained Group, loss per share amounted to HK4.7 cents (2007: earnings per share HK2.5 cents).

During the first half year of 2008, the Group strived to maintain a profit attributable to equity holders of the Company at HK$4.8 million (2007: HK$17.2 million).

LEVERAGED FOREIGN EXCHANGE TRADING

The leveraged foreign exchange trading in the Retained Group produced a turnover of HK$26.4 million (2007: HK$39.5 million). However, it also resulted in a segment loss of HK$2.9 million (2007: profit of HK$2.1 million). Swap interest and foreign exchange trading revenue dropped significantly from HK$29.0 million in 2007 to HK$16.7 million, representing a 42% decrease as a result of the low business volume. Because of the financial tsunami, some currencies like the Australian Dollar and Pound Sterling experienced a very sudden decline against the US Dollar. As a result, investors who suffered losses became more conservative in the market. In addition, the widespread news on the loss resulted from foreign exchange accumulators further weakened investors' confidence.

SECURITIES DEALING

The enthusiasm in the stock market in Hong Kong in 2008 cooled down compared to the atmosphere in 2007, particularly after the breakout of the financial tsunami in the second half of the year. Initial public offerings in the third and final quarter of the year are sparse. Investors turned away from the equity market following the mini-bond scandal, drop in accumulators and significant fluctuation in the equity market. The Hang Seng Index hit its lowest at 11,016 points on 27th October 2008. Compared to the historic high of 31,638 points recorded on 30th October 2007, it dropped more than 65.2%. More importantly, market turnover decreased from an average daily turnover of 87,781 million in the year of 2007 to 51,557 million in the last quarter of 2008.

During such a hard time, we strived to achieve a turnover of HK$34.6 million (2007: HK$82.8 million). The segment recorded a profit before finance cost of HK$0.7 million (2007: HK$21.3 million). Taking into account the finance cost, the segment was in a break-even situation.

COMMODITIES AND FUTURES DEALING

Business in commodities and futures dealing in the second half of the year saw a significant decrease. Turnover recorded in the year was HK$10.3 million (2007: HK$10.9 million), but out of this figure, HK$6.5 million (2007: HK$5.7 million) was recorded in the first half of the year. During the first half, there were signs that the market in 2008 would be prosperous. But the economy turned sour in the second half of the year after the fall in the price of most commodities, especially the heated items as crude oil, minerals and crops. As a result, the segment suffered a loss of HK$0.2 million (2007: profit of HK$0.4 million).

CORPORATE FINANCE

The wave of IPOs in 2007 has not been repeated this year. The number of IPOs plunged in the year, especially from the third quarter, and business nearly came to a halt. However, our corporate finance team has successfully sponsored one IPO on the Main Board. Revenue had been heavily reliant on consultancy fees from financial advisory jobs. This segment managed to record a turnover of HK$6.8 million (2007: HK$8.4 million). Due to the rise in operational costs, a loss of HK$2.5 million was recorded (2007: profit of HK$0.97 million). Although the current sluggish market situation may last for some time, we are confident that the business in this segment will improve in the medium term. Driving force in the corporate finance market will come from the PRC. As the controlling shareholder has strong ties in the PRC, the Group is optimistic that new business opportunities exist ahead.

ASSET MANAGEMENT

Currently the Group's asset management business is inactive. The equity fund managed was liquidated during the year because investors holding a significant number of units redeemed their investment. Subsequent to the redemption, the fund size became too small to be run efficiently. The Group had no alternative but to liquidate the remaining units. Turnover was only HK$0.1 million (2007: HK$0.6 million) and a loss of HK$1.0 million (2007: loss HK$1.0 million) was recorded. The Group is currently exploring and analysing new business opportunities and hopes to bring the business back on track.

FINANCIAL PLANNING/INSURANCE BROKING

Competition in the personal financial advisory and financial planning business remained keen in the first half year of 2008. However, due to the mini-bonds and accumulators crisis, retail investors totally lost interest in personal financial products. It is believed that it would take considerable time to rebuild their confidence. Consequently, turnover in the second half of the year dropped. Turnover of the whole year was HK$22.3 million (2007: 28.2 million), while a loss of HK$0.8 million was recorded (2007: profit of HK$1.5 million).

FINANCIAL RESOURCES

Despite the net assets of the Group were reduced after the Group Reorganisation, the financial position of the Group remains strong. The fixed rate loan notes have all been redeemed from internal resources in order to save on interest costs. The Group did not have any loan outstanding as at 31st December 2008, while the net debt-to-adjusted capital ratio as at 31st December 2007 stood at 49.9%. The Group also strived to maintain highly liquid assets to prepare for any unexpected sudden changes in the market. As at the balance sheet date, the current ratio was 428.9% (2007: 178.9%).

FLUCTUATION IN FOREIGN EXCHANGE

As an active player in the foreign exchange market, the Group has laid down policies and maintained position limits and loss limits on its foreign currencies exposures as a result of its business transactions. The treasury function of the Group is responsible for implementing such policies. The risk management committee regularly reviews such policies and its implementation status in order to cope with the market conditions and the business volume. The Group's assets and liabilities are mainly denominated in Hong Kong Dollars and US Dollars to which the Hong Kong Dollars is pegged.

REMUNERATION AND HUMAN RESOURCES DEVELOPMENT

The human resource market has been slowing down in line with the downturn of the economy. It provides a good opportunity for the Group to equip its team at a more efficient cost. Nevertheless, the Group continues to offer terms which are competitive in the market to appropriate personnel. Fringe benefits include medical subsidies, education allowance, life insurance, and free CPT courses which are offered to different levels of staff. Motivation schemes are in place for staff who perform well. Account executives are rewarded with commission packages that are commensurate with their performance.

CONTINGENT LIABILITIES

(i) Outstanding litigation cases

A few litigation cases are outstanding up to the date of this report. Under the Agreement, HHL and the then chairman of the Company undertakes to indemnify and keep indemnified the Company on a fully indemnity basis of any loss or liability suffered by the Group as a result of or in connection with the outstanding litigation cases.

(ii) Financial guarantees issued

(a) As at the balance sheet date, a subsidiary utilized HK$nil (2007: HK$16,678,805) of the aggregate banking facilities. The Company has issued corporate guarantees for a total principal amount of HK$255 million (2007: HK$322 million) for these facilities.

(b) The Company also issued corporate guarantees to certain financial institutions for foreign exchange trading facilities granted to a subsidiary engaging in leveraged foreign exchange trading. The maximum liability is the trading loss and related incidental costs, in some cases, subject to an overall cap on the amount of the guarantee.

(c) As at the balance sheet date, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees.

LOOKING FORWARD

The collapse of certain prominent financial institutions in the United States caused a far reaching effect which deteriorated the confidence of investors in the major economies. Market activity reduced significantly, and we saw major setbacks in the retail, corporate and institutional market. Certain major economies expect to record negative economic growth in the forthcoming year. China is the only leading nation that could post a good economic growth in 2008. As mentioned by the Prime Minister, the central government aims to maintain an annual economic growth of 8% in 2009. After the Group Reorganisation, the controlling shareholders changed to China Cinda Asset Management Corporation ("China Cinda"), the shareholder of which is the Ministry of Finance of the PRC. China Cinda provides a vast variety of financial services to its clients through its subsidiaries and affiliates in different sectors of the financial industry. The management will leverage on its relationship with China Cinda with a hope to provide appropriate financial services to meet the needs of their clients. New business opportunities in the Mainland are also being explored by the management. On the cost side, the management has adopted a conservative approach in order to minimise its operating expenses. The Group has confidence that it can enhance its stakeholders' value in the medium term despite the current difficult economic situation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. Chen Xiaozhou, aged 47, was appointed as an executive director and the Chairman of the Company on 2nd December 2008. Mr. Chen is currently the Chairman of Well Kent International Holdings Company Limited, the Chairman and non-executive director of Silver Grant International Industries Limited (stock code: 171) (a substantial shareholder of the Company within the meaning of Part XV of the SFO) whose shares are listed on The Stock Exchange of Hong Kong (the "Stock Exchange") and a non-executive director of China National Materials Company Limited (stock code: 1893), the H-shares of which are listed on the Stock Exchange.

Mr. Chen obtained a Master Degree in Economics from the Research Institute of the People's Bank of China in 1988 and obtained a Master Degree in Commerce from the University of New South Wales, Australia in 2003. Mr. Chen has over 18 years of experience in the banking and finance industry.

Mr. Gao Guanjiang, aged 56, was appointed as an executive director and the Deputy Chairman of the Company on 2nd December 2008 and 18th January 2009 respectively. Mr. Gao is currently Assistant to the President of China Cinda Asset Management Corporation (a substantial shareholder of the Company within the meaning of Part XV of the SFO) and the Chairman of 信達證券股份有限公司 (Cinda Securities Co., Ltd.).

Mr. Gao graduated from the University of Wuhan with a Bachelor Degree in Economics, a Master Degree in Economics and a Ph. D in economics in 1982, 1985 and 1998 respectively. Mr. Gao has over 20 years of experience in commercial banking, investment banking, business administration and securities and finance.

Mr. Gu Jianguo, aged 46, was appointed as an executive director of the Company on 2nd December 2008. Mr. Gu is currently a director and General Manager of Well Kent International Holdings Company Limited and an executive director of Silver Grant International Industries Limited (stock code: 171) (a substantial shareholder of the Company within the meaning of Part XV of the SFO) whose shares are listed on the Stock Exchange.

Mr. Gu obtained a Master Degree in 1991 and a Ph. D Degree in 1994. He has over 20 years of experience in commercial and investment banking, business management, and financial accounting and management.

Mr. Zhao Hongwei, aged 42, was appointed as an executive director and the Managing Director of the Company on 2nd December 2008 and 18th January 2009 respectively. He is a director of certain subsidiaries of the Company and a director of Hainan Expressway Co., Ltd. (stock code: 886) whose shares are listed on the Shenzhen Stock Exchange.

Mr. Zhao obtained a Bachelor Degree in Science from Beijing Normal University, a Master Degree in Economics from Renmin University of China, and a Ph. D Degree in Economics from the Chinese Academy of Social Sciences in 1989, 1993 and 1996 respectively. He has over twelve years of experience in investment banking, business administration and securities and finance.

Mr. Gong Zhijian, aged 42, was appointed as an executive director of the Company on 2nd December 2008. He is the Deputy General Manager of the Group and a director of certain subsidiaries of the Company. Mr. Gong has worked and held management positions in China Construction Bank Corporation (Xiamen Branch), the Accounts Department of China Construction Bank Corporation (Head Office), China Construction Bank Corporation (Shenzhen Branch) and Well Kent International Holdings Company Limited.

Mr. Gong graduated from Zhongnan University of Economics and Law in 2004 and has over 15 years of experience in commercial banking, investment banking, corporate finance and accounting management.

Mr. Lau Mun Chung, aged 44, was appointed as an executive director of the Company on 3rd March 2007. He is the Deputy General Manager of the Group, a director of certain subsidiaries of the Company and the Company Secretary of the Company. Mr. Lau graduated from the University of Hong Kong with a Bachelor Degree in Social Science. Mr. Lau is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a graduate of The Hong Kong Institute of Chartered Secretaries. Prior to joining the Group in 1999, Mr. Lau had already gained extensive experience in accounting, finance and taxation.

NON-EXECUTIVE DIRECTOR

Mr. Chow Kwok Wai, aged 42, was appointed as a non-executive director of the Company on 2nd December 2008. He is an executive director and the Deputy General Manager of Silver Grant International Industries Limited (stock code: 171) (a substantial shareholder of the Company within the meaning of Part XV of the SFO) whose shares are listed on the Stock Exchange. Mr. Chow has worked in Price Waterhouse, which is now known as PricewaterhouseCoopers, and accumulated valuable audit experience there. Mr. Chow received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990. He is a Fellow Member of the Association of Chartered Certified Accountants and a Fellow CPA of the Hong Kong Institute of Certified Public Accountants. Mr. Chow has over 15 years of experience in accounting, financial management and corporate finance. He is also an independent non-executive director of Lijun International Pharmaceutical (Holding) Co., Ltd. (stock code: 2005) whose shares are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Tongsan, aged 60, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is currently the Dean at the Institute of Quantitative and Technical Economics, Chinese Academy of Social Sciences. Mr. Wang is also Chairman of the Chinese Association of Quantitative Economics. He obtained his Master degree and Doctorate degree in Economics from the Chinese Academy of Social Sciences in 1985 and 1990 respectively. Mr. Wang has involved in the drafting of the State's reports and documents.

Mr. Chen Gongmeng, aged 44, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is currently the President of China Venture Capital Research Institute of the Hong Kong Polytechnic University and Professor of Finance at the School of Economics and Management of the Shanghai Jiaotong University. He received his MBA degree and Ph D. in Finance from the University of Texas at Dallas in the USA in 1991 and 1995 respectively. Mr. Chen has over 12 years of teaching experience as a professor teaching various subjects including Financial Management, International Finance, Advanced Financial Management, Chinese Communication and Corporate Finance as well as supervising research students. During his teaching career, he developed and implemented numerous academic and professional programs.

Mr. Hung Muk Ming, aged 44, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is a Certified Public Accountant (Practising) and is a Fellow CPA of the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Directors and an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. Hung received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990, and a Master Degree in Corporate Governance from the Hong Kong Polytechnic University in 2008. From 23rd December 2004 till now, Mr. Hung is an independent non-executive director of Silver Grant International Industries Limited (stock code: 171) (a substantial shareholder of the Company within the meaning of Part XV of the SFO) whose shares are listed on the Stock Exchange. He has over 15 years of experience in the accounting and audit sector.

SENIOR MANAGEMENT

Ms. Lau Yuk Ping, aged 43, is the Deputy General Manager of the Group responsible for overseeing the divisions of compliance and internal audit function, human resources and administration of the Group. Prior to joining the Group in August 1999, Ms. Lau worked in the compliance division of the Stock Exchange of Hong Kong. Ms. Lau holds a Bachelor Degree in Business from Monash University, Australia and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. She has over 16 years of experience in regulatory and compliance matters.

Mr. Yu Man Sang, Mason, aged 43, joined the Group in 1993. He is the Head of Forex Dealing responsible for the treasury function of the Group. He is a responsible officer and director of Cinda International FX Limited and Cinda International Futures Limited, and a director of a subsidiary of the Company. Mr. Yu is a member of the Hong Kong Securities Institute and a full member of the Treasury Markets Association. Mr. Yu has over 18 years of experience in commodities and futures broking and foreign exchange trading.

Mr. Li Shui Yan, aged 39, is a director of Cinda International Capital Limited and is responsible for overseeing the Group's corporate finance division. Prior to joining the Group in February 2001, Mr. Li worked for a corporate finance division of a securities firm for over five years. Mr. Li holds a Bachelor Degree in Business Administration from Taiwan Chengchi University. He has over 13 years of experience in corporate finance with emphasis in structuring PRC deals and projects including but not limited to initial public offerings, mergers and acquisitions and other financial advisory services.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Group aims to maintain a high standard of corporate governance through the adoption of the Code Provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules").

Throughout the financial year 2008, the Group fully complied with the Code Provisions, save for the deviation specified with considered reasons below.

BOARD OF DIRECTORS

The Board of Directors ("the Board") assumed overall responsibility of leading and supervising the Group. The Board laid down the direction of business of the Group and decided on important issues. Implementation of policies laid down by the Board rests with the management.

Currently, the Board comprises six executive directors, one non-executive director and three independent non-executive directors. The names and biographical particulars of all directors are disclosed in the section "Biographical Details of Directors and Senior Management".

During the year, the Board underwent restructuring subsequent to the Group Reorganisation. Among the current directors, nine of them were nominated by the current controlling shareholder and appointed by the Board upon the completion of the Group Reorganisation. They shall hold office up to the annual general meeting of the Company of 2009, they are eligible and have offered themselves for re-appointment.

All newly appointed directors are given a comprehensive induction package which specifies their obligations and all requirements under the Listing Rules and major legal, regulatory rules and practices on the first occasion of their appointment. The Company has arranged appropriate insurance cover in respect of potential legal action brought against its directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Prior to the Group Reorganisation, the Group deviated from the provision under Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. There was no chief executive officer in the Group during the year. Prior to the Group Reorganisation, Mr. Tang Yu Lap was the chairman of the Group. The Board at that time believed that the structure gave significant benefits to the Group as it maintained a strong and effective leadership and ensured an efficient decision making process. The balance of power and authority was enabled by the Board at that time. Daily operation was vested with the Executive Management Committee ("EMC") which at the time comprised certain directors and members from the senior management.

Subsequent to the restructuring of the Board, Mr. Chen Xiaozhou was appointed the chairman of the Company on 2nd December 2008, Mr. Zhao Hongwei was appointed managing director of the Company on 18th January 2009. Mr. Zhao Hongwei is responsible for the overall operation of the Group and performs the role of chief executive officer.

NON-EXECUTIVE DIRECTORS

The non-executive director and three independent non-executive directors are appointed for a term of two years and are subject to rotation in accordance with the provisions in the bye-laws of the Company. The Board has received annual written confirmations from all the independent non-executive directors for the year 2008 and is satisfied that all independent non-executive directors were acting independently throughout the relevant period in which they were in office of directorship. The newly appointed independent non-executive directors have submitted written confirmation of independence and the Board is satisfied that they are independent.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its code of conduct for directors' dealing in its shares. All directors confirmed that they had complied with the required standards at all times throughout the financial year 2008.

DIRECTORS' REMUNERATION

The Remuneration Committee comprises three members, two of whom are independent non-executive directors, namely Mr. Chen Gongmeng and Mr. Hung Muk Ming. Mr. Chow Kwok Wai, a non-executive director, is the chairman of the Remuneration Committee.

A written terms of reference was adopted by the Remuneration Committee at its inception and updated where necessary. The Remuneration Committee is responsible for devising the remuneration policy for the Group and determining the specific package of executive directors. The Remuneration Committee also approves the terms of all executive directors' service contracts. Recommendations on the remuneration of non-executive directors (including independent non-executive directors) are submitted to the Board for consideration. Full minutes and related materials of the meetings are kept by a designated secretary.

Each executive director is entitled to a director's fee determined by the Remuneration Committee. Certain executive directors have entered into service contracts with the Company and are entitled to a fixed monthly salary determined in accordance with the director's qualification, experience and the prevailing market conditions together with a discretionary bonus decided with reference to the Group's financial performance and the individual's performance during the year. Non-executive directors are entitled to a director's fee decided by the Board. The Board confirms that no directors or their associates (as defined in the Listing Rules) are involved in determining their own remuneration.

NOMINATION OF DIRECTORS

The Nomination Committee was established on 3rd March 2007 with specific written terms of reference which set out its authorities and duties. Currently, it comprises three members including two independent non-executive directors and one executive director. It is chaired by Mr. Gao Guanjiang. The other members are Mr. Chen Gongmeng and Mr. Wang Tongsan.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board. In addition, it identifies and proposes suitable candidates to the Board for appointment as directors.

ROTATION OF DIRECTORS

The bye-laws of the Company provide that every director, including the chairman and/or the managing director of the Company, shall retire by rotation at least once every three years. Directors appointed by the Board during the year shall hold office only until the following annual general meeting, at which time they shall retire and be eligible for re-election by the members.

AUDITORS' REMUNERATION

The Group has appointed KPMG as the Group's external auditors who offer both audit and non-audit services to the Group. In financial year 2008, the audit fees paid to KPMG and other external auditors totaled HK$7.17 million including special audit fee of HK$4.10 million to KPMG for the Group Reorganisation. For non-audit services, the fees amounted to HK$0.85 million including review on interim financial reporting.

AUDIT COMMITTEE

The Audit Committee currently comprises three members, all of whom are independent non-executive directors. The Committee is chaired by Mr. Hung Muk Ming who possesses appropriate professional qualifications in accounting and financial management expertise. The other members are Mr. Wang Tongsan and Mr. Chen Gongmeng.

The major roles and functions of the Audit Committee include evaluating the effectiveness of the Group's internal control system, reviewing the financial reporting process, reviewing the interim and annual financial statements before they are approved by the Board, endorsing the annual audit plans proposed by the auditors, reviewing and approving connected transactions, and monitoring the appointment and remuneration of the auditors.

The Audit Committee held two meetings during 2008. Representatives from the executive directors and the head of compliance and internal audit ("CAIA") are answerable in the Audit Committee meetings. After each Audit Committee meeting held in year 2008, a private session between the auditors and the independent non-executive directors was immediately held.

INTERNAL CONTROL

The Group strives to maintain a sound and effective internal control system to safeguard the assets of the Group and its clients. To achieve this end, a proper segregation of duties and responsibilities is in place. The directors have assessed the effectiveness of the internal control system during the year with the assistance of the head of the CAIA. The CAIA assesses the internal control procedures to validate its effectiveness and reports findings to the Audit Committee regularly. In addition, to ensure full compliance with related rules and regulations promulgated by the Securities and Futures Commission, the CAIA performs regular compliance testing. Exceptional results are brought to the management for attention. Disciplinary actions are in place to deal with any non-compliance cases that are identified.

In addition, the Group has engaged an independent accounting firm to conduct a comprehensive review on the internal control of certain key operating entities of the Group. Recommendations and an implementation plan have been adopted. The Group acknowledges that the strengthening of the internal control system is an on-going process and will continue to design and implement appropriate measures to meet the changing business environment of the Group.

OTHER CORPORATE GOVERNANCE PRACTICES

There are three management committees, each charged with specific duties of leading and controlling the daily operation and management of the Group. Chaired by the managing director of the Group, the EMC is responsible for setting and implementing Group policy, exercising control over operational activities, reviewing and approving budgets, and making decisions on all major issues. Other members of the EMC include certain executive directors and members from the senior management of the Group.

The Risk Management Committee ("RMC") and the Marketing Management Committee ("MMC") are accountable to the EMC. The RMC is responsible for dealing with all risk management issues of the Group and reviewing clients' complaints whilst the MMC is responsible for formulating marketing policies, approving overall terms and packages of marketing staff, and approving general terms offered to clients.

CORPORATE AND SOCIAL RESPONSIBILITY

The Group is committed to actively contributing to the community and fostering a caring culture in the society. To achieve this, the Group has organised various social services activities and encourages staff to participate in voluntary work. The Company was awarded the Caring Company award in recognition of its contribution to community services. As a corporate citizen, the Group will continue to take up its corporate social responsibilities.

ATTENDANCE RECORDS OF MEETINGS

The following table shows the number of Board and Board committee meetings held and the respective attendance of each director during the year.

	Meetings attended/Eligible to attend			
Name of Director	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**
Executive Directors				
Mr. Tang Yu Lap (resigned on 23rd December 2008)	10/10	—	2/2	—
Mr. Lam Ngok Fung (resigned on 23rd December 2008)	10/10	—	1/1	0/0
Ms. Ng Chiu Mui (resigned on 23rd December 2008)	10/10	—	—	—
Mr. Law Kai Yee (resigned on 23rd December 2008)	10/10	—	—	—
Ms. Hwang Wei Ming, Ellen (resigned on 23rd December 2008)	10/10	—	3/3	0/0
Mr. Lau Mun Chung	10/10	—	—	—
Non-executive Director				
Mr. Fong Wo, Felix (resigned on 23rd December 2008)	6/10	—	—	—
Independent Non-executive Directors				
Mr. Yu Man Woon (resigned on 23rd December 2008)	8/10	2/2	3/3	—
Mr. Cheng Wing Chi (resigned on 23rd December 2008)	8/10	2/2	3/3	0/0
Prof. Nyaw Mee Kau (resigned on 23rd December 2008)	8/10	2/2	1/1	0/0
Mr. Yu Hon To, David (resigned on 23rd December 2008)	8/10	2/2	—	—

Note: Mr. Chen Xiaozhou, Mr. Gao Guanjiang, Mr. Gu Jianguo, Mr. Zhao Hongwei, Mr. Gong Zhijian, Mr. Chow Kwok Wai, Mr. Chen Gongmeng, Mr. Wang Tongsan and Mr. Hung Muk Ming were appointed directors on 2nd December 2008, no meeting has been held since their appointment up to 31st December 2008.

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the Company and the Group for the year ended 31st December 2008.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATION

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 16 to the financial statements. An analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 26.

No interim dividend has been declared for the year (2007: HK1.5 cents). A special dividend in specie of the entire issued share capital of HPL immediately upon the completion of the Group Reorganisation was distributed to the shareholders of the Company on the 27th November 2008. The directors do not recommend the payment of a final dividend in respect of the year ended 31st December 2008 (2007: HK2.5 cents).

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 24 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 25 to the financial statements.

Distributable reserves of the Company at 31st December 2008 calculated under the Company Act 1981 of Bermuda (as amended) amounted to HK$101,499,209 (2007: HK$174,869,040). Details are set out in Note 25 to the financial statements.

DONATIONS

Charitable donations made by the Group during the year amounted to HK$1,452,835 (2007: HK$455,908).

FIXED ASSETS

Movements in fixed assets of the Group during the year are set out in Note 15 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five years is set out on page 110.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Chairman:

Mr. Chen Xiaozhou	Appointed on 2nd December 2008
Mr. Tang Yu Lap	Resigned as chairman on 2nd December 2008 and as director on 23rd December 2008

Deputy Chairman:

Mr. Gao Guanjiang	Appointed as director on 2nd December 2008 and as deputy chairman on 18th January 2009
Mr. Lam Ngok Fung	Resigned on 23rd December 2008

Executive Directors:

Mr. Gu Jianguo	Appointed on 2nd December 2008
Mr. Zhao Hongwei	Appointed as director on 2nd December 2008 and as managing director on 18th January 2009
Mr. Gong Zhijian	Appointed on 2nd December 2008
Mr. Lau Mun Chung	
Ms. Ng Chiu Mui	Resigned on 23rd December 2008
Mr. Law Kai Yee	Resigned on 23rd December 2008
Ms. Hwang Wei Ming, Ellen	Resigned on 23rd December 2008

Non-executive Directors:

Mr. Chow Kwok Wai	Appointed on 2nd December 2008
Mr. Fong Wo, Felix	Resigned on 23rd December 2008

Independent Non-executive Directors:

Mr. Chen Gongmeng	Appointed on 2nd December 2008
Mr. Wang Tongsan	Appointed on 2nd December 2008
Mr. Hung Muk Ming	Appointed on 2nd December 2008
Mr. Yu Man Woon	Resigned on 23rd December 2008
Mr. Yu Hon To, David	Resigned on 23rd December 2008
Mr. Cheng Wing Chi	Resigned on 23rd December 2008
Prof. Nyaw Mee Kau	Resigned on 23rd December 2008

In accordance with bye-law 86(2) of the Company, Mr. Chen Xiaozhou, Mr. Gao Guanjiang, Mr. Gu Jianguo, Mr. Zhao Hongwei, Mr. Gong Zhijian, Mr. Chow Kwok Wai, Mr. Chen Gongmeng, Mr. Wang Tongsan and Mr. Hung Muk Ming shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election have entered into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation). Both Mr. Zhao Hongwei and Mr. Gong Zhijian entered into a service contract with the Company for a period of three years. Either party can terminate the service contract by giving not less than three months' prior written notice.

DIRECTORS' INTERESTS IN CONTRACTS

Other than the connected transactions disclosed, no contract of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, or in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

The following connection transactions are subject to the disclosure requirement under Chapter 14A of the Listing Rules:

(i) Pursuant to the Software Assignment Agreement, Cinda International FX Limited ("CIFX"), a wholly-owned subsidiary of the Company agreed to sell and Ringus Solution Enterprise Limited ("Ringus") agreed to purchase certain computer systems owned, co-owned, developed or co-developed by CIFX together with the entire copyright and all other intellectual property rights attached thereto at a consideration of HK$600,000.

(ii) Pursuant to the Software License Agreement, Ringus agreed to grant a non-exclusive license to CIFX to use certain computer software programs for its business operation purposes at its principal place of business and other branch offices in Hong Kong at a monthly license fee of HK$80,000.

(iii) Pursuant to the Software Service and Maintenance Agreement, Ringus agreed to provide software maintenance services as set out therein and all other computer and IT systems provided or being maintained by Ringus and from time to time used by the Group to Chinacorp Nominees Limited, a wholly-owned subsidiary of the Company for a monthly fee of HK$43,000.

By virtue of Chapter 14A of the Listing Rules, the transactions constituted connected transactions as the then chairman of the Company was interested in Ringus. The terms of the Software Assignment Agreement, the Software License Agreement and the Software Service and Maintenance Agreement were determined after arm's length negotiations between the parties thereto and will be no less favourable than terms offered by other independent third parties. The directors, including the independent non-executive directors, are of the view that the terms of these three agreements are fair and reasonable so far as the shareholders are concerned and that the three agreements are on normal commercial terms and in the interest of the Company and its shareholders as a whole.

The directors have requested the auditors of the Company to perform certain agreed audit procedures on the continuing connected transactions and have received a letter from the auditors as required under Rule 14A.38 of the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31st December 2008, the directors of the Company who held office and their respective associates did not hold any interest or short position in the shares and underlying shares or debentures of the Company, its holding company, subsidiaries and other associated corporations (within the meaning of Part XV of the SFO as recorded in the register of directors' interests and short positions required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

INFORMATION ON SHARE OPTIONS

The share option scheme currently in force was adopted in the 2006 annual general meeting held on 29th May 2006.

No options have been granted during the year. During the year, options carrying rights to subscribe for 700,000 shares held by three employees were cancelled due to their resignation. Following the Group Reorganisation, the exercise price of each option was adjusted to HK$0.57. A general offer was made by Sinoday to the holders of the options at HK$0.364 per option. The options purchased by Sinoday have been cancelled. As Sinoday purchased all the outstanding options, there were no options outstanding as at 31st December 2008.

The following table shows the movement of the options during the year:

Grantee	Options held as at 1st January 2008	Options exercised during the year	Options cancelled due to resignation	Options cancelled pursuant to the acquisition under the general offer
Directors				
Lau Mun Chung	1,400,000	500,000	—	900,000
Aggregate of ex-directors	5,790,000	3,023,000	—	2,767,000
Aggregate of employees & ex-employees	7,900,000	4,350,000	700,000	2,850,000
	15,090,000	7,873,000	700,000	6,517,000

INFORMATION ON SHARE OPTIONS (CONTINUED)

The following is a summary of the purpose and terms of the share option scheme:

1	Purpose of the Scheme	(a) Provide incentives or rewards to participants for their contribution to the Group; and (b) Recruit and retain high-calibre employees and attract human resources that are valuable to the Group.
2	Participants of the Scheme	(a) Employees including executive directors of the Group and its invested entities; and (b) Other persons who have made contributions to the Group as determined by the Board.
3	Total number of shares available for issue under the Scheme and % of issued share capital that it represents as at 31st December 2008	41,413,000 shares, equivalent to approximately 9.81% of the issued share capital of the Company as at 31st December 2008.
4	Maximum entitlement of each participant under the Scheme	No options may be granted to any participant, which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such participant under the Scheme or any other schemes of the Company (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital as at the date of such new grant. Any grant of further options above this limit shall be subject to approval of shareholders of the Company in general meeting.
5	Period within which the securities must be taken up under an option	The directors may determine the period but shall not end on a date later than ten years from the date of grant.
6	Minimum period for which an option must be held before it can be exercised	No such requirement, but the directors can determine period of holding.
7	Amount payable on application or acceptance of the option and the periods within which payments or calls must be made or loans made for such purposes must be repaid	Within 28 days from the date of the offer letter, the grantee must accept the offer in writing and remit in favor of the Company HK$10 per option, irrespective of the number of shares covered by the option.

INFORMATION ON SHARE OPTIONS (CONTINUED)

8	Basis of determining the exercise price	The exercise price is determined by the directors and being not less than the highest of: (a) the closing price of the Company's shares in the Stock Exchange's daily quotations sheet on the date of the grant of the relevant options; (b) an amount equivalent to the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the relevant options; and (c) the nominal value of the Company's shares.
9	Remaining life of the scheme	The Scheme shall end on 29th May 2016.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE EQUITY OR DEBT SECURITIES

As at 31st December 2008, so far as was known to the directors and the chief executives of the Company, the following are details of the persons (other than directors or chief executives of the Company) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position

Name	Capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Sinoday Limited ("Sinoday")	Beneficial owner	346,531,500	82.06%
Well Kent International Investment Company Limited ("Well Kent")	Interest through a controlled corporation	346,531,500 *(note 1)*	82.06%
China Cinda Asset Management Corporation ("China Cinda")	Interest through a controlled corporation	346,531,500 *(note 1)*	82.06%
Silver Grant International Securities Investment Limited ("Silver Grant")	Beneficial owner	40,022,000	9.48%
Silver Grant Securities Investment (BVI) Limited ("Silver Grant BVI")	Interest through a controlled corporation	40,022,000 *(Note 2)*	9.48%
Silver Grant International Industries Limited ("Silver Grant Industries")	Interest through a controlled corporation	40,022,000 *(Note 2)*	9.48%

Notes:

(1) These shares were held by Sinoday. The issued share capital of Sinoday was wholly-owned by Well Kent, a wholly-owned subsidiary of China Cinda. By virtue of the provisions of the SFO, Well Kent and China Cinda were deemed to be interested in all the shares in which Sinoday was interested.

(2) These shares were held by Silver Grant. The issued share capital of Silver Grant was wholly-owned by Silver Grant BVI, which was a wholly-owned subsidiary of Silver Grant Industries. By virtue of the provisions of the SFO, Silver Grant BVI and Silver Grant Industries were deemed to be interested in all the shares in which Silver Grant was interested.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of turnover for the year attributable to the Group's five largest customers combined accounted for less than 30%, and none of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the share capital) had an interest in the Group's five largest customers.

As the Group is engaged in the provision of financial services, the directors are of the opinion that giving information on counterparties would be of limited or of no value.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31st December 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules save for the period from 23rd December 2008 to 13th February 2009. After the close of the general offer on 23rd December 2008, Sinoday Limited held a total of 346,531,500 shares, representing approximately 82.06% of the issued share capital of the company. On 13th February 2009, Sinoday Limited made a placement of 41,810,000 shares. After the placement, the Company restored the prescribed public float.

AUDITORS

The financial statements have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Chen Xiaozhou
Chairman

Hong Kong, 14th April 2009

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CINDA INTERNATIONAL HOLDINGS LIMITED
(Formerly known as Hantec Investment Holdings Limited)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Cinda International Holdings Limited (the "Company") set out on pages 26 to 109, which comprise the consolidated and Company balance sheets as at 31st December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

14th April 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2008

	Note	2008 HK$'000	2007 HK$'000 (restated)
Continuing operations			
Turnover	5	**100,395**	170,769
Other revenue	5	**1,357**	1,041
Other net income	5	**(2,023)**	1,987
		99,729	173,797
Staff costs	6	**31,838**	38,434
Commission expenses		**37,562**	69,992
Operating leases for land and buildings		**10,455**	9,283
Other operating expenses	7	**37,230**	34,847
Total operating expenses		**117,085**	152,556
Operating (loss)/profit		**(17,356)**	21,241
Finance costs	8	**(1,516)**	(8,417)
(Loss)/profit before taxation		**(18,872)**	12,824
Income tax	9	**(896)**	(2,682)
(Loss)/profit for the year from continuing operations		**(19,768)**	10,142
Discontinued operations			
Profit for the period/year from discontinued operations	10	**8,834**	30,217
(Loss)/profit for the year		**(10,934)**	40,359
Attributable to:			
Equity holders of the Company		**(11,023)**	40,357
Minority interests		**89**	2
		(10,934)	40,359

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2008

	Note	2008 HK$'000	2007 HK$'000 (restated)
Dividends attributable to the year:			
Interim dividend declared during the year	*12*	—	6,213
Final dividend proposed after the balance sheet date	*12*	—	10,393
Final dividend paid in respect of previous year	*12*	**22**	—
Distribution in specie	*12*	**133,379**	—
		133,401	16,606
(Loss)/earnings per share			
Basic			
— From continuing and discontinued operations	*13(a)*	**(HK2.64 cents)**	HK9.74 cents
— From continuing operations	*13(a)*	**(HK4.74 cents)**	HK2.45 cents
— From discontinued operations	*13(a)*	**HK2.10 cents**	HK7.29 cents

The notes on pages 33 to 109 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31st December 2008

	Note	**2008 HK$'000**	2007 HK$'000
Non-current assets			
Intangible assets	*14*	**1,319**	6,871
Fixed assets	*15*	**7,752**	19,980
Interests in associates	*17*	**—**	15,288
Other assets	*18*	**3,600**	3,890
Available-for-sale financial assets	*19*	**—**	12,293
Deferred income tax assets	*20*	**—**	1,549
		12,671	59,871
Current assets			
Financial assets at fair value through profit or loss	*21*	**1,397**	5,602
Taxation recoverable		**177**	514
Trade and other receivables	*22*	**90,281**	471,516
Bank balances and cash	*23*	**188,130**	374,184
		279,985	851,816
Current liabilities			
Trade and other payables	*27*	**64,768**	454,810
Short-term loans and bank overdrafts	*28*	**—**	16,692
Current portion of obligations under finance lease	*26*	**506**	537
Taxation payable		**—**	4,006
		65,274	476,045
Net current assets		**214,711**	375,771
Total assets less current liabilities		**227,382**	435,642
Non-current liabilities			
Obligations under finance lease	*26*	**—**	506
Deferred income tax liabilities	*20*	**—**	170
Loan notes	*29*	**—**	42,525
		—	43,201
NET ASSETS		**227,382**	392,441

CONSOLIDATED BALANCE SHEET

As at 31st December 2008

	Note	**2008 HK$'000**	2007 HK$'000
Capital and reserves			
Share capital	*24*	**42,230**	41,443
Other reserves	*25*	**136,204**	216,639
Retained earnings			
Proposed final dividend	*25*	**—**	10,393
Others	*25*	**48,948**	123,631
Total equity attributable to the equity holders of the Company		**227,382**	392,106
Minority interests		**—**	335
TOTAL EQUITY		**227,382**	392,441

Approved and authorised for issue by the Board of Directors on 14th April 2009.

Zhao Hongwei
Director

Lau Mun Chung
Director

The notes on pages 33 to 109 form part of these financial statements.

BALANCE SHEET

As at 31st December 2008

	Note	2008 HK$'000	2007 HK$'000 (restated)
Non-current assets			
Fixed assets	15	—	221
Investment in subsidiaries	3,16	**220,009**	220,615
		220,009	220,836
Current assets			
Financial assets at fair value through profit or loss	21	**570**	1,379
Other receivables	22	**513**	8,889
Amounts due from subsidiaries	16(a)	**57,656**	152,236
Bank balances and cash	23	**10,706**	19,193
		69,445	181,697
Current liabilities			
Other payables	27	**2,237**	10,354
Amounts due to subsidiaries	16(a)	**31,186**	28,772
		33,423	39,126
Net current assets		**36,022**	142,571
Total assets less current liabilities		**256,031**	363,407
Non-current liabilities			
Loan notes	29	—	42,525
NET ASSETS		**256,031**	320,882
Capital and reserves			
Share capital	24	**42,230**	41,443
Other reserves	25	**169,116**	240,000
Retained earnings			
Proposed final dividend	25	—	10,393
Others	25	**44,685**	29,046
TOTAL EQUITY		**256,031**	320,882

Approved and authorised for issue by the Board of Directors on 14th April 2009.

Zhao Hongwei
Director

Lau Mun Chung
Director

The notes on pages 33 to 109 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2008

		Attributable to equity holders of the Company				
	Note	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Minority interests HK$'000	Total HK$'000
Balance at 1st January 2007		41,413	208,262	106,092	—	355,767
Capital contribution from minority shareholders		—	—	—	310	310
Acquisition of a subsidiary	*33(b)*	—	—	—	23	23
Shares issued under share option scheme	*24,25*	30	234	—	—	264
Share-based payments	*25*	—	1,802	—	—	1,802
Surplus on revaluation of available-for-sale financial assets	*19*	—	2,057	—	—	2,057
Exchange difference		—	4,284	—	—	4,284
Profit for the year		—	—	40,357	2	40,359
2006 final dividend paid	*12*	—	—	(6,212)	—	(6,212)
2007 interim dividend paid	*12*	—	—	(6,213)	—	(6,213)
Balance at 31st December 2007		41,443	216,639	134,024	335	392,441
Balance at 1st January 2008		41,443	216,639	134,024	335	392,441
Shares issued under share option scheme	*24,25*	787	6,141	—	—	6,928
Share-based payments	*25*	—	(739)	—	—	(739)
Capital contribution from immediate holding company	*32(b)*	—	2,372	—	—	2,372
Capital contribution from former ultimate holding company	*6*	—	1,420	—	—	1,420
Deficit on revaluation of available-for-sale financial assets	*19*	—	(133)	—	—	(133)
Recognised revaluation reserve as gain on disposal of available-for-sale financial assets		—	(2,558)	—	—	(2,558)
Exchange difference		—	(17,621)	—	—	(17,621)
(Loss)/profit for the year		—	—	(11,023)	89	(10,934)
2007 final dividend paid	*12*	—	—	(10,415)	—	(10,415)
Distribution in specie	*12*	—	(69,317)	(63,638)	(424)	(133,379)
Balance at 31st December 2008		42,230	136,204	48,948	—	227,382

Included in the consolidated retained earnings at 31st December 2007 are statutory reserves of HK$203,506 which are required to be held in respect of certain overseas subsidiaries of the Group.

The notes on pages 33 to 109 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2008

	Note	2008 HK$'000	2007 HK$'000
Net cash (outflow)/inflow from operating activities	33(a)	**(11,407)**	62,044
Investing activities			
Purchase of fixed assets		**(26,387)**	(7,279)
Sale of fixed assets		**169**	8
Sale of financial assets at fair value through profit or loss		**1,206**	13,364
Sale of available-for-sale financial assets		**12,670**	—
Dividends received from listed securities		**197**	479
Dividends received from available-for-sale financial assets		**—**	138
Dividends received from an associate	17	**1,719**	1,637
Purchase of financial assets at fair value through profit or loss		**(3,940)**	(2,769)
Purchase of associates	17	**—**	(1,171)
Loan to an associate	17	**(5,000)**	(5,000)
Purchase of subsidiaries, net of cash and cash equivalents acquired	33(b)	**(51)**	(322)
Net cash outflow from investing activities		**(19,417)**	(915)
Financing activities			
Dividend paid	12	**(10,415)**	(12,425)
Distribution in specie	33(c)	**(78,381)**	—
Interest paid		**(1,763)**	(8,472)
Proceeds from capital contribution by minority shareholders		**—**	310
Proceeds from shares issued under share option scheme	24	**6,928**	264
Issue of loan notes		**—**	44,865
Repayment of loan notes		**(42,525)**	(2,340)
Advance from finance lease		**—**	1,365
Repayments under finance leases		**(537)**	(581)
Advance from mortgage loan		**12,798**	—
Repayment of mortgage loan		**(1,517)**	—
Net cash (outflow)/inflow from financing activities		**(115,412)**	22,986
(Decrease)/increase in cash and cash equivalents		**(146,236)**	84,115
Cash and cash equivalents at 1st January		**334,572**	246,879
Effect of foreign exchange rate changes		**(16,541)**	3,578
Cash and cash equivalents at 31st December	23	**171,795**	334,572
Analysis of balances of cash and cash equivalents			
Bank balances — general accounts and cash	23	**171,795**	351,264
Bank overdrafts	23	**—**	(4,692)
Bank loans — unsecured	23	**—**	(12,000)
		171,795	334,572

The notes on pages 33 to 109 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 16 to the financial statements.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 14th April 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs, that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2.2 Basis of preparation

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

— financial instruments classified as available-for-sale or as financial assets at fair value through profit or loss (see note 2.9)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of preparation (Continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31st December.

(a) Subsidiaries and minority interests

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (Continued)

(a) Subsidiaries and minority interests (Continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividends received and receivable.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see note 2.7(a)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (Continued)

(b) Associates (Continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

2.4 Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments as the secondary reporting format.

In respect of geographical segment reporting, analysis on consolidated turnover is based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK Dollars"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of fixed assets is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold land	not depreciated
Buildings	over the unexpired term of lease or estimated useful life
Leasehold improvements	over the lease periods
Furniture and fixtures	20%
Office and computer equipment	20%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.8).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries or associates at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

(b) Trading rights

Trading rights held in The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited (the "Stock Exchange trading rights" and "Futures Exchange trading right" respectively) are classified as intangible assets. Trading rights have an indefinite useful life and are carried at cost less accumulated impairment losses.

(c) Membership

The membership of The Chinese Gold & Silver Exchange Society is recognised as an intangible asset on the balance sheet. The membership has an indefinite useful life and is carried at cost less accumulated impairment losses.

2.8 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments are acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represents financial assets held for trading. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets held for trading are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (see note 2.10).

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments (Continued)

(d) Available-for-sale financial assets (Continued)

Purchases and sales of investments are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, except where the receivables are interest-free loans made to group companies without any fixed repayment terms or the effect of discounting would be immaterial. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.12 Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2.17, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2.15 Employee benefits

(a) Employee leave entitlements

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Employee benefits (Continued)

(b) Profit sharing and bonus plan

The expected cost of profit sharing and bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Pension obligations

The Group contributes to the mandatory provident fund ("MPF Scheme"), a defined contribution plan in Hong Kong, which is available to all employees. The assets of the MPF Scheme are held separately from the Group in an independently administered fund.

The Group's contribution to the MPF Scheme is based on 5% of the monthly relevant income of each employee up to a maximum monthly relevant income of HK$20,000 in accordance with the Mandatory Provident Fund Schemes Ordinance. The contributions are recognised as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(d) Share-based payments

The fair value of share options granted to employees and directors is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained earnings).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Employee benefits (Continued)

(d) Share-based payments (Continued)

If the Company cancels or settles a grant of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. Any payment made to the employees on the cancellation or settlement of the grant shall be accounted for as the repurchase of an equity interest, as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess shall be recognised as an expense.

2.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income (see note 34.2).

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2.16 if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2.18 Revenue recognition

Brokerage commission income arising from leveraged foreign exchange transactions, securities broking, precious metal contracts and commodities and futures broking are recognised and accounted for on a trade date basis.

Brokerage commission income arising from the brokerage of mutual funds and insurance products is recognised when services are rendered. An amount, based on a certain percentage of the commission income and expenses and based on the historical statistics on the occurrence of the clawback of the brokerage commission income, has been provided for the possible clawback that may be claimed against the Group.

Net revenue from foreign exchange options trading and broking includes both realised and unrealised gains less losses from the foreign currency option contracts. Open option contracts are carried at fair value, with related unrealised gains or losses recognised in the income statement. The open option contracts are valued using pricing models that consider, among other factors, contractual and market prices, time value and volatility factors.

All transactions related to precious metal contracts dealings are recorded in the financial statements based on trade dates. Accordingly, only those transactions which trade dates fall within the accounting year have been taken into account.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (Continued)

Swap interest and foreign exchange trading revenue include both realised and unrealised gains less losses. The swap interest and foreign exchange spread in relation to open positions arising from leveraged foreign exchange transactions are recognised on an accrual basis. The net residual positions of each foreign currency resulting from broking and trading foreign currencies are carried at fair value, with related unrealised gains or losses recognised in the income statement.

Underwriting commissions are recognised when the relevant work or service has been rendered.

Revenue from corporate finance services is recognised in accordance with the terms of agreement for the underlying transactions.

Management fee and subscription fee on asset management are recognised on an accrual basis.

Interest income is recognised as it accrues using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

2.19 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(a) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are expensed in the income statement on a straight-line basis over the period of the lease.

(b) Finance lease

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is recognised in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.21 Related parties

For the purposes of these accounts, a party is considered to be related to the Group if:

(i) The party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) The Group and the party are subject to common control;

(iii) The party is an associate of the Group;

(iv) The party is a member of key management personnel of the Group, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) The party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) The party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2.22 Finance costs

Finance costs are charged to the income statement in the year in which they are incurred.

2.23 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Off-balance sheet financial instruments

Off-balance sheet financial instruments arising from the leveraged foreign exchange trading and option transactions are marked to market and the gain or loss thereof is recognised in the income statement as foreign exchange trading revenue or net premium income from foreign currency option.

2.25 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.26 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or if the operation is abandoned. Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group:

- HK(IFRIC) 11, HKFRS 2 — Group and treasury share transactions
- HK(IFRIC) 12, Service concession arrangements
- HK(IFRIC) 14, HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction
- Amendment to HKAS39, Financial instruments: Recognition and measurement, and HKFRS 7, Financial instruments: Disclosures — Reclassification of financial assets

On 1st January 2008, the Group adopted HK(IFRIC) 11 "Group and Treasury Share Transactions" ("HK(IFRIC) 11"). As a result of the adoption of HK(IFRIC) 11, in the separate financial statements of the Company, the fair value of share options granted to employees and directors of the Company's subsidiaries is recognised as an increase in "investment in subsidiaries" with a corresponding increase in "capital reserves". This change in accounting policy has been applied retrospectively with comparable amounts restated. Accordingly, "investment in subsidiaries" as at 31st December 2008, 31st December 2007 and 1st January 2007 have been increased by HK$1,879,000, HK$2,329,000 and HK$588,000 respectively and "capital reserves" as at 31st December 2008, 31st December 2007 and 1st January 2007 have been increased by HK$nil, HK$2,329,000 and HK$588,000 respectively.

Except for the above, other HKFRS developments have no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 41).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Litigation

The Group considers each case involving litigation individually to assess the probability of any outflow of resources. If in the opinion of the directors, an outflow of resources embodying economic benefits will be required to settle the litigation, a provision will be made to the extent of the probable outflow. In other cases, unless the possibility of an outflow of resources embodying economic benefits is remote, a contingent liability will be disclosed.

5 TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION

The Company is an investment holding company. The Group is principally engaged in the provision of leveraged foreign exchange trading and broking services, securities broking, commodities and futures broking, provision of corporate financial advisory services, fund management, financial planning and insurance broking, and trading and broking of precious metal contracts.

5 TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Due to the Group Reorganisation, as disclosed in note 10, which constituted discontinued operations under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", certain comparative figures were restated so as to reflect the results for the continuing operations and discontinued operations. Total revenue recognised during the year is as follows:

	2008 HK$'000	2007 HK$'000 (restated)
From continuing operations		
Turnover		
Fees and commission	**68,706**	118,934
Net revenue/(loss) from foreign currency option trading	**6,358**	(570)
Net premium income from insurance broking	**528**	626
Swap interest and foreign exchange trading revenue	**16,698**	28,965
Interest income	**7,990**	20,751
Underwriting commission	**78**	1,598
Management, subscription and advisory fee income	**37**	465
	100,395	170,769
Other revenue		
Dividend income from listed securities	**81**	59
Other income	**1,276**	982
	1,357	1,041
Other net income		
Net exchange (losses)/gains	**(239)**	808
Net realised gains on financial assets at fair value through profit or loss	**183**	700
Net unrealised (losses)/gains on financial assets at fair value through profit or loss	**(1,967)**	479
	(2,023)	1,987
	99,729	173,797

5 TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

	Period from 1st January 2008 to 27th November 2008 HK$'000	2007 HK$'000 (restated)
From discontinued operations		
Turnover		
Fees and commission	**57,282**	80,014
Net revenue from		
— foreign currency option trading	**3,666**	7,070
— bullion trading	**83,329**	102,804
Swap interest and foreign exchange trading revenue	**79,613**	65,824
Interest income	**24,028**	37,372
Management, subscription and advisory fee income	**1,827**	1,908
	249,745	294,992
Other revenue		
Dividend income from listed securities	**116**	420
Dividend income from available-for-sale financial assets	**—**	138
Other income	**62**	250
	178	808
Other net income		
Net exchange (losses)/gains	**(6,317)**	6,001
Net realised gains on financial assets at fair value through profit or loss	**7**	1,645
Net unrealised losses on financial assets at fair value through profit or loss	**(1,099)**	(3,908)
Profit on disposal of available-for-sale financial assets	**3,072**	—
	(4,337)	3,738
	245,586	299,538

5 TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Primary reporting format — Business segments

The business of the Group was organised into the following segments during the year:

Continuing operations:

1. Leveraged foreign exchange trading/broking in Hong Kong — provision of dealing and broking in leveraged forex trading services on the world's major currencies.

2. Securities broking — provision of broking services in securities, equity linked products, unit trusts and stock options traded in Hong Kong and selected overseas markets and margin financing services to those broking clients.

3. Commodities and futures broking — provision of broking services in commodities and futures contracts traded in Hong Kong and selected overseas markets.

4. Corporate finance — provision of corporate finance and advisory services to companies listed in Hong Kong.

5. Asset management — managing private funds.

6. Financial planning and insurance broking in Hong Kong — acting as an agent for the sale of savings plans, unit trusts, general and life insurance and providing advisory services on securities investment and discretionary fund management.

Discontinued operations:

1. Leveraged foreign exchange trading/broking outside Hong Kong — provision of dealing and broking in leveraged forex trading services on the world's major currencies.

2. Financial planning outside Hong Kong — providing advisory services on securities investment and discretionary fund management.

3. Precious metal contracts trading/broking — provision of dealing and broking trading services on selected precious metals contracts.

Secondary reporting format — Geographical segments

Based on the geographical location of the clients, the Group's business is divided into seven main geographical areas, including Hong Kong, Greater China (excluding Hong Kong), Oceania, Switzerland, the United States, United Kingdom and other countries.

5 TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Primary reporting format — Business segments

Year ended 31st December 2008

	Continuing operations									Discontinued operations						
	Leveraged foreign exchange trading/ broking in Hong Kong 2008 HK$'000	Securities broking 2008 HK$'000	Commodities and futures broking 2008 HK$'000	Corporate finance 2008 HK$'000	Asset Management 2008 HK$'000	Financial planning/ insurance broking in Hong Kong 2008 HK$'000	Unallocated 2008 HK$'000	Inter-segment elimination 2008 HK$'000	Sub-total 2008 HK$'000	Leveraged foreign exchange trading/ broking outside Hong Kong HK$'000	Financial planning outside Hong Kong HK$'000	Precious metal contracts trading/ broking HK$'000	Unallocated HK$'000	Inter-segment elimination HK$'000	Sub-total HK$'000	Consolidated 2008 HK$'000
										Period from 1st January 2008 to 27th November 2008						
Turnover from external customers	26,380	34,549	10,260	6,766	53	22,321	66	—	100,395	92,021	1,984	153,088	2,652	—	249,745	350,140
Inter-segment turnover	—	23	—	600	—	—	15,206	(15,829)	—	1,014	—	148	7,586	(8,748)	—	—
Total	26,380	34,572	10,260	7,366	53	22,321	15,272	(15,829)	100,395	93,035	1,984	153,236	10,238	(8,748)	249,745	350,140
Segment results	(2,917)	651	(193)	(2,491)	(946)	(766)	(10,694)	—	(17,356)	18,124	(7,034)	8,755	(4,789)	—	15,056	(2,300)
Operating (loss)/profit									(17,356)						15,056	(2,300)
Finance costs	(5)	(597)	(3)	(1)	—	(2)	(908)	—	(1,516)	—	—	(33)	(214)	—	(247)	(1,763)
									(18,872)						14,809	(4,063)
Share of profits of associates	—	—	—	—	—	—	—	—	—	—	—	—	2,105	—	2,105	2,105
(Loss)/profit before taxation									(18,872)						16,914	(1,958)
Income tax									(896)						(8,080)	(8,976)
(Loss)/profit after taxation									(19,768)						8,834	(10,934)
Minority interests									—						(89)	(89)
(Loss)/profit attributable to equity holders of the Company									(19,768)						8,745	(11,023)
Segment assets	84,423	123,672	32,369	9,936	4,612	13,857	23,610	—	292,479	—	—	—	—	—	—	292,479
Interests in associates	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Unallocated assets									177						—	177
Total assets									292,656						—	292,656
Segment liabilities	970	43,856	9,876	300	65	6,175	4,032	—	65,274	—	—	—	—	—	—	65,274
Unallocated liabilities									—						—	—
Total liabilities									65,274						—	65,274
Capital expenditure	191	275	144	53	105	64	1,174	—	2,006	128	—	2,586	22,467	—	25,181	27,187
Depreciation	1,793	479	94	224	38	209	597	—	3,434	591	493	1,843	607	—	3,534	6,968
Impairment loss charged	—	282	—	255	—	103	—	—	640	104	—	532	399	—	1,035	1,675
Other non-cash expenses	(277)	5	—	—	—	3	(2)	—	(271)	—	—	1,004	(68)	—	936	665

5 TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Primary reporting format — Business segments (Continued)

Year ended 31st December 2007

	Continuing operations									Discontinued operations						
	Leveraged foreign exchange trading/ broking in Hong Kong 2007 HK$'000 (restated)	Securities broking 2007 HK$'000 (restated)	Commodities and futures broking 2007 HK$'000 (restated)	Corporate finance 2007 HK$'000 (restated)	Asset Management 2007 HK$'000 (restated)	Financial planning/ insurance broking in Hong Kong 2007 HK$'000 (restated)	Unallocated 2007 HK$'000 (restated)	Inter-segment elimination 2007 HK$'000 (restated)	Sub-total 2007 HK$'000 (restated)	Leveraged foreign exchange trading/ broking outside Hong Kong 2007 HK$'000 (restated)	Financial planning outside Hong Kong 2007 HK$'000 (restated)	Precious metal contracts trading/ broking 2007 HK$'000 (restated)	Unallocated 2007 HK$'000 (restated)	Inter-segment elimination 2007 HK$'000 (restated)	Sub-total 2007 HK$'000 (restated)	Consolidated 2007 HK$'000
Turnover from external customers	39,464	82,761	10,871	8,446	557	28,186	484	—	170,769	102,915	1,906	189,923	248	—	294,992	465,761
Inter-segment turnover	14	311	—	605	—	—	11,084	(12,014)	—	—	—	(4)	3,929	(3,925)	—	—
Total	39,478	83,072	10,871	9,051	557	28,186	11,568	(12,014)	170,769	102,915	1,906	189,919	4,177	(3,925)	294,992	465,761
Segment results	2,073	21,289	416	969	(988)	1,483	(4,001)	—	21,241	7,697	(7,596)	41,029	(2,516)	—	38,614	59,855
Operating profit									21,241						38,614	59,855
Finance costs	(4)	(4,849)	(1)	(1)	—	(3)	(3,559)	—	(8,417)	—	—	(55)	—	—	(55)	(8,472)
									12,824						38,559	51,383
Share of profits of associates	—	—	—	—	—	—	—	—	—	—	—	—	2,047	—	2,047	2,047
Profit before taxation									12,824						40,606	53,430
Income tax									(2,682)						(10,389)	(13,071)
Profit after taxation									10,142						30,217	40,359
Minority interests									—						(2)	(2)
Profit attributable to equity holders of the Company									10,142						30,215	40,357
Segment assets	95,240	210,721	33,545	13,567	5,982	16,158	44,842	—	420,055	197,482	14,487	241,547	20,765	—	474,281	894,336
Interests in associates	—	—	—	—	—	—	—	—	—	—	—	—	15,288	—	15,288	15,288
Unallocated assets									1,499						564	2,063
Total assets									421,554						490,133	911,687
Segment liabilities	1,591	110,301	10,649	264	64	4,893	56,782	—	184,544	260,143	991	68,233	1,159	—	330,526	515,070
Unallocated liabilities									177						3,999	4,176
Total liabilities									184,721						334,525	519,246
Capital expenditure	1,635	735	198	458	85	480	1,840	—	5,431	65	54	1,081	846	—	2,046	7,477
Depreciation	1,661	395	75	156	29	174	737	—	3,227	671	892	1,889	248	—	3,700	6,927
Impairment loss charged	—	—	—	—	—	—	—	—	—	765	—	146	—	—	911	911
Other non-cash expenses	57	—	—	—	—	104	207	—	368	1	—	278	247	—	526	894

5 TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Secondary reporting format — Geographical segments

	Turnover		Total assets		Capital expenditure	
	2008 HK$'000	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000 (restated)
From continuing operations						
Hong Kong	**92,748**	85,288	**283,770**	387,791	**2,006**	5,305
Greater China (excluding Hong Kong)	**3,483**	3,807	**284**	17,312	**—**	126
Oceania	**3,344**	77,576	**—**	140	**—**	—
Switzerland	**(850)**	4,744	**—**	—	**—**	—
United States	**—**	3	**—**	—	**—**	—
United Kingdom	**1,042**	70	**8,425**	13,903	**—**	—
Other countries	**628**	(719)	**—**	909	**—**	—
	100,395	170,769	**292,479**	420,055	**2,006**	5,431
From discontinued operations						
Hong Kong	**98,925**	87,226	**—**	164,995	**3,963**	1,060
Greater China (excluding Hong Kong)	**156,387**	278,018	**—**	41,879	**21,050**	873
Oceania	**(680)**	(76,690)	**—**	13,112	**168**	48
Switzerland	**3,882**	(3,464)	**—**	89,314	**—**	38
United States	**103**	1,086	**—**	55,084	**—**	—
United Kingdom	**94**	1,729	**—**	73,296	**—**	—
Other countries	**(8,966)**	7,087	**—**	36,601	**—**	27
	249,745	294,992	**—**	474,281	**25,181**	2,046
	350,140	465,761	**292,479**	894,336	**27,187**	7,477
From continuing operations						
Unallocated assets			**177**	1,499		
From discontinued operations						
Interests in associates			**—**	15,288		
Unallocated assets			**—**	564		
			—	15,852		
Total assets			**292,656**	911,687		

5 TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Secondary reporting format — Geographical segments (Continued)

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditures are based on the geographical location of the assets.

The total assets in other countries mainly represent margin and other deposits placed with overseas brokers and financial institutions.

6 STAFF COSTS

	Continuing operations		Discontinued operations		Total	
	2008 HK$'000	2007 HK$'000 (restated)	**Period from 1st January 2008 to 27th November 2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000
Salaries and allowances *(note (a))*	**29,709**	36,398	**46,330**	48,177	**76,039**	84,575
Equity-settled share-based payments *(note (b))*	**1,239**	914	**394**	888	**1,633**	1,802
Defined contribution plans	**890**	1,122	**1,217**	987	**2,107**	2,109
	31,838	38,434	**47,941**	50,052	**79,779**	88,486

Note:

(a) During the year, the Company accrued a staff bonus of HK$1,420,050. The former ultimate holding company, Hantec Holdings Limited, settled this amount in the form of a capital contribution that was credited to capital reserves of the Company.

(b) Included in equity-settled share-based payment expense were (1) an amount of HK$154,000 being accelerated vesting expense and (2) an amount of HK$1,056,000 being the payment to option holders in excess of fair value of share options granted resulting from the cancellation of all outstanding share options, details of which are disclosed in note 32(b).

(c) Staff costs include directors' emoluments as set out in note 31.

7 OTHER OPERATING EXPENSES

	2008 **HK$'000**	2007 HK$'000 (restated)
From continuing operations		
Advertising and promotion	**1,722**	1,665
Auditors' remuneration	**5,122**	2,192
Bad debts written off	**640**	—
Bank charges	**289**	371
Communication expenses	**1,346**	1,362
Consultancy fee	**525**	2,117
Depreciation	**3,434**	3,227
Entertainment	**767**	946
Equipment rental expenses	**5,948**	5,187
Insurance	**646**	994
Legal and professional fee	**6,879**	5,265
(Profit)/loss on disposal of fixed assets	**(271)**	264
Miscellaneous expenses	**2,517**	3,625
Printing and stationery	**1,641**	1,082
Repairs and maintenance	**2,070**	606
Staff welfare	**550**	1,024
Traveling expenses	**1,412**	2,240
Computer expenses	**713**	434
Exhibition and seminars	**253**	924
Postage	**526**	782
Water and electricity	**501**	540
	37,230	34,847

The auditors' remuneration for the Group in the year was HK$8.02 million (2007: HK$4.88 million). Loss on disposal of fixed assets for the Group in the year was HK$666,000 (2007: HK$793,000).

8 FINANCE COSTS

	2008 **HK$'000**	2007 HK$'000 (restated)
From continuing operations		
Interest on bank overdrafts	**94**	724
Interest on bank loans	**497**	4,102
Interest on other loans	**908**	3,558
Interest on obligation under finance leases	**17**	33
	1,516	8,417

9 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement:

	Continuing operations		**Discontinued operations**		**Total**	
	2008 HK$'000	2007 HK$'000 (restated)	**Period from 1st January 2008 to 27th November 2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000
Current taxation:						
— Hong Kong profits tax	**—**	242	**599**	7,001	**599**	7,243
— Overseas taxation	**—**	—	**7,135**	2,646	**7,135**	2,646
— One-off tax reduction in respect of prior year	**(56)**	—	**(27)**	—	**(83)**	—
— Under provision in respect of prior year	**43**	4	**132**	357	**175**	361
Deferred taxation:						
— Origination and reversal of temporary differences	**(72)**	2,436	**245**	385	**173**	2,821
— Write-down of deferred tax assets recognised in prior years	**929**	—	**—**	—	**929**	—
— Effect of decrease in tax rate on deferred tax balances at 1 January	**52**	—	**(4)**	—	**48**	—
Taxation expenses	**896**	2,682	**8,080**	10,389	**8,976**	13,071

In February 2008, the Hong Kong Government announced a decrease in the profits tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31st December 2008. This decrease is taken into account in the preparation of the Group's and the Company's 2008 financial statements. Accordingly, the provision for Hong Kong profits tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year and the opening balance of deferred tax has been re-estimated accordingly.

9 INCOME TAX (CONTINUED)

Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	Continuing operations		Discontinued operations		Total	
	2008 HK$'000	2007 HK$'000 (restated)	**Period from 1st January 2008 to 27th November 2008 HK$'000**	2007 HK$'000 (restated)	**2008 HK$'000**	2007 HK$'000
(Loss)/profit before taxation (excluding share of profits of associates)	**(18,872)**	12,824	**14,809**	38,559	**(4,063)**	51,383
Notional tax on (loss)/profit before taxation, calculated at the rate applicable to profits in the countries concerned	**(3,114)**	2,244	**4,644**	7,212	**1,530**	9,456
Tax effect of income not subject to taxation purposes	**(1,287)**	(1,247)	**(482)**	(698)	**(1,769)**	(1,945)
Tax effect of expenses not deductible for taxation purposes	**515**	209	**642**	822	**1,157**	1,031
Utilisation of previously unrecognised tax losses	**(108)**	(63)	**—**	(10)	**(108)**	(73)
Write-down of deferred tax assets recognised in prior years	**929**	—	**—**	—	**929**	—
Effect on opening deferred tax balances resulting from a decrease in tax rate during the period	**52**	—	**(4)**	—	**48**	—
Tax effect of tax losses not recognised	**3,922**	1,535	**3,175**	2,706	**7,097**	4,241
One-off tax reduction in respect of prior year	**(56)**	—	**(27)**	—	**(83)**	—
Under-provision in respect of prior year	**43**	4	**132**	357	**175**	361
Taxation expenses	**896**	2,682	**8,080**	10,389	**8,976**	13,071

10 GROUP REORGANISATION AND DISCONTINUED OPERATIONS

On 13th August 2008, the Company's then ultimate holding company, Hantec Holdings Limited ("HHL") entered into a share sale agreement ("Agreement") with Sinoday Limited ("Sinoday") and Silver Grant International Securities Investment Limited ("Silver Grant"), pursuant to which Sinoday and Silver Grant agreed to acquire 218,650,000 shares and 40,022,000 shares of the Company respectively from HHL, representing approximately 52.32% and 9.58% of the issued share capital of the Company as at the date of the Agreement. Completion of the Agreement was subject to, inter alia, approval by independent shareholders of the Company of a proposal to reorganise the Group (the "Group Reorganisation").

Pursuant to the resolution passed by the independent shareholders in the special general meeting held on 17th November 2008, a Group Reorganisation was approved. On 27th November 2008, the Group Reorganisation and the Agreement were completed. As a result, Sinoday acquired 258,672,000 shares of the Company from HHL and became the holding company of the Company.

10 GROUP REORGANISATION AND DISCONTINUED OPERATIONS (CONTINUED)

Upon completion of the Group Reorganisation, (i) the Company continues to be a public listed company with its subsidiaries concentrating on carrying on the business of regulated activities under the SFO in Hong Kong, which include leveraged foreign exchange trading, securities broking and margin financing services, commodities and futures broking, financial planning, asset management and corporate finance services in Hong Kong (the "Retained Business"); (ii) Hantec Pacific Limited ("HPL") and its subsidiaries (the "HPL Group") continues to carry on the business of trading and broking of precious metal contracts, provision of financial related services outside of Hong Kong and investment in water plant business (the "Distributed Business"); and (iii) the shareholders of the Company received by way of a distribution in specie the shares of HPL on the basis of one share of HPL for one share of the Company held.

Details of the Group Reorganisation are set out in a circular of the Company dated 31st October 2008.

The results of the discontinued operations during the period/year are set out below.

	Note	**Period from 1st January 2008 to 27th November 2008 HK$'000**	2007 HK$'000
Turnover	*5*	**249,745**	294,992
Other revenue	*5*	**178**	808
Other net income	*5*	**(4,337)**	3,738
		245,586	299,538
Staff costs	*6*	**47,941**	50,052
Commission expenses		**121,252**	156,517
Operating leases for land and buildings		**9,755**	7,349
Other operating expenses		**51,582**	47,006
Total operating expenses		**230,530**	260,924
Operating profit		**15,056**	38,614
Finance costs		**(247)**	(55)
		14,809	38,559
Share of profits of associates	*17*	**2,105**	2,047
Profit before taxation		**16,914**	40,606
Income tax			
— Current taxation		**(7,839)**	(10,004)
— Deferred taxation	*20*	**(241)**	(385)
Profit for the period/year		**8,834**	30,217

10 GROUP REORGANISATION AND DISCONTINUED OPERATIONS (CONTINUED)

The net cash flows from the discontinued operations are as follows:

	2008 HK$'000	2007 HK$'000
Operating activities	**(156,315)**	80,583
Investing activities	**(20,489)**	3,677
Financing activities	**66,034**	1,341
Net cash (outflow)/inflow	**(110,770)**	85,601

11 PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the financial statements of the Company to the extent of HK$15,661,000 (2007: loss of HK$22,196,000).

12 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year:

	2008 HK$'000	2007 HK$'000
Interim dividend paid:		
Nil cents (2007: HK1.5 cents) per share	**—**	6,213
Final dividend proposed:		
Nil cents (2007: HK2.5 cents) per share	**—**	10,393
Final dividend paid in respect of the previous financial year on shares issued under share option schemes subsequent to the balance sheet date and before the close of the Register of Members of the Company, of HK2.5 cents (2007: nil cents) per share	**22**	—
Distribution in specie *(note (a))*	**133,379**	—
	133,401	16,606

Notes:

(a) Details of the net assets of HPL Group distributed by the Group in the form of a distribution in specie are set out in note 33(c) to the financial statements.

13 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share from continuing and discontinued operations attributable to equity holders of the Company is based on the following data.

	2008	2007
	HK$'000	HK$'000
(Loss)/earnings		
(Loss)/earnings for the year from continuing operations	**(19,768)**	10,142
Earnings for the year from discontinued operations	**8,745**	30,215
(Loss)/earnings for the year attributable to equity holders of the Company	**(11,023)**	40,357

	2008	2007
Number of shares		
Weighted average number of ordinary shares	**417,335,626**	414,173,835

Basic earnings per share from the discontinued operations is HK2.10 cents (2007: earnings per share of HK7.29 cents), which is calculated based on the earnings for the year from discontinued operations attributable to equity holders of the Company of HK$8,745,000 (2007: earnings of HK$30,215,000) and the weighted average number of ordinary shares detailed above.

(b) Diluted earnings per share

	2008	2007
Diluted earnings per share		
— From continuing and discontinued operations	**N/A**	N/A
— From continuing operations	**N/A**	N/A
— From discontinued operations	**HK2.08 cents**	N/A

Diluted earnings per share for the current year and diluted earnings per share from continuing operations for the current year have not been disclosed as both the Group and the continuing operations of the Group sustained a loss for the current year. The diluted earnings per share from discontinued operations for the current year is calculated based on the adjusted weighted average number of 419,947,100 ordinary shares which is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares in respect of share options. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

13 (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share (Continued)

Diluted earnings per share for the previous year has not been disclosed as the outstanding share options have no dilutive effects on the basic earnings per share, as their exercise prices were above the average market price of the shares during the year.

14 INTANGIBLE ASSETS

		Group					
	Note	**Stock Exchange trading rights**	**Futures Exchange trading right**	**Membership of The Chinese Gold & Silver Exchange Society**	**Computer System**	**Goodwill on acquisition of subsidiaries**	**Total**
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost							
At 1st January 2007		913	406	180	—	4,973	6,472
Acquisition of a subsidiary	*33(b)*	—	—	—	—	399	399
At 31st December 2007 and 1st January 2008		913	406	180	—	5,372	6,871
Acquisition of a subsidiary	*33(b)*	—	—	—	—	45	45
Additions		—	—	—	600	—	600
Distribution in specie	*33(c)*	—	—	(180)	(600)	(5,417)	(6,197)
At 31st December 2008		913	406	—	—	—	1,319
Accumulated impairment losses							
At 1st January 2007, 31st December 2007 and 1st January 2008		—	—	—	—	—	—
Charge for the year		—	—	—	—	399	399
Distribution in specie	*33(c)*	—	—	—	—	(399)	(399)
At 31st December 2008		—	—	—	—	—	—
Carrying amount							
At 31st December 2008		913	406	—	—	—	1,319
At 31st December 2007		913	406	180	—	5,372	6,871

15 FIXED ASSETS

	Group					
	Freehold land and building HK$'000	**Leasehold improvements** HK$'000	**Furniture & fixtures** HK$'000	**Office & computer equipment** HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
Cost						
At 1st January 2007	2,325	6,091	4,221	17,938	3,910	34,485
Additions through acquisition of a subsidiary	—	—	103	—	—	103
Additions	—	3,631	2,300	1,348	—	7,279
Disposals	—	(1,219)	(594)	(507)	—	(2,320)
Exchange difference	200	20	157	266	29	672
At 31st December 2007 and 1st January 2008	2,525	8,523	6,187	19,045	3,939	40,219
Additions	20,515	777	377	2,528	2,190	26,387
Disposals	—	(1,903)	(844)	(4,165)	(460)	(7,372)
Distribution in specie	(21,020)	(3,196)	(3,138)	(6,382)	(3,768)	(37,504)
Exchange difference	(2,020)	(51)	(437)	(948)	(52)	(3,508)
At 31st December 2008	—	4,150	2,145	10,078	1,849	18,222
Accumulated depreciation						
At 1st January 2007	133	1,981	1,734	8,639	1,983	14,470
Additions through acquisition of a subsidiary	—	—	58	—	—	58
Charge for the year	37	2,412	973	2,888	617	6,927
Disposals	—	(907)	(309)	(304)	—	(1,520)
Reclassification	—	—	1	(1)	—	—
Exchange difference	12	16	66	198	12	304
At 31st December 2007 and 1st January 2008	182	3,502	2,523	11,420	2,612	20,239
Charge for the year	166	2,221	1,068	2,875	638	6,968
Disposals	—	(972)	(701)	(3,804)	(460)	(5,937)
Distribution in specie	(281)	(2,439)	(1,645)	(3,688)	(1,550)	(9,603)
Exchange difference	(67)	(66)	(296)	(722)	(46)	(1,197)
At 31st December 2008	—	2,246	949	6,081	1,194	10,470
Net book value						
At 31st December 2008	—	1,904	1,196	3,997	655	7,752
At 31st December 2007	2,343	5,021	3,664	7,625	1,327	19,980

The Group's freehold land and building is located outside Hong Kong.

15 FIXED ASSETS (CONTINUED)

	Company			
	Leasehold Improvements HK$'000	**Furniture & fixtures** HK$'000	**Office & computer equipments** HK$'000	**Total** HK$'000
Cost				
At 1st January 2007	1,226	293	246	1,765
Additions	48	—	78	126
Disposals	(1,124)	(58)	(175)	(1,357)
At 31st December 2007 and 1st January 2008	150	235	149	534
Additions	—	—	—	—
Disposals	(150)	(235)	(149)	(534)
At 31st December 2008	—	—	—	—
Accumulated depreciation				
At 1st January 2007	494	138	80	712
Charge for the year	400	55	53	508
Disposals	(812)	(32)	(63)	(907)
At 31st December 2007 and 1st January 2008	82	161	70	313
Charge for the year	39	14	15	68
Disposals	(121)	(175)	(85)	(381)
At 31st December 2008	—	—	—	—
Net book value				
At 31st December 2008	—	—	—	—
At 31st December 2007	68	74	79	221

(a) During the year, there were no additions to office and computer equipment of the Group financed by finance lease (2007: HK$205,200). At the balance sheet date, the net book value of office and computer equipment held under finance leases of the Group was HK$861,465 (2007: HK$1,312,710).

16 INVESTMENT IN SUBSIDIARIES

	Company	
	2008 **HK$'000**	2007 HK$'000 (restated)
Investment at cost, unlisted shares	**220,009**	220,615

(a) The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand.

(b) The following is a list of subsidiaries at 31st December 2008:

Name	**Place of incorporation**	**Principal activities and place of operation**	**Particulars of issued share capital**	**Interest held directly**	**Interest held indirectly**
Cinda International FX Limited ("CIFX") (formerly named Hantec International Limited)	Hong Kong	Leveraged foreign exchange trading in Hong Kong	100 ordinary shares of HK$1 each, and 100,000,000 non-voting deferred shares of HK$1 each	—	100%
Cinda International Securities Limited ("CISL") (formerly named Hantec International Finance Group Limited)	Hong Kong	Securities broking and margin financing services in Hong Kong	20,000,100 ordinary shares of HK$1 each, and 50,000,000 non-voting deferred shares of HK$1 each	—	100%
Cinda International Futures Limited ("CIFL") (formerly named HT Futures Limited)	Hong Kong	Commodities and futures broking in Hong Kong	40,000,100 ordinary shares of HK$1 each, and 10,000,000 non-voting deferred shares of HK$1 each	—	100%
Cinda International Investment Consultant Limited ("CIIC") (formerly named Hantec Investment Consultant Limited)	Hong Kong	Financial planning in Hong Kong	3,000,100 ordinary shares of HK$1 each, and 5,500,000 non-voting deferred shares of HK$1 each	—	100%
Cinda International Asset Management Limited ("CIAM") (formerly named Hantec Asset Management Limited)	Hong Kong	Asset management in Hong Kong	7,000,100 ordinary shares of HK$1 each, and 2,000,000 non-voting deferred shares of HK$1 each	—	100%
Cinda Asset Management (Cayman) Limited ("CAMCL") (formerly named Hantec Asset Management (Cayman) Limited)	Cayman Islands	Asset management in Hong Kong	1 ordinary share of US$1 each	—	100%

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) The following is a list of subsidiaries at 31st December 2008: (Continued)

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Interest held directly	Interest held indirectly
Cinda International Capital Limited ("CICL") (formerly named Hantec Capital Limited)	Hong Kong	Corporate finance services in Hong Kong	100 ordinary shares of HK$1 each, and 21,000,000 non-voting deferred shares of HK$1 each	—	100%
Chinacorp Nominees Limited ("CNL")	Hong Kong	Provide administrative support services in Hong Kong	100 ordinary shares of HK$1 each and 10,000 non-voting deferred shares of HK$1 each	—	100%
Cinda International Wealth Management Advisor Limited ("CIWM") (formerly named Hantec Wealth Management Advisor Limited)	Hong Kong	Financial planning and insurance broking in Hong Kong	500,000 ordinary shares of HK$1 each	—	100%
Cinda Strategic (BVI) Limited ("CSBVIL") (formerly named Hantec Strategic (BVI) Holdings Limited)	British Virgin Islands	Investment holding in Hong Kong	50,000 ordinary shares of US$1 each	100%	—
Cinda (BVI) Limited ("CBVIL") (formerly named HT (BVI) Limited)	British Virgin Islands	Investment holding in Hong Kong	7 ordinary shares of US$1 each	100%	—

(c) Acquisition of subsidiaries

On 21st December 2007, the Company entered into a sale and purchase agreement with the shareholders of 俊森實業有限公司 ("俊森實業"), all of whom were independent third parties of the Company and its connected persons, to acquire 100% of the total issued share capital of 俊森實業 for a consideration of HK$1,304,700. The acquisition was completed in February 2008.

The key business of 俊森實業 is property holding. 俊森實業 contributed HK$688 turnover and a loss of HK$500,487 to the Group for the period from acquisition date to 27th November 2008.

Management considered the carrying value of net assets acquired from 俊森實業 to be a close approximation to their fair value and no fair value adjustment is required. The net assets acquired in the above acquisition and the goodwill arising are stated in note 33(b).

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of subsidiaries (Continued)

The carrying value of the 100% equity interest in 俊森實業 immediately before the date of completion was as follows:

	HK$'000
Carrying value of 100% equity interest in 俊森實業	1,260
Goodwill arising from the acquisition *(note 14, 33(b))*	45
	1,305
Satisfied by:	
Cash	1,305

If the above acquisitions had occurred on 1st January 2008, total Group turnover would have been HK$350,139,813 and loss for the year attributable to shareholders of the Company would have been HK$11,023,456 for the year ended 31st December 2008.

On 27th November 2008, 俊森實業 was distributed upon the completion of the Group Reorganisation disclosed in note 10.

17 INTERESTS IN ASSOCIATES

	Group	
	2008	2007
	HK$'000	HK$'000
Share of net assets at 1st January	**9,740**	8,401
Share of associates' results for the year *(note 10)*		
— profit before taxation	**3,044**	2,947
— taxation	**(939)**	(900)
	2,105	2,047
	11,845	10,448
Acquisition of associates	**—**	1,171
Transfer to available-for-sale financial assets *(note 19)*	**(849)**	—
Dividend income from an associate	**(1,719)**	(1,637)
Exchange difference	**(353)**	(242)
Share of net assets at 27th November/31st December	**8,924**	9,740
Loan to an associate	**10,000**	5,000
Goodwill	**548**	548
Distribution in specie *(note 33(c))*	**(19,472)**	—
	—	15,288
Share of net assets	**—**	9,740
Loan to an associate	**—**	5,000
Goodwill	**—**	548
	—	15,288

The amount of loan to an associate is unsecured, interest free and without any fixed repayment terms.

17 INTERESTS IN ASSOCIATES (CONTINUED)

The Group's interests in its principal associates, all of which are unlisted, are as follows:

Name	Particulars of issued shares held	Country of incorporation	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	Profit/ (loss) HK$'000	% of interest held indirectly
2008							
Hantec Jiangdu Riverside Developing Zone Water Industry Limited ("HJRDZWIL")#	2,000 ordinary shares of HK$ 1 each	Hong Kong	**—**	**—**	**703**	**(1)**	**20%**
元太外匯經紀股份有限公司 ("元太")#	2,400,000 ordinary shares of NT$10 each	Taiwan	**—**	**—**	**8,999**	**2,106**	**20%**
			—	**—**	**9,702**	**2,105**	

From 1st January 2008 to 27th November 2008.

Name	Particulars of issued shares held	Country of incorporation	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	Profit/ (loss) HK$'000	% of interest held indirectly
2007							
HS Hantec Holdings Limited ("HSH")	1,500,000 common shares of CAD 0.1 each	Canada	848	—	—	(309)	25%
Hantec Jiangdu Riverside Developing Zone Water Industry Limited ("HJRDZWIL")	2,000 ordinary shares of HK$ 1 each	Hong Kong	8,753	8,635	222	3	20%
元太外匯經紀股份有限公司 ("元太")	2,400,000 ordinary shares of NT$10 each	Taiwan	10,357	1,583	9,004	2,353	20%
			19,958	10,218	9,226	2,047	

18 OTHER ASSETS

	Group	
	2008	2007
	HK$'000	HK$'000
Stock Exchange stamp duty deposit	**150**	250
Stock Exchange Fidelity Fund deposit	**100**	100
Stock Exchange Compensation Fund deposit	**100**	100
Guarantee Fund deposits with the Hong Kong Securities Clearing Company Limited	**100**	100
Statutory deposits and deposits with the Hong Kong Futures Exchange Limited ("HKFE")	**1,500**	1,500
Statutory deposits with the Hong Kong Securities and Futures Commission ("SFC")	**150**	200
Reserve fund deposit with the SEHK Options Clearing House Limited	**1,500**	1,640
	3,600	3,890

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008	2007
	HK$'000	HK$'000
Fair value of listed and unlisted securities held for non-trading purposes		
At 1st January	**12,293**	10,236
Transfer from interest in an associate *(note 17)*	**849**	—
Disposal	**(12,158)**	—
Revaluation (deficit)/surplus transferred to equity *(note 25)*	**(133)**	2,057
Distribution in specie *(note 33(c))*	**(851)**	—
At 31st December	**—**	12,293

Available-for-sale financial assets include the following:

	2008	2007
	HK$'000	HK$'000
Unlisted securities		
Equity securities of private issuers	**—**	12,293

20 DEFERRED INCOME TAX

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2007: 17.5%).

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deferred tax assets	**—**	(1,549)	**—**	—
Deferred tax liabilities	**—**	170	**—**	—
	—	(1,379)	**—**	—

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Beginning of the year	**(1,379)**	(4,200)	**—**	—
Deferred taxation charged to income statement				
— from continuing operations *(note 9)*	**909**	2,436	**—**	—
— from discontinued operations *(note 10)*	**241**	385	**—**	—
Distribution in specie	**229**	—	—	—
End of the year	**—**	(1,379)	**—**	—

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Group		
	Accelerated tax depreciation	**Tax losses**	**Total**
	HK$'000	HK$'000	HK$'000
At 1st January 2007	1,374	(5,574)	(4,200)
Charged to income statement	5	2,816	2,821
At 31st December 2007	1,379	(2,758)	(1,379)
(Credited)/charged to income statement	(566)	1,716	1,150
Distribution in specie *(note 33(c))*	(233)	462	229
At 31st December 2008	580	(580)	—

20 DEFERRED INCOME TAX (CONTINUED)

	Company		
	Accelerated tax depreciation HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1st January 2007 and 2008	6	(6)	—
(Credited)/charged to income statement	(6)	6	—
At 31st December 2008	—	—	—

During 2008, the Group de-recognised deferred tax assets in respect of cumulative tax losses as it is no longer probable that future taxable profits against which the losses can be utilised will be available. Unrecognised tax losses as at 31st December 2008 are HK$56,100,685 (2007: HK$47,943,375). The tax losses do not expire under current tax legislation. Tax losses of the subsidiaries which have been distributed in specie under the Group Reorganisation are not included.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2008 **HK$'000**	2007 HK$'000	**2008** **HK$'000**	2007 HK$'000
Listed securities:				
Equity securities — Hong Kong	**1,397**	5,602	**570**	1,379
Market value of listed securities	**1,397**	5,602	**570**	1,379

Changes in fair values of financial assets at fair value through profit or loss are recorded in the income statement.

22 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 **HK$'000**	2007 HK$'000	**2008** **HK$'000**	2007 HK$'000
Trade receivables from clients	**35,126**	105,741	**—**	—
Less: impairment allowance of trade receivables *(note (b))*	**(283)**	(394)	**—**	—
Margin and other trade related deposits with brokers and financial institutions *(note (c))*	**30,797**	247,022	**—**	—
Margin finance loans *(note (d))*	**8,757**	101,248	**—**	—
Trade receivables from clearing houses	**11,018**	109	**—**	—
Total trade receivables, net	**85,415**	453,726	**—**	—
Rental and utilities deposits	**3,523**	6,076	**—**	529
Prepayments and other receivables	**1,343**	11,714	**513**	8,360
Total trade and other receivables	**90,281**	471,516	**513**	8,889

The carrying amounts of trade and other receivables approximate their fair value.

(a) As at 31st December 2008, the aging analysis of the trade receivables was as follows:

	2008 **HK$'000**	2007 HK$'000
Current	**85,091**	447,349
30–60 days	**183**	121
Over 60 days	**141**	6,256
	85,415	453,726

(b) The movement in the impairment allowance during the year was as follows:

	Group	
	2008 **HK$'000**	2007 HK$'000
At 1st January	**394**	1,327
Impairment loss charged	**1,276**	911
Uncollectible amounts written off	**(357)**	(1,924)
Exchange difference	**(141)**	80
Distribution in specie	**(889)**	—
At 31st December	**283**	394

22 TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) The Group undertakes foreign exchange transactions and executes client trades on overseas commodities and futures contracts with recognised counterparties, local or overseas brokers as appropriate. A recognised counterparty is a counterparty of a licensed leveraged foreign exchange trader recognised under the Securities and Futures Ordinance which includes authorised institutions under the Hong Kong Banking Ordinance. Trade receivables at 31st December 2008 and 2007 include margin deposits and floating profits in respect of transactions and open positions in leveraged foreign exchange and commodities and futures trading with recognised counterparties and brokers and are considered current. For those cash securities trading clients, it normally takes two to three days to settle after trade execution. These outstanding unsettled trades due from clients are reported as trade receivables.

(d) The margin clients of the securities broking business are required to pledge their shares to the Group for credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of shares acceptable by the Group. The fair value of shares accepted as collateral amounted to HK$69,595,740 (2007: HK$332,775,826) and the fair value of collaterals that have been repledged to secure for bank facilities is HK$nil (2007: HK$12,160,000).

(e) Credits are extended to other clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and collateral available to the Group. Clients trading in leveraged foreign exchange contracts, commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For leveraged foreign exchange contracts and commodities and futures contracts, initial margins are normally required before trading and thereafter clients are normally required to keep the equity position at a prescribed maintenance margin level.

(f) The Group maintains designated accounts with the SEHK Options Clearing House Limited ("SEOCH") and HKFE Clearing Corporation Limited ("HKFECC") as a result of its normal business transactions. At 31st December 2008, the designated accounts with SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK$2,079,030 (2007: HK$277,912) and HK$20,780,880 (2007: HK$30,482,157) respectively.

(g) The Group has no concentration of credit risk with respect to trade receivables and margin loans, as the Group has a large number of customers, widely dispersed. In addition, margin and trade related deposits are deposited with high-credit-quality financial institutions.

(h) The effective interest rate charged on trade receivables and margin loans as at the balance sheet date ranged from 5% to 13% per annum (2007: 6.75% to 14.75%). The effective interest rate for margins and other trade related deposits is 0.01% per annum (2007: 1.20% to 4.18%).

23 BANK BALANCES AND CASH

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash in hand	**12**	422	**—**	30
Bank balances				
— pledged	**16,335**	15,706	**—**	—
— general accounts	**171,783**	358,056	**10,706**	19,163
	188,118	373,762	**10,706**	19,163
	188,130	374,184	**10,706**	19,193
By maturity:				
Bank balances				
— current and savings accounts	**171,783**	266,755	**10,706**	19,163
— fixed deposits (maturing within three months)	**16,335**	99,793	**—**	—
— fixed deposits (maturing over three months)	**—**	7,214	**—**	—
	188,118	373,762	**10,706**	19,163

As at 31st December 2008, bank deposits amounting to HK$11,707,315 (2007: HK$11,546,863) have been pledged to a bank as security for the provision of a HK$22 million (2007: HK$22 million) securities broking facility. In addition, bank deposits amounting to HK$4,627,544 (2007: HK$1,673,659) have been pledged to financial institutions as security for the provision of leveraged foreign exchange broking.

The subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. As at 31st December 2008, segregated trust accounts not otherwise dealt with in these financial statements amounted to HK$100,817,093 (2007: HK$255,679,278).

23 BANK BALANCES AND CASH (CONTINUED)

Cash and cash equivalents

	Group	
	2008	2007
	HK$'000	HK$'000
Cash in hand	**12**	422
Bank balances		
— pledged	**16,335**	15,706
— general accounts	**171,783**	358,056
Cash and cash equivalents in the consolidated balance sheet	**188,130**	374,184
Bank balances		
— pledged	**(16,335)**	(15,706)
— fixed deposits (maturing over three months)	**—**	(7,214)
	171,795	351,264
Secured bank overdrafts	**—**	(4,674)
Unsecured bank overdrafts	**—**	(18)
Unsecured short-term bank loans	**—**	(12,000)
Cash and cash equivalents in the consolidated cash flow statement	**171,795**	334,572

24 SHARE CAPITAL

	2008		2007	
	No. of shares '000	**Nominal value HK$'000**	No. of shares '000	Nominal value HK$'000
Authorised				
Ordinary shares of HK$0.10 each	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid				
Ordinary shares of HK$0.10 each				
At 1st January	**414,430**	**41,443**	414,130	41,413
Shares issued	**7,873**	**787**	300	30
At 31st December	**422,303**	**42,230**	414,430	41,443

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the year, the subscription rights attached to 7,873,000 share options were exercised at the subscription price of HK$0.88, resulting in the issue of 7,873,000 shares of HK$0.10 each for a total consideration, before expenses, of HK$6,928,240. HK$1,590,346 was transferred from capital reserves to the share premium account.

24 SHARE CAPITAL (CONTINUED)

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. In addition, certain subsidiaries of the Group licensed by the SFC are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") at all times.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures each of them maintains liquid capital level adequate to support the activities level with sufficient buffer to accommodate the increase in liquidity requirements arising from potential increases in business activities. SF(FR)R returns are filed to the SFC by the licensed subsidiaries on monthly or semi-annually basis as required. During the current and prior financial years, all the licensed subsidiaries complied with the liquid capital requirements under the SF(FR)R. A subsidiary of the Company is authorized by the China Securities Regulatory Commission (the "CSRC") to deal in 'B' shares. The CSRC stipulated a minimum amount of net assets to be maintained. During the year, the subsidiary maintained net assets over such requirement.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose, the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, trade and other payables and obligations under finance leases) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

The net assets of the Group were reduced after the Group Reorganisation. The fixed rate loan notes have all been redeemed from internal resources in order to save on interest costs. The Group did not have any loan outstanding as at 31st December 2008, while the net debt-to-adjusted capital ratio as at 31st December 2007 stood at 49.9%. The Group also strived to maintain highly liquid assets to prepare for any unexpected sudden changes in the market. As at the balance sheet date, the current ratio was 428.9% (2007: 178.9%).

24 SHARE CAPITAL (CONTINUED)

Capital management (Continued)

The net debt-to-adjusted capital ratios at 31st December 2008 and 2007 are as follows:

	Note	**2008 HK$'000**	2007 HK$'000
Current liabilities:			
Trade and other payables	*27*	**64,768**	454,810
Short-term loans and bank overdrafts	*28*	**—**	16,692
Obligations under finance leases	*26*	**506**	537
		65,274	472,039
Non-current liabilities:			
Obligations under finance leases	*26*	**—**	506
Loan notes	*29*	**—**	42,525
Total debt		**65,274**	515,070
Add: Proposed dividends	*12*	**—**	10,393
Less: Cash and cash equivalents	*23*	**(171,795)**	(334,572)
(Excess cash and cash equivalents)/net debt		**(106,521)**	190,891
Total equity		**227,382**	392,441
Less: Proposed dividends	*12*	**—**	(10,393)
Adjusted capital		**227,382**	382,048
Net debt-to-adjusted capital ratio		**N/A**	49.9%

25 RESERVES

		Group					
	Note	**Share premium** HK$'000	**Capital reserves** HK$'000	**Investment revaluation reserve** HK$'000	**Exchange reserve** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000
Balance at 1st January 2007		104,275	100,777	502	2,708	106,092	314,354
Profit for the year		—	—	—	—	40,357	40,357
2006 final dividend paid		—	—	—	—	(6,212)	(6,212)
2007 interim dividend paid	*12*	—	—	—	—	(6,213)	(6,213)
Shares issued under share option scheme		295	(61)	—	—	—	234
Equity-settled share-based transactions		—	1,802	—	—	—	1,802
Surplus on revaluation of available-for-sale financial assets	*19*	—	—	2,057	—	—	2,057
Exchange difference		—	—	—	4,284	—	4,284
At 31st December 2007		104,570	102,518	2,559	6,992	134,024	350,663

25 RESERVES (CONTINUED)

		Group					
	Note	**Share premium** HK$'000	**Capital reserves** HK$'000	**Investment revaluation reserve** HK$'000	**Exchange reserve** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000
Balance at 1st January 2008, as per above		104,570	102,518	2,559	6,992	134,024	350,663
Loss for the year		—	—	—	—	(11,023)	(11,023)
2007 final dividend paid	*12*	—	—	—	—	(10,415)	(10,415)
Shares issued under share option scheme	*24*	7,731	(1,590)	—	—	—	6,141
Equity-settled share-based transactions	*6, 32(b)*						
— share options vested in the year		—	577	—	—	—	577
— eliminated on cancellation		—	(1,316)	—	—	—	(1,316)
Capital contribution from immediate holding company	*32(b)*	—	2,372	—	—	—	2,372
Capital contribution from former ultimate holding company	*6*	—	1,420	—	—	—	1,420
Deficit on revaluation of available-for-sale financial assets	*19*	—	—	(133)	—	—	(133)
Transfer to profit or loss on disposal of available-for-sale financial assets		—	—	(2,558)	—	—	(2,558)
Exchange difference		—	—	—	(17,621)	—	(17,621)
Distribution in specie		—	(80,078)	132	10,629	(63,638)	(132,955)
At 31st December 2008		112,301	23,903	—	—	48,948	185,152
At 31st December 2008							
Company and subsidiaries		112,301	23,903	—	—	48,948	185,152
Associates		—	—	—	—	—	—
		112,301	23,903	—	—	48,948	185,152
At 31st December 2007							
Company and subsidiaries		104,570	102,518	2,559	7,593	130,306	347,546
Associates		—	—	—	(601)	3,718	3,117
		104,570	102,518	2,559	6,992	134,024	350,663

25 RESERVES (CONTINUED)

		Company				
	Note	Share premium HK$'000	Capital reserves HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st January 2007 (as previously reported)		104,275	—	133,101	74,060	311,436
Prior year adjustment	*3*	—	588	—	—	588
As restated		104,275	588	133,101	74,060	312,024
Shares issued under share option scheme		295	(61)	—	—	234
Equity-settled share-based transactions, as restated		—	1,802	—	—	1,802
Loss for the year	*11*	—	—	—	(22,196)	(22,196)
2006 final dividends paid		—	—	—	(6,212)	(6,212)
2007 interim dividends paid	*12*	—	—	—	(6,213)	(6,213)
At 31st December 2007 (as restated)	*3*	104,570	2,329	133,101	39,439	279,439
Shares issued under share option scheme	*24*	7,731	(1,590)	—	—	6,141
Equity-settled share-based transactions	*6, 32(b)*					
— share options vested in the year		—	577	—	—	577
— eliminated on cancellation		—	(1,316)	—	—	(1,316)
Capital contribution from immediate holding company	*32(b)*	—	2,372	—	—	2,372
Capital contribution from former ultimate holding company	*6*	—	1,420	—	—	1,420
Profit for the year	*11*	—	—	—	15,661	15,661
2007 final dividends paid	*12*	—	—	—	(10,415)	(10,415)
Distribution in specie		—	—	(80,078)	—	(80,078)
At 31st December 2008		112,301	3,792	53,023	44,685	213,801

25 RESERVES (CONTINUED)

(a) Retained earnings are represented as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Representing:				
Final dividend proposed	**—**	10,393	**—**	10,393
Others	**48,948**	123,631	**44,685**	29,046
Retained earnings as at 31st December	**48,948**	134,024	**44,685**	39,439

No retained earnings are required as statutory reserves as overseas subsidiaries have been disposed of during the year. Included in the consolidated retained earnings at 31st December 2007 are retained earnings of HK$203,506 which were required as statutory reserves in certain overseas subsidiaries of the Group.

(b) Capital reserves

The capital reserves of the Group represents (i) capital contribution from the company's shareholders, (ii) the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the deferred share capital of a subsidiary acquired in 2000 and (iii) the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 2.15(d).

(c) Contributed surplus

Contributed surplus arose as a result of the Group's reorganisation in 2000 and represents the difference between the aggregate net asset value of subsidiaries acquired and the nominal amount of the Company's shares issued for the acquisition.

(d) Investment revaluation reserve

The investment revaluation reserve of the Group represents the changes in the fair value of available-for-sale financial assets.

25 RESERVES (CONTINUED)

(e) Distributable reserves

Under the Company Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus account if:

(i) it is, or would after the payment be, unable to meet its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

26 OBLIGATIONS UNDER FINANCE LEASE

At 31st December 2008, the Group's finance lease liabilities are repayable as follows:

	2008 HK$'000	2007 HK$'000
Within one year	**523**	586
After one year but within five years	**—**	523
	523	1,109
Future finance charges on finance leases	**(17)**	(66)
Present value of finance lease liabilities	**506**	1,043

The present value of finance lease liabilities is as follows:

	2008 HK$'000	2007 HK$'000
Within one year	**506**	537
After one year but within five years	**—**	506
	506	1,043

27 TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payable to securities trading clients	**41,563**	83,357	**—**	—
Margin and other deposits payable to clients	**9,736**	295,318	**—**	—
Trade payable to brokers and clearing houses arising from the ordinary course of business of broking in securities, commodities and futures contracts and leveraged foreign exchange trading	**321**	35,595	**—**	—
Total trade payables	**51,620**	414,270	**—**	—
Accruals and other payables	**13,148**	40,540	**2,237**	10,354
Total trade and other payables	**64,768**	454,810	**2,237**	10,354

The carrying amounts of trade and other payables approximate their fair value.

The settlement terms of payable to clearing houses and securities trading clients from the ordinary course of business of broking in securities range from two to three days after the trade date of those transactions. Margin deposits received from clients for their trading of leveraged foreign exchange, commodities and futures contracts, and the balances were payable within one month.

The effective interest rate paid on trade payables as at the balance sheet date is 0.01% per annum (2007: 1.20% to 4.90%).

28 SHORT-TERM LOANS AND BANK OVERDRAFTS

	Group	
	2008	2007
	HK$'000	HK$'000
Secured bank overdrafts	**—**	4,674
Unsecured bank overdrafts	**—**	18
Unsecured short-term bank loans	**—**	12,000
Total borrowings	**—**	16,692

28 SHORT-TERM LOANS AND BANK OVERDRAFTS (CONTINUED)

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	Group	
	6 months or less	**Total**
	HK$'000	HK$'000
At 31st December 2008		
Total borrowings	—	—
At 31st December 2007		
Total borrowings	16,692	16,692

The effective interest rates at the balance sheet date are as follows:

	Group	
	2008	2007
Secured bank overdrafts	—	5.93%–6.50%
Unsecured bank overdrafts	—	7.00%
Unsecured short-term bank loans	—	5.63%–6.52%

29 LOAN NOTES

In the prior year, the Company issued loan notes to certain overseas and professional investors. The loan notes were unsecured, mature on the day falling three years after the issue date of the relevant notes and bore interest of 8.5% per annum on the principal amount. All loan notes have been redeemed during the year.

	2008	2007
	HK$'000	HK$'000
At 1st January	**42,525**	—
Add: Issued	—	44,865
Less: Redeemed	**(42,525)**	(2,340)
At 31st December	—	42,525

30 DEFINED CONTRIBUTION PLANS — MPF SCHEME

The aggregate employer's contributions, net of forfeited contributions, which have been dealt with in the income statement for the year amounted to:

	2008 HK$'000	2007 HK$'000
Gross employer's contributions	**2,121**	2,121
Less: Forfeited contributions utilised to offset employer's contribution for the year	**(14)**	(12)
Net employer's contributions charged to income statement	**2,107**	2,109

31 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' and senior management's emoluments

The remuneration of the directors for the year ended 31st December 2008 is set out below:

Name of Director	Fee HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Other benefits HK$'000	Share-based Payment HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Chan Xiaozhou *(note 1)*	24	—	—	—	—	—	24
Gao Guanjiang *(note 1)*	24	—	—	—	—	—	24
Gu Jianguo *(note 1)*	20	—	—	—	—	—	20
Zhao Hongwei *(note 1)*	24	—	—	—	—	—	24
Gong Zhijian *(note 1)*	20	—	—	—	—	—	20
Lau Mun Chung	20	1,094	—	—	211	12	1,337
Chow Kwok Wai *(note 1)*	20	—	—	—	—	—	20
Hung Muk Ming *(note 1)*	20	—	—	—	—	—	20
Chen Gongmeng *(note 1)*	20	—	—	—	—	—	20
Wang Tongsan *(note 1)*	20	—	—	—	—	—	20
Tang Yu Lap *(note 2)*	532	1,676	—	—	—	11	2,219
Lam Ngok Fung *(note 2)*	76	1,404	—	—	357	11	1,848
Ng Chiu Mui *(note 2)*	—	964	—	—	37	11	1,012
Law Kai Yee *(note 2)*	—	906	—	—	200	11	1,117
Hwang Wei Ming, Ellen *(note 2)*	—	1,343	—	—	134	11	1,488
Fong Wo, Felix *(note 2)*	130	—	—	—	—	—	130
Yu Man Woon *(note 2)*	150	—	—	—	—	—	150
Cheng Wing Chi *(note 2)*	130	—	—	—	—	—	130
Nyaw Mee Kau *(note 2)*	130	—	—	—	—	—	130
Yu Hon To, David *(note 2)*	220	—	—	—	—	—	220
	1,580	7,387	—	—	939	67	9,973

Notes:

1. Appointed on 2nd December 2008.

2. Resigned on 23rd December 2008.

31 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(a) Directors' and senior management's emoluments (Continued)

The remuneration of the directors for the year ended 31st December 2007 is set out below:

Name of Director	Fee	Salary	Discretionary bonuses	Other benefits	Share-based Payment	Employer's contribution to pension scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Tang Yu Lap	—	1,581	840	—	—	12	2,433
Chung Shui Ming, Timpson *(note 1)*	—	880	—	—	(106)	5	779
Lam Ngok Fung	—	1,285	334	—	262	12	1,893
Ng Chiu Mui	58	903	178	—	49	12	1,200
Law Kai Yee	58	913	140	—	262	12	1,385
Hwang Wei Ming, Ellen *(note 2)*	—	1,037	275	42	175	10	1,539
Lau Mun Chung *(note 2)*	—	759	154	—	175	10	1,098
Fong Wo, Felix	123	—	—	—	—	—	123
Yu Man Woon	143	—	—	—	—	—	143
Cheng Wing Chi	123	—	—	—	—	—	123
Nyaw Mee Kau	123	—	—	—	—	—	123
Yu Hon To, David	213	—	—	—	—	—	213
	841	7,358	1,921	42	817	73	11,052

Notes:

1. Resigned on 1st June 2007.

2. Appointed on 3rd March 2007.

31 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four directors (2007: five) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining individual during the year are as follows:

	2008 **HK$'000**
Basic salaries, other allowances and benefits in kind	**1,116**
Bonus	**50**
Defined contribution plans	**12**
	1,178

The emoluments fell within the following bands:

	Number of individuals 2008
Emolument bands	
HK$1,000,001 — HK$1,500,000	**1**

32 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company has adopted a share option scheme whereby the Board of the Company may at its discretion grant to any employees, including executive directors, of the Group options to subscribe for shares of the Company.

(a) The terms and conditions of the grants that existed during the years are as follows:

	Number of instruments		Vesting conditions	Contractual life of options
	2008	2007		
Options granted to directors — on 13th November 2006	—	7,190,000	40% to be vested on 1st May 2007, 30% to be vested on 1st May 2008, 30% to be vested on 1st May 2009	5 years after vesting
Options granted to employees — on 13th November 2006	—	7,900,000	40% to be vested on 1st May 2007, 30% to be vested on 1st May 2008, 30% to be vested on 1st May 2009	5 years after vesting
Total share options	—	15,090,000		

32 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) The number and weighted average exercise prices of share options are as follows:

	2008		2007	
	Weighted average exercise price HK$	**Number of options**	Weighted average exercise price HK$	Number of options
Outstanding at the beginning of the period	**0.88**	**15,090,000**	0.88	19,390,000
Cancelled due to resignation	**0.88**	**(700,000)**	0.88	(4,000,000)
Cancelled due to general offer	**0.88**	**(6,517,000)**	—	—
Exercised during the period	**0.88**	**(7,873,000)**	0.88	(300,000)
Outstanding at the end of the period	**—**	**—**	0.88	15,090,000
Exercisable at the end of the period	**—**	**—**	0.88	5,856,000

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.88 (2007: HK$0.88).

All options have been cancelled on 23rd December 2008 upon acceptance by the option holders of a cash offer at HK$0.364 per option by the immediate holding company. Upon cancellation of these options, an amount of HK$154,000 that would have been recognised over the remainder of the vesting period was immediately expensed (see note 6). Payment made to the option holders on cancellation was accounted for as a deduction from capital reserves of HK$1,316,000, except to the extent that payment exceeded the fair value of share options granted being recognised as an expense of HK$1,056,000 (see note 6). The aggregate payment made by the immediate holding company to the option holders of HK$2,372,000 was accounted for as a capital contribution from the immediate holding company (see note 25). The options outstanding at 31st December 2007 had an exercise price of HK$0.88 and a weighted average remaining contractual life of 5.25 years.

32 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of the fair value of the options granted is measured based on the Black Scholes model. The contractual life of the option is used as an input into this model.

Fair value of share options and assumptions on grant date	13th November 2006
Fair value	HK$0.202
Share price	HK$0.88
Exercise price	HK$0.88
Expected volatility	30.01%
Option life	5 years
Expected dividends	3.0%
Risk-free interest rate (based on Exchange Fund Notes)	3.754%

The expected volatility is based on the daily stock price return over one year preceding the grant date, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

During the year ended 31st December 2008, no share options were granted.

33 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities:

	2008 **HK$'000**	2007 HK$'000
(Loss)/profit before taxation from continuing operations	**(18,872)**	12,824
Profit before taxation from discontinued operations	**16,914**	40,606
Operating (loss)/profit before taxation	**(1,958)**	53,430
Depreciation	**6,968**	6,927
Impairment of goodwill	**399**	—
Diminution in value of financial assets at fair value through profit or loss	**3,066**	3,429
Profit on disposal of financial assets at fair value through profit or loss	**(190)**	(2,346)
Profit on disposal of available-for-sale financial assets	**(3,072)**	—
Interest expenses	**1,763**	8,472
Dividend income from listed securities	**(197)**	(479)
Dividend income from available-for-sale financial assets	**—**	(138)
Share of profits of associates	**(2,105)**	(2,047)
Loss on disposal of fixed assets	**666**	793
Write back of provision for doubtful debt and clawback	**(2)**	(2)
Provision for clawback	**—**	104
Impairment loss for bad and doubtful debts	**1,276**	911
Equity-settled share-based payment expenses	**1,633**	1,802
Capital contribution from former ultimate holding company	**1,420**	—
Decrease/(increase) in fixed deposits with maturity over three months	**4,885**	(7,214)
Increase in pledged deposits	**(629)**	(3,017)
Operating profit before working capital changes	**13,923**	60,625
Decrease in other assets	**90**	1,312
Decrease/(increase) in trade and other receivables	**272,435**	(46,057)
(Decrease)/increase in trade and other payables	**(290,994)**	62,205
Cash (outflow)/inflow from operations	**(4,546)**	78,085
Hong Kong profits tax paid	**(3,982)**	(10,373)
Overseas tax paid	**(2,879)**	(5,668)
Net cash (outflow)/inflow from operating activities	**(11,407)**	62,044

33 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Purchase of subsidiaries:

	2008 **HK$'000**	2007 HK$'000
Net assets acquired		
Fixed assets	**—**	45
Trade and other receivables	**6**	74
Bank balances and cash — general accounts	**1,254**	309
Trade and other payables	**—**	(173)
	1,260	255
Share of minority interests	**—**	(23)
Goodwill arising on acquisition *(note 14, 16(c))*	**45**	399
Total purchase price	**1,305**	631
Satisfied by:		
Cash	**1,305**	631

Analysis of the cash outflow on acquisition in respect of the purchase of subsidiaries:

	2008 **HK$'000**	2007 HK$'000
Cash consideration	**(1,305)**	(631)
Cash and bank balances acquired	**1,254**	309
Cash outflow	**(51)**	(322)

33 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Discontinued operations:

As disclosed in note 10 to the financial statements, the Group distributed the equity interest in HPL Group it held in form of a distribution in specie. The net assets and attributable goodwill of HPL Group at the date of distribution of 27th November 2008 were as follows:

	At the date of distribution HK$'000
Net assets distributed	
Intangible assets	5,798
Fixed assets	27,901
Interests in associates	19,472
Other assets	200
Available-for-sale financial assets	851
Deferred income tax assets	462
Financial assets at fair value through profit or loss	3,723
Taxation recoverable	3,475
Trade and other receivables	107,530
Bank balances and cash	80,710
Trade and other payables	(99,046)
Taxation Payable	(6,184)
Deferred income tax liabilities	(233)
Secured Mortgage loans	(11,280)
	133,379

Analysis of the cash outflow in respect of the distribution in specie:

	At the date of distribution HK$'000
Cash and bank balances	(80,710)
Fixed deposit (maturing over three months)	2,329
	(78,381)

34 CONTINGENT LIABILITIES

34.1 Outstanding litigation cases

The following litigation cases are outstanding up to the date of this report. Under the Agreement, HHL and the then chairman of the Company undertakes to indemnify and keep indemnified the Company on a fully indemnity basis of any loss or liability suffered by the Group as a result of or in connection with the outstanding litigation cases. Therefore no provision has been made.

(a) A company named Hantec Investment Limited which is unrelated to the Group filed a writ to the Company on 28th July 2000 seeking for injection to restrain the Company from using the plaintiff's alleged trade name and damages. The plaintiff has not taken further action after the Company filed a defence.

(b) An indirect wholly owned subsidiary of the Company received a writ of summons dated 28th March 2006 from two clients jointly as plaintiffs claiming for damages against it and two of its licensed representatives for an amount of HK$20,600,000 together with costs relating to a number of leverage exchange trading transactions. Defence action has been commenced and no further development has been made up to the date of this report.

(c) A writ of summons dated 11th July 2006 was served to two indirect wholly owned subsidiaries and one then subsidiary of the Company by a former account executive claiming for a total of HK$700,000 as his rightful overriding commissions together with interest and/or alternatively, damages to be assessed. The plaintiff has been requested to state clearly his claim. Up to the date of this report, there has been no further development.

(d) After the year end date, a writ of summons dated 22nd January 2009 has been served to the Company, the then chairman and the then executive director of the Company claiming for HK$30,000,000 together with all costs, interest and expenses being loss suffered by the plaintiff as a result of misrepresentation of the defendants. The Company and the other defendants have applied to the court to strike out the writ on the basis that the plaintiff is groundless in her claim. Up to the date of this report, the result of the application is not yet known.

34.2 Financial guarantees issued

(a) As at the balance sheet date, a subsidiary of the Company engaging in securities broking and providing securities margin financing has secured banking facilities from certain authorized institutions for a total amount of HK$257 million (2007: HK$334 million). The Company has issued corporate guarantees for a total principal amount of HK$255 million (2007: HK$322 million) for these facilities. As at 31st December 2008, the subsidiary utilized HK$nil (2007: HK$16,678,805) of these aggregate banking facilities.

(b) The Company also issued corporate guarantees to certain financial institutions for foreign exchange trading facilities granted to subsidiaries engaging in leveraged foreign exchange trading. The maximum liability is the trading loss and related incidental costs, in some cases, subject to an overall cap on the amount of the guarantee.

34 CONTINGENT LIABILITIES (CONTINUED)

34.2 Financial guarantees issued (Continued)

(c) As at the balance sheet date, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The Company has not recognised any deferred income in respect of the guarantees as their fair value cannot be reliably measured and the transaction price was nil.

35 LEASE COMMITMENTS

At 31st December 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Others	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Within one year	**9,300**	14,231	**134**	447
After one year but within five years	**4,490**	17,110	**—**	183
	13,790	31,341	**134**	630

36 FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, liquidity risk and interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a Risk Management Committee (the "RMC") under policies approved by the Executive Management Committee (the "EMC"). The RMC identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The RMC also recommends overall risk management policy for the approval of the EMC, covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

(a) Foreign exchange risk

The Group carries out business in foreign exchange trading and therefore is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong Dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

The Group's net trading positions are denominated in currencies other than its functional currency or presentation currency and are subject to fluctuation in foreign exchange among the different currencies. The treasury function of the Group is responsible for managing the foreign exchange risk under prudent guidelines on position limits and floating loss limits. The RMC reviews the limits from time to time to cope with changes in volatility in the market.

The following table details the Group's exposure at the balance sheet date to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Japanese Yen HK$'000	United States Dollars HK$'000	Euro HK$'000	Pound Sterling HK$'000	Swiss Franc HK$'000	Others HK$'000
At 31st December 2008						
Trade and other receivables	2,751	28,052	1	—	—	—
Cash and cash equivalents	2	16,910	9,484	—	—	—
Trade and other payables	—	(227)	(4)	—	—	(13)
Net exposure arising from recognised assets and liabilities	2,753	44,735	9,481	—	—	(13)
Notional amounts of leveraged foreign exchange contracts sales	(24,695)	—	(40,223)	(26,660)	(13,051)	(29,243)
Notional amounts of leveraged foreign exchange contracts purchases	26,287	—	40,114	25,392	13,381	26,761
Notional amounts of foreign exchange option contracts sales	—	—	—	—	—	—
Notional amounts of foreign exchange option contracts purchases	—	—	—	—	—	—
Net notional amounts of precious metal trading contracts	—	—	—	—	—	—
Net exposure arising from forecast transactions	1,592	—	(109)	(1,268)	330	(2,482)
Overall net exposure	4,345	44,735	9,372	(1,268)	330	(2,495)

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

	Japanese Yen HK$'000	United States Dollars HK$'000	Euro HK$'000	Pound Sterling HK$'000	Swiss Franc HK$'000	Others HK$'000
At 31st December 2007						
Trade and other receivables	2,041	164,353	34	284	784	21,141
Cash and cash equivalents	1,529	204,224	7,986	34	2,384	12,148
Trade and other payables	(24,719)	(304,979)	(854)	(1,034)	(4,661)	(4,872)
Net exposure arising from recognised assets and liabilities	(21,149)	63,598	7,166	(716)	(1,493)	28,417
Notional amounts of leveraged foreign exchange contracts sales	(695,314)	—	(88,160)	(684,315)	(41,605)	(40,287)
Notional amounts of leveraged foreign exchange contracts purchases	607,675	—	178,368	550,039	73,203	38,455
Notional amounts of foreign exchange option contracts sales	—	—	(56,878)	(154,619)	—	—
Notional amounts of foreign exchange option contracts purchases	—	—	56,878	309,239	—	—
Net notional amounts of precious metal trading contracts	—	27,945	—	—	—	—
Net exposure arising from forecast transactions	(87,639)	27,945	90,208	20,344	31,598	(1,832)
Overall net exposure	(108,788)	91,543	97,374	19,628	30,105	26,585

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's profit before tax in response to possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

	2008 Appreciation/ depreciation of foreign currencies	**2008** Effect on profit before tax HK$'000	2007 Appreciation/ depreciation of foreign currencies	2007 Effect on profit before tax HK$'000
Japanese Yen	**+ 10%**	**434**	+ 5%	(5,439)
	– 10%	**(434)**	– 5%	5,439
Euro	**+ 10%**	**937**	+ 5%	4,869
	– 10%	**(937)**	– 5%	(4,869)
Pound Sterling	**+ 10%**	**(127)**	+ 5%	981
	– 10%	**127**	– 5%	(981)
Swiss Franc	**+ 10%**	**33**	+ 5%	1,505
	– 10%	**(33)**	– 5%	(1,505)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States Dollars would be materially unaffected by any changes in movement in value of the United States Dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit before tax and equity measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

Sensitivity analysis (Continued)

The Company is not subject to significant foreign exchange risk as most of the Company's assets and liabilities are denominated in Hong Kong Dollar or United States Dollar.

(b) Price risk

The Group discontinued the trading and broking of precious metal contracts upon completion of the Group Reorganisation as disclosed in note 10. Therefore the Group is no longer exposed to price risk on bullion trading.

The following table indicates the approximate change in the Group's profit before tax in response to possible changes in bullion price to which the Group have the net positions on bullion trading at the balance sheet date.

	2007	
	Increase/ decrease in bullion price	**Effect on profit before tax** HK$'000
Net notional amounts of precious metal trading contracts	+ 30%	8,384
	– 30%	(8,384)

(c) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. It has policies in place to ensure that credits are granted to customers with an appropriate credit history and/or collateral deposited with the Group. For leveraged foreign exchange trading and futures trading, normally an initial margin will be collected before opening of trading positions. Moreover, the Group has no significant concentration of credit risk as credits are granted to a large population of clients. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and only brokers having sound credit ratings will be accepted. The Group has maintained relationship with various financial institutions, and has policies that limit the amount of credit exposure to any financial institution. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 22(a).

The Company's credit risk is primarily attributable to amounts due from subsidiaries. The Company manages this risk by assessing the financial positions of subsidiaries on a regular basis.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Financial risk factors (Continued)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group employs a prudent liquidity policy.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, is as follows:

	Carrying amount HK$'000	**Total contractual undiscounted cash flow** HK$'000	**Within 1 year or on demand** HK$'000	**After 1 year but within 5 years** HK$'000
At 31st December 2008				
Trade and other payables	**64,768**	**64,768**	**64,768**	**—**
Obligations under finance leases	**506**	**523**	**523**	**—**
	65,274	**65,291**	**65,291**	**—**
At 31st December 2007				
Trade and other payables	455,289	455,289	455,289	—
Short-term loan and bank overdrafts	16,692	16,867	16,867	—
Obligations under finance leases	1,043	1,109	586	523
Loan notes	42,525	52,156	3,675	48,481
	515,549	525,421	476,417	49,004

The Company's policy is to regularly monitor its liquidity requirements including borrowings from subsidiaries, dividend payments to shareholders and accrued payments to ensure that it maintains sufficient reserves of cash to satisfy its contractual and foreseeable obligations as they fall due.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Financial risk factors (Continued)

(e) Interest rate risk

The Group charged interest on its clients on the basis of its cost of funding plus a mark-up and paid interest to clients on the basis of the interest the Group earned from financial institutions less a charge. Financial assets such as trade and other receivables, bank balances and cash-deposits with regulatory bodies are primarily at floating rates. Financial liabilities subject to floating interest rates are trade and other payables, bank overdrafts and loans. Obligations under finance lease are subject to fixed interest rate determined by the inception of the relevant lease. The Group's income and operating cash flows are not subject to significant interest rate risk.

The Interest rate profile of the Group at the balance sheet date.

	2008		2007	
	Effective interest rate	**HK$'000**	Effective interest rate	HK$'000
Assets				
Bank balances	**0.01%**	**131,988**	2.30%	221,808
Margin finance loans	**5.00%–13.00%**	**8,757**	6.75%–14.75%	101,248
		140,745		323,056
Liabilities				
Net fixed rate borrowing:				
Obligations under finance leases	**6.23%–7.32%**	**506**	6.23%–7.32%	1,043
Loan notes	**—**	**—**	8.50%	42,525
		506		43,568
Variable rate borrowings:				
Short-term loans	**—**	**—**	5.63%–6.52%	12,000
Bank overdrafts	**—**	**—**	5.93%–7.00%	4,692
		—		16,692
Total borrowings		**506**		60,260
Net fixed rate borrowings as a percentage of total net borrowings		**100%**		72.3%
Sensitivity analysis				
Assume interest rate decreased by		**0.01%**		0.5%
Profit before tax decreased by		**14**		1,532

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Financial risk factors (Continued)

(e) Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 1 basis point decrease (2007: 50 basis points decrease) represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date.

36.2 Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and available-for-sale securities) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The carrying values of other financial assets and liabilities approximate their fair values.

37 RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

37.1 Related party and connected party transactions

The following is a summary of significant related party and connected party (as defined in the Listing Rules) transactions which were carried out in the normal course of the Group's business:

	2008 **HK$'000**	2007 HK$'000
Miscellaneous expenses *(note (a))*	**(213)**	(225)
Sale of intellectual property *(note (b))*	**600**	—
License fee for software programs *(note (c))*	**(80)**	—
Maintenance services expenses *(note (d))*	**(47)**	—

37 RELATED PARTY AND CONNECTED PARTY TRANSACTIONS (CONTINUED)

37.1 Related party and connected party transactions (Continued)

(a) During the year, the Group incurred HK$213,000 (2007: HK$224,738) to purchase Chinese paintings as souvenirs from a company in which the former Chairman of the Company held a 70% equity interest. The amount was charged at normal commercial terms.

(b) Pursuant to a Software Assignment Agreement, Cinda International FX Limited ("CIFX"), a wholly-owned subsidiary of the Company agreed to sell and Ringus Solution Enterprise Limited ("Ringus") agreed to purchase certain computer systems owned, co-owned, developed or co-developed by CIFX together with the entire copyright and all other intellectual property rights attached thereto at a consideration of HK$600,000.

(c) Pursuant to a Software License Agreement, Ringus agreed to grant a non-exclusive license to CIFX to use certain computer software programs for its business operation purposes at its principal place of business and other branch offices in Hong Kong at a monthly license fee of HK$80,000.

(d) Pursuant to a Software Service and Maintenance Agreement, Ringus agreed to provide software maintenance services as set out therein and all other computer and IT systems provided or being maintained by Ringus and from time to time used by the Group to Chinacorp Nominees Limited, a wholly-owned subsidiary of the Company for a monthly fee of HK$43,000.

The above transactions of note (b), (c) and (d) constituted connected party transactions as the then Chairman of the Company was interested in Ringus. The terms of the Software Assignment Agreement, the Software License Agreement and the Software Service and Maintenance Agreement are on normal commercial terms.

37.2 Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	Group	
	2008 **HK$'000**	2007 HK$'000
Salaries and other short-term employee benefits	**14,637**	17,696
Share-based payments	**1,414**	1,515
	16,051	19,211

The remuneration of directors and key executives are reviewed by the Remuneration Committee having regard to the performance of individuals and market trends.

38 CAPITAL COMMITMENTS

Capital commitments outstanding and not provided for in the financial statements are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Contracted but not provided for	—	14,807

39 COMPARATIVE FIGURES

Due to the Group Reorganisation, as disclosed in note 10, which constituted discontinued operations under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", certain comparative figures were restated so as to present the results for the continuing operations and discontinued operations.

40 IMMEDIATE AND ULTIMATE HOLDING COMPANY

At 31st December 2008, the directors consider the immediate parent and ultimate controlling party of the Group to be Sinoday Limited and China Cinda Asset Management Corporation, which are incorporated in the British Virgin Islands and the People's Republic of China respectively. These entities do not produce financial statements available for public use.

41 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31st December 2008 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments are expected to result in amended disclosures in the financial statements, including restatement of comparative amounts in the first period of adoption:

	Effective for accounting periods beginning on or after
HKFRS 8, Operating segments	1st January 2009
HKAS 1 (Revised), Presentation of financial statements	1st January 2009

FIVE YEAR FINANCIAL SUMMARY

Year ended 31st December

Results	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000	2004 HK$'000
(Loss)/profit attributable to equity shareholders	**(11,023)**	40,357	52,269	27,447	23,161

As at 31st December

Assets and liabilities	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000	2004 HK$'000
Total assets	**292,656**	911,687	779,401	409,209	369,403
Total liabilities	**(65,274)**	(519,246)	(423,634)	(118,116)	(94,404)
Total equity	**227,382**	392,441	355,767	291,093	274,999

Notes:`

1. The Company was incorporated in Bermuda on 19th April 2000 and became the holding company of the companies now comprising the Group on 10th July 2000.

2. Segregated trust accounts maintained by the Group to hold clients' monies are treated as off-balance sheet items and were taken off-balance sheet and netted off against the corresponding amounts classified under accounts payable.

3. The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1st January 2005. Figures for 2005 have been adjusted for these new and revised policies in accordance with the transitional provisions. Earlier years have only been restated to the extent that the new accounting policies are adopted retrospectively.